

Present:

Fiona Bell (Chairman)	RM2	FB
Michael Landon (Deputy Chairman)	MM&K Limited	ML
Danny Blum	Eversheds LLP	DB
Anika Chandra	Stephenson Harwood	AC
Barbara Allen	Stephenson Harwood	BA
Karen Cooper	Osborne Clarke	KC
Rory Cray	FIT Remuneration Consultants	RC
Andy Goodman	BDO LLP	AG
Paula Hargaden	Burges Salmon	PH
Nicholas Stretch	CMS Cameron McKenna LLP	NS
Nick Wallis	Smith & Williamson Limited	NW
Matthew Ward	Hewitt New Bridge Street	MW
Kate Jalbert (minutes)	Quoted Companies Alliance	KJ

In attendance:

Jaspal Pachu (in place of Emma Bailey)	Fox Williams LLP	JP
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ACTIONS**1. Apologies**

Apologies were received from Jared Cranney, John Daughtrey, Mark Gearing, Andrew Quayle and Tim Ward.

Note that Nicholas Stretch chaired the initial part of the meeting.

2. Minutes of last meeting (5 September 2013):

The minutes were approved.

3. Current Issues/Consultations

- **The Autumn Statement and draft Finance Bill 2014**

The expert group agreed that the increased limits on SAYE and SIPs were very welcome. NS noted that there was a question as to whether or not HMRC/HMT should have increased them further. AG noted that most SAYE contracts are for under £250 per month and there is data to show this. BA noted that there is merit in asking the revenue to review the limits more regularly and frequently and potentially link the limits to indices (ie inflation). AC noted that they have evidence to show that increases in the SIP limits are still below the rate of inflation. It was agreed that the QCA should pass this comment onto HMRC.

KJ

NS noted that other areas of interest included being able to exercise shares pre- and post-takeover. MW pointed out that the possibility of requiring leavers to sell partnership shares is quite interesting. NS also highlighted online filing and how clients will accept these changes. NS noted

that now you could put a plan in place on the day of the IPO now (when previously it may have taken weeks).

FB noted that it is important for us to think about how to inform the QCA's membership of these changes in the new year and perhaps closer to the Budget announcement.

FB noted that the matters discussed at the ERS Forum had been incorporated in the draft Finance Bill 2014, which was good to see. NS queried whether there were any concerns over the liability associated with online filing for share schemes and where the responsibility lies for returns. ML offered to forward a schematic sample of the online filing process for tax-advantaged plans and to collate any comments.

ML and ALL

- **BIS Call for Evidence – Amending the rule against perpetuities and further reducing the complexity of employee ownership (RD: 19 February 2014)**

FB volunteered to review this consultation and draft a response.

FB

DB noted that, on the loans to participants point, HMRC did not make the situation worse, but it still has not made it better.

- **New guidelines issued**

FB highlighted that a number of new guidelines associated with directors' remuneration have been published. She noted that NAPF/Hermes guidelines have been changed to remove the requirement to continue to hold shares for 10 years after an award has vested.

ML commented that the GC100 had provided some useful guidance, though it may not be very appropriate for small and mid-size quoted companies. He suggested this was an area for the QCA to look at. KJ noted that the Remuneration Committee Guide is due to be reviewed soon and that aspects of that will be incorporated into the revised guide. However, there had not been a significant number of requests from the membership for more guidance specifically on the Remuneration Reporting Regulations.

- **ERS Forum Valuation Sub-Group**

FB reported that this group is seeking feedback on difficulties that companies and advisers have with share valuation. DB said that he had an example of an AIM company struggling because of its low transaction volumes. AC noted that this has mostly come up in relation to the employee shareholder status and how these shares are valued.

NS highlighted that all the approved changes are happening on 6 April 2014 and so HMRC are asking people to prioritise looking at these aspects of the draft Finance Bill ahead of the unapproved plan aspects.

FB noted that group members should send examples of valuation difficulties to Hasmukh Dodia at the general share schemes email address at HMRC.

BA noted that in the context of growth shares HMRC has become much more aggressive. JP explained that they are seeing much more conservative valuations of JSOPs. DB noted that there is no consistency in their approach to valuation, which is the issue.

- **Progress to self-certification and electronic filing**

This was discussed above under the Autumn Statement.

- **BIS Employee Ownership and Share Buy-Backs: Simple guide to the Companies Act 2006 (Amendment of Part 18) Regulations 2013**

This was not discussed in depth.

4. Communications/Future Meetings

- **Communications to members**

The group agreed that we should:

- Invite members to ask questions on share schemes in the next newsletter; and
- Put something out near the Budget to provide information about changes related to share schemes.

- **Review of the QCA Guide: Rewarding Enterprise III – Guidance for Companies on Employee Share Schemes**

FB noted that the working group will send around a draft of the new guide in the New Year.

- **Report of the Meeting with HMRC – 10 October 2013**

This was not discussed.

- **Policy Update – 21 October 2013**

This was not discussed.

- **Invitations to Future Meetings**

Future guests to invite include:

- Someone from the AIM team to discuss share schemes
- Someone from HMRC to discuss self-certification and invite QCA corporate members

Chris Stapeley/KJ

5. AOB

- **NEDs and participation in EMI schemes**

FB noted that a QCA member had asked why NEDs cannot participate in EMI schemes and queried what others thought about this. In general, there was a view that it could impair independence, it may not be consistent with the Government's objectives for EMI, or that NEDs would be unable to reach the working time requirement. JP expressed the view that there are probably not very many other quoted companies that are in this position.

6. Date of Next Meeting:

17:30 Thursday 6 February 2014 (Venue: Eversheds – Host Danny Blum)

7. Actions

Action	Person	Timetable
Forward schematic of an online filing to group members and collate comments from the group	ML/ALL	ASAP
Draft a response to BIS's call for evidence on Amending the rule against perpetuities and further reducing the complexity of employee ownership	FB	ASAP (before 19 February 2014)
Invite guests to future meetings and invite questions in next newsletter	KJ/Chris Stapeley	ASAP