



Meeting of the QCA Share Scheme Expert Group

Thursday 16 May 2013 at 5:30pm

Held at CMS Cameron McKenna LLP, Mitre House, 160 Aldersgate Street,
London

Present:

Nicholas Stretch (Chairman)	NS
Fiona Bell (Deputy Chairman)	FB
Barbara Allen	BA
Martin Benson	MB
Matthew Ward	MW
Martin Griffiths	MG
Jared Cranney	JC
Amanda Stapleton	AS
Paula Hargaden (conference call)	PH
Colin Kendon	CK
Michael Landon	ML
Robert Postlethwaite	RP
Kate Jalbert (minutes)	KJ

In attendance:

Catriona Edwards (in place of Vanessa Cundy-Copper)	CE
Liam Liddy (guest of Fiona Bell)	LL

ACTIONS

1. Apologies

Apologies were received from Danny Blum, Sara Cohen, Karen Cooper, Annie Popplewell, Mark Gearing, David Firth, Philip Fisher, Peter Mossop, Nick Wallis and Tim Ward.

2. Minutes of last meeting (7 February 2013):

KJ apologised that the minutes from the February meeting had not been completed yet and these will be circulated shortly.

3. Current Issues/Consultations

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

FB noted that the Quoted Companies Alliance would like to refresh this guide, seeing at it was last published in 2009. FB noted that she thought that most changes will probably be a matter of re-emphasising certain points and changes towards remuneration in the current environment.

ML, MW and BA volunteered to join a working group with FB to revise the guide.

- **Review of the Finance Bill Provisions**

NS noted at that most of these provisions are long-awaited and part of HMRC's approved share scheme simplifications. ML noted that he has concerns on self-certification, as whenever advisors

put in a share schemes to HMRC, HMRC comes back with comments. ML noted that clearer guidelines need to be published, as well as further simplification of requirements.

- **'Grey list' of difficult issues where HMRC discretion is a problem**

ML noted that this was a list of ways to simplify requirements further and it has been submitted to HMRC.

CK noted that he had an issue with the EMI transitional provisions and believes that whenever the options are exercised you should be eligible for ER relief. NS noted that CK should draft something to send to HMRC on this point. CK

NS noted that he will draft something on the takeover bids provisions in the Finance Bill to send to HMRC. NS

The group also highlighted issues with valuation of shares and the employee shareholder status.

4. Communications/Future Meetings

- **Report of Tax Expert Group meeting with John McLoughlin/Anne Smith, HMRC, 18 April 2013**

BA noted that the meeting focused on the EMI changes and also HMRC's project to put forms online.

- **Announcements:**

- **Executive Remuneration – Enterprise and Regulatory Reform Bill**

ML highlighted that there is an issue with part of the bill; where companies have to publish termination payments on their website, it is unclear if this is on or after 1 October 2013 (ie not tied to a company's year-end).

- **Growth and Infrastructure Bill: Employee Shareholder Clause**

This was discussed under Current Issues/Consultations.

- **Hermes EOS & NAPF – Pay Principles**

FB noted that this report suggested that investors should hold onto shares for 10 years. FB thinks that this is too long, especially in the context of employee share ownership.

- **PIRC 2013 Guidelines set out new approach**

NS noted that PIRC will recommend a no vote against any new LTIPs.

- **Review terms of reference**

KJ will update the terms of reference and circulate them. KJ

- **Policy Update – 22 April 2013: for information only**

- **Invitations to future meetings**

This was not discussed.

5. AOB

- **Form 42**

NS noted that he attended a revenue sub-group meeting to discuss Form 42 and how to go about compulsory online filing of it. HMRC is trying to make the process more simplistic. JC noted that the current form takes hours to fill in. NS noted that HMRC are keen to trial the online process with some companies and also find out more about the issues they have with filing. JC agreed for his details to be passed onto to HMRC. FB also agreed to help, as her firm deals with the administration and filing of Form 42 for many companies. **NS**

- **OTS unapproved share schemes review**

ML noted that he attended a joint HMRC/ OTS meeting about a safe harbour trust, where HMRC is looking to create some standard documents for this arrangement. The key thing to address is the negative connotation associated with operating trusts and tax avoidance issues.

CK noted that he thought that the share buy-back plans were not particularly helpful.

6. Date of Next Meeting:

17:30 Thursday 5 September 2013 (Venue: CMS Cameron McKenna)

7. Actions

Action	Person	Timetable
Draft a note for HMRC on EMI transitional provisions	CK	ASAP
Draft a note for HMRC on takeover bids and the Finance Bill provisions	NS	ASAP
Update terms of reference	KJ	ASAP