

Minutes of the QCA Share Schemes Expert Group



Held on: Thursday 18 October 2018

Venue: RSM, 25 Farringdon Street, London, EC4A 4AB

Present:

Fiona Bell (Chair)	RSM	FB
Tristan Adams	Link Asset Services	TA
Sara Cohen	Lewis Silkin	SC
Stephen Diosi	Mishcon De Reya	SD
Andy Goodman	BDO LLP	AG
Stuart James	MM & K Limited	SJ
Graham Muir	CMS	GM
Phil Norton	Aon Hewitt Limited	PN
Jennifer Rudman	Prism Cosec	JR
Anthony Robinson	Quoted Companies Alliance	AR
Callum Anderson (minutes)	Quoted Companies Alliance	CA

In attendance:

Martin MacLeod	Deloitte LLP	EA
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1. APOLOGIES

Apologies were received from Barbara Allen, Emma Bailey, Danny Blum, Michael Carter, David Daws, Juliet Halfhead, Caroline Harwood, Kim Hawkins, Daniel Hepburn, Liz Hunter, Isabel Pooley and Tim Ward.

2. MINUTES OF LAST MEETING (17 May 2018)

The minutes were approved.

3. ISSUES FOR DISCUSSION

	ITEM	ACTION
a)	<p>Budget 2018</p> <p>The Expert Group noted that the QCA had submitted its proposals for taxation reform to the Chancellor in late September 2018.</p> <p>FB explained that she and Caroline Harwood had attended the QCA Tax Expert Group meeting on 28 September 2018, which was attended by Donald Stark (DS) of HM Treasury; there, she had explained the QCA proposal regarding CSOPs in more detail.</p> <p>FB noted that DS had explained that, due to Brexit, there was little parliamentary time to enact significant changes through the Budget and, therefore, wide-ranging reform should not be anticipated.</p>	None.

	<p>She added that he had been sympathetic to the proposal to lift the CSOP limit from the current £30,000.</p> <p>She also explained that the government used schemes to target different sizes of company and the risk with relieving some of the limits on a CSOP is that it would render the arguments for EMI to be lessened.</p>	
b)	<p>Labour Party proposals on employee share ownership</p> <p>The Expert Group noted and exchanged views on the proposals regarding employee share ownership announced by the Shadow Chancellor at Labour Party Conference in September 2018.</p> <p>CA explained that the QCA was hoping to arrange a meeting with the Shadow Chancellor's economic policy adviser before Christmas to discuss the proposal in more detail.</p> <p>See (e).</p>	See (e).
c) & d)	<p>HMRC Shares and Assets Valuation Fiscal Forum Current topics forum</p> <p>FB briefly summarised the main points covered at the HMRC Shares and Assets Valuation Fiscal Forum which took place on 8 October 2018.</p> <p>The Expert Group exchange views on market practices regarding growth share valuations and the treatment of share-based payments (IFRS 2).</p> <p>The Expert Group re-affirmed its interest in discussing with the Primary Markets Expert Group, the approach to share schemes by the nominated advisers of small and mid-size quoted companies. It was agreed that an email would be sent to that group's chair to seek views.</p>	FB and CA to draft a short email, which will be sent on to Richard Evans of the QCA Primary Markets Expert Group.
e)	<p>QCA Share Schemes Expert Group activity in 2019</p> <p>In light of agenda item (b), the Expert Group agreed that it would be a good idea to circulate a short questionnaire to QCA corporate members to find out whether their company operates an employee share scheme and the reasons for doing so (or not).</p> <p>The results could then support any Expert Group engagement with Labour, the government and other political parties on employee share schemes, as well as any other further work identified by the survey results.</p> <p>With regards to potential guest speakers in 2019, the Expert Group re-affirmed its wish to invite Andrew Ninian of the Investment Association to discuss the IA's work on remuneration practices (especially with respect to AIM companies).</p> <p>Following the reference to the Primary Markets Expert Group, possibly to have someone come along from that Group.</p>	<p>CA to produce and circulate draft questionnaire to Expert Group members.</p> <p>ALL to comment on draft questionnaire.</p> <p>CA to send survey to QCA corporate members.</p> <p>CA to invite guests to future meetings.</p>

	<p>The Expert Group also agreed that it would be useful to hold a conference call with the HMRC employee share schemes team for a Q&A session, as was done in May 2018.</p> <p>It was also suggested that the Behavioural Insights Team could also be interesting guest speakers; they could discuss how their work overlaps with increasing participating in employee share schemes.</p>	
f)	<p>Brexit</p> <p>No new issues regarding employee share schemes and Brexit were identified by the Expert Group.</p>	None.

4. COMMUNICATIONS AND FUTURE MEETINGS

	ITEM	ACTION
a)	<p>Policy Update (August 2018)</p> <p>This was tabled for information only and was not discussed.</p>	None.
b)	<p>Results of the QCA/YouGov Small & Mid-Cap Sentiment Index</p> <p>The Expert Group noted that the results of the QCA/YouGov Small & Mid-Cap Sentiment Index had been published.</p>	

5. NEXT MEETING

Thursday 7 February 2019, 4.00pm – 5.30pm (Venue: RSM, 25 Farringdon Street, London, EC4A 4AB)