

Present:	Gary Thorpe (in the Chair)	GT
	Paul Arathoon	PA
	Ian Binnie	IB
	Martin Kay	MK
	Maegan Morrison	MM
	Simon Cox	SC
	Hilary Owens	HO
	Sarah Hassan	SH
	June Paddock	JP
	Tim Ward	TW
	Joe White	JW
	Maria Gomes (minutes)	MG
In attendance:	Marcus Stuttard	MS
	Jaspal Sekhon	JS
	Chris Manning	CM

ACTIONS

1. Welcome to Marcus Stuttard, Head of AIM, London Stock Exchange, to discuss AIM.

GT welcomed Marcus Stuttard (MS) and thanked him for coming in to update the group on what is currently happening with AIM.

MS noted that he would briefly comment on the AIM Notice 38 consultation, but mostly explain in more detail what comes next.

Regarding AIM Notice 38, MS commented that the deadline for responses is Monday, 3 March, and that AIM has received nine responses so far. MS explained that they have received many comments on the QE regime, but that the initial intention was not to put pressure on the QEs. MS stated that AIM needs to be more pragmatic and flexible and that the time was right to make some changes; however, they do not want to force a new generation of QEs out of the market. Regarding the company rules, limited changes were proposed to be made to clarify some areas, mostly regarding jurisdiction and corporate governance. MS noted that it has been tempting to change the rules in the past, but certainty is needed and asked for by the companies. MS further explained that this consultation is part of AIM's periodic reviews of the AIM Rules and that AIM is likely to do another set of rule changes by the end of the year.

Regarding what comes next, MS explained that there are several areas in need of attention, such as environmental reporting disclosure, whether the rules for brokers need to be changed, adjusting accounting standards and perhaps the eligibility criteria but in this case without becoming too prescriptive.

MS asked the group if they had any questions.

PA asked about relationship agreements. MS explained that they need to be careful not to make AIM the Main Market; there must be differentiation. MS also highlighted that AIM has functioned well because of its principles and by not having prescriptive rules, and, in his view, this is an area where there could be the risk of AIM becoming too prescriptive.

JP posed a question regarding the number of shares in public hands, as she gets different opinions from different brokers. MS explained that there is no informal number concerning the free float; if it is lower than 10% AIM would ask the NOMAD why the decision to come to market was made, but it depends. MS noted that AIM values the different stages of development of companies and does not want to inhibit them. IB pointed out that it is difficult to advise companies on what is required, and that it is important that NOMADs form a judgement on this. MS explained that AIM is fundamentally opposed to mandatory listing requirements for companies coming to market. The market, NOMADs and clients need to discuss their game-plan and make a judgment rather than review mandatory requirements.

JP questioned whether AIM companies, particularly those from overseas, needed a certain level of UK shareholder base. JP noted that companies from outside the UK are trying to be quoted in London, but this is not made easy because they do not have a good level of understanding of the UK market. MS underlined that there is an overarching concern on sufficient liquidity and general suitability; some of these international companies need some judgement of appropriateness. MS explained that there is a structured training programme launching in Italy at the Bocconi Business School to make sure that companies have the right knowledge and time to think about these issues.

TW asked if the profile of the market is changing. MS explained that they have been seeing larger companies fundraising on AIM (£50-70 million). MS further explained that AIM does not want to be prescriptive in size; it is healthy to see larger companies, UK or international, and different sectors coming to market and that is linked to AIM's success.

MS explained that one area where there is an unwritten rule is that companies with a market capitalisation above £500m on AIM should be encouraged to move up to the Main list. MiFID has some market cap levels for the first time. AIM will also track that level going forward.

GT asked whether AIM would consider integrating guidance notes, including issues raised in "inside AIM", with the AIM rules so that everything is in one place. MS explained that they try to get the right balance of flexibility while providing guidance and not changing the rules. Members agreed that it is useful that the guidance is provided jointly with the rules.

MK asked about the current state of the market. MS explained that AIM is very confident, with very exciting companies joining and IPOs being more interesting to management teams.

GT thanked MS for attending and MS left the meeting.

2. Apologies

Apologies were received from Richard Beavan, Stephen Hamilton, Donald Stewart, Anthony Turner and Kate Jalbert.

3. Approve the minutes of the previous meeting (23 January 2014)

The minutes of the last meeting were approved.

4. Action points from the last meeting

Please refer to the list of actions at the end of this document.

5. Current consultations and issues

- a) **AIM Notice 38 – AIM Rules for Companies and AIM Rules for NOMADs Consultation Documents** (Response date: 3 March 2014)

MG explained that the QCA response is being finalised, having put together comments from all the Expert Group members, and that it will be circulated for comments shortly and submitted on 3 March.

b) FCA – Proposed amendments to the Listing Rules in relation to sponsor competence and other amendments to the Listing Rules and Prospectus Rules (Response date: 28 February 2014)

GT asked if the Corporate Finance Advisors Expert Group was preparing a response on this, and MG confirmed that the Corporate Finance Advisors Expert Group will be providing comments on this consultation. MG noted that it was circulated for information only.

c) Prospectus Directive Working Group

GT noted that the first meeting of the Prospectus Directive working Group, to prepare a briefing note to assist the campaigning work of the QCA, will take place on 6 March. GT kindly thanked everyone who volunteered to join the group and SC for volunteering to host this meeting. MG noted that other members are still free to join the discussions.

d) MiFID II update

MG explained that the compromise agreement has been reached and published. The final version of the text will be subject to approval by the European Parliament at plenary session probably at the mid-April session. MG further explained that the QCA met with the FCA earlier that week, and that the FCA explained that they will consult on this after it is published in the Official Journal, which will probably happen in June.

e) Relationship agreements – QCA briefing note?

Members agreed to wait and see what the FCA's next steps are before preparing a briefing note.

6. Communications

a) Membership Drive

As part of the membership drive, all expert group members were asked to provide Hayley Zeff with a list of quoted companies who they act for who are not already members of the QCA. Members of the group noted that they are interested in finding out if any of their clients joined. MG noted that Hayley Zeff is still waiting to be provided with the contacts from the members of this group.

ALL

b) Guest invitations

MK suggested that someone from Business Growth Fund be invited to attend.

MG/Chris Stapeley

c) Trip to European Commission/Brussels

GT noted that the trip will be taking place either in April or September, and that members are still welcome to send in their interest to participate.

ALL

d) Policy Update (February 2014)

This was tabled for information only.

7. Any other business

Information for noting

- Consultation update - responses submitted:
ESMA's policy orientations on possible implementing measures under the Market Abuse Regulation: Submitted on 28 January 2014. GT thanked MM for her input in reviewing his draft submission on this consultation.

Draft Finance Bill 2014: Abolition of stamp duty reserve tax on growth market shares: Submitted by the Tax Expert Group on 4 February 2014.

CP13/15 - Enhancing the effectiveness of the Listing Regime: feedback to CP12/25 and further consultation on related issues: Submitted on 5 February 2013. GT thanked PA for his paper on this consultation.

- Next meeting

8.30am Thursday 27 March 2014 (Venue: Speechly Bircham)

8. Actions

Action	Person	Timing
Let KJ or MG know if anyone is interested in contributing to the Prospectus Directive review and also to attend the trip to Brussels.	All	Next meeting
Circulate a copy of the QCA response to the FCA consultation paper on the sponsor regime when it is published.	KJ/MG	When published
Provide Hayley Zeff with clients' contacts	All	Next meeting
Inform the group on membership numbers raised by new contacts	MG/ Hayley Zeff	Next meeting
Invite someone from the Business Growth Fund to attend	MG/Chris Stapeley	ASAP