



The Quoted  
Companies Alliance

## Minutes of the Markets and Regulations Committee Meeting

held on 17 April 2012 at 5.00pm  
at Speechly Bircham, 6 New Street Square, London EC4A 3LX

<b>Present:</b>	Martin Finnegan (chair)	Causeway Law	MF
	Andrew Collins	Speechly Bircham	AC
	Alexandra Hockenhull	Xchanging plc	AH
	Amerjit Kalirai	Field Fisher Waterhouse	AK
	William Lynne	Hybridan LLP	WL
	Linda Main	KPMG LLP	LM
	Chris Searle	BDO LLP	CS
	Peter Swabey	Equiniti	PS
	Kate Jalbert	QCA	KJ
	Jacques Sultan (minutes)	QCA	JS
	Tim Ward	QCA	TW

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### ACTIONS

#### 1. Apologies

Apologies were received from Stuart Andrews, Mark Cleland, Richard Everett, Richard Metcalfe, Philip Quigley, Simon Rafferty and James Stapleton.

#### 2. Approve the minutes of the previous meeting (22 February 2012)

The minutes of the last meeting were approved.

#### 3. Discussion Items

- **FSA Consultation on Amendments to the Listing Rules, Prospectus Rules, Disclosure Rules and Transparency Rules (RD: 26 April 2012) (joint working group with Legal and Corporate Finance Advisory Group)**

KJ noted that there were three key topics that the QCA will respond to - the three were corporate governance regarding premium listed companies, reverse takeovers and externally managed companies.

The major concern for the reverse takeover section was the issue of standard listed companies being brought into the reverse takeover regime. There is the concern that there is clarity over what the actual role for standard listings is if premium listing rules are being applied too. The committee felt that the point of having standard listings in practice has to minimise the amount of red tape and would follow only the EU Directives.

AK noted that the FSA consultation Quarterly paper had included some details that were of serious concern. The first would be the issue of removing the "no name basis" FSA helpline.

LM queried whether there should be better guidelines on when the UKLA Helpdesk line should be used and not just removal. TW felt that there must be a way of having a customer friendly way of implementing this helpline. TW felt it would be a shame to close down the facility, and that there needs to be some encouragement to find the right balance. AK noted that the new rules, opened up for potential things to go wrong. AH noted that the helpline had good things to offer, however there needs to be further barriers to entry and so those who attempt to get in contact would be those only with the authority to. AH noted that if the helpline advisors were seen to be

high level practitioners and only dealt with the more challenging aspects, then the helpline could become far more productive. Overall the committee members agreed that the helpline should remain.

KJ noted that JS would send around the draft QCA response to the FSA Listing Rules consultation and the FSA Quarterly consultation paper next week. MF noted that he would look over the reverse takeover section.

**JS/MF**

- **Regulation of the European Parliament and of the Council on improving securities settlement in the European Union and on central securities depositories (CSDs) and amending Directive 98/26/EC**

PS noted that the CSD regulation includes proposals that will lead to the dematerialisation of shares. PS noted that it looks like the Regulation will go through as is, and that potential de-materialisation models are being analysed in the UK.

KJ queried what the consequences of this regulation on companies were. PS noted that the main aspect is cost. There will be the cost to de-materialise for trading. These are the cost of having T+ 2 settlements, which could cause liquidity problems for companies. One concern for small companies is that the Regulation will impact the extended settlement arrangements for makers with large strategy, which are more frequent in smaller companies. The general costs would be spread about over the company, i.e. there would have to be company special resolutions to implement the Regulation. PS noted that under the CA 2006, the government has the right to de-materialise. PS noted that the potential date for implementation would be 2020, however it would not surprise him should the change would effectively occur in 2015, with the implement of T + 2 settlements.

- **Member query on SETS**

TW noted that a company had come to him with a query regarding SETs MM. A company with low liquidity on SETs MM had a concern that the end of the day valuations significantly drop, sometimes in the case of 10-15%. WL noted that he advises one company, where the same issue arises. WL will feed the details to KJ.

**WL/KJ**

- **Advisory Group Objective**

TW queried whether there is a general happiness within the advisory group, or whether there needs to be an alteration to how it works. TW discussed the non-bank lending example, where companies and advisors had not really had much interest.

TW opened the floor to ideas on campaigns, discussions, briefings etc. CS noted that in its current format, the Committee works well. AH noted that, the Committee works well as it monitors and fends off the excessive burdens place on small and mid-cap quoted companies. LM noted that the Committee had allowed members of different backgrounds to share ideas that they would not necessarily get to hear. MF noted that the Committee is more of a market practitioner's guide. MF would not want to change the group, as it allows a markets perspective and assesses the impacts placed on equity and markets.

TW noted that there is shrinkage of companies from the UK perspective. LM noted that there has been a surge in UK companies seeking to move to markets outside the UK. LM noted that a promotion of the UK Stock Exchange or UK companies in foreign markets would be highly beneficial. PS noted that there have been plenty of UK companies moving off shore to tax havens.

TW noted that the latest Interim Report of the Kay Review, there is the emphasis on long-term growth. TW noted that there is a need for a holistic review of primary markets.

MF noted that there has to be more engagement with the institutional investors. TW noted for the next meeting we can invite 2-3 fund managers and get their input on the debate.

**KJ/Chris Stapeley**

#### 4. Future Meetings

- **Guest invitations to future meetings:**

As mentioned above, the guests to be invited for the June meeting are 2-3 fund managers to discuss the current market.

**KJ/Chris Stapeley**

#### 5. AOB:

TW noted that the third survey of the QCA/BDO Small and Mid-Cap Sentiment Index is underway, and that all members should submit responses to the survey and pass the survey link around.

**ALL**

TW noted that the inaugural QCA Conference is coming up and that it is essential that all who are involved with the small and mid-cap market sector should be attending. KJ will send the links to the conference and survey as soon as possible.

#### 6. Next Meeting:

17.00 Wednesday 20 June 2012 (at Speechly Bircham LLP, 6 New Street Square, London EC4A 3LX)

17.00 Wednesday 19 September 2012 (at Speechly Bircham LLP, 6 New Street Square, London EC4A 3LX)

#### 7. Action Points

Invite 2-3 fund managers to the next meeting.	KJ/CS	ASAP
Send round the committee the FSA Listing Rules consultation paper for comments	JS/ALL/MF (will look at reverse takeover section)	ASAP
SETs query details of example given by WL	KJ/WL	ASAP
QCA/BDO Small and Mid-cap Sentiment Index – Complete the survey and pass onto other clients and colleagues	KJ/ALL	ASAP
Send round the committee links to the QCA Conference	KJ/ALL	ASAP