



Minutes of the QCA Secondary Markets Expert Group

Held on: Wednesday 15 November 2017

Venue: Charles Russell Speechlys, 5 Fleet Place, London, EC4M 7RD

Present:

Jon Gerty (Chair)	Peel Hunt LLP	JG
Mark Tubby (Deputy Chair)	finnCap	MT
Fraser Elms	Herald Investment Management Ltd	FE
Mitchell Gibb	Stifel	MG
Katie Potts	Herald Investment Management Ltd	KP
Tim Ward	Quoted Companies Alliance	TW
Callum Anderson (minutes)	Quoted Companies Alliance	CA

In attendance:

Darshan Patel	Hybridan LLP	DP
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1. APOLOGIES

Apologies were received from Andrew Collins, Claire Noyce, Jack Phillips, James Stapleton, Stephen Streater, Peter Swabey and Shreena Travis.

2. MINUTES OF LAST MEETING (6 September 2017)

The minutes were approved.

3. ISSUES FOR DISCUSSION

	ITEM	ACTION
a)	<p>MiFID II</p> <ul style="list-style-type: none"> – <u>Feedback from the FCA’s Implementation Forum on 8 November 2017</u> <p>JG explained that he and CA had attended the FCA’s latest MiFID II Implementation forum. He noted that Stephen Hanks had encouraged market participants to read Market Watch 54, in order to learn more about MiFID II and market data obligations.</p> <ul style="list-style-type: none"> – <u>ESMA Q&As on investor protection and post-trading issues</u> <p>JG explained that the main points of the updated ESMA Q&As on investor protection were regarding best execution; telephone recordings; costs and charges; and client categorisation.</p>	<p>None to note.</p> <p>None to note.</p> <p>None to note.</p>

	<p>The Expert Group noted that ESMA had clarified that investment firms would only be required to notify information on their categorisation to new clients.</p> <p>– <u>ESMA Guidelines on transaction reporting, order keeping and clock synchronisation</u></p> <p>JG noted that ESMA had publishes guidelines on transactions reporting, order keeping and clock synchronisation.</p> <p>– <u>European Commission FAQs on obtaining brokerage and research services from non-EU brokers and the US Securities and Exchange Commission no-action letters to facilitate cross-border implementation of MiFID II’s research provisions</u></p> <p>JG explained that the European Commission and the US Securities and Exchange Commission (SEC) had issued FAQs and no-action letters respectively to clarify impact of MiFID II inducements and research reforms in cross-border context.</p> <p>JG noted that the Commission FAQ explained that a third country broker-dealer may receive combined payments for research and execution as a single commission when providing such services to a MiFID II portfolio manager or its third country sub-advisor, as long as the payment attributable to research can be identified.</p> <p>JG highlighted that the SEC’s no-action letters clarified that broker-dealers may receive research payments from money managers in hard dollars or from advisory clients' research payment accounts on a temporary basis.</p> <p>The Expert Group also noted that the FCA had issued a statement welcoming the Commission and SEC statements.</p> <p>Following this, the Expert Group had a vigorous exchange of views regarding the distribution of investment research with particular focus being dedicated to how research would be priced after 3 January 2018 and the availability of investment research to institutional and non-institutional investors.</p>	<p>None to note.</p> <p>None to note.</p>
<p>b)</p>	<p>QCA participation in European Commission workshop on 28 November 2017 regarding SME access to public markets</p> <p>JG noted that a draft EuropeanIssuers briefing note had been circulated to the Expert Group regarding increasing access to public markets for smaller companies. JG asked Expert Group members to review the document and provide any comments by 17/11/17.</p>	<p>ALL to send comments to the EuropeanIssuers Paper to CA.</p>

c)	Potential for QCA Secondary Markets Expert Group dinner in 2018 The Expert Group agreed to hold a dinner for members during 2018.	CA to organise Expert Group dinner in 2018.
d)	Brexit This was not discussed.	None to note.

4. COMMUNICATIONS AND FUTURE MEETINGS

	ITEM	ACTION
a)	FCA reforms to enhance the effectiveness of UK primary markets This was tabled for information only and was not discussed.	None to note.
b)	MiFID II technical standards published in the Official Journal of the EU This was tabled for information only and was not discussed.	None to note.
c)	Policy Update (October 2017) This was tabled for information only and was not discussed.	None to note.
d)	Guest invitations to future meetings The Expert Group agreed that Stephen Hanks should be invited to the next meeting to discuss MiFID II with a distinct emphasis on investment research.	CA to invite Stephen Hanks to next Expert Group meeting.

5. NEXT MEETING

Wednesday 17 January 2018, 4.30pm – 6.00pm (Venue: Peel Hunt LLP, Moor House, 120 London Wall, London, EC2Y 5ET)