



## Meeting of the QCA Share Scheme Expert Group

Thursday 5 September 2013 at 5:30pm

Held at CMS Cameron McKenna LLP, Mitre House, 160 Aldersgate Street,  
London EC1A 4DD

### Present:

Nicholas Stretch (Chairman)	NS
Fiona Bell (Deputy Chairman)	FB
Emma Bailey	EB
Martin Benson	MB
Matthew Ward	MW
Rory Cray	RC
Jared Cranney	JC
Vanessa Cundy-Cooper	VC
Mark Gearing	MG
Andy Goodman	AG
Richard Sherman	RS
Michael Landon	ML
Mia Thursby-Pelham	MTP
Nick Wallis	NW
Kate Jalbert (minutes)	KJ

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### ACTIONS

#### 1. Apologies

Apologies were received from Danny Blum, Sara Cohen, Barbara Allen, Karen Cooper, John Daughtrey, Matthew Findley, Colin Kendon and Tim Ward.

#### 2. Minutes of last meeting (16 May 2013):

The minutes were approved.

#### 3. Current Issues/Consultations

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

FB explained that the working group has now met twice and is aiming to produce a full draft for the next Share Schemes Expert Group meeting. She noted that broadly the content of the guide seemed about right and that the group was just aiming to refresh it – mainly adding a glossary, a section on corporate governance considerations due to the increased focus on this, and refresh the types of plans section.

NS noted that one aspect to consider is whether the guide aims to give smaller companies advice on where it may be appropriate to derogate from the ABI guidelines. ML noted that the guide mainly focus on the main aspects to consider when setting up schemes and steers away from the approach of advising companies on how to set up schemes. NS noted that it would be still useful to highlight in the guide that market practice supports that there is a difference between what Main List companies should do re share schemes and what AIM companies should do – and that it is important to listen to your shareholders.

- **Narrative reporting and directors' pay changes**

FB noted that she has been surprised by the number of AIM companies that have expressed an interest in following the new directors' remuneration guidelines. KJ explained that the FCA has issued a consultation on the subsequent changes to the Listing Rules as a result of the new narrative reporting and directors' remuneration changes.

- **Finance Act 2013 changes and updates to HMRC manuals**

NS noted that HMRC is still debating the updates to the manuals.

FB queried whether anyone on the group has had queries about the new employee shareholder status. Overall, some members said they had queries, but that they were very specific use-cases.

- **Progress to self-certification and electronic filing**

FB noted that one issue with self-certification that has cropped up is that advisors will have to get the authority to submit the electronic filing, which is a bit tricky.

NS noted that self-certification brings about a risk-based approach. In the future, companies will do this on your own risk – which begs the question of who bears the risk of something being incorrect in unapproved share schemes.

NS also explained that HMRC has also asked why EMI works well and other approved plans do not. AG noted that most EMI companies are sold when their options are exercised. NS explained that there is far more favourable discretion from EMI than other plans.

#### **4. Communications/Future Meetings**

- **New Expert Group Chairman and Deputy Chairman**

NS explained that he is stepping down as Chairman and handing over the role to Fiona Bell. FB thanked NS for all of his work.

- **HMRC – OTS review of unapproved share schemes (RD: 16 2013)**

NS noted that it was disappointing that HMRC were not more adventurous and that the section on valuation was not in touch with what companies do. ML noted that HMRC should have a further update on this published in the autumn.

- **Policy Update – 16 August 2013 (for information only)**

KJ explained that the policy update is produced for the Quoted Companies Alliance's board meeting. If any expert group members are interested in the other groups' work, please let KJ now.

- **Invitations to future meetings**

This was not discussed.

- **Proposed dates for 2014**

This was not discussed.

#### **5. AOB**

- **Indirect employee ownership consultation**

FB noted that this consultation examines loans to close companies and suggests that this should not be increased as it is being used as tax avoidance. KJ noted that she will look into this consultation. FB will circulate it to the group shortly.

**KJ/FB**

NS noted that the group should ask for an exemption for employee share schemes (ie a loan from a trust).

**6. Date of Next Meeting:**

17:30 Thursday 5 December 2013 (Venue: BDO LLP – TBC)

**7. Actions**

<b>Action</b>	<b>Person</b>	<b>Timetable</b>
Look into indirect employee ownership consultation and circulate the paper to the group	KJ/FB	ASAP