



The Quoted
Companies Alliance

Meeting of the QCA Share Scheme Committee

Thursday, 8 September 2011 at 5:30pm

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

Present:

Nicholas Stretch (Chairman)	NS
Fiona Bell (Deputy Chairman)	FB
Martin Benson	MB
Danny Blum	DB
Sara Cohen	SC
Karen Cooper	KC
Jared Cranney	JC
Stephen Goldstraw	SG
Colin Kendon	CK
Michael Landon	ML
Isabel Pooley	IP
Colum Spillane	CL
Robert Postlewaite	RP
Nick Wallis	NW
Kate Jalbert (Minutes)	KJ

1. Apologies and Introductions

Apologies were received from Anika Chadra, Michael Deeks, David Ellis, Amanda Flint, Matthew Findlay, Philip Fisher, Stephen Chater, Paula Hargaden, Chris Hughes, Amanda Stapleton, Paul Twist, and Tim Ward.

2. Report of the meetings/issues since last meeting (14 April 2011)

• Remuneration Committee guide

FB reported that the working group has produced a new final draft and KJ will circulate it to all committee members as soon as possible for comment. FB noted that she felt that the guide has a strong institutional investor point of view expressed throughout it. **KJ**

• Disguised Remuneration – new version of FAQs and draft legislation (RD: 23 September 2011)

FB noted that a new set of draft FAQs and manual guidance have been published and the deadline for comments was 7 September. FB queried whether it may still be worth putting some representations in about the draft FAQs and guidance. FB explained that CIOT is having a meeting on 15 September to discuss the FAQs.

DB noted that the draft FAQs have to be finalised by early October, and so after that point it will be difficult to get changes made to them.

FB explained that the FAQs are so vast and not very specific, so each case has to be considered individually. FB queried how the group could help each other in terms of encountering issues with their clients and the draft FAQs. Committee members agreed that it could be useful to email each other around or potentially use the QCA website to capture any issues committee members have with the draft FAQs (KJ will look into this). **KJ**

NW commented that the underlying problem with the draft FAQs is that HMRC does not have a clear policy – the committee should push for them to develop a series of clear principles of what is a safe harbour and not ear-marking. Committee members agreed that it would be useful to make representations along this line.

Committee members also thought that it may be useful to get similar groups to push for this, such as the CIOT, ICAEW, Share Plan Lawyers, and ProShare.

DB raised a technical point in the draft FAQs and draft legislation and would like HMRC to clarify if the vesting date could be moveable if there is a restriction from the model code.

MB raised a specific point with the NIC regulations, noting whilst the Finance Act 2011 provides for a refund of the tax, there is no NIC refund possible. Committee members agreed it would be useful to put representations in on this point. MB is going to draft a response to it, highlighting this point, and KJ will circulate it to the committee for comment ahead of 23 September deadline.

MB/KJ

3. Communications/Future Meetings

- **Invites to Future Meetings**

Committee members suggested that it may be useful to get the following visitors along to a committee meeting:

- a) Someone from the AIM team to discuss remuneration and AIM regulation
- b) Someone from the Office of Tax Simplification to discuss their review into share schemes – FB noted that she has been asked to sit on a consultative committee about this and if anyone has any ideas of how to simplify the UK's share schemes to please feed them in.

ALL

- **Meet the ABI with the Share Schemes Committee (6 October 2011 at 5:30pm)**

KJ explained that the invitation has been sent to QCA corporate members and that committee members should let the QCA know the client that they will be attending with. KJ will circulate to committee members the invitation sent to corporates for reference.

KJ

All committee members were encouraged to bring a corporate client.

- **Report of the QCA-HMRC Share Schemes Roundtable (20 July 2011)**

KJ noted that the QCA had organised a meeting between company directors and HMRC officials to discuss any administrative or general issues regarding share schemes and how they are operated in the UK. KJ noted that it was useful exchange of views.

- **Proposed Dates of 2012 Meetings**

FB explained that the proposed dates for 2012 have been circulated.

4. AOB

AIM Rules and Close Period

JC raised an issue regarding the AIM rules – he queried whether anyone else had heard that the close period does not finish until the hard copy of the annual report is published rather than at the time the

preliminary results are announced. Committee members had not interpreted the AIM rule this way. FB suggested it may be worth raising this issue with the AIM team.

AIM Rules and Partly Paid Shares

CK expressed the view that he could not find any restriction on the use of partly-paid shares for an AIM Company and this was debated. NS noted that this had been considered by the Committee in the past and there had been indications from AIM that such partly paid shares could not be admitted. One possible reason for this was perhaps the lack of transferability until the shares were fully paid but parallels were drawn with 'lock-in' agreements. KC noted that that shares could be treated as fully paid if there was an irrevocable undertaking to pay up the full amount on a specified date; but it was noted that there was some debate amongst Counsel as to whether that would be on a specified event. FB suggested this could be raised with the AIM team.

5. Date of next meeting:

Thursday 1 December 2011 at CMS Cameron McKenna LLP

6. Actions

Circulate a draft of the RemCo guide for review by committee members	KJ	ASAP, when draft is ready
Look into a system for sharing experiences and queries regarding the draft FAQs on disguised remuneration	KJ	ASAP
Draft response to NIC regulations	MB	ASAP (before 23 September 2011)
Send around invitation to corporate members for the ABI event on 6 October to committee members and committee members to circulate it to their clients	KJ/ALL	ASAP
Share views on how to simplify share schemes with FB	ALL	ASAP