

# newsround

February 2010 - Issue 30

The monthly newsletter of the Quoted Companies Alliance

## QCA welcomes Brian Winterflood as new President



The QCA is pleased to announce its new President, Brian Winterflood. Mr Winterflood succeeds Lord Strathclyde, who after dedicating more than three years to the position has stepped down.

Chief Executive Tim Ward, said: "We are honoured to welcome Brian as our President. His track record is second to none when it comes to speaking out on behalf of the small and mid-cap quoted sector. Few people have his range of directly relevant knowledge and experience and he will play an important role in shaping our future in what is likely to be a challenging period for companies."

Mr Winterflood's impressive record includes more the fifty years of experience in the City and he is the Life President and founder of Winterflood Securities. He was one of the QCA's founders in 1992 and has since been committed to representing smaller quoted companies' interests. He said: "I could not refuse this offer to become the QCA's President as this is a cause very close to my heart. I believe that it is this sector which is a key driver of much of our economy."

## Sign the QCA's petition

In connection with our letter to the Chancellor in December 2009 (which is available at: [www.quotedcompaniesalliance.co.uk/submissions/2009/QCALettertoChancellor\\_Final\\_Dec09.pdf](http://www.quotedcompaniesalliance.co.uk/submissions/2009/QCALettertoChancellor_Final_Dec09.pdf)), we have set up a petition on the No. 10 website requesting that the Government set up a working group to design an appropriate structure for UK equity markets.

Please take a minute to sign the petition and show your support for this initiative. To sign the petition, please follow this link: <http://petitions.number10.gov.uk/equityfunding/>

(Please note that once you sign the petition, you will receive an email from the No. 10 website asking you to confirm your signature. This email has been going into 'junk email', so keep an eye out for it.) Thank you!

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## The Results of the QCA Survey 2009

In December 2009, we carried out a survey of small and mid-cap community members to find out what they know about the QCA and what we can do for them. There were four different surveys, which were tailored for: Corporate QCA Members, Corporate Non-Members, Advisor QCA Members, and Advisor Non-Members.

A finding that was common across all the surveys was that the vast majority of the people surveyed knew of the QCA and cited a continued need for a trade organisation that represents the small and mid-cap quoted sector. Other interesting findings include:

- 68% of Corporate Non-Members felt that lower membership fees would convince their companies to join, with 29.8% citing additional communication about ongoing work as their reason. As a result, we are currently reviewing the membership pricing, and working on rebuilding our website to allow members access to more information and to allow better communication between us and the membership and also between the members themselves.
- When asked what they would improve or change about the QCA, 26% of Corporate QCA Member respondents said more guidance booklets, 31% said lower membership fees and 21% said a more informative and interactive website. When asked what Advisor Members would improve or change, 57% of said lunches with NOMADS, 35% said lunches with brokers, and 74% said networking events to meet new companies. We are working on producing more guidance booklets for 2010 and surveying members on the topics they would like covered. We are also planning on running some events this year specifically for our Advisor Members.
- 97% of Corporate and Advisor QCA Member respondents said they were either fairly satisfied, satisfied, or very satisfied with the benefits QCA membership gives them. Only 3 Corporate Non-Members had not heard of the QCA.

We would like to thank everyone that responded. We value your opinions and the findings are extremely helpful to us in planning our campaigns and events in 2010. We intend to carry out this survey on an annual basis.

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## News Update

We are delighted to welcome Forbidden Technologies plc, Allocate Software plc, Intec Telecom Systems plc, and Dialight plc as new corporate members, and Arbuthnot Securities Ltd, FTSE International Ltd, and Investis as new advisor members.

Tim Ward met with Greg Hands MP, Shadow Economic Secretary to the Treasury, to discuss the QCA's campaign to set up a working group to design an appropriate structure for UK equity markets and also various tax issues affecting the smaller quoted company sector.

The QCA NOMAD Committee has now changed its name to the 'QCA Corporate Finance Advisors Committee' to reflect its representation of issues that affect all primary markets for small and mid-cap quoted companies.

We would like to welcome Ana Carolina Romero as an intern at the QCA working on our publications and communications.

We are offering 50% off 2 guidance booklet sets for a limited period. They are: Improving Your Communications Set (Member: £10, Non-Member: £23.75), and the Essential Board Pack (Member: £10, Non-Member: £27.50). To find out more and order your copies, please visit: [http://www.quotedcompaniesalliance.co.uk/guidance\\_booklets.asp](http://www.quotedcompaniesalliance.co.uk/guidance_booklets.asp)

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## Regulatory Round Up

### Staying in touch with the latest regulations that affect SQCs

#### FRC consults on Stewardship Code

The Financial Reporting Council has published a consultation paper on the Institutional Shareholders' Committee (ISC) Code on the Responsibilities of Institutional Investors. It is seeking views on whether it should accept oversight of the Code, as suggested in Sir David Walker's final report on the Corporate Governance of UK banks, or whether amendments should be made to the Code before the FRC does so. Views are also being sought on which institutional investors should be encouraged to 'comply or explain', what they should disclose and to whom, and any monitoring arrangements that should be made. The QCA Corporate Governance Committee is responding to this paper. To find out more, please visit: <http://www.frc.org.uk/press/pub2216.html>

#### LSE launches retail bond market

On 1 February 2010, the LSE launched its new electronic order book for Retail Bonds. It offers continuous two-way pricing for trading in UK gilts and retail-size corporate bonds on-exchange. Investors can see prices on-screen, and trade in increments of £1 for gilts and £1,000 for corporate bonds. For more information, please visit: <http://www.londonstockexchange.com/private-investors/security-types/retail-bonds/retail-bonds-microsite.htm>

#### Prospectus Directive Review Update

On 11 December 2009, the EU Swedish Presidency Working Party released its final compromise text for the amending Directive for the Prospectus Directive. It is available at: <http://register.consilium.europa.eu/pdf/en/09/st17/st17451.en09.pdf>

In the final presidency text, the proportionate disclosure regime for rights issues and companies with small market capitalisation would only be available to companies on a regulated market. During the Legal Committee's annual visit to the European Commission, the QCA heard that this is because the Market Abuse and Transparency Directives do not apply to all EU non-regulated

markets (in the UK, aspects of both Directives already apply to companies quoted on AIM and PLUS). As such, the reviews of these Directives in 2010 will be very important in order to determine whether or not companies on growth markets will be able to have access to the Prospectus Directive concessions.

On a positive note, the final presidency text extends the exemption for employee share schemes from producing a prospectus to both companies on regulated and multilateral trading facilities (MTFs), provided that 'the MTF is subject to appropriate on-going disclosure requirements and that trade in securities on MTF is subject to rules on market abuse'. So, if adopted, AIM and PLUS-quoted companies would have access to this exemption.

The Rapporteur, Wolf Klinz MEP, who considers the European Commission's proposals and their impact and then makes any further recommendations, has submitted a first draft of his report to the Committee on Economic and Monetary Affairs of the European Parliament. The draft report recommends that rights issues should be fully exempt from the obligation to publish a prospectus. This is a positive development; however, it would still only apply to companies listed on an EU regulated market. The Rapporteur's draft report is available at: <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+COMPARL+PE-431.183+01+DOC+PDF+V0//EN&language=EN>

The final draft from the Rapporteur is due to be out soon. The QCA has met with him and other key representatives from HM Treasury to push the need for the exemptions to extend to growth markets and also the need to raise the exemption threshold to €10 million.

The timetable is moving quickly. Meetings and debates are currently taking place within the Committee of Economic and Monetary Affairs, with a vote scheduled for mid-March. It will then go for a vote in the European Parliament, and should be adopted into law by July 2010. Watch this space for any further updates.

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## 2010 Calendar of Events

### FEBRUARY

10 – Directors' Lunch Club – Alexandra Hockenhill  
(FULLY BOOKED)

26 – Tax Breakfast Briefing

### MARCH

10 – Directors' Lunch Club – Simon Brickles  
(FULLY BOOKED)

17 – Fund Manager Lunch – Henrietta Marsh

25 – Market Maker Event at Winterflood Securities

### APRIL

13 – Fund Manager Lunch – Stuart Sharp

14 – Directors' Lunch Club – Graham White

20 – Fund Manager Lunch – Andy Brough

28 – Investor Relations Workshop

### MAY

12 – Directors' Lunch Club - Marcus Stuttard  
(FULLY BOOKED)

19 – Fund Manager Lunch – Gervais Williams

26 – Oil & Gas Discussion Lunch

### JUNE

9 – Directors' Lunch Club – Francis Moore

30 – Fund Manager Seminar/

Summer Reception (sponsored by PLUS Markets)

### JULY

14 – Directors' Lunch Club – Michael Morley

### SEPTEMBER

8 – Directors' Lunch Club – Anthony Carey  
(FULLY BOOKED)

16 – Fund Manager Lunch – Bill Brown

23 – Annual Dinner (sponsored by the London Stock Exchange)

For more information on any events, please visit <http://www.quotedcompaniesalliance.co.uk/events.asp>. To book on an event, please email [hayley.zeff@quotedcompaniesalliance.co.uk](mailto:hayley.zeff@quotedcompaniesalliance.co.uk)

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## QCA responds to consultation papers

Recently, we have submitted many responses. These include:

### APB Ethical Standards – Consultation on Audit Firms Providing Non-Audit Services to the Listed Companies That They Audit

The Corporate Governance Committee advised on this response, and argued that this is not an issue for regulation by the APB. To read the response, click here: [http://www.quotedcompaniesalliance.co.uk/submissions/2010/QCAResponse\\_APB\\_Non-AuditServices\\_Jan10.pdf](http://www.quotedcompaniesalliance.co.uk/submissions/2010/QCAResponse_APB_Non-AuditServices_Jan10.pdf)

### HMRC Draft Legislation – Venture Capital Schemes

The Tax Committee advised on this response, and argued that, while there were no specific comments on the draft legislation for implementing the changes needed to secure EU State Aid clearance, the QCA believes that this is a missed opportunity for HMRC to improve the VCT scheme by allowing VCTs to invest in the secondary market. To read the response, click here: [http://www.quotedcompaniesalliance.co.uk/submissions/2010/QCAResponse\\_HMRC\\_VCSchemesEUStateAid\\_Jan10.pdf](http://www.quotedcompaniesalliance.co.uk/submissions/2010/QCAResponse_HMRC_VCSchemesEUStateAid_Jan10.pdf)

HMRC has extended the deadline for responses on changing the qualifying company size definition to the European Commission's 'small enterprise'

definition to 12 March 2010. HMRC has also indicated that any changes to the qualifying company size will only affect new money raised through the scheme and not existing investments. For more information, please visit: <http://www.hmrc.gov.uk/pbr2009/venture-capital-1260.htm>

### The Takeover Panel – Amendments to Rule 5.2(c)(iii)

The Markets & Regulations Committee examined this consultation and welcomed the amendments. To read the response, click here: [http://www.quotedcompaniesalliance.co.uk/submissions/2010/QCAResponse\\_TakeoverPanel\\_AmendmentsRule%205.2c\\_Jan10.pdf](http://www.quotedcompaniesalliance.co.uk/submissions/2010/QCAResponse_TakeoverPanel_AmendmentsRule%205.2c_Jan10.pdf)

### London Stock Exchange AIM Notice 35

The Corporate Finance Advisors and Share Schemes Committees responded to this paper, stating that the QCA believes that companies will not have many problems with these new rules. They did have some specific comments on the drafting of the rule and these can be read by clicking here: [http://www.quotedcompaniesalliance.co.uk/submissions/2010/QCAResponse\\_LSE\\_AIMNotice35\\_Jan10.pdf](http://www.quotedcompaniesalliance.co.uk/submissions/2010/QCAResponse_LSE_AIMNotice35_Jan10.pdf)

If you have any views on these responses, please let us know by emailing [kate.jalbert@quotedcompaniesalliance.co.uk](mailto:kate.jalbert@quotedcompaniesalliance.co.uk)