



The Quoted  
Companies Alliance

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# newsround

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The monthly newsletter of the Quoted Companies Alliance

## The first signs of the upcoming MiFID Review

MiFID (the Markets in Financial Instruments Directive) is up for review by the European Commission this year and in the run up to it the Committee of European Securities Regulators (CESR) has issued three consultation papers on technical advice to provide to the Commission before the official review begins.

The three consultation papers identify areas within MiFID's framework where there is a need for improvement and asks for stakeholder's feedback on what policy options CESR should suggest to the Commission:

- **Consultation on investor protection and intermediaries:**

This paper examines issues such as execution quality data, complex vs. non-complex financial instruments, and the definition of personal recommendation.

- **Consultation on equity markets:**

This paper examines issues such as retaining the pre-trade transparency regime for organised markets, improving the post-trade transparency regime, and reconsidering the regulatory framework for the consolidation and cost of market data.

- **Consultation on transaction reporting:**

This paper examines issues such as introducing a third trading capacity (riskless principal) and extending the transaction reporting obligation to all market members, whether they are investment firms or not.

There has been talk amongst industry professionals that the MiFID review could result in a complete overhaul of the current regime with the introduction of new regulation, dubbed 'MiFID II', to try to fix some of these unintended consequences of MiFID, which came into effect in November 2007.

We will be forming a working group, made of representatives from our technical committees, to examine the policy options proposed and respond to the consultations.

To access these consultations, please visit: [http://www.cesr-eu.org/index.php?page=home\\_details&id=470](http://www.cesr-eu.org/index.php?page=home_details&id=470)

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## Saving through Simple Structures

### Breakfast Briefing – Tuesday 25 May 2010, Birmingham

The recently introduced requirement for tax and financial statement filings to be in iXBRL, coupled with the proposed mandatory adoption of IFRS by 2012 for all companies (including quoted companies' subsidiaries) means that now is the perfect time to simplify your group structures to minimise this administrative burden.

The QCA has organised a complimentary breakfast briefing at the offices of KPMG in Birmingham on Tuesday 25 May 2010. The event is for quoted company directors and company secretaries and will cover the legal and accounting issues involved, as well as briefly touching on taxation issues and will be delivered by senior teams from KPMG and Eversheds.

Spaces for this event are limited and on a first-come, first-served basis. For more information and to book, visit <http://www.quotedcompaniesalliance.co.uk/images/QCAXBRLBreakfastMay10.pdf> and send the completed booking form to [rsvp@quotedcompaniesalliance.co.uk](mailto:rsvp@quotedcompaniesalliance.co.uk).

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## Taking AIM 2010

Baker Tilly and Faegre & Benson have recently published their annual survey on the Alternative Investment Market (AIM), which finds that despite its lack of listings in 2009 AIM showed its resilience throughout.

The survey argues that, out of the financial crisis, AIM has emerged as 'coming of age'. It found that the average market value of an AIM company in 2009 (£44 million) was almost double that from the year before (£24 million). Furthermore, while there were few IPOs in 2009, investors continued

to support companies on the market by taking part in secondary fundraisings, which increased from £3.2 billion in 2008 to £4.8 billion in 2009.

However, the survey suggests that IPOs are not going to come rushing in and that recovery will be slow.

To find out more about the survey, please visit <http://www.bakertilly.co.uk/publications/taking-aim-survey-2010.aspx>

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## News Update

We are delighted to welcome National Milk Records plc and Spiritel plc as new corporate members.

We would like to welcome Shelly Asquith, our new Marketing and Administrative Assistant, to the QCA.

Events held in April included a Fund Manager Lunch on 13 April with Stuart Sharp, Rensburg Fund Management, hosted by BDO LLP in Leeds and another on 20 April with Andy Brough, Schroders Investment Management, hosted by FinnCap. There was also a Directors' Lunch Club with Graham White, Lloyds of London, hosted by Coutts.

There are only four tables of 12 available for the QCA Annual Dinner this year, taking place on Thursday 23 September at the Grange Hotel St Paul's. Book now to avoid disappointment – email [samantha.green@quotedcompaniesalliance.co.uk](mailto:samantha.green@quotedcompaniesalliance.co.uk).

We are publishing a new guidance booklet next month, entitled *Are You Ready? A Brief Guide for a Company Aspiring to Go Public*. It aims to help companies identify whether they have the characteristics that their advisors will deem appropriate for admission to a public market and that investors look for when investing.

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## Regulatory Round Up

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

#### FSA reports on progress with reforming rights issue process

The Financial Services Authority (FSA) has published a report for HM Treasury that outlines what it has done to implement the November 2008 recommendations for reforming rights issues from the Right Issues Review Group (RIRG).

The report notes that the two key recommendations from the RIRG – shortening the offer period and increasing the allotment ceiling – have been implemented and have helped to create a better environment for rights issues in the UK.

RIRG also made a number of other recommendations around the duration of rights issues (e.g. implementing an accelerated rights issue model similar to the Australian one, RAPIDS), underwriting and short-selling. However, the report explains that the FSA, after discussions with industry, has decided that a further consultation on these issues is not necessary, as a result of the key recommendations' implementation.

To read the report in full, visit: [http://www.fsa.gov.uk/pubs/ukla/hmt\\_rirg.pdf](http://www.fsa.gov.uk/pubs/ukla/hmt_rirg.pdf)

#### FAQs on the Listing Regimes changes

The FSA has published FAQs on the revised Listing Regime, which introduces an EU minimum Directive listing option (known as a 'Standard

Listing'). These changes came into effect on 6 April 2010.

The FAQs attempt to explain the new structure and any changes to the requirements of listing. To read more, please visit: <http://www.fsa.gov.uk/pages/Doing/UKLA/regime/index.shtml>

The FSA also produced an article for the QCA's Spring 2010 Voice, which was published in early April, on the Listing Regime changes.

#### QCA responds to ICSA Higgs Guidance Review

The QCA submitted its response in April to the Institute of Chartered Secretaries and Administrators's (ICSA) consultation on revising the Higgs Guidance.

The FRC has asked ICSA to consider whether there should be additional guidance provided on issues such as leadership and board effectiveness, which led to the publication of this consultation entitled 'Improving board effectiveness'.

The QCA has highlighted that ICSA should be sure to draft any guidance in a way that does not lead people to interpreting the guidance as rules. To read our response in full, please visit: [http://www.quotedcompaniesalliance.co.uk/submissions/2010/QCAResponse\\_ICSAHiggsReview\\_Apr10.pdf](http://www.quotedcompaniesalliance.co.uk/submissions/2010/QCAResponse_ICSAHiggsReview_Apr10.pdf)

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## AIM companies needed to participate in survey on IFRS

The University of Liverpool is currently conducting a study, which investigates the potential implications of International Financial Reporting Standards (IFRS) on companies quoted on the Alternative Investment Market (AIM). The outcome of this study will provide useful inputs to regulatory authorities in the UK. They are looking for finance directors to complete a questionnaire by clicking on the following link:

<http://www.surveymonkey.com/s/uniofliverpool>

The questionnaire goes through a series of questions on IFRS adoption, IFRS pros and cons, the impact of IFRS adoption, and experience with IFRS. The information you provide will be dealt with strict confidentiality as prescribed in the code of ethics of the University of Liverpool.

For more information, please contact Arshad Ali, Doctoral researcher, University of Liverpool Management School, [arshad.ali@liverpool.ac.uk](mailto:arshad.ali@liverpool.ac.uk)

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## 2010 Calendar of Events

### MAY

12 – Directors' Lunch Club – Marcus Stuttard  
(FULLY BOOKED)  
19 – Fund Manager Lunch – Gervais Williams  
25 – iXBRL Breakfast Briefing in Birmingham  
26 – Oil & Gas Discussion Lunch

### JUNE

9 – Directors' Lunch Club – Francis Moore  
23 – Analyst Breakfast with Peter Ashworth  
30 – Q&A with the QCA sponsored by Hunton  
& Williams followed by the 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. Main sponsor: London  
Stock Exchange - **ONLY FOUR TABLES  
REMAINING**

### OCTOBER

5 – AGM  
21 – Market Maker event at Winterflood  
Securities

For more information on any event, please visit  
[http://www.quotedcompaniesalliance.co.uk/  
events.asp](http://www.quotedcompaniesalliance.co.uk/events.asp).

### Oil & Gas Discussion Lunch

Wednesday 26 May 2010, 12:30 - 2:30pm

McGrigors LLP and the QCA invite companies in the oil & gas sector to a discussion lunch that aims to discuss the current issues affecting this sector. This includes cartel activity, US Foreign Corrupt Practices Act and the soon to be enacted Bribery Bill and its effects on the oil & gas sector.

If you are interested in attending, please email  
[samantha.green@quotedcompaniesalliance.co.uk](mailto:samantha.green@quotedcompaniesalliance.co.uk)

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## NIC Changes To Weigh on UK Business

Following what looks likely to be Alistair Darling's final Budget, some commentators have suggested that a proposed 1% hike in National Insurance will have a muted impact on business, given that much of the cost is passed on to employees.

However, a quick search of Hemscoff Guru and data solutions shows that companies outside the FTSE 350 employ 1.3 million workers at an average cost per employee of just over £30,000 per annum. A 1% hike in NI would therefore amount to almost £300 per employee, half of which would be shouldered by the employer—the accumulative effect of which could be devastating for small businesses with a large number of workers on their books.

These figures seem to support the argument put forward by many in small business, that an increase in NI is a direct increase in the cost of employment and a barrier to growth. Still, with the outcome of the General Election very much up for grabs, it could transpire that small business is largely saved this cost if the Conservatives win and stand by their proposal to stop the NI increase for employees earning less than £45,000.