

The European Securities and Markets Authority (ESMA)
CS 60747
103 rue de Grenelle
75345 Paris Cedex 07
France

4 January 2017

Dear Sirs,

Draft guidelines on MiFID II product governance requirements

Introduction

We are the Quoted Companies Alliance, the independent membership organisation that champions the interests of small to mid-size quoted companies. Their individual market capitalisations tend to be below £500m.

The Quoted Companies Alliance is a founder member of European **Issuers**, which represents over 9,000 quoted companies in fourteen European countries.

The Quoted Companies Alliance Secondary Markets Expert Group has examined your proposals and advised on this response. A list of members of the Expert Group is at Appendix A.

Response

We welcome the opportunity to respond this consultation on ESMA's draft guidelines on MiFID II product governance requirements.

As a general comment, we believe that it is fundamental that the European Commission's regulatory framework, and ESMA's corresponding guidelines are aligned with the vision for the Capital Markets Union in building a single market for capital and contribute positively to the real economy.

With regards to paragraphs 17 and 18 of the background on the draft guidelines, we strongly encourage ESMA to expand on its views and explicitly clarify that public market, plain vanilla securities are – rather than “can be” – compatible with the needs and characteristics of the mass retail market, with or without professional advice.

We believe that clarifying this will ensure that the requirements for product governance under MiFID II remain consistent with the Commission's desire to establish a Capital Markets Union that supports the funding of SMEs in public equity markets across Europe.

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If you would like to discuss our response in more detail, we would be happy to attend a meeting.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'TW', with a horizontal line extending to the right.

Tim Ward

Chief Executive

Quoted Companies Alliance Secondary Markets Expert Group

Simon Rafferty (Chairman)	Winterflood Securities Ltd
Jon Gerty (Deputy Chairman)	Shore Capital Group Ltd
David Cooper	Cenkos Securities PLC
William Garner	Charles Russell Speechlys LLP
Mark Tubby	finnCap
Keith Hiscock	Hardman & Co
Clare Forster	Henderson Global Investors
Shreena Travis	
Fraser Elms	Herald Investment Management Ltd
Katie Potts	
William Lynne	Hybridan LLP
Claire Noyce	Hybridan LLP
Peter Swabey	ICSA
Jeremy Phillips	Nabarro LLP
John Howes	Northland Capital Partners Limited
Ann Whitfield	Panmure Gordon & Co PLC
Sarah Bray	Peel Hunt LLP
Sunil Dhall	Peel Hunt LLP
Andrew Palmer	Peel Hunt LLP
James Stapleton	Winterflood Securities Ltd