



**The Quoted  
Companies Alliance**

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Executive Pay Discussion Paper  
Business Environment  
Department of Business Innovation & Skills  
1 Victoria Street  
London  
SW1H 0ET

[executivepaydiscussionpaper@bis.gsi.gov.uk](mailto:executivepaydiscussionpaper@bis.gsi.gov.uk)

29 November 2011

Dear Sirs,

**BIS – Executive Remuneration: Discussion Paper**

***INTRODUCTION***

The Quoted Companies Alliance (QCA) is a not-for-profit membership organisation working for small and mid-cap 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 Corporate Governance and Share Schemes Committees have examined your proposals and advised on this response. A list of committee members is at Appendix A.

***RESPONSE***

We welcome the opportunity to respond to this consultation as executive remuneration is a key factor to be considered by both companies and shareholders.

At present, many of the suggested proposals would be practically difficult for small and mid-cap quoted companies to implement and result in increased costs that may not outweigh the benefits of new disclosure. Overall, the proposals within the consultation paper seem to have been suggested because of activities and behaviour that has occurred in some of the largest companies in the UK, particularly in the financial sector.

We are concerned about 'regulatory creep' and note that what is appropriate for the largest companies may not be so for small and mid-cap quoted companies. We would argue that a proportionate approach must be adopted for small and mid-cap quoted companies so that these companies can grow and create employment, which is necessary for the UK's economic recovery.

As a result, we believe that many of the proposals suggested may be better addressed through promoting best practice, rather than regulation, which we have highlighted in our responses to the individual questions. Remuneration is an area where developing a body of best practice may have a more positive effect on influencing behaviours than regulation. We note that the Quoted Companies Alliance is currently in the process of publishing a Remuneration Committee Guide for Smaller Quoted Companies to support the promotion of best practice.

If you would like to discuss this in more detail, we would be pleased to attend a meeting.

Yours faithfully,

A handwritten signature in blue ink, appearing to be 'TW' followed by a stylized flourish.

Tim Ward  
Chief Executive

**The Quoted Companies Alliance Corporate Governance Committee**

|                        |                                  |
|------------------------|----------------------------------|
| Tim Goodman (Chairman) | Hermes Equity Ownership Services |
| Edward Beale           | Western Selection plc            |
| Tim Bird               | Wedlake Bell LLP                 |
| Dan Burns              | McguireWoods                     |
| Nigel Burton           | C/O Petrosaudi Oil Services      |
| Anthony Carey          | Mazars LLP                       |
| Louis Cooper           | Crowe Clark Whitehall            |
| Madeleine Cordes       | Capita Registrars Ltd            |
| Edward Craft           | Wedlake Bell LLP                 |
| Kate Elsdon            | PricewaterhouseCoopers LLP       |
| Nicola Evans           | Hogan Lovells International LLP  |
| Clive Garston          | DAC Beachcroft                   |
| Tim Goodman            | Hybridan LLP                     |
| Nick Graves            | Burges Salmon                    |
| David Isherwood        | BDO LLP                          |
| Eugenia Jackson        | F&C Asset Management plc         |
| Colin Jones            | UHY Hacker Young                 |
| Dalia Joseph           | Oriel Securities Limited         |
| Derek Marsh            | China Food Company PLC           |
| Georgina Marshall      | Aviva Invesotrs                  |
| Claire Noyce           | Hybridan LLP                     |
| James Parkes           | CMS Cameron Mckenna              |
| Melanie Wadsworth      | Faegre & Benson LLP              |
| Cliff Weight           | MM & K Limited                   |
| Kate Jalbert           | Quoted Companies Alliance        |
| Jacques Sultan         | Quoted Companies Alliance        |
| Tim Ward               | Quoted Companies Alliance        |

**The Quoted Companies Alliance Corporate Governance Committee**

|                              |                             |
|------------------------------|-----------------------------|
| Nicholas Stretch (Chairman)  | CMS Cameron McKenna LLP     |
| Fiona Bell (Deputy Chairman) | Memery Crystal LLP          |
| Martin Benson                | Baker Tilly                 |
| Danny Blum                   | Eversheds LLP               |
| Anika Chandra                | Stephenson Harwood          |
| Stephen Chater               | Postlethwaite & Co          |
| Sara Cohen                   | Lewis Silkin                |
| Christopher Connors          | Charles Russell LLP         |
| Karen Cooper                 | Osborne Clarke              |
| Michael Deeks                | Olswang LLP                 |
| Jared Cranney                | Interior Services Group plc |
| John Daughtrey               | Equiniti                    |
| David Ellis                  | BDO LLP                     |
| Matthew Findlay              | Hewitt New Bridge Street    |
| Philip Fisher                | PKF (UK) LLP                |
| Amanda Flint                 | BDO LLP                     |
| Stephen Goldstraw            | Manches                     |
| Paula Hargaden               | Burges Salmon               |
| Colin Kendon                 | Bird & Bird                 |
| Michael Landon               | MM & K Limited              |
| Nigel Mills                  | MM & K Limited              |
| Peter Mossop                 | Sanne Group                 |
| Robert Postlethwaite         | Postlethwaite & Co          |
| Colum Spillane               | Sanne Group                 |
| Amanda Stapleton             | Mazars LLP                  |

Paul Twist  
Nick Wallis  
Kate Jalbert  
Jacques Sultan  
Tim Ward

KPMG LLP  
Smith & Williamson Limited  
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## **THE QUOTED COMPANIES ALLIANCE (QCA)**

A not-for-profit organisation funded by its membership, the Quoted Companies Alliance represents the interests of small and mid-cap quoted companies, their advisors and investors. It was founded in 1992, originally known as CISCO.

The Quoted Companies Alliance is governed by an elected Executive Committee, and undertakes its work through a number of highly focussed, multi-disciplinary committees and working groups of members who concentrate on specific areas of concern, in particular:

- taxation
- legislation affecting small and mid-cap quoted companies
- corporate governance
- employee share schemes
- trading, settlement and custody of shares
- structure and regulation of stock markets for small and mid-cap quoted companies;
- political liaison – briefing and influencing Westminster and Whitehall, the City and Brussels
- accounting standards proposals from various standard-setters

The Quoted Companies Alliance is a founder member of EuropeanIssuers, which represents quoted companies in fourteen European countries.

### **Quoted Companies Alliance's Aims and Objectives**

The Quoted Companies Alliance works for small and mid-cap quoted companies in the United Kingdom and Europe to promote and maintain vibrant, healthy and liquid capital markets. Its principal objectives are:

*Lobbying* the Government, Brussels and other regulators to reduce the costing and time consuming burden of regulation, which falls disproportionately on smaller quoted companies

*Promoting* the smaller quoted company sector and taking steps to increase investor interest and improve shareholder liquidity for companies in it.

*Educating* companies in the sector about best practice in areas such as corporate governance and investor relations.

*Providing a forum* for small and mid-cap quoted company directors to network and discuss solutions to topical issues with their peer group, sector professionals and influential City figures.

Small and mid-cap quoted companies' contribute considerably to the UK economy:

- There are approximately 2,000 small and mid-cap quoted companies
- They represent around 85% of all quoted companies in the UK
- They employ approximately 1 million people, representing around 4% of total private sector employment
- Every 5% growth in the small and mid-cap quoted company sector could reduce UK unemployment by a further 50,000
- They generate:
  - corporation tax payable of £560 million per annum
  - income tax paid of £3 billion per annum
  - social security paid (employers' NIC) of £3 billion per annum
  - employees' national insurance contribution paid of £2 billion per annum

The tax figures exclude business rates, VAT and other indirect taxes.

For more information contact:

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