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Financial Conduct Authority  
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10 August 2016

Dear Ms Alonso,

**GC16/6: Primary Market Bulletin No.16**

***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 Corporate Finance and Legal Expert Groups have examined your proposals and advised on this response. A list of members of the Expert Groups is at Appendix A.

***Response***

We welcome the opportunity to respond to this consultation on the proposed changes to the Knowledge Base.

As a general comment, we believe that our members and the wider community would have appreciated the FCA recognising that the Market Abuse Regulation (MAR) has a much broader effect than in relation to companies on primary markets. Historically, Primary Market Bulletins have been aimed at companies quoted on primary markets. However, with the advent of MAR, some of the Knowledge Base guidance notes will now apply to MTF issuers (i.e. AIM and ISDX companies), as well as regulated market issuers (i.e. listed companies).

We believe that the FCA should create a new class of notes that have universal application, distinct from the existing categories that only apply to listed companies (and sponsors). In our view, the FCA should now embark on a wider project to identify these universal guidance notes as some, if not all, of the prospectus notes may fall into this category.

We have responded below in more detail to the specific amendments related to the UKLA technical notes on periodic information and inside information, and on delaying disclosure/dealing with leaks and rumours.

***Responses to specific amendments***

**UKLA/TN/506.2 – Periodic financial information and inside information**

We believe that the sentence "An issuer does not necessarily discharge its obligations under MAR merely by announcing 'preliminary results'" is not particularly helpful as it does not provide any further explanation as to why that is the case and what should be done as an alternative. It would be of assistance to our community if this statement could be amplified. This sentence does not acknowledge that Article 17 (1) of MAR now states that "An issuer shall inform the public as soon as possible of inside information which directly concerns the issuer."

The Transparency Directive requirement was predicated on the release of an Annual Report, so delaying disclosure until that point might have been considered in breach of Article 17 (1) of MAR. It is difficult to see how the release of preliminary statements is anything other than the solution to that problem, because any delay of disclosure of inside information will be significantly reduced.

The guidance note does refer to the ability to delay disclosure of inside information but gives no useful guidance as to whether or not the three conditions can be met in Article 17 (4) of MAR. It is certainly arguable that a short delay is not likely to mislead the public, particularly as that delay will be to ensure that all necessary qualitative and quantitative information is given correctly. It is also most likely that the information can be kept confidential. Therefore the only real issue is whether or not accelerated disclosure might prejudice the issuer's legitimate interests.

We believe that avoiding a situation where the preliminary statement is drawn up in haste and therefore prone to potential error would be within the issuer's legitimate interests. In addition, drawing up annual or even interim results is a substantial project that needs to be controlled by imposing an effective timetable for progression on a timely basis. Accordingly, we are concerned with the fact that the FCA seems to not have taken into consideration the scheduled announcement date is a product of creating a timetable for the effective management and progression of this complex project.

Finally, we believe that the note does not recognise or qualify its guidance to accommodate the fact that AIM and ISDX companies do not have requirements for preliminary statements. We are concerned about how the guidance will apply to these companies. Indeed, because such companies follow a regime closer to the Transparency Directive, we question if this would mean delaying disclosure of results until the annual reports are ready automatically. This would result in non-compliance with Article 17 (1) of MAR.

**UKLA/TN/520.2 – Delaying disclosure/dealing with leaks and rumours**

The guidance, on page 2, that states "Further, as outlined in LR 5.1.3G, we will not suspend the listing of a security to fix its price at a particular level" should not be seen as being restricted by the Listing Rule reference; it should be made universal since the FCA has the ability to suspend securities on MTFs (such as AIM and ISDX) as well as regulated markets. Accordingly, the Technical Note should be amplified to state that this approach will also apply to securities traded on MTFs such as AIM and ISDX. .

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

Yours sincerely,

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 Corporate Finance Expert Group**

<b>Richard Evans (Chairman)</b>	<b>Strand Hanson Limited</b>
David Worlidge Nick Naylor	Allenby Capital Ltd
Chris Hardie	Arden Partners PLC
Chris Searle	BDO LLP
David Foreman Amerjit Kalirai	Cantor Fitzgerald Europe
Stephen Keys	Cenkos Securities PLC
Sean Geraghty	Dechert
Stuart Andrews	finnCap
Simon McLeod	Goodman Derrick LLP
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Robert Darwin Maegen Morrison	Hogan Lovells International LLP
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Simon Charles	Marriott Harrison
Richard Metcalfe	Mazars LLP
Lesley Gregory	Memery Crystal LLP
Kristy Duane	Nabarro LLP
Richard Thomas	Numis Securities Ltd
Jonathan King	Osborne Clarke
Sandra Bates	Pillsbury Winthrop Shaw Pittman LLP
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Laurence Sacker	UHY Hacker Young
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**Quoted Companies Alliance Legal Expert Group**

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Nicola Mallett	Lewis Silkin
Tara Hogg Jane Mayfield	LexisNexis
Stephen Hamilton	Mills & Reeve LLP
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Naomi Bellingham Sarah Hassan Hilary Owens Gray	Practical Law Company Limited
Ben Warth	PricewaterhouseCoopers LLP
John Burnand	Winckworth Sherwood LLP