

The Organisation for Economic Co-operation and Development (OECD)
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16 December 2014

Dear Sirs,

OECD Principles of Corporate Governance – Draft for Public Comment

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 **EuropeanIssuers**, which represents over 9,000 quoted companies in fourteen European countries.

The Quoted Companies Alliance Corporate Governance 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 OECD's initiative to revise its Principles of Corporate Governance to help promote better understanding of good corporate governance and to contribute to economic efficiency, sustainable growth and financial stability.

We understand that these Principles are intended to assist governments and regulators in their efforts to evaluate and improve the legal, regulatory and institutional framework for corporate governance. In doing so, we believe that the approach that should be supported is that different codes are developed for companies which present different characteristics, including those which are at different stages of development. We welcome that the OECD Principles are flexible, allowing for corporate governance to be introduced or developed in a way that is appropriate for the specificities of each country.

We particularly welcome the introduction of a "comply or explain" concept into the OECD's Principles of Corporate Governance. We believe that companies should explain what their corporate governance arrangements are, why they are appropriate and how they support the long term sustainable growth of the business. Furthermore, we believe that this approach is more effective in influencing the development of a culture of good corporate governance behaviour than regulation.

We emphasise that we believe that all corporate governance codes should be outcome-orientated. Being principles-based is not sufficient. The focus of corporate governance should be creating and preserving value for shareholders and ensuring growth in long term shareholder value.

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Far too often, corporate governance debates, codes and reports focus on structures and processes, omitting two important factors: having clarity of the objectives and the people in place with the right skills and experience to deliver those objectives. Having the right mix of people on the board provides the company with the necessary skills and experience. More importantly, though, these people are key in setting the tone and the culture of the organisation. Corporate Governance structures and processes are of secondary importance.

The Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies (most recent edition May 2013) is an outcome-orientated approach to corporate governance, appropriate for UK quoted companies, which could provide a useful example for codes being developed for other types of similar organisations in different countries.

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

Yours faithfully,



Tim Ward

Chief Executive

Enc: The Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies 2013

Quoted Companies Alliance Corporate Governance Expert Group

Edward Craft (Chairman)	Wedlake Bell LLP
Colin Jones (Deputy Chairman)	UHY Hacker Young
David Isherwood	BDO LLP
Nick Graves	Burges Salmon
Nick Janmohamed	Charles Russell Speechlys LLP
David Fuller	CLS Holdings PLC
Nicholas Stretch	CMS Cameron McKenna LLP
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Andrew Hobbs	EY
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Melanie Wadsworth	Faegre Baker Daniels LLP
Rob Burdett	FIT Remuneration Consultants
Richie Clark	Fox Williams LLP
Michael Brown	Henderson Global Investors
Victoria Barron	Hermes Equity Ownership Services
Julie Stanbrook	Hogan Lovells International LLP
Claire Noyce	Hybridan LLP
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