



**The Quoted
Companies Alliance**

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The Secretary to the Code Committee
The Takeover Panel
10 Paternoster Square
London, EC4M 7DY

supportgroup@thetakeoverpanel.org.uk

29 January 2010

Dear Sirs,

The Takeover Panel – Amendments to Rule 5.2(c)(iii) – PCP 2009/3

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

The QCA Markets & Regulations Committee has 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. We would agree with the Panel's view that these amendments to Rule 5.2(c)(iii) will simplify the regulatory requirements, while keeping the fundamental principle of the rule intact. We see no issues with the amendment from a smaller quoted company perspective and would agree that Rule 5.2(c)(iii) should be amended as proposed.

If you wish to discuss these issues with us, we will be pleased to attend a meeting.

Yours sincerely,

Tim Ward
Chief Executive

THE QUOTED COMPANIES ALLIANCE MARKETS & REGULATIONS COMMITTEE

Stuart Andrews (Chairman)	Evolution Securities Ltd
Peter Allen	DWF LLP
Umerah Akram	London Stock Exchange plc
Andrew Collins	Speechly Bircham LLP
Jonathan Eardley	Share Resources
Richard Everett	Lawrence Graham LLP
Richard Evans*	Consultant
Martin Finnegan	Nabarro LLP
Alexandra Hockenhull	Hockenhull Investor Relations
Farook Khan	Pinsent Masons LLP
Linda Main	KPMG LLP
Richard Metcalfe	Mazars LLP
Craig Nimmo	Brewin Dolphin Securities
Simon Rafferty	Winterflood Securities
Chris Searle	BDO Stoy Hayward LLP
Peter Swabey	Equiniti
Theresa Wallis	LiDCO Group plc
Tim Ward	The Quoted Companies Alliance
Kate Jalbert	The Quoted Companies Alliance

*Main Author/Reviewer

THE QUOTED COMPANIES ALLIANCE (QCA)

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

The QCA 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; Financial Services Authority (FSA) consultations
- political liaison – briefing and influencing Westminster and Whitehall, the City and Brussels
- accounting standards proposals from various standard-setters

The QCA is a founder member of European **Issuers**, which represents quoted companies in fourteen European countries.

QCA's Aims and Objectives

The QCA 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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