



The Quoted
Companies Alliance

Press Release

18 June 2010

Capital raising costs lowered for smaller quoted companies

The Quoted Companies Alliance (QCA), the representative body for the UK's small and mid-cap quoted company sector, is very pleased to see that a number of its proposals to make equity fundraisings cheaper and more efficient for smaller quoted companies have been passed into law, following the European Parliament vote on 17 June 2010 on the Prospectus Directive review. This comes after extensive campaigning by the QCA and the London Stock Exchange, along with a number of other industry bodies.

The QCA welcomes the amendments to the Prospectus Directive that contain the following concessions affecting small and mid-cap quoted companies:

- The fundraising threshold above which a prospectus has to be produced has doubled, from €2.5 million to €5 million;
- Offers made in the context of an employee share schemes are exempt from the requirements to produce a prospectus;
- A proportionate disclosure regime is introduced for offers to existing shareholders, SMEs and companies with reduced market capitalisations, and is available to companies in the UK on the London Stock Exchange's Main Market and AIM as well as PLUS; and
- The investor threshold above which a prospectus has to be produced has increased from 100 to 150 people.

Tim Ward, Chief Executive of the QCA, comments: "This is a big win for the small and mid-cap quoted sector. These companies need to be able to issue equity and raise money on a market in a cost-effective manner. This is essential for them and the UK economy.

"Small and mid-cap quoted companies are the growth sector of the UK economy, employing some 1 million people and contributing significantly to the UK Government's tax take. Doubling the threshold to €5 million will mean that more money can be raised - more cheaply and more quickly. This will enable companies to grow, creating jobs and economic prosperity."

Marcus Stuttard, Head of AIM, London Stock Exchange, comments: "These amendments to the Prospectus Directive are a result of the constructive dialogue that the London Stock



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Exchange and the QCA have maintained with policymakers who, like us, recognise the importance of the small and mid-cap quoted sector, to economic recovery. We welcome these changes and will continue to work with the QCA to ensure that the regulatory environment in Europe provides companies with the access to capital they need to foster growth and innovation.”

Alastair Mills, Chief Executive of SpiriTel Plc, an AIM-quoted company, comments: “The changes to the law will enable us and other smaller companies to have more flexibility to raise finance quicker and cheaper, thus enabling us to make a fuller contribution to the UK economy.”

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Notes to editors:

The Quoted Companies Alliance (QCA) represents the UK’s small and mid-cap quoted companies. This sector is defined as those 2,000 companies that are quoted in the UK outside of the FTSE 350. The QCA promotes the interests and views of its members to Government, Europe, regulators and other professional bodies, educates its members on best practices and provides a vital forum for networking. Celebrating 18 years in 2010, the QCA forms its views through highly focused committees and working groups, made up of directors and professional advisors from across the small and mid-cap quoted company sector. For more information, please visit: www.quotedcompaniesalliance.co.uk.