

Quoted Companies Alliance supports Autumn Statement plans to enhance public equity finance in the UK

The Quoted Companies Alliance, the independent membership organisation that champions the interests of small to mid-size quoted companies, welcomes various announcements in today's Autumn Statement which will help to enhance public equity finance in the UK, in particular, the Government's plan to publish a discussion paper on improving access to public equity markets for UK businesses and retail investors.

Tim Ward, Chief Executive of the Quoted Companies Alliance, comments: "The Quoted Companies Alliance has been calling for a review into whether UK equity markets are fit for purpose in helping small and mid-size quoted companies to raise finance, grow and create jobs for over a year now. We are delighted that the Government has announced that it intends to explore what it can do in this key area. We must ensure that equity markets are calibrated correctly to ensure that the UK's engines of growth can have ready access to permanent capital which is vital for their success and for wider economic growth."

The Quoted Companies Alliance is encouraged by the Government's announcement to accelerate the removal of quarterly reporting requirements for listed companies, following the recent review of the Transparency Directive. Plans to explore increasing the number of retail bonds eligible for stocks and shares Individual Savings Accounts (ISAs) by reducing the requirement that such securities must have a remaining maturity above five years are also welcomed. Both these measures will help small and mid-size quoted companies to raise equity finance more efficiently and effectively.

In addition, the Quoted Companies Alliance supports the Chancellor's announcements in the Autumn Statement to foster wider employee share ownership in growing businesses. These measures include:

- An increase in the limits for Share Incentive Plans (SIPs) and Save As You Earn (SAYE) Share Option Plans, the first increase in over a decade for both;
- The adoption of a package of simplifications proposed by the Office of Tax Simplification (OTS) on non-tax advantaged ('unapproved') employee share schemes – The Quoted Companies Alliance fed directly into the OTS's project¹ and was represented on the OTS's committee on this subject; and

¹ See the Quoted Companies Alliance's response to the OTS's review on unapproved share schemes: www.theqca.com/unapprovedschemes

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- The decision to drop the proposed changes to the loans to participators rules, which the Quoted Companies Alliance warned could have discouraged wider share ownership amongst quoted companies in particular².

Tim Ward, Chief Executive of the Quoted Companies Alliance, continues: “Increases in the limit to SIPs and SAYE plans, simplifying the tax regime for unapproved share schemes and dropping proposed changes to the loans to participators rules will help to fuel the engines of growth – small and mid-size quoted companies – by encouraging further employee participation in the growth of a business.

“However, we believe that the Government can do even more to encourage employee share ownership and align employee and management goals in driving growth through reform of capital gains tax for Entrepreneurs’ Relief, by removing the condition that employees must have 5% of voting rights and ordinary share capital in order to qualify. This arbitrary threshold restricts businesses from incentivising most employees and is a brake on growth.”

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Contact:

The Quoted Companies Alliance:
Kate Jalbert, Head of Policy & Communications
kate.jalbert@theqca.com

+44 (0)20 7600 3745

Notes to editors:

1. The Quoted Companies Alliance is the independent membership organisation that champions the interests of small to mid-size quoted companies. We campaign, we inform and we interact to help our members keep their businesses ahead. Through our activities, we ensure that our influence always creates impact for our members. For more information please visit www.theqca.com.
2. The Quoted Companies Alliance Proposals for Taxation Reform – 2014 Budget – is available at: <http://www.theqca.com/about-us/responses/79702/quoted-companies-alliance-2014-budget-proposals.thtml>

² See the Quoted Companies Alliance’s response to HMRC’s consultation on reform of close company loans to participators rules: www.theqca.com/closecompanyloans