

Quoted Companies Alliance welcomes European Commission action to facilitate access to equity finance

The Quoted Companies Alliance, the independent membership organisation that champions the interests of small to mid-size quoted companies, welcomes the publication today of the European Commission's Green Paper on Building a Capital Markets Union and its action to help facilitate the flow of equity finance to small and mid-size companies.

There are a number of policies and measures suggested in the Green Paper that the Quoted Companies Alliance believes will ensure that small and mid-size companies – the engines of growth throughout Europe – are able to grow and create jobs.

Most importantly, the Commission's consultation on the review of the Prospectus Directive is essential to ensure that small and mid-size companies are able to raise finance on public equity markets efficiently. The Quoted Companies Alliance has prepared detailed proposals on the Prospectus Directive, which focus on simplifying the prospectus requirements and making the process of producing one less complex – whilst ensuring a high level of investor protection.

Other measures in the Green Paper that the Quoted Companies Alliance supports include:

- Restoring the trust of investors;
- Examining the imbalance of the tax treatment of raising equity versus debt; and
- Exploring whether companies on SME Growth Markets should be able to use a high-quality, simplified accounting standard, rather than full IFRS.

However, harmonisation and standardisation of EU rules governing capital markets must take into account the need for various equity markets throughout Europe to retain some flexibility as to the specific market model and eligibility criteria. No one model will work for all European markets, as they all have different investment cultures. A level of flexibility must be retained at a Member State and market operator level to account for different local and market practices.

Tim Ward, Chief Executive of the Quoted Companies Alliance, comments: "The European Commission is to be applauded in its desire to create a workable and effective ecosystem that encourages rather than

impedes small and mid-size businesses – the engines of growth. The review of the Prospectus Directive is particularly welcome. We encourage the Commission to be bold and broad-minded in its thinking in order to ensure that the Directive and other Capital Markets Union measures facilitate raising equity finance rather than hinder it.”

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Notes to editors:

1. The Quoted Companies Alliance’s Proposals to Amend the Prospectus Directive – February 2015 – are available at: www.theqca.com/PD2015
2. 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.