



**The Quoted
Companies Alliance**

The Quoted Companies Alliance
6 Kinghorn Street
London EC1A 7HW
Tel: +44 20 7600 3745
Fax: +44 20 7600 8288

Web: www.quotedcompaniesalliance.co.uk
Email: mail@quotedcompaniesalliance.co.uk

Committee of European Securities Regulator (CESR)
11-13 avenue de Friedland
75008 Paris
France

26 May 2010

Dear Sirs,

CESR Technical Advice to the European Commission in the Context of the MiFID review – Investor Protection and Intermediaries

CESR Technical Advice to the European Commission in the Context of the MiFID review – Equity Markets

CESR Technical Advice to the European Commission in the Context of the MiFID review – Transaction Reporting

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.

Our ID number for the European Commission's register of interest representatives is 45766611524-47.

RESPONSE

Our comments on the three papers are:

As an organisation representing Issuers we recognise that MiFID has brought a number of benefits to companies traded on regulated and exchange regulated markets. Many of the aspects are the concern of intermediaries where they are best able to comment. There are however two areas of particular interest to Issuers: firstly, in the area of Post Trade transparency and, secondly, in the area of MTFs which have a primary market function.

1. Post Trade Transparency

Issuers, as well as their investor shareholders and intermediaries, have a material interest in the transparency and timeliness of trading data. The fragmentation and inconsistent quality benefit nobody and makes access difficult.

We understand that there have been calls for the Commission or CESR to build and run a single not-for-profit consolidated system to address this issue.

In our opinion Issuers have a part to play in this as the trade data relates to the trading in each company's shares. They and their corporate advisers have a natural interest in the trading activity of their shares. Rather than one large system for all transactions we could envisage an approach where each issuer nominated/subcontracted to a provider for the collection and dissemination of all trade data (in a standard form) in its shares. This is analogous to the company news services and registrars which act as agents of the company. Competitive providers would ensure cost effective services on the one hand and on the other all investors and intermediaries would know where to obtain the trade data for any issuer. In our view such an approach could be introduced on a timely basis and at less cost. Moreover the approach is not limited to equity instruments only.

2. Equity Markets – MTFs with a primary market function

The current MiFID legislation's definition of multi-lateral trading facilities (MTFs) is insufficient in recognising the different types and structures of MTFs for regulatory purposes. The current definition groups all types of MTFs within one over-arching definition and does not recognise that some MTFs operate with a primary market function, such as AIM or PLUS-quoted in the UK. These exchange regulated markets are defined as 'MTFs', but are operating not only as a trading venue, but also as a primary listing facility for issuers. As such, they are very different in structure, design and regulatory structure from a pure trading facility, such as Chi-X or Turquoise. This becomes problematic when trying to allow for these markets to have a different regulatory status within European directives (e.g. the Prospectus Directive, the Transparency Directive, etc). We would like to see the definition of a MTF redrafted to recognise the category of 'MTFs with a primary market function', in an effort to more accurately describe and regulate them.

If you would like to discuss this further then we would be happy to do so.

Yours faithfully,



Tim Ward
Chief Executive

THE QUOTED COMPANIES ALLIANCE MiFID WORKING GROUP

Jonathan Eardley	-	Share Resources plc
Katie Morris	-	Brewin Dolphin Ltd
Simon Rafferty	-	Winterflood Securities
Donald Stewart	-	Faegre & Benson LLP
Tim Ward	-	The Quoted Companies Alliance

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:

Tim Ward
The Quoted Companies Alliance
6 Kinghorn Street
London EC1A 7HW
020 7600 3745
www.quotedcompaniesalliance.co.uk

-o0o-