



**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](http://www.quotedcompaniesalliance.co.uk)  
Email: [mail@quotedcompaniesalliance.co.uk](mailto:mail@quotedcompaniesalliance.co.uk)

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

16 July 2009

Dear Sirs,

**MiFID complex and non-complex financial instruments for the purposes of the Directive's appropriateness requirements**

**INTRODUCTION**

The Quoted Companies Alliance (QCA) is a not-for-profit membership organisation dedicated to promoting the cause of smaller quoted companies (SQC), which we define as those 2,000+ quoted companies outside the FTSE 350 (including those on AIM and PLUS) representing 85% of the UK quoted companies by number. 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 thirteen European countries.

**RESPONSE**

We are primarily concerned with *Section 1 – Shares* of the consultation paper, as the discussion of whether or not to consider a share as complex or non-complex affects our corporate members whose shares are traded on an exchange regulated market (e.g. AIM) rather than a regulated one.

With regard to Paragraph 28 and 33 in Section 1, the requirement for all shares that are not traded on a regulated market to be considered 'complex' gives rise to the situation where shares traded on the Alternative Investment Market (AIM) in the UK are considered as complex. The AIM market is an 'exchange regulated market'. AIM shares can also be traded on other markets, such as PLUS Markets plc, a Recognised Investment Exchange in the UK and Market Operator under MiFID. This gives rise to the situation where the same share can be considered non-complex if traded on PLUS Markets, but when traded on AIM the share becomes complex.

We believe that the distinction on whether a share should be considered complex or non-complex is more to do with the nature of the share than the market it is traded on.

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

Yours sincerely,

John Pierce  
Chief Executive