



The Quoted
Companies Alliance

Press Release

18 July 2011

The Quoted Companies Alliance celebrates Prospectus Directive result and continues the push for a proportionate approach to quoted company funding

The Quoted Companies Alliance, the representative body of the UK's small and mid-cap quoted company sector, announces a major victory for UK quoted companies with the passing of two key amendments to the Prospectus Directive into UK law. These important changes will make raising money much easier, efficient and less costly for quoted companies.

With effect from 31 July 2011, UK companies will be able to raise money from the public without a prospectus for offers that are:

- raising up to EUR 5 million (previously €2.5m); or
- offered to up to 150 persons (previously 100 persons)

The UK Government has implemented these key changes to the Prospectus Directive in six months rather than the 18 months allowed by Brussels. The Quoted Companies Alliance encouraged HM Treasury to fast-track the early implementation of these thresholds and was instrumental in pushing them through.

The Quoted Companies Alliance also has today submitted its consultation response to the European Securities and Markets Authority (ESMA) on implementing other aspects of the recent changes to the Prospectus Directive, including the proportionate disclosure regime for rights issues and for small cap companies and small and medium-sized entities (SMEs).

Whilst welcoming the proposals for simplifying the prospectus for rights issues, the Quoted Companies Alliance believes the requirements could be further reduced on the basis that investors already have an understanding of the company in which they hold shares. This will save money for all quoted companies through the simplification and reduction of superfluous information.

However, the Quoted Companies Alliance is disappointed that ESMA's proposals for the proportionate disclosure regime for SMEs and small cap companies does not match market expectations, and is pushing ESMA to go much further in creating an effective proportionate



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regime that actually decreases the burden and costs for smaller issuers whilst maintaining investor protection.

Tim Ward, Chief Executive of The Quoted Companies Alliance, comments: “We are pleased to see the Treasury responded so swiftly to our request and were able to implement the changes to the thresholds so quickly. This is a great example of where the Quoted Companies Alliance has made a huge difference to enable many quoted companies to raise more money, more cost effectively, and to grow and create further employment.

“At the same time, we continue to push for more proportionate rules in cases where a prospectus is needed. We urge ESMA to carry out the mandate given to it by the European Commission in this area and come up with constructive and effective proposals.”

The Quoted Companies Alliance’s response to ESMA’s consultation on technical advice on the Prospectus Directive is available at:

<http://www.theqca.com/about-us/responses/46517/qca-response-to-esmaand39s-technical-advice-on-the-prospectus-directive.thtml>

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Notes to editors:

The Quoted Companies Alliance 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 Quoted Companies Alliance 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 19 years in 2011, the Quoted Companies Alliance 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.theqca.com