



PRESS RELEASE

The Quoted
Companies Alliance

European success for QCA as Commission agrees to special treatment for Smaller Quoted Companies

28 September 2009

The Quoted Companies Alliance (QCA), the representative body for the UK's small and mid-cap quoted companies, is pleased to see that its key recommendations have been accepted in the European Commission's amendments to the Prospectus Directive. These are:

- Reducing the disclosure requirements in a prospectus for rights issues;
- Reducing the disclosure requirements in a prospectus for companies with small market capitalisations and SMEs; and
- Exempting employee share schemes from the obligation to publish a prospectus.

These changes will make it much more cost-effective and decrease administrative burdens for small and mid-cap quoted companies looking to raise money publicly on equity markets.

The European Commission has also added a provision to the Directive allowing it to amend the fundraising limits over which a prospectus has to be produced without the need for formal legislative changes. The QCA welcomes this measure, as it increases flexibility and the Commission's ability to react to market developments in a timely and effective manner.

Tim Ward, Chief Executive of the QCA, commented, "This is a great victory for the QCA. We welcome the European Commission's initiative for smaller companies to be able to raise money more easily and cost-effectively, especially when many companies are struggling and looking for ways to re-capitalise. We look forward to being involved in the Level 2 review of implementing a proportionate disclosure regime for rights issues and smaller companies."

Stuart Andrews, Chairman of the QCA Markets & Regulations Committee (and main author of the QCA's response to the review of the Prospectus Directive), stated, "This move away from the 'one size fits all' mentality is a major step in the right direction and recognises that more flexibility is needed."

The amending Directive is the result of the European Commission's review of the Prospectus Directive that was out for public consultation from January to March 2009. The QCA's original response to the European Commission's review of the Prospectus Directive is available on its website at:

www.quotedcompaniesalliance.co.uk/submissions/2009/QCAResponsetoPDconsult_MAR09.pdf

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Notes to editors

The Quoted Companies Alliance (QCA) 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 QCA 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 17 years in 2009, the QCA 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.quotedcompaniesalliance.co.uk.