



**The Quoted
Companies Alliance**

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The Secretary to the Code Committee
The Takeover Panel
10 Paternoster Square
London
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supportgroup@thetakeoverpanel.org.uk

17 July 2009

Dear Sirs,

**The Takeover Panel – Consultation Paper issued by the Code Committee of the Panel
– Extending the Code’s Disclosure Regime (PCP 2009/1)**

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

As a general comment, the QCA endorses the intentions of this PCP to increase transparency in relation to the position of, and dealings by, persons involved in takeover offers, and it agrees that a high degree of transparency and timely and accurate disclosure of information is necessary to ensure the efficient functioning of the markets.

In particular, we agree that the proposed introduction of the “opening position disclosure” requirement and the proposed amendments to Rule 22 of the Code should enable the Panel, and the market, to develop a more comprehensive understanding of the circumstances surrounding an offer.

The effects of any changes need to be carefully considered in terms of any additional administrative and financial consequences, both of which are particularly relevant to our member companies in the SQC sector, whose resources are much more limited than those available to larger companies, and whose resources can often be very hard-pressed at the commencement of an offer period. The QCA appreciates that the Code Committee has recognised some of these concerns in its recommendations, and therefore generally endorses the proposals in the paper.

In response to the specific questions:

Q.1 and Q.2

We agree. However, we would not wish to see any acceleration of the deadlines for “opening position disclosures” and “dealing disclosures”.

Q.3 – Q.5

We agree.

As regards paragraph 2.56, we agree with the information the Code Committee would normally expect, but appreciate that the information capable of being provided to the Panel may vary from case to case. It would be helpful (perhaps in the notes to such rules changes) if there could be more guidance on what the Code Committee will expect of companies in providing such information, due recognition being made to the administrative and financial costs of compliance.

As regards paragraph 2.57, we do not think that offeree companies and paper offerors (as relevant) should also be required to send to all relevant persons an explanation of their disclosure requirements under Rule 8 by way of a reminder. If required, we would prefer that this should not be in addition to the summary of the provisions of Rule 8 included in an announcement that commences an offer period or in the circular summarising the terms and conditions on offer being sent to shareholders and other relevant persons under Rule 2.6. We do not believe that it is appropriate that companies operating in the SQC sector be put to additional expense in reminding such persons of their disclosure requirements.

However, as an alternative, it would be helpful if model wording could be provided, for such companies to promulgate.

Q.6 – Q.13

We agree with the proposals in these questions.

Q.14

This is mainly aimed at advisors, rather than companies, but we appreciate that the Code Committee has recognised that the costs of implementing the necessary policy and system change would be disproportionate to the increase in market transparency that would be achieved in offer periods.

Q.15 – Q.17

We agree with the proposals in these questions.

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

Yours sincerely,

A handwritten signature in black ink that reads "John Pierce". The signature is written in a cursive style and is underlined with a single horizontal line.

John Pierce
Chief Executive

THE QUOTED COMPANIES ALLIANCE MARKETS AND REGULATIONS COMMITTEE

Stuart Andrews (Chairman)	Evolution Securities LTD
Peter Allen	DWF LLP
Satty Bains	London Stock Exchange plc
Andrew Collins*	Speechly Bircham LLP
Jonathan Eardley	Share Resources
Martin Finnegan	Nabarro LLP
Farook Khan	Pinsent Masons LLP
Linda Main	KPMG LLP
Richard Metcalfe	Mazars LLP
Craig Nimmo	Brewin Dolphin Securities
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Chris Searle	BDO Stoy Hayward LLP
Peter Swabey	Equiniti
Theresa Wallis	LiDCO Group plc
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THE QUOTED COMPANIES ALLIANCE (QCA)

A not-for-profit organisation funded by its membership, the QCA represents the interests of SQCs, their advisers and investors. It was founded in 1992 and originally known as CISCO.

The QCA has nearly 400 members. 75% of these are smaller companies quoted on the stock market, or companies with aspirations to join. 25% are drawn from the full range of professional advisory firms whose business is either wholly or significantly derived from servicing smaller companies.

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
- introduction of, or changes to, legislation affecting SQCs
- corporate governance
- share schemes for employees
- trading, settlement and custody of shares
- structure and regulation of stock markets for SQCs; Financial Services Authority (FSA) consultation
- political liaison – briefing and influencing Westminster and Whitehall, the City and Brussels
- accounting standards proposals from the Accounting Standards Board
- company law reform

The QCA is a founder member of European **Issuers**, which represents over 9,000 quoted companies in twelve EU member states.

QCA's AIMS

As the only organisation dedicated solely to the particular interests of the SQC sector, the QCA has three primary goals:

Identification

To create a distinct identify for the SQC sector, and demonstrate its value to the stock markets and the UK economy.

Representation

To pro-actively pursue and represent the interests and requirements of the SQC sector to enable it to increase its contribution and ensure that its specific needs are addressed.

Affiliation

To build a strong and vocal collective body of support from within the SQC sector, among corporate directors and securities industry leaders.

DEFINITION

The Quoted Companies Alliance definition of Smaller Quoted Companies (SQC) is:

- all fully listed companies – excluding the top 350 ie with market cap of £340m+
- plus companies quoted on AIM
- plus companies quoted on PLUS

The QCA also represents companies planning to float.

SQCs contribute to the economy:

- there are approximately 2,000 SQCs
- they represent around 85% of the total of quoted companies by number
- they employ 2 million people
- this figure represents around 10% of total private sector employment
- every 5% growth in the SQC sector could reduce UK unemployment by a further 100,000
- They generate:
 - corporation tax paid of £2.0 billion pa
 - income tax paid of £5.0 billion pa
 - social security paid of £2.0 billion pa

The tax figures exclude business rates, VAT and other indirect taxes.

For more information contact:

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