



Quoted Companies Alliance

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Trading and Wholesale Conduct Policy
Financial Conduct Authority
12 Endeavour Square
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Friday 16 September 2022

Dear FCA colleagues,

Improving Equity Secondary Markets

We welcome the opportunity to respond to your consultation on improving equity secondary markets.

The Quoted Companies Alliance *Secondary Markets Expert Group* has examined the proposals and advised on this response from the viewpoint of small and mid-sized quoted companies. A list of Expert Group members can be found in Appendix A.

Overall, we are encouraged by the FCA's approach to improving equity secondary markets and believe that the majority of proposals are straightforward and commonsensical. In our response, we provide some general comments and a response to a few specific questions which have the most relevance to our members.

If you would like to discuss our response in more detail, please do not hesitate to contact us.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Tim Ward".

Tim Ward
Chief Executive

General comments

On the whole, we support the FCA's objectives in seeking "to remove or amend some provisions that impose material operational and compliance costs on firms but have not delivered material benefits to end users or to market functioning".

Questions 1 – 7

We agree with the various exemptions and reforms proposed to eliminate reporting and/or the publication of non-price forming transactions.

Questions 11 – 14

We agree with the simplification of the various trade flags.

Questions 22 – 25

We are in favour of the proposals set out in the consultation that seek to grant greater flexibility to exchanges and trading venues.

Responses to specific questions

Q32 Do you think the RSP system works well for retail clients? If not, please explain your views.

Yes – it is the view of our members who operate in this space that the RSP system works well for retail clients. In providing "guaranteed" execution (liquidity), the RSP system provides the trading feature that retail clients value the most. Moreover, in the vast majority of cases, the system also provides best execution.

Suggestions to improve the execution price for the 20 per cent. or so of trades that may not, at present, achieve theoretic best execution would result in very material expenditure. This would have the result of increasing the cost of trading for all clients by such a degree that it would completely defeat the objective of the exercise.

Q33 Do you have any suggestions for changing the regulatory regime as it applies to the execution of orders by retail clients?

If the FCA is concerned about execution quality, particularly when only one RSP service is used to access the market, the regulator could consider strengthening the relative disclosure requirements.

Appendix A

The Quoted Companies Alliance *Secondary Markets Expert Group*

Mark Tubby (Chair)	finCapp PLC
Amber Wood (Deputy Chair)	Cenkos Securities Plc
John Beresford-Peirse	Hybridan LLP
Jasper Berry	W.H. Ireland PLC
Richard Bungay	Diurnal Group PLC
Andrew Collins	Charles Russell Speechlys LLP
Sunil Dhall	Peel Hunt LLP
Nick Dilworth	Winterflood Securities Ltd
Fraser Elms	Herald Investment Management Ltd
William Garner	Charles Russell Speechlys
Jon Gerty	Peel Hunt LLP
Mitchell Gibb	Stifel
Keith Hiscock	Hardman & Co.
Sacha Morris	Hybridan LLP
James Lynch	Downing LLP
Jeremy Phillips	CMS
Katie Potts	Herald Investment Management
Simon Rafferty	Winterflood Securities Ltd
James Stapleton	Winterflood Securities Ltd
Stephen Streater	Blackbird PLC
Peter Swabey	ICSA