



Quoted Companies Alliance

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Dear Aquis colleagues,

Aquis Support Services

The Quoted Companies Alliance (QCA) and its members welcome the opportunity to respond to Aquis Exchange's consultation on Aquis Support Services, and we support efforts to strengthen the UK's growth markets and to ensure that small and mid-sized quoted companies have access to proportionate, effective, and well-functioning capital markets. We appreciate Aquis's continued engagement with market participants and recognise the Exchange's ambition to create a supportive environment for early-stage and scaling companies.

The QCA *Markets Expert Group*, which includes a subsection of corporate advisers, the QCA *Legal Expert Group*, which includes a subsection of corporate lawyers and our members which include Aquis companies have 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.

If you would like to discuss our response in more detail, please do not hesitate to contact us. We would be happy to convene a roundtable with members if you would like to explore their perspective in more detail.

Yours sincerely,

A handwritten signature in blue ink that reads "James Ashton".

James Ashton
Chief Executive

1. General Comments

- 1.1. We are concerned that the proposed changes fundamentally alter the current dynamic whereby Corporate Advisers (CAs) roles and responsibilities are clearly defined within the Corporate Adviser Handbook setting out how they act as a conduit between the issuer and exchange.
- 1.2. The introduction of additional complexity and potential conflicts arising due to the proposed changes risks creating a fragmented advisory structure, diminishing the value of the CA role and potentially undermining market quality.
- 1.3. In particular our members comment that the proposals effectively redistribute responsibility away from CAs to law firms, despite lawyers not having equivalent levels market access, broking dialogue, and regulatory familiarity required to perform the CA function effectively. Lawyers, operating on a reactive basis, cannot provide the continuous engagement CAs maintain with issuers. The CAs proactive relationship is critical for regulatory compliance, investor communication, and maintaining market integrity.
- 1.4. The model under which Aquis contracts directly with law firms to provide regulatory support services raises questions about liability, independence, and the law firm's duty of care, whether it is owed to the issuer or to Aquis.
- 1.5. By decoupling CAs from ongoing advisory roles, Aquis risks disincentivising advisers from bringing companies to market. Without an ongoing commercial relationship, adviser and broker appetite to support new admissions will decline, weakening the market's ecosystem.
- 1.6. Introducing a lower-cost, lawyer-led option risks creating a de facto "standard" tier of companies with minimal advisory support and limited liquidity. This mirrors the reputational challenges that some members say are faced by the London Stock Exchange's Standard List.
- 1.7. The notion that CAs could be "parachuted in" to address rule breaches is unworkable. Without prior engagement, CAs would lack the necessary context, documentation, and relationship history to conduct effective investigations.
- 1.8. A more effective solution would be for Aquis to refine and reinforce the Corporate Adviser regime rather than fragment it. This would ensure a consistent, high-quality standard across the adviser network, benefiting both issuers and investors.

2. Consultation questions

Q1 Please provide your views on the Support Service offering.

- 2.1. The consultation lacks sufficient context and evidence for why this change is being proposed. However, the CAs role is already clearly defined within the Aquis Corporate Adviser Handbook.

Introducing Aquis Support Services risks displacing the CA role without addressing if there is an underlying issue of adviser quality or accountability. The proposed changes appear to move responsibility from CAs to law firms, even though lawyers do not possess the same market access, investor relationships, or regulatory experience that CAs provide. The changes would create unnecessary complexity and weaken the effective oversight and continuous engagement that define the CA model.

Q2 Is the proposed scope of the Support Service offering appropriate, correct and sufficiently clear? If not, what improvements or changes do you feel are necessary?

- 2.2. The proposed structure is neither necessary nor proportionate. It risks fragmenting advisory responsibilities and creating confusion between issuers, advisers and Aquis. In particular, the envisaged model, where law firms undertake reactive advisory work and CAs are parachuted in to address rule breaches, is impractical and unworkable. Without an existing advisory relationship, a CA would be unable to efficiently investigate potential breaches or assess ongoing compliance.
- 2.3. Moreover, the proposed separation of roles risks generating conflicts between an issuer's retained law firm and the support services law firm appointed under the new framework. In practice, issuers will naturally seek assurance from their own legal advisers, particularly on market announcements or regulatory disclosures, potentially leading to contradictory advice and uncertainty over which opinion prevails. This situation could undermine confidence in the advisory process and place issuers in an untenable position. It is unclear how Aquis intends to manage or resolve such conflicts and further clarity on this point is essential before proceeding.
- 2.4. Moreover, law firms do not have the necessary market connectivity that CAs possess. Unlike CAs, they do not have pre-existing relationships with brokers, market makers, or investors. The CAs ongoing role in maintaining market quality and ensuring issuer readiness cannot be substituted by legal advice delivered on a transactional basis.
- 2.5. That said, law firms are better placed to conduct deep investigative or forensic work where breaches are suspected, given their training and experience in legal analysis and fact-finding. Conversely, such investigative exercises fall outside the core competencies of CAs, whose

expertise lies in market-facing advisory functions rather than retrospective investigation. This distinction reinforces the need for a clear and proportionate delineation of responsibilities between legal advisers and CAs, rather than the fragmented structure currently proposed.

Q3 Do you support the model of Aquis identifying and offering a law firm to provide the Support Services to admitted companies?

- 2.6. The proposed model risks undermining market quality and investor confidence. It may create a two-tier system, one where some issuers opt for a lower-cost, lawyer-led arrangement with minimal oversight, and another where issuers retain CAs and benefit from more rigorous support. The reputational challenges experienced by the LSE's Standard List compared to the Premium segment demonstrates that dual regimes of this kind can harm a market's attractiveness to investors and liquidity.
- 2.7. If implemented, these proposals could lead to "technical listings" - companies admitted to Aquis but lacking the active advisory engagement necessary to sustain investor interest and trading activity. This outcome would be detrimental to both issuers and the overall credibility of the market.
- 2.8. Aquis should instead strengthen the existing CA regime, clarifying expectations and improving oversight, rather than introducing a parallel structure that duplicates functions and confuses accountability.
- 2.9. However, if the intention is to provide a more cost-effective environment, a pricing model for corporate advisers to provide the equivalent of Support Services may be more sensible.

Q4 Are there other changes to the Corporate Adviser regime that you would like us to consider??

- 2.10. If Aquis has received feedback about inconsistent CA performance, a more proportionate solution would be to clarify the CA regime with regard to expectations around competence, responsiveness, and regulatory understanding in the CA Handbook. In order to improve regulatory understanding, practical guidance could also be provided.
- 2.11. These steps would improve quality and confidence in the CA model without introducing a fragmented or conflicted structure. They would also ensure consistency and proportionality while maintaining the efficient, single-adviser framework that underpins market trust.

Q5 Please provide your views on the application of the admission eligibility on an ongoing basis.

2.12. We agree that issuers should continue to meet minimum market standards around free float, trading arrangements, and ongoing suitability. However, these obligations are already central to the CAs role. Ensuring that companies maintain appropriate market maker arrangements and remain fit for market requires continuous monitoring and dialogue between company, adviser, and exchange.

2.13. If companies are permitted to operate without a CA, it is unclear how this oversight will occur in practice. Law firms will not be equipped to identify or address market-related issues such as liquidity risks or unusual trading activity. This would reduce the market's ability to detect early warning signs of distress or non-compliance.

Appendix A

The Quoted Companies Alliance Markets Expert Group can be found here: <https://www.theqca.com/markets-expert-group/>

The Quoted Companies Alliance Legal Expert Group can be found here: <https://www.theqca.com/legal-expert-group/>