



PRESS RELEASE

**The Quoted
Companies Alliance**

QCA Votes Yes for Changes to the Prospectus Directive

18 March 2009

The Quoted Companies Alliance (QCA), the representative body for the UK's small and mid-cap quoted companies, has now submitted its response to the review of the European Union's Prospectus Directive, outlining the negative effects of the Directive on the ability of Smaller Quoted Companies (SQC) to raise capital from the public and the need for more proportionate and effective regulation.

The QCA has argued that the fall of public offers by SQCs in the United Kingdom since the introduction of the Prospectus Directive in July 2005 is related to the increased and disproportionate costs and administrative burden of producing a prospectus. This evidence underpins the QCA's remedy:

- Increase the current amount a company can raise annually without having to produce a prospectus from €2.5 million to €10 million; and
- Exclude offers to existing shareholders from the need to produce a prospectus and instead require the publication of a document stating the reasons for and details of the offer.

At a time when more quoted companies may have to turn to the market to raise capital because banks are reluctant to provide finance, these changes would greatly improve the ability of SQCs to cost-effectively and efficiently raise money from the public and current shareholders.

The QCA's proposals have also been supported by the Confederation of British Industry (CBI), the representative body for UK business; Middelnext, the French professional association for quoted SMEs; and Deutsches Aktieninstitut (DAI), the German representative body for listed companies.

John Pierce, Chief Executive of the QCA, commented, "It is pleasing that there is a wide body of support for these proposals. If the European Commission really does want to help companies survive in these very difficult times, they will approve this or similar action."

The QCA's response to the European Commission's review of the Prospectus Directive is available in full on its website at:

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

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