

Transparency and Trust Team
Department for Business Innovation and Skills
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London
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19 December 2014

Dear Sirs,

BIS Consultation Paper – Corporate Directors – Scope of exceptions to the prohibition of corporate directors

Introduction

We are the Quoted Companies Alliance, the independent membership organisation that champions the interests of small to mid-size quoted companies. Their individual market capitalisations tend to be below £500m.

The Quoted Companies Alliance is a founder member of European **Issuers**, which represents over 9,000 quoted companies in fourteen European countries.

The Quoted Companies Alliance Corporate Governance and Legal Expert Groups have examined your proposals and advised on this response. A list of members of the Expert Groups is at Appendix A.

Response

We welcome the opportunity to respond to this consultation.

As we noted in our evidence submitted to the House of Commons Public Bill Committee, we do not agree with the current policy intention to prohibit corporate directors. However, we appreciate that this is a firm element of government policy, and on the basis that there is likely to be a general prohibition on corporate directors set out in the Small Business, Enterprise and Employment Bill (SBEEB), it is vital that a list of sensible exemptions is set out.

We agree that UK companies with shares admitted to trading on regulated markets and on prescribed markets in the UK, such as AIM and ISDX, should be exempt as they are subject to high standards of transparency and corporate governance. Other exemptions, as we had previously outlined in our evidence submitted to the House of Commons Public Bill Committee, should be:

- the use of corporate directors throughout a group structure as an aspect of efficient and effective administration and corporate governance oversight;
- corporate directors required under certain financial services regulatory requirements; and
- the use of corporate directors where outsourcing of functions take place.

In all of the above examples, the corporate directors and the persons standing behind the same cannot shirk from liability and exercise of proper oversight.

If you would like to discuss our response in more detail, we would be happy to attend a meeting.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'TW', with a horizontal line extending to the right.

Tim Ward
Chief Executive

Quoted Companies Alliance Corporate Governance Expert Group

Edward Craft (Chairman)	Wedlake Bell LLP
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Melanie Wadsworth	Faegre Baker Daniels LLP
Rob Burdett	FIT Remuneration Consultants
Richie Clark	Fox Williams LLP
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Gabriella Olson-Welsh	
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Quoted Companies Alliance Legal Expert Group

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