



**The Quoted
Companies Alliance**

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Rt Hon George Osborne MP
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Rt Hon Dr Vince Cable MP
Department for Business, Innovation & Skills
1 Victoria Street
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Dear Mr Osborne and Dr Cable,

Are UK primary equity markets fit for purpose?

As the independent membership organisation championing the interests of small to mid-size quoted companies, we are very concerned over the recent announcement of the closure of the PLUS-quoted market. This market has provided a platform for over 150 smaller companies to raise the equity and finance necessary to grow. They will now have to find alternative means to do this.

We are writing to both of you as we are uncertain as to who has responsibility for primary equity market policy in the UK. While it may be too late to save the PLUS-quoted market, we believe that this closure shows the urgent need for the Government to have a joined up policy for helping small and mid-size quoted companies raise money through primary equity markets.

At a time when bank lending is stagnant and growth markets designed for small and mid-size quoted companies are closing, a UK primary equity market plan is becoming increasingly urgent and vital to ensure that these companies can continue to be the engines of growth for the UK economy.

In light of the closure of PLUS-quoted, we call on you to appoint a business leader to conduct a review to determine whether UK primary equity markets are fit for purpose – in helping small and mid-size quoted companies grow and create employment. This should examine:

1. Fiscal policy for UK equity markets and small and mid-size quoted companies:

- what incentives investors – both institutional and private – have to invest their money in growing companies.

2. **More visibility of small and mid-size quoted companies:**

- the creation of a **Small and Mid-Size Quoted Asset Class**, so that ministers, policymakers, regulators and market operators can easily facilitate proportionate and appropriate policy for growing companies, and so that investors can more easily allocate funds to these companies; and
- ensure that major **UK indices** are constructed and calculated in a way that more accurately reflects constituents and their contribution to the UK economy.

3. **Leading the debate across Europe on the efficiency of primary equity markets:**

- what changes to EU regulation and what EU initiatives could help deliver a better environment for small and mid-size quoted companies to raise equity on a primary equity market.

Billions of taxpayers' money has been spent on bank funding. Now is the time to look at equity and the important role this plays in financing growing companies.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'TW', is positioned above the typed name.

Tim Ward
Chief Executive