



**The Quoted
Companies Alliance**

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Bertrand Legris
The European Commission
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Dear Mr. Legris,

Questions for feeding the impact assessment of the review of the Market Abuse Directive (in addition to those which are in the call for evidence)

INTRODUCTION

The Quoted Companies Alliance (QCA) is a not-for-profit membership organisation dedicated to promoting the cause of smaller quoted companies (SQC), which we define as those 2,000+ quoted companies outside the FTSE 350 (including those on AIM and PLUS) representing 85% of the UK quoted companies by number. Their individual market capitalisations tend to be below £500m.

The QCA is a founder member of European**Issuers**, which represents over 9,000 quoted companies in thirteen European countries.

Our ID number for the European Commission's register of interest representatives is 45766611524-47.

RESPONSE

1) What are the consequences, in terms of the functioning of the commodity derivatives regulated markets and, if possible to answer, in terms of the importance of insider dealings on those markets, of the fact that the amount of information which is disseminated on underlying commodity markets, should it be compulsory or the result of a market practice, is rather limited and does not correspond to all price sensitive information?

We have no comments on this question.

2) What is now the volume of transactions on MTFs markets which concern (a) equities which are not also admitted to trading on regulated markets (b) equity non regulated markets to which the MAD provisions have not been extended at a national level?

Is it expected to change in the coming years, and if so, how?

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Same question for bonds and if possible for other financial instruments.

We have no comments on this question.

3) Can you estimate the costs of compliance with the market abuse directive? More specifically can you estimate the costs of meeting the obligation concerning:

- *insiders' lists, in terms of human resources (hours worked), tools, money, ... for different types of issuers (notably a big international bank; a medium size issuer in the non financial sector) both in the cases they also transmit lists of people working for their account or in the case they do not?*

We have surveyed our corporate members, UK smaller quoted companies, asking them to quantify the costs of compliance of producing insider lists. We only received four responses back; however, all respondents noted that the costs of keeping insider lists is negligible in most cases, and that if anything, it is more tedious than costly, especially since smaller quoted companies tend to have few insiders who need to be recorded on the list.

One respondent quantified the costs of producing insider lists, saying that the production normally takes one to two days a year, equating out to a total per annum cost of less than £500 a year. The main cost results from the administration of updating the lists and keeping records of conversations with third parties.

The fact that we only received four responses back when asking for costs in itself seems to indicate that this is not an issue that many smaller companies get exercised about and as such the burden is generally minimal.

- *Reporting transactions by managers and closely associated persons.*

We asked one of our investment management member firms about this. They could not provide any concrete figures, but did note that the requirement to make dual disclosures to both the regulator and law enforcement, while not creating any material difference to their workload, does seem somewhat redundant. As an example, the regulator investigates reported incidents of insider dealing or market manipulation, and in their experience no contact other than an automated acknowledgement has ever been received from law enforcement.

- *Suspicious transaction reports for investment firms*

We asked one of our investment management member firms about this as well. The response was that suspicious transaction reporting is embedded within the firm and as such individual costs are difficult to identify. However, any necessary investigations are somewhat time consuming and any additional monitoring obligations imposed on the firm, as a result of changes to the Market Abuse Directive, would require additional human capital.

- *Checking if disclosure of inside information can be delayed*

We also surveyed our corporate members on this issue, in conjunction with the costs of producing insider lists. Again the four respondents noted that they do not incur any significant costs with checking if disclosure can be delayed.

4) What are the impacts and especially the costs generated for multi-listed issuers in the EU of the absence of common accepted market practices in the EU?

We have no comments to make on this question.

5) What benefit will result for EU listed issuers if the safe harbour concerning buy-backs of own shares would be extended to a fourth purpose: to realize mergers and acquisitions?

We have no comments to make on this question.

If you wish to discuss these issues with us, we will be pleased to attend a meeting.

Yours sincerely,

A handwritten signature in black ink that reads "John Pierce". The signature is written in a cursive style and is underlined with a single horizontal stroke.

John Pierce
Chief Executive