

Jason Pope
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Financial Services Authority
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14 November 2012

Dear Mr Pope,

Financial Services Authority – CP 12/19 – Restrictions on the retail distribution of unregulated collective investment schemes and close substitutes

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.

Response

We do not agree with the proposals outlined in CP 12/19, as it would severely limit the investor access to Venture Capital Trusts (VCTs) and Enterprise Investment Schemes (EIS).

VCTs and EIS are a major funding source for small and mid-size quoted companies in the UK. If VCTs and EIS are caught within the FSA's proposal to limit the distribution of these products to only high net worth individuals and sophisticated investors, then we believe that this could restrict the amount of available capital to growth companies. At a time when equity funding is already difficult to come by and when banks are reluctant to lend, it is more important than ever that we facilitate companies' access to finance, rather than cut it off.

As such, we do not agree with the FSA's approach to impose restrictions on the promotion of non mainstream pooled investments to ordinary retail investors. We believe that VCTs and EIS should lie outside of the scope of these proposals. At a time when the Government is looking to encourage growth, it is important that vital sources of funding are accessible for small and mid-size quoted companies – the engines of growth for the UK economy.

Yours sincerely,



Tim Ward

The Quoted Companies Alliance is the independent membership organisation that champions the interests of small to mid-size quoted companies.