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The Quoted Companies Alliance

The Secretary to the Code
The Takeover Panel
10 Paternoster Square
London EC4M 7DY

supportgroup@thetakeoverpanel.org.uk

27 July 2010

Dear Sirs,

The Takeover Panel – Consultation Paper PCP 2010/2 – Review of Certain Aspects of the Regulation of Takeover Bids

INTRODUCTION

The Quoted Companies Alliance (QCA) is a not-for-profit membership organisation working for small and mid-cap quoted companies. 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 fourteen European countries.

The QCA Markets & Regulations and Legal Committees has examined your proposals and advised on this response. A list of committee members is at Appendix A.

RESPONSE

We welcome the opportunity to respond to this consultation. In general, we do not consider that there are significant issues or deficiencies in the operation and functioning of the Takeover Code and this is reflected in our responses to the specific questions below.

1. What are your views on raising the minimum acceptance condition threshold for voluntary offers above the current level of "50% plus one" of the voting rights of the offeree company?

We do not consider that the minimum acceptance condition for voluntary offers should be raised for the reasons set out below.

Company law in the UK is based on the fundamental principle of one-share-one-vote and raising the acceptance condition above "50% plus one" would be contrary to this basic principle of "majority rules". It would therefore seem at odds with this principle to say that the holders of "50% plus one" of a company's shares can change its board and direct its governance, yet they are not going to be permitted to sell their shares to a third party offeror because a minority do not want them to.

Raising the "50% plus one" threshold would also give more power to minority shareholders to block a takeover offer. Holders of shares representing 40% of a company's issued share capital do not have the power alone to direct the management of the company and the composition of its board of directors (or in any sense be said to have control over the company). Therefore, again, it would seem at odds with the approach taken in UK company law that a minority of shareholders (if the threshold were to be set at "60% plus one" for example) could restrict the ability of a majority to sell their shares.

In addition we do not understand how any change to the acceptance condition threshold can be made without dealing with fundamental principles of UK company law regarding voting rights and majority requirements generally.

2. What are your views on raising the acceptance condition threshold for mandatory offers above the current level of "50% plus one" of the voting rights of the offeree company?

We do not consider that the minimum acceptance condition for mandatory offers should be raised for the reasons set out below.

As the Code operates so that significant control is deemed to arise at a 30% holding requiring an offer to be made to all other shareholders, it is not obvious what the rationale is for saying that on the one hand the mandatory offeror has acquired sufficient control to require a mandatory offer to allow shareholders to exit, while on the other hand effectively saying that such control is still not sufficiently high to mean that shareholders have an absolute right to put their shares to the mandatory offeror unless the mandatory offeror would acquire more than "50% plus one" of the voting rights of the offeree.

If raising the mandatory offer acceptance condition threshold above "50% plus one" is to be considered, consideration should also be given to forcing mandatory offerors who fail to achieve that acceptance condition to reduce their shareholding below that which gave rise to the requirement for the mandatory offer. For example, if a 29% shareholder acquired a block of 20% giving a resulting position of 49% and made a mandatory offer, would that shareholder be able to continue to hold its 49% position if insufficient shareholders accepted the mandatory offer?

In addition we do not understand how any change to the acceptance condition threshold can be made without dealing with fundamental principles of UK company law regarding voting rights and majority requirements generally.

3. If you believe that an increase in the acceptance condition thresholds for voluntary and/or mandatory offers would be desirable, at what level do you believe they should be set and why?

Please see our comments in response to questions 1 and 2 above.

4. What are your views on the consequences of raising the acceptance condition thresholds?

Please see our comments in response to questions 1 and 2 above.

5. What are your views on the suggestion that shares acquired during the course of an offer period should be "disenfranchised"?

We do not consider that shares acquired during the course of an offer period should be disenfranchised for the reasons set out below. Such a proposal would again be contrary to the basis upon which UK company law has developed to date, particularly the fundamental principle of "one-share-one-vote".

The arguments in favour of disenfranchisement seems to focus on the presumption that companies subject to offer approaches are immediately the subject of predatory buying by short-term speculative investors who determine the outcome of potential takeover offers. The presumption is that long-term shareholders are forced to sell at least some of their shares to hedge against the risk of the offer failing – and that this should somehow be prevented.

Aside from the obvious issue that trying to prevent someone from selling their shares interferes with the fundamental right of ownership, there is a clear counter-argument that if a core long term holder is selling its shares to hedge against the offer failing, that shareholder is impliedly indicating that it is in favour of the offer proceeding. If the shareholder was not in favour of the offer proceeding, then it would hold its entire position against the offer and would not be concerned with the share price potentially falling if the offer fails.

6. If you are in favour of "disenfranchisement", what are your views on how such a proposal should be implemented? In particular, what are your views on the various consequential issues identified in section 3 of the PCP?

We are not in favour of "disenfranchisement".

7. What are your views on the suggestion that shares in a company should not qualify for voting rights until they have been held by a shareholder for a defined period of time and regardless of whether the company is in an offer period?

We do not agree with the suggestion of imposing a qualifying period of share ownership which again would be contrary to fundamental principles of UK company law.

8. What are your views on the suggestion that the threshold trigger at which independent market participants become subject to the Code's disclosure regime, currently, 1%, might be lowered to 0.5%?

We consider that transparency as to the holders of the securities of an offeree company is vital but do not believe that that the existing 1% threshold should be reduced. In fact, the high number of disclosures that would result from lowering the threshold may cause additional issues as to identifying the respective layers of interests in share ownership and identifying those with actual voting control as distinct from nominees and others. We would like to see greater clarity in the disclosure process so that it is easier to identify the relevant interests of shareholders of companies in an offer period.

9. What are your views on the suggestion that there should be additional transparency in relation to offer acceptance decisions and of voting decisions in relation to schemes of arrangement? If you are in favour of this suggestion, please explain your reasons and how you think such additional transparency should be achieved?

We do not consider there to be a need for additional transparency. In our view, shareholders should be able to make their own decisions on the back of the information set out in the offer/scheme document (regardless of the voting actions of other shareholders), although we accept the point that the level of acceptances (particularly if there is one or more substantial shareholders who either have or have not accepted) can be a material factor in the later stages of an offer if the disclosure shows that the acceptance condition is close to or has been satisfied.

10. What are your views on the suggestion that the application of the Code's disclosure regime to situations where the rights attaching to shares have been "split up" might be clarified?

We agree that it would be helpful for the application of the Code's disclosure regime to be clarified in these circumstances. In particular, we would support an amendment to Rule 8 of the Code to make it clear that each of the parties involved should be making a separate disclosure, but that disclosures in relation to the same security should be linked to each other.

11. What are your views on the suggestion that the same requirements as to the disclosure of financial information on an offeror, the financing of the offer, and information on quantified effects statements should apply regardless of whether:

(a) the consideration being offered is cash or securities;

We do not perceive any significant benefit to extending the level of financial information disclosure where the consideration being offered is cash. The Code is in place primarily for the benefits of shareholders in the offeree company and, unless the offer involves a non-cash element, any information about the offeror's finances or the impact this may have on the business going forward, is unlikely to affect a shareholder's decision as to whether or not to accept the offer. In practice, shareholders in offeree companies should be in a position to make a judgment on the price and additional information may be of little use in establishing whether there is scope for a higher price to be extracted from the offeror.

(b) the offer could result in minority shareholders remaining in the offeree company; or

Again, for the reasons set out above, our view is that there is unlikely to be any significant benefit in extending the scope of financial information in the document where the offer has been made in cash but is structured so that minority shareholders may remain in the offeree company after the completion of the offer.

(c) the offer is hostile or recommended, or whether a competitive situation has arisen?

Our view is that the same financial disclosure requirements should apply regardless of whether the offer is hostile or recommended, or whether a competitive situation has arisen.

12. What are your views on:

(a) disclosures made by offerors of their intentions in relation to offeree companies under Rule 24.1;

We agree that parties to an offer typically provide minimal information and the statement of intentions is now almost formulaic. It is, however, often difficult for an offeror to be more prescriptive about likely changes to the operations of an offeree company in circumstances where they have not been able to conduct a full due diligence exercise. .

In the light of the Kraft example, we concur with the view that additional information ought to be provided if possible, but it would be reasonable for this to be limited to the knowledge of the offeror at the time of the publication of the offer document. This issue alone is perhaps worthy of Practice Statement to give more detailed guidance to companies and their advisers as to the type of considerations that need to be undertaken and what, if any, statements should be avoided for the purpose of these documents.

(b) the views of the boards of offeree companies on offerors' intentions given under Rule 25.1?

Please see the comments made below in response to Question 13 in relation to the views of the boards of offeree companies on offerors' intentions.

If you consider that greater detail is required, how do you consider that this would be best achieved?

Please see our comments under (a) above in relation to the possible issue of a Practice Statement.

13. What are your views on the matters to which the board of the offeree company should have regard in deciding whether or not to recommend acceptance of an offer?

It is already the case that directors are subject to their statutory duties which they owe to the company, as well as to their Takeover Code duty to include their recommendation to shareholders on whether or not to accept the offer. In many cases these will produce the same result, but this is by no means invariably the case. We consider that expanding the scope of Rule 25.1(b) would risk further muddying the waters.

14. What are your views on the suggestion that there should be a requirement for independent advice on an offer to be given to offeree company shareholders separately from the advice required to be given to the board of the offeree company?

We do not consider that Shareholders of the offeree company need to receive separate independent advice from the board of the offeree company for a variety of reasons. First, Rule 3.1 already ensures that the substance of the independent advice given to the board of the offeree company is made known to the shareholders. Second, the independence of the advice is the same whether it is addressed to the board or the shareholders themselves. Under Rule 3.3, the Panel already has to be comfortable that the financial adviser is independent. Third, it would be difficult to imagine a financial adviser that would be prepared to provide advice directly to the offeree company's shareholders and in doing so, accept liability to all of them. Finally, it would result in additional costs being incurred which would ultimately fall on the selling shareholders (directly or indirectly).

15. What are your views on the suggestion that the board of any offeree company should be restricted from entering into fee arrangements with advisers which are dependent on the successful completion of the offer?

We disagree with the suggestion that success fee structures should be prohibited. Without them, we suspect that financial advisers would charge flat-rate fees in all cases, which would significantly increase the costs to those companies where offers fail (for whatever reason) particularly where the offeree has not been seeking the offer interest. This would put smaller companies at a disadvantage as it would restrict their choice of independent financial advisers. This would also have the potential disadvantage of depriving offeree shareholders of exit opportunities and encouraging advisers to pursue offers in "no-win" situations. Where a large part of their fee is success-related, advisers are incentivised not to waste time and effort on transactions which are unlikely to be successful, as they will not get paid.

16. What are your views on the suggestion that the fees incurred in relation to an offer should be required to be publicly disclosed?

See response to Question 17 below.

17. If you are in favour of the disclosure of fees, how do you think that any provision should operate? For example:

(a) to which fees (and other costs) should any provision apply and on what basis?
(b) at what point(s) of the transaction should any disclosure be made?

We believe that the offer document and offeree board circular (as appropriate) should at least contain the estimated costs of the offer, though we are neutral as to whether the approach adopted should be similar to that in a prospectus, where an aggregate total is included, or the US approach of itemising fees by category (e.g. legal, accountancy, printing etc). The estimate would include the fees of the financial advisers, solicitors, accountants, PR firms, printers and registrars involved in the transaction as well as any other costs associated with the offer. If any advisers' fees included a success-fee element, then this would need to be factored in to any disclosure.

We believe that disclosure should first be made when the offer document and offeree board circular (as appropriate) are published. The final costs will be disclosed (to an extent) in the relevant annual accounts of the offeror and/or the offeree but we do not think that this post-event disclosure addresses the issue for shareholders in deciding whether or not to accept the offer.

18. What are your views on the suggestion that shareholders in offeror companies should be afforded similar protections to those afforded by the Code to offeree company shareholders?

Save the specific circumstances in Rule 3.2 (reverse takeovers) and Note 4 of Rule 20.2 (equality of information), the Takeover Code is designed to protect target shareholders and in our view should remain as such. For UK public companies, bidder shareholder interests are adequately protected by other rules and regulations (eg Listing Rule 10, directors duties). We support the arguments set out in the PCP against such a proposal.

19. If you consider that offeror company shareholders should be afforded protections:

(a) to which offeror companies should such protections apply and in what circumstances? N/A

(b) what form should such protections take? N/A

(c) by whom should such protections be afforded (for example, the Panel, the FSA, the Government or another regulatory body)? N/A

20. What are your views on the suggested amendments to the "put up or shut up" regime? In particular:

(a) what are your views on the suggestions that "put up or shut up" deadlines might be standardised, applied automatically and/or shortened?

(i) standardised deadlines – to codify a specific set of deadlines may be difficult and result in unintended outcomes. If greater certainty is needed for the parties in relation to possible deadlines then the Panel could issue a practice note to suggest guidelines surrounding the way in which it will determine the deadlines.

(ii) automatic application – there is no need for automatic application of the put up or shut up regime. The target board is sufficiently protected by its ability to seek a put up or shut up from the Panel. Such a mechanism allows target boards to have greater control over the initial bid process/discussions.

(iii) shortened deadlines – this could be addressed by the proposed practice note referred to in paragraph (i) above but any deadline needs to take into account matters such as financing as noted in the PCP.

(b) what are your views on the suggestion that a "private" "put up or shut up" regime might be introduced?

We consider the introduction of a private "put up or shut up" regime could be positive. Rule 2.4(b) only allows a target board to seek a time limit for the bidder to clarify its intentions if the potential bidder has been publicly named. This requires the consent of the bidder which is not always forthcoming.

Accordingly, a target board is often hindered by a potential offer from an unnamed bidder and doesn't currently have any real means of concluding the process without exposing itself to the argument that by doing so voluntarily it is acting contrary to target shareholder interests. Management can be distracted for extended periods and the time invested in and costs associated with due diligence and the like can be significant - a private "put up or shut up" could avoid such matters if it operated in circumstances where the bidder has not agreed to be named publicly. Where a bidder had been publicly named then Rule 2.4(b) would operate as usual.

21. What are your views on possible offer announcements that include the possible terms on which an offer might be made and/or that include pre-conditions to the making of an offer?

The arguments raised in the PCP against this regime are insufficient to justify any change. We do not think shareholders mistake a potential offer for a firm offer. The regime allows the market to understand the bidder's intentions in the event of a leak. The target board can always ask for a put up or shut up if it believes the potential offer is placing it under "siege".

22. What are your views on the deadline for the publication of the offer document and the suggestion that the current 28 day period between the announcement of a firm intention to make an offer and the publication of the offer document might be reduced?

The period of 28 days is a reasonable period. If the nature of the offer is complex or the offer is made in a rush then this amount of time is necessary to ensure the offer document is accurate and complete. It is also a long stop date and often the offer document is published well in advance of the 28 day period expiring.

23. What are your views on the suggestion that the Panel should have the ability unilaterally to foreshorten the timetable for subsequent competing offers?

This proposal needs to be balanced with General Principle 3: that target shareholders need to be given the opportunity to consider, in this situation, the competing offer(s). Competing offers are relatively rare and, in our view, when they do occur the target shareholders need the length of time currently permitted to consider the competing offers.

24. What are your views on the Panel's approach to inducement fees?

Although we agree that it is often the case that offeree boards are generally minded to accept market standard deal protection measures including an inducement fee this is not done so with any thought that this will necessarily result in the frustration of other potential bids for the company. By the time that a board comes to accept an offer the directors will usually have a very clear idea as to the market value of the company and the price that shareholders will accept as well as the number of other potential bidders (if any) for the company. Most boards consider that the payment of an inducement fee is therefore unlikely to be required in practice. In our view potential bidders are also unlikely to be deterred from making a bid because of an inducement fee given its relatively low amount (at 1% of the offer value) particularly as compared with other jurisdictions where inducement fees can be much higher. In any event our view is that boards are fully aware of their fiduciary duties and will consider carefully whether to accept any appropriate deal protection measures. We think that the directors' assessment of the commercial realities surrounding any bid situation and, subject to our comments below concerning "non discussion" prohibitions, the board's recognition of their legal duties are generally sufficient protection so that inducement fee and other deal protection arrangements do not impact on the ability of other potential bidders to make an offer.

(a) do you consider that inducement fees should be prohibited?

No, for the reasons highlighted above.

(b) if you consider that inducement fees should continue to be permitted:

(i) do you regard the de minimis nature of inducement fees (and the Panel's approach to what is de minimis) as a sufficient safeguard?

Yes, in principle. Although it may be considered that the 1% offer value as a cap is too low a cost in terms of restricting other bidders, particularly in relation to listed companies with a relatively small market capitalisation e.g. outside of the FTSE 250 and a higher cap may be more appropriate to protect properly the interests of the initial bidder, we recognise that there are potentially very difficult legal hurdles to overcome so far as illegal financial assistance is concerned to contemplate any increase being permitted. Given the market consensus view from legal commentators that a 1% fee is the most that a UK public company can pay without concern for financial assistance issues we think that the current de minimis is an appropriate level and therefore a sufficient safeguard.

(ii) do you consider that any further restrictions should be imposed on inducement fees by the Panel (for example, in relation to the timing of payment or the triggers for payment)?

No – we consider that market dynamics should govern the considerations in this respect.

(iii) what are your views on the suggestion that the Panel should cease to require confirmations from the offeree company board and its financial adviser that they each believe the inducement fee to be in the best interests of shareholders?

We think that the legal duties imposed on directors should be sufficient to police the consideration by them of the nature and extent of any inducement fee and the interests of the shareholders without any need for further confirmation being required to be made to the Panel. A financial adviser will, in any event, most likely be led by the views of the offeree company's board in assessing this question and it is therefore inappropriate to require them to provide further comfort to the Panel. That said, we recognise that, in reality and practice, the requirement for a financial adviser to provide formal confirmation to the Panel can be a useful safeguard against bidders seeking to negotiate inducement fee protections which go beyond the offeree board's commercial limits and which are potentially unfair or go beyond the market norm. It is however questionable whether that is the function and purpose of the current requirement for such confirmation.

25. What approach should the Panel take to deal protection measures. In particular, do you consider that any specific deal protection measures should be either prohibited or otherwise restricted? Please explain the reasons for your views.

For the reasons highlighted above we think that a board, properly advised, is best placed and equipped to be able to determine the appropriateness of deal protection measures in the context of any particular bid for the company. In most cases the directors will be able comfortably to reach the view that in the context of the price offered, the other terms of the deal and the likelihood of the lack of other bidders that agreeing to reasonable deal protection measures is acceptable. We think this certainly applies in the context of agreement as to the level of any inducement fees and the basis on which they are paid and as regards non solicitation covenants. In our experience we have noted that offeree companies are increasingly being encouraged to agree "non discussion" covenants prohibiting the board from discussing and negotiating the potential terms of a potentially increased offer from another bidder which arises from an unsolicited approach arising after the announcement of the first bid. Those contractual provisions can clearly potentially frustrate any discussions about another bid and there is no legal consensus that there is a "fiduciary out" enabling a board to ignore such a restriction. On that basis we think further consideration should be given to prohibiting "non discussion" covenants as part of deal protection measures.

26. What are your views on the suggestion that implementation agreements and other agreements containing deal protection measures should be required to be put on display earlier than at present?

We think that such agreements should be put on display as soon after they have been agreed and entered into and certainly by no later than the issue of a Rule 2.5 announcement. Consideration should be given to whether such agreements should be on display at the time of any Rule 2.4 announcement to the extent such an agreement has been agreed and the potential offer price and identity of the offereor is known at that time. We certainly agree that there seems no purpose to wait until the time of publication of the offer or scheme document.

27. What are your views on "fiduciary outs" in the context of inducement fee arrangements?

On the basis that the directors must consider their fiduciary obligations at the time of entering into agreements with deal protection measures it does not seem appropriate from the perspective of the third party for the offeree company to be able to withdraw unilaterally from that original agreement because of a "fiduciary out". This is not an "out" that is available in the context of other contractual arrangements the company may enter into however much it may be desired. We do not believe there is sufficient legal certainty amongst market practitioners as to the ability of an offeree board to apply "fiduciary outs" to all or any elements of contractually agreed deal protection measures for such outs to be of universal application so as to prevent the measures from applying with certainty. We think that the fiduciary position of the directors may give rise to certain consequences on the part of the offeree company under the deal protection agreements if the circumstances of a bid situation change but these will generally have been anticipated at the time the relevant agreements are entered into and seeking to apply a fiduciary out undermines the contractual commitment a bidder is entitled to rely on.

28. What are your views on the ability of deal protection measures to frustrate a possible competing offer and on whether linking deal protection measures to the payment of an inducement fee may cure any potential frustration?

Save for "non discussion" covenants we do not think deal protection measures will ultimately frustrate a possible competing offer. The payment of an inducement fee (effectively by the buyer) is usually regarded as the price for entering the deal. However a provision prohibiting a board from discussing a possible offer (with the full knowledge of the consequences as regards payment of an inducement fee to the earlier bidder if it progresses) is, in our view, a significant deterrent and frustration. We think there should be further consideration as to prohibiting such covenants.

29. What are your views on the suggestion that provisions similar to those previously set out in the Rules Governing Substantial Acquisitions of Shares should be reintroduced?

We do not think it is appropriate to re-introduce the SARs or similar provisions. They impose, as the Panel identifies, an unwarranted restriction on share dealing. The Code should govern the conduct of takeovers and not substantial share purchases.

We would be pleased to attend a meeting to further discuss our views.

Yours sincerely,

Tim Ward
Chief Executive

APPENDIX A

QCA MARKETS AND REGULATIONS COMMITTEE

Stuart Andrews*	-	Evolution Securities
Umerah Akram	-	London Stock Exchange plc
Peter Allen	-	DWF LLP
Andrew Collins	-	Speechly Bircham LLP
Jonathan Eardley	-	Share Resources plc
Richard Evans	-	SQC Consultant
Richard Everett	-	Lawrence Graham LLP
Martin Finnegan*	-	Nabarro LLP
Alexandra Hockenhull	-	Hockenhull Investor Relations
Farook Khan	-	Pinsent Masons LLP
Linda Main	-	KPMG LLP
Richard Metcalfe	-	Mazars LLP
Katie Morris	-	Brewin Dolphin Ltd
Simon Rafferty	-	Winterflood Securities
Chris Searle	-	BDO LLP
Peter Swabey	-	Equiniti LLP
Theresa Wallis	-	LiDCO Group
Tim Ward	-	The Quoted Companies Alliance
Kate Jalbert	-	The Quoted Companies Alliance

QCA LEGAL COMMITTEE

Nicholas Narraway	-	Moorhead James
Jai Bal	-	Farrer & Co
Chris Barrett	-	Bird & Bird

Richard Beavan	-	Nabarro LLP
Matt Bonass	-	Denton Wilde Sapte
Ross Bryson	-	Mishcon de Reya
Andrew Chadwick	-	Rooks Rider Solicitors
Jonathan Deverill*	-	Stikeman Elliott
Jeanette Gregson	-	Davenport Lyons
Carol Kilgore	-	Curtis, Mallet-Prevost, Colt & Mosle LLP
Philip Lamb	-	Lewis Silkin LLP
Alex Melrose	-	Rosenblatt Solicitors
Laura Nuttall	-	McGrigors LLP
Chris Owen	-	Manches LLP
June Paddock	-	Fasken Martineau LLP
Tom Shaw	-	Speechly Bircham LLP
Donald Stewart	-	Faegre & Benson LLP
Gary Thorpe	-	Clyde & Co
Tim Ward	-	The Quoted Companies Alliance
Kate Jalbert	-	The Quoted Companies Alliance

*Main Authors/Reviewers

APPENDIX B

THE QUOTED COMPANIES ALLIANCE (QCA)

A not-for-profit organisation funded by its membership, the QCA represents the interests of small and mid-cap quoted companies, their advisors and investors. It was founded in 1992, originally known as CISCO.

The QCA is governed by an elected Executive Committee, and undertakes its work through a number of highly focussed, multi-disciplinary committees and working groups of members who concentrate on specific areas of concern, in particular:

- taxation
- legislation affecting small and mid-cap quoted companies
- corporate governance
- employee share schemes
- trading, settlement and custody of shares
- structure and regulation of stock markets for small and mid-cap quoted companies; Financial Services Authority (FSA) consultations
- political liaison – briefing and influencing Westminster and Whitehall, the City and Brussels
- accounting standards proposals from various standard-setters

The QCA is a founder member of European**Issuers**, which represents quoted companies in fourteen European countries.

QCA's Aims and Objectives

The QCA works for small and mid-cap quoted companies in the United Kingdom and Europe to promote and maintain vibrant, healthy and liquid capital markets. Its principal objectives are:

Lobbying the Government, Brussels and other regulators to reduce the costing and time consuming burden of regulation, which falls disproportionately on smaller quoted companies

Promoting the smaller quoted company sector and taking steps to increase investor interest and improve shareholder liquidity for companies in it.

Educating companies in the sector about best practice in areas such as corporate governance and investor relations.

Providing a forum for small and mid-cap quoted company directors to network and discuss solutions to topical issues with their peer group, sector professionals and influential City figures.

Small and mid-cap quoted companies' contribute considerably to the UK economy:

- There are approximately 2,000 small and mid-cap quoted companies
- They represent around 85% of all quoted companies in the UK
- They employ approximately 1 million people, representing around 4% of total private sector employment

- Every 5% growth in the small and mid-cap quoted company sector could reduce UK unemployment by a further 50,000
- They generate:
  - corporation tax payable of £560 million per annum
  - income tax paid of £3 billion per annum
  - social security paid (employers' NIC) of £3 billion per annum
  - employees' national insurance contribution paid of £2 billion per annum

The tax figures exclude business rates, VAT and other indirect taxes.

For more information contact:

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