



**QUOTED
COMPANIES
ALLIANCE**

CAMPAIGNING
INFORMING
INTERACTING

Together we create
impact through influence

CHAMPIONING THE ENGINES OF GROWTH

Annual Review 2016

www.theqca.com

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ABOUT US

We are the Quoted Companies Alliance, the independent membership organisation that champions the interests of small to mid-size quoted companies.

The value of our members to the UK economy is vast – as is their potential. So our goal is to create an environment where that potential is fulfilled.

We identify the issues that matter to our members. We keep them informed. And we interact to build the understanding and connections that help our members stay ahead. The influence we have, the influence we use and the influence we grow ensures that our members always benefit from the impact of our initiatives.

OFFICERS AND BOARD OF DIRECTORS

Officers

President	Brian Winterflood, Winterflood Securities Ltd
Chairman	Michael Higgins, Ebiquity plc
Deputy Chairman	Theresa Wallis, LiDCO Group plc
Treasurer	Paul Watts, RSM

Executive Position

Chief Executive	Tim Ward
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Board of Directors (as at 30 June 2016)

Brian Winterflood	Winterflood Securities Ltd
Michael Higgins	Ebiquity PLC
Theresa Wallis	LiDCO Group PLC
Paul Watts	RSM
Tim Ward	Quoted Companies Alliance
Anthony Carey	Mazars LLP
Harry Hyman	Primary Health Properties PLC
Judith MacKenzie	Downing LLP
Alan Newman	YouGov PLC
Claire Noyce	Hybridan LLP
Simon O'Brien	PricewaterhouseCoopers LLP
Tom Shaw	Charles Russell Speechlys LLP
Sam Smith	finnCap
Dick Steele	Portmeirion Group PLC
Donald Stewart	Kepstorn
Vijay Thakrar	Deloitte LLP
Gervais Williams	Miton Group PLC
Philip Yarrow	Winterflood Securities Ltd

Expert Group Chairmen and Deputy Chairmen (as at 30 June 2016)

Corporate Finance	Richard Evans, Chief Operating Officer, Strand Hanson Limited (Chairman)
Corporate Governance	Edward Craft, Partner, Wedlake Bell LLP (Chairman) Colin Jones, Audit Partner, UHY Hacker Young LLP (Deputy Chairman)
Financial Reporting	Matthew Stallabrass, Partner, Crowe Clark Whitehill LLP (Chairman) Matthew Howells, Director – Head of National Assurance Technical Group, Smith & Williamson (Deputy Chairman)
Legal	Gary Thorpe, Partner, Clyde & Co LLP (Chairman) Maegen Morrison, Partner, Hogan Lovells International LLP (Deputy Chairman)
Secondary Markets	Simon Rafferty, Chief Operating Officer, Winterflood Securities Ltd Jon Gerty, Group Head of Regulation, Shore Capital Group Ltd (Deputy Chairman)
Share Schemes	Fiona Bell, Partner, RSM (Chairman) Michael Landon, Share Plan Director, MM&K Limited (Deputy Chairman)
Tax	Neil Pamplin, Tax Partner, Grant Thornton UK LLP (Chairman) Paul Fay, Partner, Crowe Clark Whitehill LLP (Deputy Chairman)

EXECUTIVE TEAM



Tim Ward
Chief Executive



Hayley Zeff
Head of
Membership



Samantha Green
Head of Marketing
and Events



Maria Gomes
Head of Policy



Chris Stapeley
PA to the Chief
Executive and
Office Manager



Sandra Mallia
Membership
Executive



Lydia Uthayakumar
Marketing and
Events Executive

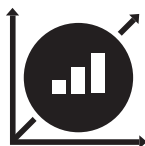


Callum Anderson
Policy Adviser

KEY ACHIEVEMENTS OF THE YEAR

Successfully proposed reforms to Entrepreneurs' Relief

The Chancellor took on board our proposals and introduced reforms to Entrepreneurs' Relief so that capital gains tax relief is available to external investors in unlisted trading companies.



Prevented proposed restrictions on how investment research is paid for

Following our successful campaign, the European Commission has ensured that investment research in small and mid-size quoted companies can continue to be produced and freely distributed under the MiFID II review.

Published the third QCA/RSM Small and Mid-Cap Investors Survey

Our survey of fund managers gives important insight into how investors make their investment decisions and helps companies to improve their engagement with their investor base.

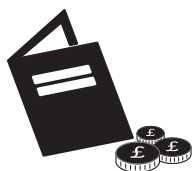


Held our fifth annual conference

Over 150 delegates attended our annual conference – Growth in Troubled Times – to hear from leading industry speakers about the growth of quoted companies and public equity markets, with Sacha Sadan, Andy Brough and Sid Chand Lall speaking.

Published a Dealing Code and Guidance for Companies Concerning MAR

We contributed to the drafting of a specimen dealing code with ICSA, GC100 and other market participants to help companies comply with the Market Abuse Regulation.



Proposed changes to the Prospectus Directive

We produced detailed proposals for amendments to a new Prospectus Regulation so that companies will be able to raise finance more efficiently.

Published our triannual QCA Small and Mid-Cap Sentiment Index, powered by YouGov

Our triannual report provides up-to-date information on the key issues affecting the small and mid-size quoted company sector, as well as tracking business sentiment.



Published the third QCA/UHY Hacker Young Corporate Governance Behaviour Review

Our third report shows the level of corporate governance disclosure amongst small and mid-size quoted companies and key areas where improvement is needed.

Campaigned for the development of a SME asset class

We proposed the creation of a designated SME asset class to focus investment in and increase coverage of small and mid-size quoted companies.



Campaigned to permit small and mid-size quoted companies to use a proportionate form of IFRS

We pushed for small and mid-size quoted companies to be able to use a less complex and more appropriate accounting standard in order to reduce the costs of meeting investors' disclosure needs.

Campaigned for clarity in the application of the MAR rules

We produced detailed responses to consultations on the implementation of the Market Abuse Regulation asking for clarity of the rules so that the impact on trading for small and mid-size quoted companies can be minimised, including the need to maintain insider lists at all times.



Revision of our Remuneration Guide

We revised the QCA Remuneration Committee Guide (last published in 2012) to help small and mid-size quoted companies navigate the ongoing changes in the remuneration reporting landscape.

CHAIRMAN'S STATEMENT



Michael Higgins
Chairman

I am pleased to present the Annual Review of a very busy year for your organisation, the Quoted Companies Alliance. This is my third and last time of writing and, as ever, we are in a period of significant challenge but never has the Quoted Companies Alliance been more relevant to its members.

During my three years as Chairman we have been through a period of coalition government, a Conservative majority and now, as I write, we face a period of uncertainty as a result of the referendum vote to leave the EU. There is nothing in life as certain as change.

Having devoted much effort over the years to minimising the impact of implementing European regulation on our capital markets we will now focus our efforts on ensuring that the process of separation will cause as little disruption as possible to our members, and that where there are opportunities to reduce the regulatory burden they are seized.

Our close relationship with the London Stock Exchange will continue through and beyond its intended merger; we believe the success of AIM will be a model for other growth markets in the wider European region whether we are in or out of the EU.

Our corporate membership is at an all-time high. This demonstrates the strength of our community and its place in the small and mid-size quoted company ecosystem.

The support of our expert groups continues to be critical to our effectiveness and the time they give provides huge value to our members – much of it unseen as they head off regulatory pitfalls. During the year, the executive team and our expert groups have submitted over 30 consultation responses to various organisations, including the European Commission, the European Securities and Markets Authority,

the Financial Conduct Authority and the Financial Reporting Council, as well as various parts of Government including HM Revenue and Customs and the Department for Business, Innovation and Skills. The contribution of our expert group members (and particularly the Chairmen) through their participation in meetings, working groups, responses or briefing notes has been invaluable to help inform policymaking decisions in the UK and the EU.

The executive team have worked tirelessly on your behalf and we should not underestimate the challenge they now face as we carry out our EU disentanglement. We will continue our efforts to influence, educate and help shape the regulatory landscape for small and mid-size quoted companies through the dedication of our executive team, our expert groups and the powerful voice of our increased membership.

I am also delighted that in November last year the important role that the Quoted Companies Alliance has in representing small and mid-size quoted companies was recognised by the Takeover Panel by us becoming a body which may appoint an individual member to the Panel. The Panel noted that the majority of offers regulated by the Panel have been for companies with a market capitalisation below £50 million, and that such companies have accounted for an even greater participation of whitewashes. It was noted that it is entirely appropriate that the Quoted Companies Alliance should be represented alongside the CBI and individual members who tend to be drawn from larger quoted companies.

I must record a huge thank you on behalf of you all to Brian Winterflood as President for the last seven years, who is retiring from the City. 24 years ago he was the catalyst and founder of the City Group for Smaller Companies (CISCO), which was renamed the Quoted Companies Alliance. Before and after that time he has been a tireless and vocal champion of the Unlisted Securities Market and its successor AIM, and of course the small and mid-size quoted companies that have benefitted from these markets. I am sure that you will all recognise his huge contribution and join me in thanking him for his support of the market and of the Quoted Companies Alliance in particular.

This is my final year as Chairman. It has been a pleasure to chair this lively and effective organisation. The team are a credit to you all. I am delighted that Gervais Williams has agreed to take over as Chairman from October. He is, I am sure, well known to you as a champion of smaller companies. He runs several successful small cap funds at Miton Group. It is also notable that Miton Group, of which he is Chief Executive, is quoted on AIM. I am sure he will bring much to the role and he will enjoy it as much as me.

Michael Higgins

Chairman, Quoted Companies Alliance

CHIEF EXECUTIVE'S REPORT



Tim Ward
Chief Executive

An unpredictable year to say the least! We now have a record number of corporate members, nearly double the level when I took this role in 2009. This is a huge compliment to our small but perfectly formed membership team who tirelessly contact quoted companies and their advisers to let them know about the compelling benefits of being a member of the Quoted Companies Alliance.

These companies and advisers and our membership more widely have truly benefitted this year from our constant work in Brussels, Whitehall and beyond.

The new Prospectus Regulation is looking promising as our working group (drawn of members of our Legal and Corporate Finance Expert Groups and formed almost three years ago) continues to work with the European Commission, the European Parliament, the Council of the EU as well as with HM Treasury, the Financial Conduct Authority and the London Stock Exchange on revising and shaping the prospectus rules so that more companies will be able to access equity finance and produce prospectuses facing fewer administrative burdens and costs.

The patient work of the Secondary Markets Expert Group during the course of the past year has borne fruit, with the Commission revising the rules on investment research to continue to permit small and mid-size quoted companies to have investment research produced on them and freely distributed to investment managers and others.

This year we also welcomed the Government's announcement that Capital Gains Tax Entrepreneurs' Relief has been extended to external investors in unlisted trading companies for newly issued shares, which has been one of our Tax Expert Group's key campaigns for the past 5 years. This will be significant in encouraging investment in small and mid-size companies, including those on AIM and ISDX.

Overall, the work of our Expert Groups has been excellent and we will need all their support and experience over the coming years. Our current campaigns are covered in detail in the reports from each of the Expert Group Chairmen.

As we gracefully withdraw from the EU we will still have to ensure that the rules are appropriate for small and mid-size quoted companies for some time to come. The EU Commission remains keen to involve us in their discussions on SME Growth Markets because they value our collective experience and knowledge.

Our membership of EuropeanIssuers (of which I am a board member and co-Chair of the Smaller Issuers Committee) will be more important than ever. That organisation represents the interest of European issuers, not just those in the EU, and will provide a valuable channel for continuing our dialogue with EU Institutions and helping to form policy and thinking.

We will need to complement this by upping our game with HM Treasury, BIS and the FCA with whom we have good existing relationships. Given that more policy will emanate from these institutions, we will have to keep a close eye on what appears. Gold plating has not come from the EU; it has been a feature of the UK market wishing to establish best practice, some (or much) of it providing a disproportionate burden for small and mid-size quoted companies.

We are keeping a close eye on the merger between the London Stock Exchange and the Deutsche Börse AG. We have had very constructive meetings and dialogue with Xavier Rolet and Carsten Kengeter, the respective CEOs, on the future direction of European growth markets, particularly AIM. Whatever happens to that corporate action we will continue to work with the Exchange to ensure that AIM has a clear vision and continues to prosper. It is important that the market remains fit for purpose in these turbulent times.

Our research and surveys continue to build evidence of

how markets are operating and on what quoted companies are thinking and doing. They help inform and illustrate many of our campaigns and continue to capture the attention of policymakers.

This year we have published the third QCA/RSM Small and Mid-Cap Investors Survey, which provides boards with important insight into what investors look for when investing in their company. It sums up the views of 16 well-known fund managers on what they feel the companies they invest in should be doing.

We have repeated our QCA/UHY Hacker Young Corporate Governance Behaviour Review. Our third report shows the level of corporate governance disclosure amongst 100 randomly selected small and mid-size quoted companies compared against the minimum disclosures set out in our Code. Our third report has demonstrated that, albeit slowly, the reporting landscape continues to evolve. We intend to develop further our work on corporate governance behaviour to encourage companies to benchmark their disclosures against the rest of the market. We aim to build up the quality of disclosure in this area so that overall market integrity is improved.

We have also published our triannual QCA Small and Mid-Cap Sentiment Index, powered by YouGov, which provides up-to-date information on the key issues affecting the small and mid-size quoted company sector, as well as tracking business sentiment. Our latest survey found that small and mid-cap quoted companies had forecast strong growth whatever the result of the EU referendum. We will see whether this holds true over the next year or so.

During the course of this year we also revised our Remuneration Committee Guide, which will prove a useful tool for remuneration committee members to understand the different perspectives of shareholders in the decisions they make.

Our Annual Conference was the best yet with panels about Brexit and communication with fund managers drawing

particular attention and positive feedback. Our breakout sessions were also very well received and attended. Next year we will be evolving the breakout sessions so that they take place across the year under the banner “Making the Most of the Market” so that there is more access to important topics for more of our members. Our panel sessions will be further developed to bring in other parts of our community.

As Michael Higgins mentions in his Chairman’s Report, during the year we have been appointed a nominating body of the Takeover Panel, recognition of our unique position and ability to represent the small and mid-size quoted company community effectively. Similarly I have been appointed a member of the European Securities and Markets Authority’s (ESMA) Stakeholder Group as a representative of small and medium sized enterprises across the EU.

I thank the executive team at the Quoted Companies Alliance for their dedication and continued hard work. They consistently deliver events, guides, surveys, seminars and expert groups in a professional manner. Their work provides our members with a very effective service, which stands comparison with any other membership organisation. As a result of their efforts we punch well above our weight.

We have a very strong community in the small and mid-size quoted company sector. We want to push on in our 25th year to build this community so that we can provide even more effective campaigns, events and information for our members.

Thank you all for your continued and valuable support. An unpredictable year and an even more unpredictable year to come. Our purpose in business life is more essential than ever.

Tim Ward

Chief Executive, Quoted Companies Alliance

TREASURER'S STATEMENT



Paul Watts
Treasurer

Income for the year ended 30 June 2016 was steady at £633,750 (2015: £634,866), of which £463,439 (2015: £454,039) was subscription income.

Membership is at similar levels to last year and events such as the annual dinner and conference provide valuable additional income sources for the organisation and we are grateful to all our members and sponsors for their continued support.

Expenditure was up 8.8% at £643,264 this year (2015: £591,094) which reflects increased staff levels and one-off costs for some refurbishment work to the office.

The investment in staff and the office has resulted in a modest loss for the year after tax of £6,487 (2015: profit of £40,308). We aim to balance the budget over the economic cycle and, as a non-profit organisation, we do this by generally matching income with expenditure, whilst maintaining a reasonable accumulated surplus to cover unforeseen costs and maximising the annual benefit to members from our activities. The retained accumulated surplus at 30 June 2016 is £138,339 (2015: £144,826).

The QCA has again benefitted significantly from the time given by all members of the professional expert groups, at no cost to the Quoted Companies Alliance, and that help is most gratefully received and appreciated by all at the QCA.

Paul Watts

Treasurer, Quoted Companies Alliance
Partner, RSM

KEY CAMPAIGNS AND OUR EXPERT GROUPS



% Capital Gains Tax Reform of Entrepreneurs' Relief

Remove the requirement to hold 5% of shares in a company to qualify for a reduced rate of capital gains tax and allow long-term investors to qualify for the relief.

£ ✓ Prospectus Directive Revision

Create a more appropriate and proportionate prospectus regime so that small and mid-size quoted companies are able to access and raise money on public equity markets efficiently.

% Costs of Raising Equity to be Tax Deductible

Address the imbalance between the tax treatment of equity and debt and allow the costs of raising equity for both an IPO and secondary fundraising to be tax deductible.

✓  Markets in Financial Instruments Directive (MiFID II) and Capital Markets Union (CMU)

✓   Ensure that small and mid-size quoted companies can continue to have investment research produced on them and that SME Growth Markets benefit from proportionate rules and requirements to facilitate access to public equity markets for growth companies.



Materiality and the Quality of Reporting

Emphasise the importance of avoiding boilerplate disclosure and the use of materiality in making corporate reporting more clear and relevant.



Market Abuse Regulation (MAR)

Minimise the impact on trading and administrative burden increase for small and mid-size quoted companies from the implementation of MAR.



Revision of our Remuneration Guide

Revise the QCA Remuneration Committee Guide (last published in 2012) to help small and mid-size quoted companies navigate the ongoing changes in the remuneration reporting landscape.



Corporate Finance



Secondary Markets



Corporate Governance



Share Schemes



Financial Reporting



Tax



Legal

OUR CONSULTATION RESPONSES

We have submitted 34 consultation responses this year to several organisations including the Financial Conduct Authority (FCA), the Department for Business, Innovation and Skills (BIS), the Financial Reporting Council, the International Accounting Standards Board (IASB) and the International Financial Reporting Standards Foundation (IFRS)

FCA

2

Implementation of MAR
Disclosure of inside information

BIS

4

PSC Register
Audit Directive and Regulation
Beneficial ownership information
Non-Financial Reporting

ESMA

4

Proxy advisers
CSD Regulation
European Single Electronic Format
Guidelines on MAR

IASB/IFRS

6

IFRS 15
Conceptual Framework
Agenda Consultation
Annual Improvements to IFRSs
IAS 40
Review of Structure and Effectiveness

FRC

6

Smaller Listed and AIM Quoted Companies Reporting
Confidence in Audit
Risks and Going concern
Board succession planning
Plan & Budget and Levy
FRS 101 Reduced Disclosure Framework

Other

12

HMRC: Employee Share Schemes NIC elections
European Commission: Regulatory framework for financial services
EFRAG: IASB Conceptual Framework for Financial Reporting / IAS 7
ICSA: Minuting meetings
ICAEW: Realised and distributable profits
ISS: Proxy Voting Guidelines
Shareholder Voting Working Group: Shareholder proxy voting
The Takeover Panel: Communication and distribution of information
AIM: Notice 42 / Notice 44
ISDX: Growth Market Rules

**REPORTS OF THE
EXPERT GROUP CHAIRMEN**

CORPORATE FINANCE EXPERT GROUP



Richard Evans
Chairman

The Corporate Finance Expert Group is a focal point and forum for discussion about corporate finance and corporate broking issues affecting small and mid-size quoted companies. We aim to influence market practice, market structures and the regulatory framework to support the responsible operation and continued success of small and mid-size quoted companies and the advisory firms that support them.

The group endeavours to support the continued growth and success of UK small and mid-size quoted companies. Working with other expert groups, we promote proportionate and appropriate UK and EU regulation and a positive and liquid market environment with access to cost-effective financing.

Together with the other expert groups, we help to formulate the Quoted Companies Alliance's campaigns and responses to public debates and consultations. We build relationships with public bodies in the UK and in continental Europe, in particular the Financial Conduct Authority (FCA), the European Commission, the London Stock Exchange (LSE), the Takeover Panel and HM Treasury. However, the result of the EU referendum now creates uncertainty as to what future access London will obtain to the single market in financial services and the proposed EU Capital Markets Union. Until the Government determines the UK's negotiating policy in this area, we will watch developments with interest and continue to seek to influence the development of pan-European policy with the EU Commission and ESMA to the extent that we are able.

During the year, the group has considered, and contributed to, the Quoted Companies Alliance's responses to several consultations relating to:

-
- changes to the Takeover Code relating to the communication of information during takeover offers;
 - reform of the AIM rules relating to investing companies; and
 - several consultations relating to the impact of the recently introduced regime under the Market Abuse Regulation with the LSE, ISDX and the FCA.

We have continued our dialogue with the principal regulators for the UK's small and mid-size quoted companies, with constructive sessions in particular with the LSE's AIM Regulation team, the FCA and the Takeover Panel. We have also reached out to the Business Growth Fund to engage with them on behalf of our members on their new strategy for providing funding to quoted companies, an enhancement of their existing track record with smaller private companies.

A further significant amount of work was put into the Quoted Companies Alliance's response to the Commission's proposal to reform the Prospectus Directive, in conjunction with our colleagues on the Legal Expert Group. It was rewarding to see many of the issues that the Quoted Companies Alliance has campaigned for, not only this year but in prior years as well, influencing the development of the proposed Prospectus Regulation as it begins to run through the various legislative stages in the EU. We have promoted in the Quoted Companies Alliance's response an approach that seeks to make the prospectus regime useful and proportionate to small and mid-size quoted companies. We seek to simplify requirements for companies already on the market by recognising the widely available public information that is necessarily in place as a result of fulfilling the requirements of the Transparency Directive and Market Abuse Regulation, thereby encouraging the European Commission to adopt a more 'joined-up' approach to legislation.

This year we have continued our successful occasional dinner programme, which allows NOMAD members to broaden the opportunities for members of the group to exchange views on AIM-related issues in a more informal setting. These are always very successful events which often generate a number of ideas for the wider group to consider.

I would like to thank all the members of the group for their input and time over the last year and, in particular, those who have contributed to the various consultation drafts. We continue to expand the group's membership to reflect the wide variety of professional firms amongst the Quoted Companies Alliance's membership and I am grateful for the enthusiasm to participate shown by new members.

Richard Evans

Chairman of the Corporate Finance Expert Group
Chief Operating Officer, Strand Hanson Limited

Expert Group Members

Richard Evans (Chairman)	Strand Hanson Limited
Nick Naylor David Worlidge	Allenby Capital Ltd
Chris Hardie	Arden Partners PLC
Chris Searle	BDO LLP
Amerjit Kalirai David Foreman	Cantor Fitzgerald Europe
Stephen Keys	Cenkos Securities PLC
Sean Geraghty	Dechert
Stuart Andrews	finnCap
Simon McLeod	Goodman Derrick LLP
Colin Aaronson	Grant Thornton UK LLP
Nicholas Narraway	Hewitson Moorhead
Maegen Morrison Robert Darwin	Hogan Lovells International LLP
Richard Crawley	Liberum Capital Limited
Simon Charles	Marriott Harrison
Richard Metcalfe	Mazars LLP

Lesley Gregory	Memery Crystal LLP
Kristy Duane	Nabarro LLP
Jonathan King	Osborne Clarke
Sandra Bates	Pillsbury Winthrop Shaw Pittman LLP
Leighton Thomas	PricewaterhouseCoopers LLP
Niraj Patel	Saffery Champness
Bidhi Bhoma Mark Percy	Shore Capital Group Ltd
Mark Brady Neil Baldwin	SPARK Advisory Partners Limited
Azhic Basirov	Smith & Williamson LLP
Dalia Joseph	Stifel
Laurence Sacker	UHY Hacker Young
Paul Shackleton	W H Ireland Group PLC
Rod Venables	Western Selection PLC
Catherine Moss	Winckworth Sherwood LLP

CORPORATE GOVERNANCE EXPERT GROUP



Edward Craft
Chairman

The corporate governance landscape continues to evolve and the Corporate Governance Expert Group has remained on the leading edge of this change, including representing the interests of our members on the BIS advisory committee on the implementation of the persons with significant control regime contained in the new part 21A Companies Act 2006.



Colin Jones
Deputy Chairman

The highlight of our year has been the finalisation of our revised guide for remuneration committees, *Sharing Value: the Remuneration Committee Guide for Small and Mid-Size Quoted Companies*. The issues of executive remuneration and corporate relations with shareholders are likely to remain high on the political agenda.

Sharing Value is the companion volume to *Delivering Growth*, our Corporate Governance Code, and to *Inspiring Trust*, our Audit Committee Guide. Each document has been delivered by this expert group since 2013: these three documents stand as powerful testament of the commitment shown by members of the expert group to the long-term interests of the community of small and mid-size quoted companies.

Through our guides we look to support small and mid-size quoted companies to deliver effective and proportionate governance arrangements which will drive sustainable growth. Key themes are supporting business and brokering better dialogue between those who provide capital and those who seek it. These were further demonstrated through the round table event discussing corporate governance hosted by one of our corporate member firms, The Mission Marketing Group, in late 2015.

The UK Corporate Governance Code has undergone a number of recent revisions. We are now embarking on a process to re-

evaluate our corporate governance code to identify if the landscape has evolved far enough to require us to make changes to our code.

The growth company sector will, through the uncertain times ahead, remain a vital engine room of innovation in our economy. The governance structures and systems for our sector must serve the interests of each company, its shareholders, its directors and its wider community of stakeholders in an effective and proportionate manner.

Companies within our sector need to confidently demonstrate good governance practices and put in place arrangements which support growth rather than inhibit it. We intend to support positive behaviours by company directors and encourage meaningful two-way communication between shareholders and companies.

We firmly believe that well governed businesses wish to be open and transparent with their shareholders and that the directors of these businesses deserve the trust and support of those shareholders. Good governance feeds trust and that trust is the bedrock upon which confident and resilient business is founded.

The Quoted Companies Alliance has again worked with UHY Hacker Young to deliver the Corporate Governance Behaviour Review which looks at the published statements made by companies in relation to corporate governance and measures these against our corporate governance code. This work is vital to understand the attitudes of corporates towards corporate governance and the level of penetration our code is able to deliver.

Many members of the expert group devote significant time to our work. This year I would like to give particular credit to the members of the team who worked to deliver our Remuneration Committee Guide especially Kate Jalbert. Yet again, I must extend my personal gratitude to Colin Jones, Head of London

Audit at UHY Hacker Young, the Deputy Chairman of the group, for his support throughout the year.

Edward Craft

Chairman of the Corporate Governance Expert Group
Partner, Corporate, Wedlake Bell LLP

Expert Group Members

Edward Craft (Chairman)	Wedlake Bell LLP
Colin Jones (Deputy Chairman)	UHY Hacker Young
Nathan Leclercq	Aviva Investors
David Isherwood Jonathan Compton	BDO LLP
Kalina Lazarova	BMO Global Asset Management
Nick Graves	Burges Salmon
David Hicks	Charles Russell Speechlys LLP
David Fuller	CLS Holdings PLC
Nicholas Stretch	CMS Cameron McKenna LLP
Louis Cooper	Crowe Clark Whitehill LLP
Nick Gibbon	DAC Beachcroft LLP
Tracy Gordon	Deloitte LLP
Melanie Wadsworth	Faegre Baker Daniels LLP
Rob Burdett	FIT Remuneration Consultants LLP
Richie Clark	Fox Williams LLP
Michael Brown	Henderson Global Investors

Will Pomroy	Hermes Investments
Julie Stanbrook Bernard Wall	Hogan Lovells International LLP
Darshan Patel Niall Pearson	Hybridan LLP
Jayne Meacham Carmen Stevens	Jordans Corporate Law Limited
Darius Lewington Jane Mayfield Eleanor Kelly	LexisNexis
Anthony Carey	Mazars LLP
Peter Fitzwilliam	The Mission Marketing Group (PLC)
Cliff Weight	MM & K Limited
Caroline Newsholme	Nabarro LLP
Julie Keefe Johanna Chattle	Norton Rose Fullbright LLP
Amanda Cantwell	Practical Law Company Limited
Susan Fadil Philip Patterson	PricewaterhouseCoopers LLP
Dalia Joseph Marc Marrero	Stifel
Kevin Kissane	Vernalis PLC
Edward Beale	Western Selection PLC
Alexandra Hockenhull	Xchanging PLC

FINANCIAL REPORTING EXPERT GROUP



Matthew Stallabrass
Chairman

Good quality financial reporting can be a struggle for small and mid-size quoted companies who often lack the in-depth corporate resources of their larger peers. This does not mean, however, that good quality financial reporting is any less important for smaller quoted companies; indeed, research from the Financial Reporting Council (FRC) issued during the year indicated the opposite, with investors relying more heavily on the Annual Reports of smaller quoted companies.



Matthew Howells
Deputy Chairman

The Financial Reporting Expert Group recognises this dilemma and seeks to influence both standard setters and regulators for a proportionate approach to financial reporting. During the year we have continued to engage with both the FRC and the International Accounting Standards Board (IASB) in pursuing this agenda and we have been grateful to both bodies for their time and the constructive manner in which they have debated issues with us.

We have continued to engage with the FRC over their ongoing project looking at the quality of smaller quoted company reporting. Their insights have been important and their reminders sent to smaller quoted companies were both practical and constructive. The Quoted Companies Alliance has been pleased to help them publicise this project and we are glad to see that they have accepted our recommendation to issue further reminders to ensure the issue of quality reporting remains at the forefront of people's minds. We also welcome the proportional approach taken to small and mid-cap companies in the Ethical Standards released in June and see this as an important acknowledgement of the principal of proportionality in regulation.

We organised our second roundtable event with the IASB for smaller quoted companies. There was good quality discussion over a wide range of topics that I believe both the IASB and the companies present found instructive. Having responded to a

number of IASB consultations, including on the Conceptual Framework and their agenda plan for the next five years, it was good to hear that a number of the themes we, and others, had raised were being taken forward; including the need for a period of calm in terms of new accounting standards following the implementation of new standards on revenue and leasing in 2018 and 2019.

Brexit will no doubt be a challenge for the group over the coming year. A number of the regulations that impact corporate reporting come from EU directives and our challenge will be to think about what, if any, changes should be made to these regulations following our exit from the European Union.

It would be remiss of me not to end this report without thanking the members of the Financial Reporting Expert Group for the time and commitment they show. Their contributions and insights continue to be most welcome. I would also like to thank Matthew Howells, who this year took up the role of Deputy Chairman. Additionally, should any members of the Quoted Companies Alliance have an issue with financial reporting that they would like to discuss with the group we would be delighted to hear from you.

Matthew Stallabrass

Chairman of the Financial Reporting Expert Group
Partner, Crowe Clark Whitehill LLP

Expert Group Members

Matthew Stallabrass (Chairman)	Crowe Clark Whitehill LLP
Matthew Howells (Deputy Chairman)	Smith & Williamson LLP
Andrew Westbrook	RSM
Jonathan Compton	BDO LLP

Amy Shephard	Deloitte LLP
Neil Armstrong	Frontier Developments PLC
Gary Jones	Grant Thornton UK LLP
Anthony Carey	Mazars LLP
Joseph Archer	PKF Littlejohn LLP
Donna Caira	Saffery Champness
Ian Davies	Vislink PLC
Edward Beale	Western Selection PLC

LEGAL EXPERT GROUP



Gary Thorpe
Chairman

The Group has had a pretty active year reviewing, and making observations on, a series of consultation papers arising, principally, from pieces of legislation emerging from the EU and discussing their intended implementation in the UK.

Our principal areas of focus this year have been:

- **Market Abuse Regulation** - The Market Abuse Regulation (MAR) was published in June 2014 and has just come into effect in the UK. Its introduction repealed the market abuse provisions of the Financial Services and Markets Act 2000 and led to amendments to the FCA's Disclosure Rules and to the AIM Rules and the decommissioning of the FCA's much cherished Model Code.



Maegen Morrison
Deputy Chairman

As mentioned in last year's report, prior to MAR's introduction, the Legal Expert Group, along with other Quoted Companies Alliance (QCA) Expert Groups and representative groups of other City practitioners, have been seeking to influence EU institutions to dilute the impact of certain of the more onerous provisions of MAR on UK securities markets such as the proposed contents of insider lists. In addition, this year, the Legal Expert Group has been involved in several consultations on Level 2 measures for MAR. Essentially, Level 2 measures are proposals from ESMA for delegated legislation, guidance and technical standards under MAR all of which form part of the overall legislative landscape for MAR. Among other matters, the Legal Expert Group has reviewed proposals relating to the circumstances in which issuers can legitimately delay the disclosure of insider information and the proposed rules around market soundings. During this time, the Legal Expert Group has actively engaged with the FCA, who attended a number of the Group's meetings, on certain of the more troublesome provisions of MAR, not least the discussions concerning the ending of closed

periods for dealings by persons discharging managerial responsibilities PDMR's (in broad terms, directors and senior executives) as a result of the release of preliminary results announcements.

As a result of the demise of the Model Code, the GC 100, ICSA and the QCA issued a specimen dealing code or policy for use by issuers, which is available from the QCA's website.

- **Prospectus Regulation** - The Prospectus Regulation Working Group – Tim Ward, Maria Gomes, Richard Evans (Strand Hanson and Chairman of the Corporate Finance Expert Group), David Hicks (Charles Russell Speechlys) and I continue to influence European institutions on the proposal for a Prospectus Regulation. The Working Group had the added benefit, this year, of the expertise and experience of Hilary Owens Gray (Practical Law Company Limited) and Julie Keefe and Simon Cox (Norton Rose Fulbright LLP). We continue to argue that the EU proposals should accommodate more effectively the needs and aspirations of smaller quoted companies. The current dichotomy, which distinguishes between offers to the public and admission to EU regulated markets, does not easily recognise those companies who are quoted on markets such as AIM, and the soon to be recognised, SME Growth Markets. We have argued for higher thresholds to exempt the fundraising activities of many smaller quoted companies from the Prospectus Regulation altogether and we are developing a framework for a more proportionate offering document for companies quoted on SME Growth Markets and for secondary issues. Charles Romaine of BDO LLP has very kindly agreed to help us in relation to this work stream, providing input from, among other things, a financial information perspective.

Our campaigning during the course of the year has had some success in that the current draft of the Prospectus Regulation now expressly recognises that information is now routinely and/or required to be publicly available on issuers' websites and will permit the greater use of

incorporation of such information by reference. Our written submissions have been reinforced by visits to the European Commission, ESMA and the Dutch Presidency of the Council. We expect the Working Group's work in this area to continue despite the result of the UK's referendum on membership of the EU.

- **Takeover Code** - During the year, the Legal Expert Group responded to the Panel's consultation on the communication and distribution of information during the course of an offer. The Group was again delighted to welcome Tony Pullinger, Deputy Director General of the Panel, to one of its meetings. Always a popular visitor, Tony briefed the many members of the Group who attended the meeting on the Panel's activities and likely consultations. This year, of course, the QCA's relationship with the Panel was further strengthened by the addition of a QCA representative to membership of the Panel.
- **AIM Rules** - As explained above, the introduction of MAR also precipitated a review of changes to the AIM Rules regarding, among other things, dealings by directors and the release of price sensitive information. Nilam Statham, Head of AIM Regulation, kindly accepted an invitation to join one of the Group's meetings to discuss the issues surrounding these changes. In conjunction with the Corporate Finance Expert Group, a response was submitted on these proposals.

In closing, I would like, once again, to thank all my fellow members the Legal Expert Group who, unselfishly, take time out from the demands of their own professional practices and graciously donate their time, on an *ex gratia* basis, in attending meetings and in reviewing and drafting responses to the consultations referred to above. In particular, I would like to thank my fellow members of the Prospectus Regulation Working Group, and, in relation to other consultations during the year, Mark Taylor of Dorsey & Whitney, Martin Kay of Blake Morgan and Paul Arathoon of Charles Russell Speechlys. I would also like to thank Maegen Morrison of Hogan Lovells International LLP, as

Deputy Chairman of the Legal Expert Group, for her insight in reviewing responses, her invaluable and wise questioning, analysis and contributions at meetings and for stepping into the Chair on those occasions when I have been unable to attend the Group's meetings.

Finally, the work of the Legal Expert Group would not have been possible without the tireless efforts of Maria Gomes, Kate Jalbert and Callum Anderson. Kate has, sadly, moved on to take up another opportunity and we wish her well in her new role. Maria and Callum work ferociously, and modestly, behind the scenes, conducting invaluable research and keeping the Group up-to-date on the latest developments, whether in the UK or in Europe. They also draft many of our submissions and then pilot them through the submissions process often within quite stringent timelines as well as acting as a well-informed interface with European and national regulators and legislative bodies. A huge thank you to them. Their contributions are much appreciated.

Gary Thorpe

Chairman of the Legal Expert Group
Corporate Finance Partner, Clyde & Co LLP

Expert Group Members

Gary Thorpe (Chairman)	Clyde & Co LLP
Maegen Morrison (Deputy Chairman)	Hogan Lovells International LLP
David Davies	Bates Wells & Braithwaite LLP
Martin Kay	Blake Morgan
Paul Arathoon David Hicks	Charles Russell Speechlys LLP
Mark Taylor	Dorsey & Whitney
June Paddock	Fasken Martineau LLP

Nicola Mallett	Lewis Silkin
Jane Mayfield Tara Hogg Eleanor Kelly	LexisNexis
Stephen Hamilton	Mills & Reeve LLP
Ross Bryson Nicholas McVeigh Kate Higgins	Mishcon de Reya
Philippa Chatterton	Nabarro LLP
Julie Keefe Simon Cox	Norton Rose Fulbright LLP
Sandra Bates	Pillsbury Winthrop Shaw Pittman LLP
Sarah Hassan Naomi Bellingham Hilary Owens Gray	Practical Law Company Ltd
Ben Warth	PricewaterhouseCoopers LLP
Donald Stewart	Kepstorn
John Burnand	Winckworth Sherwood LLP

SECONDARY MARKETS EXPERT GROUP



Simon Rafferty
Chairman

Over the past year, the Secondary Markets Expert Group has continued to consider secondary market issues, and their impact on our members, focusing on their ability to raise capital.

We continue to examine proposed regulatory changes, with many of the issues we engaged with last year remaining open, as delays in the regulatory process have resulted in some of our key issues remaining unresolved. New issues continue to appear too, with potential detrimental impact to our members.



Jon Gerty
Deputy Chairman

I am happy to report though, that we have made progress with our campaigning in respect of these issues, and we remain hopeful that our representations will result in the particular nuances of SME Growth Markets and small and mid-size quoted companies on those markets being recognised and catered for in the future secondary market regulatory structure.

Two major regulatory initiatives remain open from last year (and the year before that!): the Central Securities Depository Regulations (CSDr) and the Markets in Financial Instruments Directive II/Regulation (MiFID II/MiFIR).

The initial proposals contained within CSDr could potentially have had a major impact on the liquidity of small and mid-size quoted companies' shares. Progress has been made in the sense that further proposals have been published by the European Securities and Markets Authority (ESMA), but there remain a number of key questions unanswered, particularly around settlement discipline.

MiFID II and MiFIR are the most wide-ranging and comprehensive pieces of financial services legislation proposed since the implementation of 'MiFID I' in 2007. We continue to be engaged both in verbal and written form with key stakeholders, with a continued focus on areas pertinent to our members.

This year we have had some success on the issue of the use of dealing commission in respect of payment for research. Changes

to this regime have been proposed by both ESMA and the Financial Conduct Authority (FCA), which could have resulted in reduced research coverage of small and mid-size quoted companies. This, in turn, could impact their capital raising abilities.

The European Commission's publication of technical standards has taken our concerns into account, and we were pleased to see that the final draft contained provisions that recognised that research provided and paid for by issuers under a corporate broking agreement can be received by institutions for no fee as a minor non-monetary benefit. This is an important concession, and I would like to say thank you to the members of the Expert Group who campaigned so effectively on behalf of our members.

The UK's decision in June to leave the EU has added another layer of uncertainty going forward, and we as an Expert Group will continue to monitor developments and how they will impact Quoted Companies Alliance's members across all areas of secondary market activity.

I would like to thank all the expert group members for their time and input, in particular Jon Gerty, in his role of Deputy Chairman. The group's composition has continued to evolve over the year, and that has generated a lot of interesting and healthy debate, which has produced valuable outputs by the group.

Simon Rafferty

Chairman of the Secondary Markets Expert Group
Chief Operating Officer, Winterflood Securities

Expert Group Members

Simon Rafferty (Chairman)	Winterflood Securities Ltd
Jon Gerty (Deputy Chairman)	Shore Capital Group Ltd

Julien Kasparian	BNP Paribas Securities Services
David Cooper	Cenkos Securities PLC
Andrew Collins William Garner	Charles Russell Speechlys LLP
Mark Tubby	finnCap
Keith Hiscock	Hardman & Co
Shreena Travis Clare Forster Nick Anderson	Henderson Global Investors
Fraser Elms Katie Potts	Herald Investment Management
William Lynne Claire Noyce	Hybridan LLP
Jeremy Phillips	Nabarro LLP
Sarah Bray Andrew Palmer Sunil Dhall	Peel Hunt LLP
Dalia Joseph	Stifel
James Stapleton	Winterflood Securities Ltd

SHARE SCHEMES EXPERT GROUP



Fiona Bell
Chairman

This is a very active group considering technical and practical aspects of share schemes.

This group has once again been busy liaising with the main influencers in the area of shares schemes and, in particular, with HMRC, The Investment Association, Government Equalities Office and Manifest. The group has also discussed and, where relevant, responded to consultations, provided share scheme input to the Quoted Companies Alliance's Budget Representations and the ICSA/QCA/GC100 specimen dealing code and procedures manual regarding the Market Abuse Regulation, put forward member raised concerns or queries to HMRC and sought clarification on the Mandatory Gender Pay Gap Reporting proposals as they apply to employee share schemes.



Michael Landon
Deputy Chairman

The annual meeting with HMRC remains the most popular of the four meetings each year and we are very fortunate that HMRC continue to support attending. This year they presented an update on the relatively new online filing system and responded to both general and specific enquiries about the practical issues faced by many members. In addition, following the withdrawal of certain valuation services, and in response to concerns raised by members relating to that, HMRC Shares and Assets Valuation arranged a specific meeting to discuss the issues faced and to address the members' concerns.

Whilst the regular changes to tax and national insurance can keep the group busy, there have been slightly less revisions during the past 12 months. The group has, however, focussed on some of the other aspects of Share Schemes with a presentation from Sarah Wilson of Manifest. She gave an overview of the service Manifest provides to clients giving a good insight into their approach to identifying best practices, guidance review and publishing research reports.

One of the latest areas of attention relates to Mandatory Gender Pay Gap Reporting and seeking to obtain clarity as to how members should report share incentives. We hope to be able to report back on this.

One unresolved area relates to the use of treasury shares for share schemes and the facts that some investors see this recycling of shares as dilutive, whereas recycling via the more complex structure of an employee trust is not. We may return to this in due course.

The group welcomes members who wish to participate. We are also always pleased to hear from any members of the Quoted Companies Alliance on their experience in connection with the operation of share schemes, and where possible will raise any issues with the relevant bodies.

Fiona Bell

Chairman of the Share Schemes Expert Group
Partner, RSM

Expert Group Members

Fiona Bell (Chairman)	RSM
Michael Landon (Deputy Chairman)	MM & K Limited
Martin Benson	RSM
Philip Fisher Andy Goodman	BDO LLP
Colin Kendon	Bird & Bird LLP
Paula Hargaden Caroline Harwood	Burges Salmon
Nicholas Stretch	CMS Cameron McKenna LLP
Jennifer Rudman	Equiniti
Danny Blum	Eversheds LLP
Rory Cray	FIT Remuneration Consultants
Emma Bailey Shofiq Miah	Fox Williams LLP

Isabel Pooley Amanda Stapleton	Grant Thornton UK LLP
Matthew Ward	Hewitt New Bridge Street
Jared Cranney	ISG PLC
Sarah Cohen	Lewis Silkin
Liz Hunter	Mazars LLP
Stephen Diosi	Mishcon de Reya
Graham Muir	Nabarro LLP
Andrew Quayle	Olswang
Karen Cooper	Osborne Clarke
Robert Postlethwaite Stephen Chater	Postlethwaite & Co
Mia Thursby-Pelham	PricewaterhouseCoopers LLP
Dave Bareham	Smith & Williamson LLP
Barbara Allen Anika Chandra	Stephenson Harwood
Justin McGilloway	Wedlake Bell LLP

TAX EXPERT GROUP



Neil Pamplin
Chairman

The Tax Expert Group campaigns for changes to the tax environment that help to inspire private sector growth and employment and encourage long term investment in small and mid-size quoted companies.

What a year! This year has again been busy for the Tax Expert Group. As usual, we submitted representations ahead of the Autumn Statement and the Budget and we continued a number of our long term campaigns in these representations throughout the year.



Paul Fay
Deputy Chairman

We are delighted that the Government and Exchequer continue to listen and have implemented an “Investors Relief”, effectively extending Entrepreneurs Relief to outside investors once the shares have been held for three years – no requirement for a 5% shareholding. We have been long term advocates of such a change to encourage liquidity in our capital markets. We continue to campaign for an extension of this to include employees.

The Expert Group is already working on next year’s submissions. We are discussing with brokers and fund managers how the Venture Capital Trusts / Enterprise Investment Scheme (VCT/EIS) rules may be drafted to bridge the funding gap generated after the cliff edge that is created once EU-driven size and other qualification criteria are breached. We would encourage all our members to enter this debate – if we were to start with the proverbial clean sheet of paper, what would the VCT/EIS rules look like?

We are working with our colleagues in the Share Schemes Expert Group on a potential proposal to also expand the rules and qualification criteria for the Enterprise Management Incentive scheme, which criteria are also bound by the same state aid rules.

We continue campaigning for the Government to address

the adverse bias between the tax treatment of raising equity versus debt. We have gathered evidence on the process and costs of raising public equity in order to support our proposal to make the costs of raising equity tax deductible. We estimate that this proposal would only cost the Exchequer £80 million over a 12-month period. In addition to being relatively affordable to implement, this measure would help shift the focus to long term, permanent capital – equity finance.

In addition to written submissions, the group liaised directly with Government officials on these campaigns and other tax issues. We held a discussion lunch with David Gauke MP, then Financial Secretary to the Treasury, which 20 corporate members of the Quoted Companies Alliance attended and had the opportunity to voice their tax concerns directly to those that make tax policy and legislation. John Whiting from the Office of Tax Simplification (OTS) also attended one of our meetings, providing an interesting update on the work of the OTS and the importance of tax simplification for smaller companies.

I would like to thank all members of the expert group for their work and all Quoted Companies Alliance corporate members who participated in our events and gave feedback on the tax issues that you would like us to campaign on.

The next two years will be extremely interesting as the shape of our continuing European involvement is formed. It is up to all of us to have a say and ensure that the tax environment is as positive for our members, current and future, as it possibly can be.

Neil Pamplin

Chairman of the Tax Expert Group
Tax Partner, Grant Thornton UK LLP

Expert Group Members

Neil Pamplin (Chairman)	Grant Thornton UK LLP
Paul Fay (Deputy Chairman)	Crowe Clark Whitehill LLP
Ray Smith	Clyde & Co LLP
Sam Dames	CMS Cameron McKenna LLP
Daniel Hawthorne	Dechert
Vijay Thakrar	Deloitte LLP
Emma Bailey Shofiq Miah	Fox Williams LLP
Neil Armstrong Holly Edwards	Frontier Developments PLC
Matthew Rowbotham	Lewis Silkin
Tim Davies	Mazars LLP
Tim Crosley	Memery Crystal LLP
Nick Burt	Nabarro LLP
Mark Joscelyne	Olswang
Michael Bell	Osborne Clarke
Tom Gareze Catherine Heyes	PKF Littlejohn LLP
Aidan Sutton Alf Orban	PricewaterhouseCoopers LLP
Richard Jones Dan Robertson	RSM

2016 EVENTS

Our events connect our members with individuals, knowledge and organisations that help grow their influence and increase their impact. Discussion, debate and engagement keep our members in touch and ahead of the issues that matter to their business and its success.

A photograph of David Gauke MP, a man in a dark suit and blue tie, sitting at a table during a roundtable meeting. He is looking down thoughtfully with his hands clasped. The table in front of him has a glass of water, a glass of red wine, and some papers. To his right, the back of another person's head and shoulder is visible, wearing a name tag. The background shows a large indoor plant and a window with a view of a building. A large red semi-transparent shape is overlaid on the image, containing the text.

TAX ROUNDTABLE WITH DAVID GAUKE MP

Our fifth annual tax roundtable took place in January 2016 with David Gauke MP, Chief Secretary to the Treasury. This meeting gives our corporate members the opportunity to discuss key concerns regarding the tax system in the UK directly with Mr Gauke. The Minister spoke briefly about the current tax environment and then opened the discussion to the directors to voice their concerns on tax and other related matters.



ANNUAL CONFERENCE - GROWTH IN TROUBLED TIMES

Our fifth Annual Conference – Growth in Troubled Times – took place on 9 June 2016. It followed on from the success of last year's conference with informative and opinionated panel sessions on issues that quoted companies are facing in 2016. Three different breakout sessions gave attendees an opportunity to take part in more interactive discussions, to ask questions and find out in more detail about changes to regulation and issues concerning this important sector, including MAR and MiFID II.

Our opening speaker was Sacha Sadan of Legal & General Investment Management. As Director of Corporate Governance at the UK's largest shareholder, he gave a pragmatic overview of the way good and bad companies behave, providing insights for companies of all shapes and sizes who want to grow to the next level.

Panel speakers included:

- Joe Twyman, Head of Political and Social Research (EMEA), YouGov plc
- Sid Chand Lall, Investment Manager, Hargreave Hale Limited
- Phil Holland, Finance Director & Deputy Managing Director, Primary Health Properties PLC
- Andrew Buchanan, Fund Manager, Octopus Investments
- Andy Brough, Fund Manager, Schroders
- Hester White, Head of Client Account Management and Client Strategy, Peel Hunt

Sponsored by Winterflood Securities Limited, ISDX, Jordans and YouGov plc.

FUND MANAGER PROGRAMME

Our Fund Manager Programme is our longest running series of events. It gives small and mid-size quoted company directors direct access to leading fund managers over an informal lunch. In the past year, we held seven events featuring fund managers from major institutions, including:

- Matt Evans, Columbia Threadneedle
- Harry Nimmo of Standard Life Investments & Mark Niznik of Artemis Investment Management LLP (Edinburgh lunch)
- Robin West, Invesco Asset Management Limited
- Trevor Green, Aviva Investors
- Rosemary Banyard, formerly at Schroders (Cambridge lunch)
- Victoria Stewart, formerly at Royal London Asset Management
- Sid Chand Lall, Hargreave Hale



DIRECTORS DINNERS

Our Directors Dinners programme brings together small and mid-size quoted company directors to hear from leading directors of larger companies and industry leaders about their job and experience of running a business. Each dinner sponsored by Deloitte focuses on a specific role in order to provide insight on the key issues that they face working in a quoted company. This year's programme included the following dinners and speakers:

- Finance Directors' Dinner: Sid Chand Lall, Investment Manager, Hargreave Hale
- Finance Director & Audit Committee Chair Dinner: Ron Stewart, Non Executive Director & Audit Committee Chair, Ted Baker plc
- Non Executive Director Dinner (Birmingham): Adam McConkey, Director of UK Smaller Companies, Henderson Global Investors



CORPORATE GOVERNANCE BEHAVIOUR REVIEW ROUNDTABLE

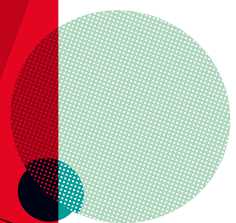
To launch the third edition of our QCA/UHY Hacker Young Corporate Governance Behaviour Review we held a roundtable in December 2015 covering the themes highlighted from the review. Four expert facilitators gave their opinion and guidance on linking strategy and corporate governance, exploring the link between risks and strategy, telling their company's story, and communication with investors. Speakers included:

- Colin Jones, Head of London Audit, UHY Hacker Young LLP & Deputy Chairman of the QCA Corporate Governance Expert Group
- Edward Craft, Partner, Wedlake Bell LLP & Chairman of the QCA Corporate Governance Expert Group
- Louis Cooper, Chief Executive, Non-Executive Directors Association
- Tim Goodman, Associate Director, Hermes EOS
- Kalina Lazarova, Associate Director, Governance and Sustainable Investment, BMO Global Asset Management

Good governance demonstrates sound leadership.

The top five governance reporting tips

- Make the 'boring' information more interesting
- Focus on the bumps in the road ahead
- Ensure that there is consistency across the company's story
- Link strategy and corporate governance



QCA/RSM SMALL AND MID-CAP INVESTORS SURVEY LAUNCH

The third QCA/RSM Small and Mid-Cap Investors Survey focused on fund managers' views on how the market performed in 2015, the outlook for the market in 2016, the ideal attributes of a company that is seeking to raise money, characteristics of a good adviser and tips for building good relationships with fund managers. Over 60 directors and NOMADs attended the launch event, hosted by RSM, in London in February 2016 and then in Leeds in May 2016 which featured institutional investors Katie Potts of Herald Investment Management Ltd, Andy Brough of Schroder Investment Management and Simon Cleaver of Investec Wealth & Investment Limited who all reflected on the survey results and shared their views on the current state of the market.





BAD AGMS AND HOW TO AVOID THEM

Together with law firm Charles Russell Speechly LLP and ICSA, we repeated our role-play event Bad AGMs and How to Avoid Them to help quoted company directors to know what to do if issues arose at their company's AGM and how to prepare more generally for the 2016 AGM Season.

This event focused on a scenario that was being faced by the board of fictional company Meanswell plc, which was acted out and then paused for commentary from speakers about what to do if these situations or problems arise. Covering all aspects from the responsibilities of the Chairman, attempts to replace the Chair and amend resolutions, to handling the press and shareholder activism more widely.





TECHNICAL EVENTS

Throughout the year, we run a number of one-off technical events that focus on hot topics to help company directors understand emerging issues and how they affect small and mid-size quoted companies. The technical events we ran this year included:

- **Come Whine with Me About Corporate Governance:** Hosted by Mission Marketing Group plc. This roundtable on corporate governance and key concerns of our members covered in particular Corporate Governance as a concept, Governance reporting, Strategy and Corporate Governance, Remuneration, and Succession Planning. Our Corporate Governance Expert Group members provided the technical insight during the presentations to drive a lively and informative discussion with our quoted company members.
- **Roundtable discussion with International Accounting Standards Board:** As part of its wider engagement with preparers of financial statements the International Accounting Standards Board (IASB) met our quoted company members to help understand their experience of applying IFRS and to discover what areas small and mid-cap quoted companies would like to see the IASB focus upon.
- **Quoted Companies Alliance and Financial Reporting Council (FRC) Corporate Culture Project Roundtable:** Hosted by the FRC. This was part of the FRC market-led initiative to gather insight into corporate culture and the role of boards; to understand how boards can shape, embed and assess culture; and to identify and promote good practice. This event gave companies the opportunity to speak about areas of narrative and financial reporting that are complex for them and to exchange ideas for how to improve reporting. The evidence gathered from the event was used for the FRC report published in June 2016.
- **Quoted Companies Alliance and Investment Association's (IA) Executive Remuneration Roundtable:** Hosted by Wedlake Bell LLP. The IA Executive Remuneration Working Group met with our members to consult on proposals for a radical simplification of executive pay. Comments were sought on the interim report with a view to defining the Working Group's final recommendations on executive pay, to be published in July 2016. Our members welcomed the opportunity for discussion and commented on aspects relevant to small and mid-size quoted companies, including the overall complexity of reporting and the importance of transparency of remuneration.

ANNUAL GENERAL MEETING 2015

Our 2015 Annual General Meeting, hosted by Hogan Lovells International, took place on 6 October 2015. The formal AGM proceedings were followed by a drinks reception and all Quoted Companies Alliance members were invited to attend.





ANNUAL DINNER 2015

Over 350 members of the small and mid-size quoted company community, including company directors, investors, market operators, policymakers and regulators, attended the Quoted Companies Alliance 21st Annual Dinner in September 2015. The event was sponsored by the London Stock Exchange and Morningstar as supporting sponsor of the evening. HSBC Commercial Banking was our Champagne reception sponsor with Winterflood Securities Limited as our after dinner drinks sponsor.

QUOTED COMPANIES ALLIANCE MEMBERS

1pm PLC
www.1pm.co.uk

4imprint Group PLC
www.4imprint.com

The 600 Group PLC
www.600group.com

A

AB Dynamics PLC
www.abd.uk.com

Abzena PLC
www.abzena.com

Accsys Technologies PLC
www.accsysplc.com

Actual Experience PLC
www.actual-experience.com

Advanced Medical Solutions
Group PLC
www.admedsol.com

Allenby Capital Ltd
www.allenbycapital.com

Alliance Pharma PLC
www.alliancepharma.co.uk

Aquatic Foods Group PLC
www.aquaticfoods-ir.com

Arden Partners PLC
www.arden-partners.co.uk

Ariana Resources PLC
www.arianaresources.com

ATTRAQT Group PLC
www.attraqt.com

Augean PLC
www.augeanplc.com

Autins Group Limited
www.autins.co.uk

AVEVA Group PLC
www.aveva.com

Aviva Investors
www.avivainvestors.com

B

Bango PLC
www.bango.com

Bank of London and The Middle
East plc
www.blme.com

Bates Wells & Braithwaite LLP
www.bateswells.co.uk

BCA Marketplace PLC
www.bcamarketplaceplc.com

BDO LLP
www.bdo.co.uk

Beaufort Securities Ltd
www.beaufort-int.co.uk

Beavis Morgan LLP
www.beavismorgan.com

Belvoir Lettings PLC
www.belvoirlettings.com

Beowulf Mining PLC
www.beowulfmining.com

BESI
www.besi.com

Bird & Bird LLP
www.twobirds.com

Blake Morgan
www.blakemorgan.co.uk

Blue Prism Group PLC
www.blueprism.com

BMO Global Asset Management
(EMEA)
www.bmogam.com

Brady PLC
www.bradyplc.com

BrainJuicer Group PLC
www.brainjuicer.com

Brave Bison PLC
www.bravebison.io

Breedon Group PLC
www.breedongroup.com

British Polythene Industries PLC
www.bpipoly.com

Buchanan Communications
www.buchanan.uk.com

Burges Salmon
www.burges-salmon.com



Cambridge Cognition Holdings PLC
www.cambridgecognition.com

Camellia Plc
www.camellia.plc.uk

Canaccord Genuity Ltd
www.canaccordgenuity.com

Cantor Fitzgerald Europe
www.cantor.com

Cayman Islands Stock Exchange
www.csx.com.ky

Cello Group PLC
www.cellogroup.com

Cenkos Securities PLC
www.cenkos.com

Centaur Media PLC
www.centaur.co.uk

CentralNic Group PLC
www.centralnic.com

The Character Group PLC
www.thecharacter.com

Charles Russell Speechlys LLP
www.charlesrussellspeechlys.com

Christie Group PLC
www.christiegroup.com

Clarkson PLC
www.clarksons.com

Clear Insurance Management Ltd
www.thecleargroup.com

CLS Holdings PLC
www.clsholdings.com

Clyde & Co LLP
www.clydeco.com

CML Microsystems PLC
www.cmlmicroplc.com

CMS Cameron McKenna LLP
www.cms-cmck.com

Cohort PLC
www.cohortplc.com

Collagen Solutions PLC
www.collagensolutions.com

Communis PLC
www.communis.com

Concurrent Technologies PLC
www.cct.co.uk

Corporate Governance Limited
www.corporategovernance.ltd.uk

Creston PLC
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