

Directorate-General for Financial Stability,
Financial Services and Capital Markets Union
European Commission
1049 Brussels
Belgium

fisma-cmu-mid-term-review@ec.europa.eu

17 March 2017

Dear Sir/Madam,

Public consultation on the Capital Markets Union mid-term review 2017

We are the Quoted Companies Alliance, the independent membership organisation that champions the interests of small to mid-size quoted companies. Their individual market capitalisations tend to be below £500m.

The Quoted Companies Alliance is a founder member of **EuropeanIssuers**, which represents over 9,000 quoted companies in fourteen European countries.

We welcome the opportunity to respond to the European Commission's consultation on its mid-term review of the Capital Markets Union.

We strongly support the Commission's commitment to building a Capital Markets Union. Small and medium-size enterprises (SMEs) are the engine for economic growth and jobs. Access to finance for these companies is vital for stimulating and maintaining economic growth, sustainable employment opportunities and creating prosperity across Europe. We encourage a strong, integrated European Union policy to support SMEs and have welcomed the European Commission's efforts so far in taking account of the needs of smaller growth companies.

We note that progress has been made on important initiatives such as on the review of the regulatory barriers to SME admission on public markets and on the proposal to modernise the Prospectus Directive.

The development of SME Growth Markets is essential in ensuring that SMEs can access capital markets in the European Union. We encourage the Commission to ensure that any new measures allow SME Growth Markets to operate through the application of a number of different models. Harmonisation in this area must take into account the need for SME Growth Markets to retain flexibility as to the specific market model and eligibility criteria. It is important to highlight that harmonisation does not mean homogenisation: no one model will work for all European markets.

We also note that improvements have been made on the Prospectus Regime such as creating higher thresholds and accepting the summary to be read as the introduction. However, the final Prospectus Regulation text has arguably fallen short of the original intentions to make a truly positive change to the Prospectus Regime.

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We fear that this is not the only case where the original objectives and ambitions of the Capital Markets Union Action Plan have not been fully met and therefore would like to use the mid-term review as an opportunity to encourage the Commission to pursue its original bold and ambitious agenda of creating a fully integrated, barrier-free capital markets union in Europe.

We urge the Commission to examine overall what is appropriate and beneficial in terms of a regulatory approach for primary markets, rather than examining measures in a piecemeal fashion. There must be a joined-up approach to reviewing SMEs' access to public equity finance. This is the only way to pursue meaningful change in capital markets for smaller growth companies.

We continue to be fully committed to working with the Commission and other stakeholders in creating an environment where SMEs are able to harness their full potential and further contribute to creating growth and prosperity in Europe.

Yours faithfully,

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

Tim Ward
Chief Executive