



**The Quoted  
Companies Alliance**

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**Rachel Gormley, *Down Jones*  
Small-cap Fundraising Gets EU Directive Boost**

Small-cap investors Friday welcomed changes set to make fundraisings and rights issues by small and mid-cap companies simpler and cheaper after the European Union parliament late Thursday voted through amendments to the EU Prospectus Directive.

"This is the first time the EU has recognized that one size does not fit all," Tim Ward, chief executive of the Quoted Companies Alliance told Dow Jones Newswires. "Small and mid-cap companies can be treated differently to the large caps," he added.

Among the changes brought in following the review is the threshold above which companies need to prepare a prospectus when raising funds, which has been doubled to EUR5 million from EUR2.5 million.

Prospectuses can be lengthy documents that can sap funds and management, Ward said, making it difficult for smaller listed companies to raise the cash they need to grow their business.

"For those firms raising GBP2 million or GBP3 million, this was a significant difficulty," he said. "By and large this is a very positive result," he added.

Other changes include an amendment so that offers made in the context of an employee share schemes also won't need a prospectus.

There is also a proportionate disclosure regime for offers to existing shareholders, small and medium-sized companies and firms with reduced market capitalizations, which is available to companies in the U.K. on the London Stock Exchange's Main Market and the junior Alternative Investment Market as well as the PLUS market.

Head of AIM Marcus Stuttard attributed the amendments to lobbying efforts and said more work would be done to ensure European regulation gave companies better access to needed capital.

The investor threshold above which a prospectus has to be produced has also increased to 150 people from 100.