



**The Quoted
Companies Alliance**

Quoted Companies Alliance
6 Kinghorn Street
London EC1A 7HW
Tel: +44 20 7600 3745
Fax: +44 20 7600 8288

Web: www.quotedcompaniesalliance.co.uk
Email: mail@quotedcompaniesalliance.co.uk

Victoria Raffe
Strategy & Risk Division
Financial Services Authority
25 The North Colonnade
Canary Wharf
London E14 5HS

Email: dp08_03@fsa.gov.uk

29 August 2008

Dear Ms Raffe,

Discussion Paper 08/3 – Transparency as a Regulatory Tool

INTRODUCTION

The Quoted Companies Alliance (QCA) is a not-for-profit membership organisation dedicated to promoting the cause of smaller quoted companies (“SQC”) in the UK, which we define as those 2,000+ quoted companies outside the FTSE-350 (including those on AIM and PLUS), representing 85 per cent of UK quoted companies by number. Their individual market capitalisations tend to be below €500million.

Together SQCs employ over 2 million people and make a major contribution to the UK economy.

The QCA is a founder member of European**Issuers**, which represents over 9,000 quoted companies in twelve EU member states.

RESPONSE

We welcome this opportunity to respond to your paper dated May 2008

These comments are made from the standpoint of SQCs as issuers. They need an honest, efficient, timely, regulated market on which their shares can be traded, giving confidence to investors and the public at large.

In its widest sense Transparency is, we believe, at the heart of better regulation. Accordingly we believe Transparency is a legitimate regulatory tool and agree with the three underlying principles for disclosure suggested in your draft Code of Practice on Regulatory Transparency.

Public censure is a very powerful weapon but its use is, we contend, justified to maintain orderly markets in the long term, and to ‘coach’ all market participants in what is, and what

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is not, acceptable behaviour. Financial markets depend on the confidence of many diverse stakeholders and this must be safeguarded by whatever means at your disposal as the prime regulator.

I hope these comments are helpful and if you wish to discuss any aspect in more detail, please contact us.

Yours sincerely,

A handwritten signature in black ink that reads "John Pierce". The signature is written in a cursive style and is positioned above a horizontal line.

John Pierce
Chief Executive