

The Association of Corporate Treasurers

Comments in response to
***Consultation on early implementation of
amendments to the Prospectus Directive***
HM Treasury,
March 2011

June 2011

The Association of Corporate Treasurers (ACT)

The ACT is a professional body for those working in corporate treasury, risk and corporate finance. Further information is provided at the back of these comments and on our website www.treasurers.org.

Contact details are also at the back of these comments.

We canvas the opinion of our members through seminars and conferences, our monthly e-newsletter to members and others, *The Treasurer magazine*, topic-specific working groups and our Policy and Technical Committee.

General

The ACT welcomes the opportunity to comment on this matter.

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The ACT is in agreement with the overall proposal to early adopt two amendments to the Prospectus Directive which will encourage companies, in particular smaller companies, to raise funds via the capital markets. We commend the government for taking these steps.

The ACT agrees with the UK's early implementation of the two proposed changes to the original Prospectus Directive, as follows:

- Increasing the total consideration of the offer for which the Directives does not apply from €2.5 million to €5 million; and
- Increasing the minimum number of investors for which a prospectus is required from 100 to 150 investors.

Question 1

Do you have any information on the quantitative benefits associated with increasing the number of persons to whom an offer may be directed before it ceases to be an exempt offer from 100 to 150 persons?

No comment

Question 2

Do you have any views on the Government's decision to introduce these specific elements of the amending Directive earlier than required, because this will be beneficial to smaller companies?

We recognise that the early adoption of these two proposals will benefit smaller companies by reducing the administrative burden on issuers. Smaller companies will be able to raise larger amounts of capital from a wider set of investors more cost-efficiently.

Smaller companies in particular have struggled since the recent crisis to obtain funding from the banking sector. Reducing the cost of raising capital (debt or equity) can only be beneficial by providing a more cost effective alternative to raising funds. Hence we welcome the early adoption of the two proposals which will promote the raising of capital where offers are made entirely in the UK and other Member States who have chosen to early adopt.

Question 3

Do you have any comments on the draft regulations of the amending SI?

No comment

The Association of Corporate Treasurers

The Association of Corporate Treasurers (ACT) is the leading professional body for international treasury providing the widest scope of benchmark qualifications for those working in treasury, risk and corporate finance. Membership is by examination. We define standards, promote best practice and support continuing professional development. We are the professional voice of corporate treasury, representing our members.

Our 4,000 members work widely in companies of all sizes through industry, commerce and professional service firms.

For further information visit www.treasurers.org

Guidelines about our approach to policy and technical matters are available at <http://www.treasurers.org/technical/manifesto>.

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