



BUILDING A PROPORTIONATE REGULATORY ENVIRONMENT TO SUPPORT SME LISTING

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ICAEW welcomes the opportunity to comment on the *Building a proportionate regulatory environment to support SME listing* published by European Commission on 18 December 2017, a copy of which is available from this [link](#).

ICAEW is listed in the EU Transparency Register (ID number: 7719382720-34).

This response of 26 February 2018 has been prepared on behalf of ICAEW by the Corporate Finance Faculty. Recognised internationally as a source of expertise on corporate finance issues and for its monthly *Corporate Financier* magazine, the Faculty is responsible for ICAEW policy on corporate finance issues including submissions to consultations. The Faculty's membership is drawn from professional services groups, advisory firms, companies, banks, brokers, private equity, law firms, consultants and academics.

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For more information, please contact: cff@icaew.com

OVERVIEW

1. ICAEW has a strong interest in the development of a proportionate prospectus regime for applicants to an SME Growth Market. We have also contributed to responses regarding prospectus regulation by our European federation, Accountancy Europe.
2. We have given careful consideration to ESMA's consultation on a regulatory regime to support SME listings and broadly support the Accountancy Europe position, which is available at this [link](#). In addition, ICAEW members have experience of the regime for London Stock Exchange's AIM and, in the light of that market's application for SME Growth Market status, we would supplement the Accountancy Europe response as described in the paragraphs below.
3. Questions 7 and 8: There is a need to align the MiFID and SME Growth Prospectus definitions and, in addition to market capitalisation, there should also be consideration of the SME's growth path. Once they have achieved a certain size, companies should move off an SME Growth market, so that the necessary ecosystem remains appropriate
4. Question 10: We believe that the key adviser can provide vital support for SMEs, not just at the IPO stage, but on an ongoing basis, to help the issuer comply with continuing obligations and regulations. For an SME pursuing a high growth strategy, this is especially important for investor confidence. We believe that, beyond very basic minimum requirements on the mission and obligations of key advisers, the individual SME Growth Markets should have discretion as to their regime for key advisers.
5. Question 19: We believe that SME Growth Market issuers should be obliged to maintain insider lists, with basic information such as name and contact details, on an ongoing basis. We believe that they should also maintain a list of 'permanent insiders'.
6. Questions 17: Individual SME Growth Markets should be free to define their rules for minimum free float.