

HM Treasury
Prospectus Regime Review

Management and Investment Resources

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05 July 2021

Response to UK Prospectus Regime Review Consultation

Dear Sirs,

I am submitting these comments as an active investor in the shares of public companies both listed on the main UK stock exchange and on the AIM market. I certainly have concerns about the way the prospectus regime currently operates that adds unnecessarily to costs and prejudices retail investors such as myself.

I give the answers to your detail questions below (answers in red):

List of questions

1. Do you agree with our overall approach to reforming the UK prospectus regime?

Answer: Yes

2. Do you agree with the key objectives that we are seeking to achieve?

Answer: Yes

3. Do you have any views on the underlying purpose of a prospectus when seeking admission to a regulated market?

Answer: The underlying purpose should be to provide information to investors that they can rely upon to use for making informed decisions on the proposed investment.

4. Do you agree the FCA should have discretion to set rules on when a further issue prospectus is required?

Answer: Yes

5. Do you agree the Government should grant the FCA sufficient discretion to be able to recognise prospectuses prepared in accordance with overseas regulation in connection with a secondary listing in the UK?

Answer: Yes

6. Do you agree with our approach to the 'necessary information test'?

Answer: Yes

7. Do you agree the FCA should have discretion to set out rules on the review and approval of prospectuses?

Answer: Yes

8. Do you have any comments on what ancillary powers the FCA will need in order to ensure admissions of securities to Regulated Markets function smoothly? (See list of potential powers in Annex A.)

Answer: No comment. It looks an appropriate list of ancillary powers.

9. Do you agree with our proposed change to the prospectus liability regime for forward looking information?

Answer: Yes

10. Do you think that our proposed changes strike the right balance between ensuring that investors have the best possible information, and investor protection?

Answer: Yes and I particularly support the change mentioned in paragraph 5.15.

11. Which option for addressing companies admitted to MTFs do you favour and why?

Answer: Option 2 is preferable as there is in essence little practical distinction so far as investors are concerned between main market listed shares and those listed on MTFs.

12. Do you agree there should be a new exemption from the public offer rules for offers directed at existing holders of a company's securities?

Answer: Yes, this would remove an absolutely unnecessary restriction.

13. Do you agree we should retain the 150 person threshold for public offers of securities and the 'qualified investors' exemption? Do you have any comments on whether they operate effectively?

Answer: I have no comments on this and hence would support retention.

14. Does the exemption for employees, former employees, directors and ex-directors work effectively?

Answer: No comment.

15. Which option for accommodating the right of private companies to offer securities to the public do you favour?

Answer: I prefer Option 3. Options 1 and 2 involve the use of an authorised firm which will add substantially to costs and not provide any improvement in quality.

16. Which of the options above do you prefer? (Please state reasons).

Answer: I prefer option 1 (the status quo).

17. Do you have any further thoughts or considerations over how a new deference mechanism (Option 2) should operate?

Answer: No comment as I do not support option 2.

18. Do you agree there should be no mechanism to allow public offerings of securities by overseas unlisted companies? (Please state reasons)

Answer: I agree.

Yours sincerely

Roger W. Lawson
Managing Director