FINANCIAL CONDUCT AUTHORITY

Policy Statement

PS25/10

Final rules for public offer platforms

July 2025

This relates to

Consultation Papers CP24/13 and CP25/3 which are available on our website at www.fca.org.uk/publications

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Chapter 1

Summary

1.1 This Policy Statement sets out our rules for the new public offer platform (POP) regime, which is part of our wider reforms creating a new Public Offers and Admissions to Trading regime. We also summarise the feedback to our consultations in July 2024 (CP24/13) and January 2025 (CP25/3) on the POP regime and how we have considered those responses when making final rules.

1.2 The Public Offers and Admissions to Trading Regulations 2024 (POATRs) are replacing the UK Prospectus Regulation (UKPR). The new regime significantly changes the way we regulate how companies issue securities, including by separating the rules for issuing securities via 'off market' public offers relative to securities that are admitted to trading on regulated markets.

1.3 To implement the POATRs we are setting out our associated rules, which come into effect in January 2026. This Policy Statement relates to rules for off market public offers, and is being published alongside our related final rules for admissions to trading on regulated markets in PS25/9. Together, these rules will make it easier for companies to raise capital in the UK and reduce costs. Over time this will support business investment, economic growth and companies listing in the UK.

1.4 The new regulated activity of operating an electronic system for public offers of relevant securities (operating a POP) will enable companies to offer securities without having to produce a prospectus where those securities will not be admitted to a public market (ie, off market public offers). This compares to the current UKPR, where issuers would generally trigger an obligation to publish a prospectus when their public offers of securities exceeded €8m. Instead, off market public offers of £5m or more which are directed to a broad range of investors must be made via a POP, while offers below £5m will continue to be exempt under the POATRs.

1.5 Our final rules aim to provide greater flexibility for smaller and scaling companies to raise capital from a broader investor base, subject to proportionate regulation. Firms operating a POP will play an important 'gatekeeping' role for relevant issuers and offers of securities to prevent fraud or misleading offers.

1.6 We seek to support growth by encouraging larger off market capital raisings in a way which supports the FCA's consumer protection and market integrity objectives. In particular, the POP regime will allow companies that already raise smaller funding amounts on investment-based crowdfunding platforms to broaden their access to available pools of capital. This will also allow smaller investors to invest in those securities subject to their risk appetite. These rules support our primary operational objectives, as well as our secondary international competitiveness and growth objective. They also deliver against our priority to support growth under our strategy 2025-30, and encourage a rebalancing of risk appetite in UK markets based on well-informed investors.

1.7 Our final rules are broadly similar to those we consulted on. We have set more tailored requirements for POP operators on the due diligence and disclosure of information we expect where they facilitate public offers, while ensuring our more general Handbook provisions apply where appropriate. The final rules are in Appendix 1.

Who this affects

1.8 This Policy Statement should be read by:

- companies who are considering making a public offer
- firms who may consider becoming POP operators (eg, crowdfunding operators, corporate finance firms, etc)
- investors
- investment advisors
- law firms advising on public offers
- accountancy firms
- other firms or professional bodies involved in public offers
- trade associations and groups representing any of the above
- academics and other stakeholders interested in capital markets

The wider context of this Policy Statement

Background

1.9 The POATRs and POP regimes follow the recommendations of the UK Listing Review in March 2021 and the findings of the Gloster Report into the failure of London Capital & Finance (LCF), with both subject to further consultations by His Majesty's Treasury (the Treasury).

1.10 The new regime aims to:

- Allow more targeted regulation of offers of securities by companies where they are not being admitted to a public market.
- Ensure robust regulation of offers of securities such as 'mini-bonds' given the higher risks and past losses experienced by investors.

1.11 Under the UKPR, public offers and admissions of securities to trading on regulated markets were subject to a similar regulatory treatment, whereby an obligation to publish a prospectus would normally arise unless a specific exemption applied. The POATRs legislation effectively separates these 'activities'. It gives the FCA wide rule-making powers across both, enabling a more targeted and proportionate regulatory treatment of admissions to markets versus other public offers.

1.12 As we outlined in CP24/12 and CP24/13, the POATRs establish a prohibition on public offers. This is supplemented by exemptions allowing certain public offers to be made. One of these exemptions relates to public offers that are facilitated by firms who hold

a Part 4A FSMA permission to carry out the new regulated activity of operating a POP (see Article 25DB of the Regulated Activities Order (RAO)). Alongside this, there is also a general exemption for public offers that do not exceed £5m. This means that companies seeking to make public offers of securities of more than £5m, which are not admitted to trading on a regulated market or primary multilateral trading facility (MTF), nor subject to any other exemptions, will need to use a POP.

Our previous consultations

1.13 We published a series of 6 Engagement Papers (EP) in 2023, seeking feedback on our initial views on the future public offers and admissions to trading regime. The EPs spanned a wide range of topics, including the future POP regime (EP6). We published a summary of feedback in December 2023.

1.14 In July 2024, we published CP24/13 on our proposed rules for the new regulated activity of operating a POP as a further feature of the new POATRs framework. Our general regulatory approach was twofold: (i) we proposed bespoke rules and guidance where necessary to meet our policy objectives, and (ii) relied on wider rules applicable to investment firms or FCA-authorised firms in general. We have retained this approach in the final rules in Appendix 1.

1.15 In January 2025, we published CP25/3 consulting on implementational and operational aspects of the POP regime, consequential amendments and further proposals arising from, or connected to, those made in CP24/13.

1.16 Our consultation and final rules for POPs also sit within the wider POATRs framework. This includes proposals we consulted on in CP24/12 and CP25/2 for admissions to UK markets, the final rules for which are published alongside this Policy Statement.

How it links to our objectives

Protecting consumers

1.17 A key feature of the POP regime is ensuring that POP operators provide an appropriate degree of protection to consumers. With this in mind, our rules focus on the simplification and materiality of information investors need to make effective, well-informed investment decisions. So, we are creating tailored due diligence requirements POP operators will need to comply with, before providing relevant investment information to investors. These requirements are also supplemented by other existing rules that aim to provide an appropriate degree of protection for consumers, such as financial promotion rules and the Consumer Duty.

1.18 Consumers will benefit from having an FCA-regulated firm gathering, assessing and making available such information. Prospective investors can use the information about the offer provided by the POP operator to understand whether the investment opportunity is aligned with their risk appetite and make an informed decision as to whether to invest. Our regulation of POP operators should also help to prevent

fraudulent offers or scams that could cause harm to consumers, while allowing investors to take and accept risks of investing in smaller companies.

Protecting the integrity of the UK financial system

1.19 The gatekeeping function attributed to POP operators is an integral part of the new POP regime. Further to ensuring that investors receive an adequate level of information, POP operators will also need to determine whether it is appropriate to facilitate a specific offer, recognising that a broad scope of securities (both transferable and non-transferable) can be offered through a POP. This gatekeeping role will mean, for example, that larger offers of 'mini-bond' type products are subject to intermediation by a regulated firm.

1.20 By setting appropriate standards that aim to promote transparency, mitigate information asymmetry, and assist investors when pricing the relevant securities in this market, investors will have more confidence in deploying capital to companies raising funds via a POP. It also means that capital should flow to legitimate, productive businesses rather than being lost to fraud or offers that have no realistic prospect of providing a return.

Promoting effective competition in the interest of consumers

1.21 We designed the POP regime to reflect, in certain areas, an outcomes-based approach. This is to allow some discretion for firms on how they meet our requirements.

1.22 This approach will in turn create the conditions for firms to differentiate the services they provide to consumers. Firms will be able to more effectively compete to provide these services in a more innovative and impactful manner, while being held to consistent regulatory outcomes to ensure an appropriate degree of consumer protection.

Secondary international competitiveness and growth objective (SICGO)

1.23 Our new rules further our secondary international competitiveness and growth objective by taking a proportionate regulatory approach in relation to public offers that were, in most cases, subject to the obligation of publishing a prospectus. By creating a more proportionate framework, we expect small and medium-sized companies seeking growth capital to have easier and broader access to a market-based funding mechanism. At the same time, our rules on areas such as due diligence and disclosure of information aim to assist investors to make well-informed investment decisions and build confidence in capital markets. In turn, this is expected to boost investors' desire to invest in the securities offered through POP operators.

1.24 This new paradigm for capital raising is expected to contribute to stronger economic growth, by allowing more projects and innovative businesses to access the funding they need to adequately scale up.

1.25 The POP regime will also enable overseas issuers to offer securities through POP operators, provided all FCA requirements are met. This may attract higher levels of funding activities, reinforcing the UK's position as a global financial hub.

What we are changing through our final rules

1.26 Our final rules create the new regime for POP operators, which will apply to all firms who hold the FCA permission to carry out this new regulated activity.

1.27 Our rules can be broadly divided into 2 main groups:

a. A set of tailored rules in our Conduct of Business Sourcebook (COBS) focused on the key risks and features of the activity carried out by POP operators. This includes requirements to make sure they carry out appropriate due diligence on prospective issuers and public offers, including information gathering to support this, and rules related to the information communicated to investors.

b. The application of existing elements of the Handbook generally applicable to investment firms or other FCA authorised firms to make sure POP operators carrying out the new activity are subject to other general regulatory requirements. This includes areas such as systems and controls, Threshold Conditions, Principles for Businesses (including the Consumer Duty), other Conduct of Business rules (including financial promotion rules), prudential and product governance rules, client assets, redress, supervisory reporting, and fees.

1.28 We summarise below how these rules apply to POP operators, as well as the liability treatment that will attach where new rules are introduced.

1.29 We want to support the smooth implementation of the future POP regime. As consulted on in CP25/3, we intend for an interim permission regime to apply while we determine firms' Variation of Permission (VoP) requests. We expect this interim permission regime to be made in legislation later this year.

Outcome we are seeking

1.30 In developing final rules for the new POATRs framework we have sought to make sure:

- Issuers can raise capital in an effective and efficient way.
- Investors have sufficient, reliable information on companies' securities to make informed investment decisions.
- The regime is proportionate and minimises unnecessary costs.
- There are fewer barriers to participation for retail investors.
- Consumer harm, including from fraud and misleading information, is mitigated.

1.31 More specifically for the POP regime, we intend our rules to make sure:

- Sufficient due diligence checks are carried out on issuers and offers so that it is appropriate to facilitate an offer and that firms mitigate risk of fraud by promoting genuine capital raising and supporting both market integrity and investor confidence.
- Sufficient and reliable information on the issuer and the securities being offered on the platform is provided to investors.
- Issuers are able to raise capital effectively and efficiently but with appropriate checks in place to maintain scrutiny and transparency.
- The regulatory burden (cost and time) of raising capital is proportionate to the capital raised, by replacing the obligation to publish a full prospectus for public offers applicable under the current framework with a more targeted set of rules.

Measuring success

1.32 Larger public offers of securities outside public markets have been relatively few under the current UKPR. The Impact Assessment carried out by the Treasury for the POATRs showed that the levels of private fundraisings changed when the threshold for a prospectus was raised from €5m to €8m in 2018.

1.33 This suggests the requirement to publish a prospectus created a barrier to capital raising. The POP regime is intended to address this barrier. This aspect is particularly relevant as prospectus requirements may be particularly onerous for start-ups and small and medium-sized companies seeking growth capital who face greater challenges accessing market-based financing tools.

1.34 We want to improve the low level of capital raising activity that has characterised this segment of the market. So, we intend to measure the success of this new regime as part of our supervisory strategy for the new regulated activity, as set out in Chapter 4 of this Policy Statement.

1.35 Monitoring how many offers are made above £5m via a POP operator, the total value of such offers, and supervising to make sure firms meet our expectations when making such offers will be obvious metrics. We would not seek to judge our reforms by the 'success' of individual offers given the inherent uncertainty of a company's subsequent performance. In other words, positive or negative returns on securities may simply reflect understood investment risk. However, we would not expect to see serious cases of fraud.

Summary of feedback and our response

1.36 We received 10 and 6 written responses to the consultations CP24/13 and CP25/3 respectively. Subject to the considerations below, our proposals were well-received by the market.

1.37 Overall, we have proceeded with the regime largely as consulted on in CP24/13 and CP25/3, but have considered and reflected certain points of feedback in targeted

changes as explained below. We have also made some more minor amendments to the final rules, which do not materially impact their effect as previously consulted on. For this reason, we have not detailed these changes in this Policy Statement.

1.38 More specifically, we have given further consideration and revisited discrete aspects of our proposals, such as expressly setting out the reasonableness / prudent firm standard, the creditworthiness assessment, and how we will require POP operators to assess what we previously referred to as 'non-factual information'. Our changes are explained in our response to the feedback received in Chapter 2.

1.39 Some respondents to CP24/13 proposed a fundamentally different regulatory approach. They suggested placing more onus on the issuers making a public offer with limited obligations on the operator of a POP, rather than setting rules focusing on the FCA-regulated firm intermediating the process to ensure legitimate and clearly communicated public offers of securities. We consider that such views are, however, incompatible with the legislative decision to make operating a POP a regulated activity and would be less effective in ensuring appropriate consumer protection and market integrity under the new regime. We describe this feedback and our response in more detail in the 'Legal liability' section in Chapter 2.

1.40 We also received feedback on how the POP regime interacts with other parts of our Handbook. These include the Consumer Duty and financial promotion rules, but also how a secondary trading facility could be offered in light of the existing regulatory perimeter concerning operating MTFs. We address these topics in more detail in the section 'General comments on aspects of our approach to the POP regime' in Chapter 2.

Equality and Diversity considerations

1.41 We have considered the equality and diversity issues that may arise from the new rules in this Policy Statement and asked for any feedback on our assessment through our consultation papers.

1.42 Overall, we do not consider that these new rules materially impact any of the groups with protected characteristics under the Equality Act 2010 (in Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies). We received no feedback on our initial assessment during the consultation period and as such we do not envisage any material equality impacts from our final rules.

Next steps

1.43 The new POP regime will come into force on 19 January 2026, alongside the broader POATRs framework.

1.44 Further implementation work is ongoing to amend FCA systems and processes to ensure the smooth implementation of the new regime.

1.45 We are also continuing to engage with the Treasury on an interim permission regime that is expected to allow already authorised firms to carry out the POP activity while we determine the relevant VoP applications. More information on the detail of the interim permission regime will be set out in an explanatory memorandum published by Treasury in due course alongside legislation.

1.46 The Treasury will also make further consequential legislative amendments to reflect the new regulated activity in various legislative instruments and to revoke the UKPR. Such legislation would be published later in the year.

1.47 We may communicate further with firms ahead of implementation to ensure readiness for the new regime.

Chapter 2

Specific requirements for public offer platforms

2.1 In this chapter we set out the feedback to our proposals in CP24/13 on specific requirements that POP operators will need to comply with. These requirements can be mainly found in the new COBS 23 chapter. They include areas such as pre-public offer due diligence requirements, as well as how we expect relevant information to be communicated to prospective investors.

2.2 We also address feedback on how liability should attach to the POP regime and how we see this aspect of the regime applying in practice.

General comments on aspects of our approach to the POP regime

2.3 While we did not ask a specific question on the topics described below, a number of respondents provided general comments for our consideration. We outline this feedback below and our response.

The role of POP operators and the underlying regulatory architecture

2.4 We described our policy intention in CP24/13 that POP operators act as 'gatekeepers' for the public offers of securities and the issuers that use them to raise capital. In this context, we proposed POP operators need to determine whether it is appropriate to facilitate a specific public offer bearing in mind the overall purpose of the proposed rules which tie back to the FCA's own objectives to protect market integrity (including by preventing financial crime) and ensure an appropriate degree of protection for consumers.

2.5 We proposed specific requirements on areas such as due diligence and disclosure of information requirements in a targeted and proportionate manner intended to support these objectives. Our proposals broadly followed an outcomes-based approach, allowing firms some flexibility in the processes and procedures they may use to meet our requirements. Where we considered it important to set common minimum standards in line with these objectives and our objective to ensure fair competition among firms in the interests of consumers, we proposed more granular rules for POP operators. For example, specific minimum information requirements or taking certain reasonable steps in checks on issuers.

Comments on the proposed role of POP operators and the underlying regulatory architecture

2.6 We received a broad array of views on our general approach to the POP regime. These responses can be summarised in 3 groups:

- 3 respondents supported the regime's objectives but disagreed with specific proposals we made.
- Another 3 respondents agreed with our general approach and objectives. They acknowledged that the proposed rules would represent an improvement compared to how crowdfunding has been regulated, while bringing further regulatory consistency across similar investment-based regulated activities in areas such as due diligence.
- A further 2 respondents disagreed with our proposals. They considered that the role of POP operators should be closer to an adviser and merely oversee the due diligence process that leads to a public offer being made. This group of respondents felt that firms operating a POP should not bear responsibility for the information that is ultimately communicated to investors, which should lie with the issuer and its board of directors. In their view, our proposals would lead to an increase in costs for raising capital, which would be passed on to issuers, thus resulting in an unattractive capital raising mechanism for issuers.

Our response

A key design principle in creating the new regulated activity of operating a POP was to ensure that an FCA-regulated firm intermediates public offers of a certain size. This was to avoid imposing a more onerous disclosure obligation directly on issuers, as the current UKPR does. It necessarily results in a different regulatory approach whereby our regulatory intervention and oversight are focused on the FCA-authorised firm facilitating a public offer on behalf of an issuer while also having obligations as a POP operator to prospective investors as 'clients'. This aligns more closely with how other regulated activities, including current investment-based crowdfunding platforms, operate and are overseen.

We have maintained the general approach to our rule framework for POPs as consulted on, notwithstanding the group of respondents that questioned the premise of focusing our obligations on the POP operator.

We have also considered the feedback raising more targeted concerns within the framework we consulted on. For example, as we detail later in this chapter, we made targeted changes to:

- streamline how POP operators are required to assess different types of information (previously referred to as factual and non-factual) on issuers and public offers
- remove the concept of plausibility previously relevant for what we had defined as 'non-factual information'
- remove the express reference to the 'reasonableness / prudent firm' standard, and

- amend the creditworthiness assessment into a more outcomes-based financial viability check

However, we have not gone further in other areas as we consider our final rules maintain an appropriate balance in the requirements and a proportionate liability risk apportioned to POP operators. This also reflects the support we received on our proposals from some stakeholders and the general approach to liability for similar regulated activities.

We remain committed to creating a POP regime that is sufficiently proportionate to attract firms, while ensuring appropriate regulation in light of the specific risks of facilitating public offers of securities of small and medium-sized non-public companies.

General risk profile of the securities offered through a POP

2.7 We acknowledged in CP24/13 and CP25/3 that securities offered to investors via a POP would normally pose specific risks that needed to be considered when designing the new POP regime. This is consistent with our desire to recalibrate the risk-reward dynamic in our markets, provided that investors receive sufficient, reliable information to decide whether to invest in a particular security or not.

2.8 The general risk profile of the securities likely to be offered through a POP informed many of our proposals in CP24/13, such as our proposed bespoke set of due diligence requirements and the application of our existing financial promotion rules for high-risk investments. The feedback we received in this area is explained and addressed below.

Comments on the risk profile of the securities offered through a POP

2.9 3 respondents disagreed with our general assessment of the risk of issuers and public offers facilitated through a POP operator. They consider that as the companies likely to use a POP will be raising over £5m, they will be more mature and well-established issuers compared to those that currently raise capital through crowdfunding platforms. These respondents felt that, in some cases, there may not be a significant difference in risk versus securities admitted to trading on regulated markets or MTFs.

Our response

We acknowledge the views of those respondents that consider that larger public offers of securities tend to be made by companies with sounder fundamentals, compared to those made by smaller companies. Nonetheless, this is not an absolute principle since the risk of a public offer will depend on various factors.

The marketability of securities acquired via a POP operator is likely to be lower than what investors would normally expect when purchasing

securities offered in regulated markets or MTFs. This is reflected in our expectation that financial promotion rules for non-readily realisable securities are likely to apply to a significant number of securities offered through a POP.

Further to this, and as detailed below, the absence of specific duties (such as ongoing disclosure on an issuer) arising from the POP regime once the public offer is closed also results in investors having more limited access to information on an ongoing basis compared to other markets. This also contributes to the specific risk profile for the securities offered through a POP.

Secondary trading facilities perimeter

2.10 As set out in CP24/13, the new regulated activity of operating a POP only refers to primary market issuances. Nonetheless, we acknowledged in CP24/13 that for firms to be able to offer a full range of financial services and increase the attractiveness of the new POP regime a 'secondary market' for the securities originally facilitated via a POP may be helpful. We also pointed out that this could be done using existing structures such as MTFs or, provided that the trading venue perimeter is respected, through bulletin boards. We also noted that the regulatory sandbox for Private Intermittent Securities and Capital Exchange Systems (PISCES), which has since launched in June 2025, could create a route for securities facilitated via a POP to be further traded among investors.

Comments on our secondary trading facilities perimeter

2.11 We have received feedback from 2 respondents that suggest we should revisit the MTF regulatory perimeter and its interaction with bulletin boards. These respondents also considered that the requirements and constraints applicable to POPs and PISCES make a complementary role between the two difficult to achieve.

2.12 We have also received feedback from 3 further respondents that considered that a greater alignment between POPs and PISCES would be beneficial, despite acknowledging their different functions and different responses to various matters. For example, level of investor access, different liability risk distribution, and different set of disclosures.

Our response

As part of our wholesale market reforms, we have been considering how different regimes can operate in a more integrated manner in the future. This includes how the new regulated activity of operating a POP can play a role and contribute to a more consistent and consolidated regulatory framework when companies decide to raise capital. In this context, we plan to revisit the interaction of the POP regime with other regimes, including with respect to secondary trading functions.

Mutual societies

2.13 We said in CP24/13 and CP25/3 that we would not expect our proposals to have a significantly different impact on mutual societies from that on other authorised persons.

Comments on our statement in relation to mutual societies

2.14 We received feedback from 1 respondent that considered that the above statements were inaccurate and misrepresented how the POATRs framework could apply to certain mutual societies. This respondent also highlighted the contribution of these entities to net-zero objectives.

Our response

We note that our statements on mutual societies were intended to reflect our views on how our proposed rules would not impact mutual societies in a particular manner.

Our rules will not apply differently to mutual societies who may wish to become authorised to carry out the regulated activity of operating a POP.

A distinct issue is whether public offers of securities made by mutual societies fall within the scope of the POATRs or whether they are considered 'excluded securities'. This is an aspect set out in legislation and not in our rules. To come to a view on this, mutual societies should have regard to Regulation 6 in the POATRs.

Due diligence proposals – information gathering step

2.15 We proposed that POP operators carried out due diligence on the issuers and on the public offers of their securities. We proposed this to be a process which started with an information gathering step. Under the information gathering step, we proposed POP operators met minimum information requirements on certain areas, encompassing both issuer- and offer-related areas. CP24/13 provides further details on the proposed minimum information requirements.

2.16 We proposed an outcomes-based approach. This would mean that, after meeting the minimum information requirements applicable to the relevant issuer and public offer, firms operating a POP would benefit from additional flexibility in determining which additional information should be gathered. This additional information could include aspects related to the structure and complexity of the offer and the issuer's sector and business model. The information so gathered would then assist POP operators to determine whether a public offer was appropriate and be presented to investors such that they could make and effective, well-informed decision on whether to invest in an offer.

2.17 In this context, in CP24/13 we asked:

Question 1: **Do you agree with our proposed approach to have an outcomes-based approach supplemented with minimum information requirements for the information gathering step of the due diligence process?**

Question 2: **Do you agree with the minimum information requirements we are proposing? Are there others you would like us to consider?**

Summary of feedback and our response

2.18 Five respondents to CP24/13 supported our outcomes-based approach whereby POP operators would be required to meet minimum information requirements plus obtaining additional information where the circumstances of the issuer and public offer required this in order to meet our objectives for the POP regime. Some of these respondents also said a certain level of standardisation in this area was appreciated.

2.19 One respondent suggested we include the following in the minimum information requirements:

- Market analysis and market position information, including industry trends, growth potential, key clients and exposure percentages for each client, competitive landscape and competitive advantages.
- Information on key suppliers and partners, including dependencies and risks.
- Research and Development activities and future innovation plans.
- Information on the issuer's environmental, social and governance practices and risks, as this is increasingly important to many investors.
- Exit strategies, current and future valuations.

2.20 One further respondent, who did not support our overall approach to the POP regime, considered the minimum information requirements too onerous, inappropriate and difficult to meet for POP operators.

2.21 Finally, another respondent suggested we introduce a word limit to the minimum information requirement related to key risk factors. They also emphasised the need for it to be tailored to the circumstances of the issuer and its public offer of securities.

Our response

Given our intention for the new regime for POP operators to follow an outcomes-based approach, and in the absence of a strong reason to add specific extra items of disclosure, we have decided to maintain the minimum disclosures as consulted on in CP24/13. It remains for POP operators to consider whether additional information may be relevant in the context of a specific issuer and offer.

On the feedback on risk factors, we proposed in CP24/13 that the risk factors disclosed under the minimum information requirement be specific and material to the issuer and public offer, as well as likely to

materialise. In line with our objective of giving more flexibility to POP operators in how they meet our requirements, we are not introducing a word-limit for disclosures on risk factors at this stage. If we later see evidence of excessively long disclosures under the POP regime, we may revisit this.

Due diligence proposals – information assessment step

2.22 Following information gathering, we proposed in CP24/13 that POP operators assess and verify the information collected. To aid firms, we also proposed to distinguish between factual and non-factual information and establish different standards against which firms would be required to assess such information.

2.23 In the case of factual information, POP operators would be required to meet a more stringent standard of accuracy and completeness; For non-factual information, firms would merely be expected to test the information against a 'plausibility' standard.

2.24 In this context, in CP24/13 we asked:

Question 3: **Do you agree with the standards and expectations we are proposing for POP operators to analyse the information they gather on issuers?**

Question 4: **Do you agree with the proposed distinction between factual and non-factual information, and the implications this has in the relevant assessment standard?**

Summary of feedback and our response

2.25 Two respondents to CP24/13 agreed with our proposals on how POP operators should verify the information they gathered before communicating it to investors.

2.26 Three other respondents, however, consider there is some overlap between our proposed requirements in this area and those that would apply under financial promotion rules and the Consumer Duty, and also, as noted by 2 of those respondents, with certain standards and expectations that the Companies Act 2006 imposes on companies' directors.

2.27 In line with their views on our general approach to the POP regime, 2 further respondents considered that the responsibility for the due diligence and the information that investors receive should lie with the issuers, who should be supported by their advisors. In their view, the model adopted for POP operators should be closer to how companies traditionally raise capital in primary markets. One of these respondents suggested that the issuer should present the POP operator with an attestation or confirmation statement for the due diligence it had undertaken.

2.28 On our proposals on the plausibility assessment of non-factual information, 4 respondents considered it a new, untested and unproved concept that could create uncertainty, increase costs and lead to a disproportionate liability risk faced by POP operators. One further respondent, despite not disagreeing with the approach, considered that plausibility was a subjective concept dependent on one's knowledge and perspectives.

2.29 Another respondent considered that the distinction between factual and non-factual should not be implemented in the POP regime because it has no correspondence in other markets.

Our response

We acknowledge that some requirements we are imposing on POP operators have affinity with other regimes that are also applicable in the context of the new regulated activity. Certain POP-specific due diligence requirements and financial promotion rules and the Consumer Duty are a good example of this.

However, the POP-specific requirements set a clear due diligence standard in relation to the securities and issuer, including the information that needs to be gathered and assessed by POP operators and then, if the POP operator determines that it is appropriate to facilitate the offer, presented to investors.

The POP-specific requirements set what information POP operators need to gather, assess and ultimately provide investors with. This is different from how financial promotion rules and the Consumer Duty typically apply. In the case of financial promotion rules, for example, the approver of financial promotions prepared by unauthorised persons will typically review pre-existing content to assess whether the financial promotion as prepared meets our financial promotion rules. In the case of the new regime for POPs, we expect firms to play a more active role in determining the information investors receive. For this reason, we see the different set of rules as complementary rather than overlapping.

Nevertheless, we remain open to reassessing in the future how the POP regime interacts with other areas of FCA rules. This includes in the context of future reviews of overarching frameworks, such as the Consumer Duty and financial promotion rules, if and when they take place.

In light of the feedback on our proposals around factual and non-factual information in CP24/13, we decided not to formally distinguish between these types of information in the final POP regime. Instead, POP operators will need to take reasonable steps to determine if the information they have obtained can be relied upon to decide whether to facilitate the offer and also that they can provide such information in a way that investors can make an effective, well-informed investment decision.

We have also included guidance clarifying that the reasonable steps may be different when assessing the reliability of information that cannot be objectively verified. This will be the case where the information is forward-looking. Further to this, and reflecting the complementary nature of the POP due diligence requirements and financial promotion rules, we have added guidance clarifying that the reasonable steps to assess the reliability of such information may be similar to those firms would take to ensure a communication is compliant with the fair, clear, and not-misleading financial promotion standard.

The creditworthiness assessment

2.30 We proposed in CP24/13 that POP operators assessed the likely viability of the issuer's business model as well as its general ability to meet foreseeable financial obligations when these become due. This assessment, despite focusing on the issuer's creditworthiness, was not intended as an attestation, opinion or credit rating-type of analysis, but merely a general compatibility assessment between an issuer's stated or projected prospects and their reasonableness when put into context.

2.31 In this context, in CP24/13 we asked:

Question 5: **Do you agree with our proposed approach to the creditworthiness assessment we expect POP operators to carry out on issuers?**

Summary of feedback and our response

2.32 Four respondents disagreed with our proposals in this area. They considered that they were too onerous and placed an unwarranted level of responsibility on POP operators. Three of these respondents also considered that financial promotion rules require the financial promotion approver to assess the commercial viability of the issuer. So, to this extent, there would be an overlap between our proposals and such regime.

2.33 The same group of respondents considered that our proposal could give investors an inaccurate and false sense of assurance in relation to an issuer's prospects. Some also said this assessment would be very complex given the likely risk profile of issuers. They preferred a more disclosure-based approach, potentially supplemented with a suitable risk warning. Further, some of the respondents in this group considered that the proposed assessment could generate a potential conflict of interest and felt there may not be a credible third-party provider ecosystem to support POP operators carrying it out.

2.34 One further respondent did not support our proposals but agreed that POP operators be required to carry out a financial viability assessment. This respondent suggested we could consider a 'cash runway' type of assessment. They indicated that this reflects

more accurately the financial position of early-stage companies and is well-understood by the market.

2.35 One respondent agreed with our proposals and suggested we place a particular emphasis on the issuer's assets and investments (including liquidity levels) as well as on economic and industry conditions which could impact them.

Our response

After considering the feedback, we are replacing the creditworthiness assessment proposed in CP24/13 with a financial viability assessment of issuers, but have provided flexibility for firms on how to undertake this. In this context, our final rules require firms to carry out a reasonable assessment of the issuer's expected financial position once the offer is completed. More specifically, the POP operator must only facilitate the offer if it is satisfied that the issuer will have enough financial resources to continue operating for at least 6 months after the offer has closed.

POP operators will have a certain degree of flexibility in how they meet this requirement, whether by reference to the issuer's cash position or by reference to other types of financial resources it may possess or have access to. We expect the approach to this to be detailed in firm's internal policies and procedures (see COBS 23.8.1 R).

We have also turned the new financial viability check into a pure background check (ie, no longer requiring information to then be disclosed to prospective investors). We consider this adjustment appropriate as it gives investors the benefit of having an authorised firm checking the financial viability of an issuer, as described above, while not requiring POP operators to publish an assessment that could be misleadingly perceived as an attestation of an issuer's solvency.

The appropriateness of the public offer

2.36 In CP24/13, we proposed requirements on firms to determine if, in light of the characteristics of the offer and the issuer, it is appropriate for them to facilitate a specific offer to the public. This reflects the role of POP operators in facilitating larger public offers outside public markets, and potential risks of harm from fraudulent offers or inherently flawed securities. To guide POP operators in this assessment, we proposed a list of non-exhaustive factors or areas that should be considered before an offer is deemed appropriate.

2.37 To make this requirement workable in an environment where there is likely to be some asymmetry of information between issuers and POP operators, we tied this assessment to the materiality of the relevant factors or findings. This was designed to give firms an important margin of flexibility in order to take a decision on whether to facilitate a specific public offer or not. Consistent with our outcomes-based approach, and

provided that our requirements are met, firms will have leeway to conform their conduct within the limits imposed by our rules. This will in turn reflect the level of risk they will accept when facilitating a public offer of securities. We did not ask a specific question on this topic but received general feedback on this approach.

Summary of feedback and our response

2.38 Four respondents agreed with our proposals. Two of them emphasised that the due diligence and the financial condition of the issuer should be integral to the appropriateness assessment.

2.39 One further respondent considered that despite the steps being clearly set out in our proposals, the proposed assessment of appropriateness would require a significant amount of critical judgement from the POP operator without a clear framework to do so. This respondent also considered that the Consumer Duty and the proposed reasonableness / prudent firm standard would suffice for the POP operator to determine whether it is appropriate to facilitate an offer of securities or not and that the reference to the needs and characteristics of investors could be unknown at the time of the assessment.

Our response

We have decided to make the rules as consulted on, save for consequential changes to reflect the amendments as described above and some changes to assist the POP operator when considering fitness and propriety.

We consider the interaction between the POP regime and other parts of our Handbook in the section above regarding the information assessment step in the due diligence process. We have also revisited our proposal on the reasonableness / prudent firm standard and decided to remove it, as detailed below. We confirm that the assessment of appropriateness will require informed judgement by POP operators and firms should not approach it as 'tick-box' process. This is consistent with the outcomes-based approach underlying the new POP regime.

Information POP operators need to provide investors with

2.40 The due diligence process was also designed with the objective of informing the disclosures that POP operators would be required to present to investors. We proposed they produce a disclosure summary of:

- The information provided by the issuer so the POP operator can meet the minimum information requirements and any additional, material information.
- A description on the checks and verifications undertaken by the POP operator.

- The conclusion on whether it is appropriate to facilitate the relevant public offer of securities.

2.41 We also proposed that investors were provided with additional information elements. For example:

- The most recent financial accounts of the issuer, including through a link to the Companies House database.
- Terms and Conditions and other contractual documents.
- The level of funding achieved while the offer is still open.
- Any other additional information that, in the light of the specific circumstances of the offer, could be needed for investors to make well-informed decisions.

2.42 In addition, we proposed that POP operators prominently indicate that the relevant due diligence was undertaken on a specific offer, as well as the firm's general approach to due diligence and how conflicts of interest between issuers and investors are managed. This should be either through a comprehensive statement or by reference to their internal policies in these areas.

2.43 We also clarified that:

- POP operators would not be required to include proprietary or commercially sensitive information in the disclosure summary.
- Any other information that needs to be provided to investors under financial promotion rules would still need to be provided.

2.44 In CP24/13, we asked:

Question 6: **Do you agree with our proposed approach to how we expect POP operators to communicate the result of their due diligence with investors?**

Question 7: **Do you agree with the additional information we are requiring POPs to present investors with, including our proposed confirmation statement?**

Summary of feedback and our response

2.45 Three respondents agreed with our proposal to require POP operators to produce and make a disclosure summary available to investors, as well as with the focus on simplifying how complex information is presented. These respondents noted though that in their view we should not include publicly available information (eg, issuer's accounts) in this set of disclosures. And 2 of these respondents did not support the inclusion of the creditworthiness assessment (in line with their views expressed in relation to the assessment itself). One respondent disagreed with our proposals, in line with its views on our general approach to the POP regime.

2.46 On the additional information we expect investors to also be presented with, 5 respondents supported our proposals and acknowledged it reflects best practices in the

market. One of these respondents noted that financial information may not be available for newly incorporated Special Purpose Vehicles (SPV). Another respondent to CP24/13 disagreed with our views, in line with its broader assessment of the POP regime.

Our response

Following feedback, we are making rules broadly as consulted on.

We expect firms to present information to investors in a user-friendly and digestible manner. The disclosure summary will be an important means for POP operators to convey information to consumers, including for the financial information that needs to be summarised therein (COBS 23.3.2 R (2)). Given the importance of financial information in investment decisions, we consider that providing the most recent accounts of the issuer and the confirmation on whether they are audited or not can greatly improve the consumer journey. It should also foster the culture of proactiveness and self-initiative we would expect from diligent investors.

Special purpose vehicles

2.47 One respondent to CP24/13 highlighted that its business model heavily relies on the incorporation of SPVs to raise capital though off-market public offers of securities. This respondent noted that for our due diligence requirements to fully meet their objectives of allowing investors to make an effective, well-informed decision, then they should focus on the underlying assets and other parties potentially involved.

Our response

We acknowledge that many of our core information gathering requirements focus on the issuer and the securities, but there may be complex structures that POP operators will need to consider when carrying out due diligence.

In any case, we proposed in CP24/13 that POP operators should consider if they need to gather additional information to meet our requirements and expectations (proposed COBS 23.3.6R in CP24/13). One factor POP operators would need to have regard to was the 'structure and complexity of the qualifying public offer'. In light of feedback, we are updating this reference to include the structure and complexity of the issuer and its group as well. We are also adding a new Handbook guidance provision that explicitly indicates that the use of an SPV may require the POP operator to gather and assess additional information. This is consistent with an approach focused on the substance of a security, which we expect POP operators to pursue to identify the drivers of potential investment risk, adopting a look-through approach if needed, when meeting our requirements.

Changes to the information communicated to investors and withdrawal rights

2.48 We proposed in CP24/13 that POP operators discharge certain duties if they become aware of a significant new piece of information or material mistake, inaccuracy or omission in the offer-related information. These included updating the relevant disclosure summary and informing investors who may have agreed to purchase or subscribe for the securities.

2.49 Where investors have agreed to subscribe for securities based on significantly different information, we proposed that they should be able to withdraw from subscribing to those securities if the offer is still open. This requirement would fall on POP operators, rather than on issuers directly. Investors would also need to be informed of how to exercise their withdrawal rights.

2.50 To effectively implement our proposals in this area, we also proposed to require specific contractual terms be in place between issuers and POP operators, limited to the period when an offer remains open. These proposals aimed at mitigating the information asymmetry between the issuer and investors.

2.51 We also proposed that, where a material change had arisen, POP operators should be required to reassess whether this affected their original assessment of whether facilitating the public offer is appropriate. If they concluded an offer was materially compromised, POP operators should cease to facilitate it and withdraw it. We signalled that we expected these cases to be exceptional and that updating the disclosure summary and bringing the new information to investors' attention would suffice in most cases.

2.52 In this context, in CP24/13 we asked:

Question 8: **Do you agree with our proposal to require specific contractual terms between POP operators and issuers to ensure any relevant, material change to information while an offer is open is communicated to the POP operator?**

Question 9: **Do you agree with our proposals to grant withdrawal rights should a material change in information be disclosed prior to an offer closing, and that POP operators should make investors aware of any significant change in information regarding the securities they agreed to purchase?**

Summary of feedback and our response

2.53 Five respondents agreed with our proposals related to the circumstances where POP operators would be required to update the information originally made available to investors. These respondents noted that in their view a similar obligation would arise from the ongoing monitoring requirements set out under applicable financial promotion rules. Likewise, 6 respondents agreed with our proposals on withdrawal rights.

Our response

We are making the rules largely as consulted on, reflecting the broad support.

Further, to support the implementation of withdrawal rights as envisaged, we considered it important that POP operators ensured beforehand that the right contractual conditions between issuers and investors would be in place if, under the circumstances set out in our rules, the latter wished to exercise such rights. For this reason, we included in the final rules a requirement for POP operators to ensure, as part of their due diligence process, that the contractual terms of the public offer adequately provide for this situation.

Post-offer role for POP operators

2.54 We sought views on whether respondents to CP24/13 considered that some of the POP functions should be carried over to extend beyond the stage that an offer has closed. More specifically, we sought views on whether we should also require POP operators to continue updating investors when material events occur after the public offer is closed, in which case we could impose certain contractual terms to be in place between POP operators and issuers. We also asked if requiring POP operators to run a permanent venue whereby investors could raise questions and engage directly with issuers would be desirable.

2.55 We clarified, however, that we were not minded to prescribe rules in this area, other than requiring POP operators to make available the issuer's contact details as part of the proposed minimum information requirements.

2.56 In this context, in CP24/13 we asked the following question:

Question 10: **Do you agree with our current proposal that POP operators will have no ongoing disclosure obligations relating to an offering once it has closed? If you do not agree with it, which of the options described above would you favourand why. Please provide views or estimates with regards to costs and benefits to POP operators and investors?**

Summary of feedback and our response

2.57 Only 1 respondent disagreed with our proposal of not requiring POP operators to discharge certain post-offer duties. This respondent considered that POP operators should be required to provide investors with ongoing updates following material events affecting their investments as a mechanism to support consumer protection. The other 6 respondents agreed with our proposal.

Our response

We are making the rules as consulted on, reflecting the broad support.

Policies and procedures

2.58 We also proposed that POP operators adopt appropriate internal policies to ensure their practices, and systems and controls remain up-to-date and support the implementation of the applicable requirements. We also set out that such policies should be approved by the governing board or senior personnel and reviewed periodically. Our rules also set out the records that POP operators were expected to keep and for how long.

2.59 To support our objectives for the POP regime, we proposed a set of non-exhaustive contractual terms and conditions that POP operators would be required to have in place with issuers. These terms and conditions included the obligation of issuers to:

- Provide POP operators with the information they need to meet their due diligence duties.
- Inform POP operators of other active fundraisings and, while the offer is open, any changes to their business and to the information provided to the firm, including when arising from omissions, mistakes and inaccuracies.
- Grant withdrawal rights as set out above.

2.60 In this context, in CP24/13 we asked:

Question 11: **Do you agree with the policies and procedures we are proposing for POP operators? Are there any other requirements in this area you consider relevant, including any other contractual terms you would favour us prescribing in our rules?**

Summary of feedback and our response

2.61 Six respondents answered this question and unanimously supported our proposals.

Our response

We are largely making the rules as consulted on, reflecting the broad support. However, we have amended the terms and conditions requirements so that issuers should give sufficiently detailed notice to the POP operator as soon as reasonably practicable upon becoming aware of any material changes, omissions, inaccuracies to ensure that our rules are proportionate.

Legal Liability

2.62 In CP24/13, we explained that the liability attaching to the POP regime was a central element of its design. However, where appropriate, we framed the POP requirements around minimum standards that allow firms to adapt in light of circumstances where the access to information may be sub-optimal.

2.63 Some of the proposed rules described elsewhere (eg, the reasonableness / prudent firm standard, the plausibility standard for the assessment of non-factual information) were intended to reflect this approach. We also framed some key requirements within our consultation proposals in terms of reasonable steps.

2.64 We proposed that POP operators would be liable to consumers for breaches of our rules as a result of the private right of action under section 138D FSMA. This proposal follows the usual regulatory approach for most breaches of Handbook rules and is broadly a regulatory consequence of regulating the type of public offers that fall within the POP regime through a new regulated activity carried out by an authorised firm.

2.65 As we set out in CP24/13, notwithstanding the liability effect of our rules, we retain the principle that well-informed investors should bear the consequences, positive or negative, of their investment decisions. This also underpins our objective of rebalancing risk appetite in our markets (see also the FCA's strategy 2025-30).

2.66 We did not intend to shift the risk of investment from investors and issuers to firms operating a POP. Firms operating a POP should nonetheless be accountable where the loss is attributed to non-compliance with our regulatory requirements, particularly where this hinders the ability of investors to make a reasonably informed investment decision in relation to the risk/reward they were willing to accept.

2.67 Another means for consumers to obtain redress from POP operators is through taking complaints to the Financial Ombudsman Service (Financial Ombudsman). We address redress-related matters, including access to the Financial Services Compensation Scheme (FSCS) in Chapter 3 below.

2.68 In this context, in CP24/13 we asked:

Question 12: **Do you agree that our proposal on liability strikes the appropriate balance between investor protection and market development objectives? If not, please explain why and what you would change.**

Summary of feedback and our response

2.69 We received some mixed and nuanced views, which can be summarised in three groups:

- 3 respondents agreed with our approach of attaching liability to the breach of our rules, although one of these respondents suggested we could specify which rules in COBS 23 can potentially give rise to a private right of action.

- A second set of 3 respondents agreed with the regime's architecture, but disagreed with specific aspects or implications resulting from the liability regime as proposed.
- Two respondents did not agree with our approach because they do not support the regulatory architecture of the POP regime.

2.70 Respondents in the second group considered, for instance, that the reasonableness / prudent firm standard could vary according to circumstances such as risk tolerance, market conditions, and the nature of the investment. They also considered that in some circumstances it could be interpreted in a way that required POP operators to go beyond regulatory failure. When interpreted in this way, these respondents considered that the reasonableness / prudent firm standard could increase investors' expectations on the role of the POP operator and therefore its liability risk. One of the respondents in this group considers that the liability of the POP regime should be linked to a clear failure to meet specific regulatory obligations, and not to an overarching standard of conduct.

2.71 Some respondents in the same group also consider that the POP regime should detail how compensation would be calculated in the event of a breach of our rules.

Our response

We have already addressed how the liability regime is broadly a consequence of creating a new regulated activity in our response to the feedback on the general approach to the POP regime above. Notwithstanding feedback on the availability of the private right of action for individuals under section 138D FSMA, we consider that this is an important means of providing redress for consumers and do not see a valid reason to switch it off for the bespoke due diligence rules relating to this new regulated activity.

We considered further how the reasonableness / prudent firm standard could, in practice, work. The original intention underlying such a standard was to give firms the possibility of better managing their liability risk while meeting our requirements. Nonetheless, and to avoid a misinterpretation of this standard, we are removing it from our final rules.

The calculation of compensation depends on the specific circumstances of a given breach and would be properly assessed on a case-by-case basis. It would be a matter for the Financial Ombudsman or the courts to decide with reference to established principles and is not something we would specify in rules for certain types of activity.

The liability regime for issuers

2.72 We did not propose to make rules that would apply directly to issuers in CP24/13, rather we proposed to focus our regulation on firms that carry out the regulated activity of operating a POP. The POATRs does not create a bespoke liability regime equivalent to

the private right of action arising from section 138D FSMA or sections 90 and 90A FSMA specifically applicable to prospectuses and information published where securities have been admitted to trading, respectively.

2.73 Investors would still have a basis for action against issuers where they suffered loss due misleading statements or impressions given by the issuer with respect to securities being facilitated by means of a POP operator (based on sections 89 and 90 of the Financial Services Act 2012). Investors could also use common law remedies to claim compensation from issuers in case of wrongdoing. For example, in cases of false, or misleading information, or material omissions.

2.74 Given the unregulated nature of the issuers of securities offered via off-market public offers, a private right of action or the right to refer a complaint to the Financial Ombudsman will not be available in respect of actions by the issuer, as opposed to the POP operator.

2.75 Separately, issuers and POP operators may take other steps to manage their respective liability risk through contractual arrangements.

Additional feedback to the specific requirements applicable to POP operators

2.76 We sought any general and additional views in CP24/13 on our proposals for the bespoke set of requirements applicable to POP operators.

2.77 In CP24/13, we asked:

Question 13: **Besides what you may have mentioned when answering the previous questions, do you identify any additional aspect we should consider in the context of the new regulated activity?**

Summary of feedback and our response

2.78 One respondent re-emphasised its previous comment around the MTF regulatory perimeter. Another respondent referred back to its comment on how the regime would apply in a group structure context.

Our response

On the interaction between the POP regime and secondary trading facilities, we refer to our response earlier in this chapter to the general feedback we received.

On how the POP regime will apply to group structures, we also refer back to the outcomes-based approach underpinning the POP regime. In these circumstances, we expect POP operators to focus on the substance of any arrangements and meet our requirements in a way that delivers the right outcomes for consumers and market integrity. This may, depending on the circumstances, imply gathering and assessing additional information that would not be otherwise expected. This includes on entities other than the issuer (see our response to the feedback on SPVs above).

Voluntary offers

2.79 The new regulating activity of operating a POP only applies to offers above £5m that are not otherwise exempt from the prohibition on public offers in the POATRs.

2.80 Nonetheless, we intend to support firms' business models that involve engaging in different, but complementary, commercial activities, such as facilitating offers below the £5m POATRs threshold. Such public offers would likely fall within the existing regulated activities of 'arranging (bringing about) deals in investments' or 'making arrangements with a view to transactions in investments'.

2.81 We proposed in these cases that firms displayed a prominent risk warning stating the different regulatory treatments of these offers and included an explanation on how they may have followed dissimilar approaches when meeting the relevant FCA rules.

2.82 To address this matter more broadly, we also asked if, and to which extent, it was desirable for us to issue guidance that brought the regulatory treatment of offers above and below the £5m POATRs threshold closer.

2.83 In this context, we asked in CP24/13:

Question 14: Do you agree with our proposed approach to voluntary offers where they may be made by a firm also operating as a POP?

Question 15: **Do you favour the issuance of guidance for firms facilitating sub-£5m public offers to have regard to the rules we are proposing? If so, should that guidance be directed only to POPs or also other types of firms (eg, investment-based crowdfunding and corporate finance firms)?**

Summary of feedback and our response

2.84 Respondents agreed with our proposal to allow POP operators to facilitate public offers both above and below the £5m threshold. Three respondents mentioned that their current practices and standards are already broadly aligned with our proposed requirements.

2.85 Five respondents agreed with our proposal to require a specific risk warning to be disclosed when POP operators facilitate offers of securities below £5m. One respondent, however, considered that such a risk warning could unintentionally undermine the confidence the market has in the crowdfunding sector.

2.86 On the possibility of issuing guidance to bring some consistency on how firms treat offers both above and below the £5m threshold, 4 respondents disagreed with such an approach and only 2 supported it.

Our response

We are making rules in a way that allow POP operators to facilitate public offers both above and below the POATRs £5m threshold, reflecting the broad support. We are not issuing guidance to bring the regulatory treatment of these two types of offers closer at the moment. Instead, we require firms to explain in their policies any substantive differences between the due diligence that they carry out in respect of whether to facilitate offers above and below the POATRs £5m threshold.

Despite the support we received to our proposal on the risk warning for public offers of securities below £5m, we reconsidered this approach on the grounds that it could indirectly interfere with how the crowdfunding sector has been operating and how firms comply with the relevant existing rules. Further, a risk warning as proposed could potentially contribute to make the investor journey more challenging given the complexity involved in the various sets of rules applicable to crowdfunding and POP operators. This would in turn render our proposal an ineffective investor protection.

Chapter 3

The interaction between our rules for public offer platforms and wider Handbook requirements

3.1 In this chapter, we summarise the feedback we received in response to Chapter 5 of CP24/13 and Chapter 4 of CP25/3. These chapters described our proposals for how we intend the new regulated activity of operating a POP to interact with existing Handbook rules and guidance.

3.2 Although we consulted on regulatory reports applicable to POP operators as part of Chapter 5 of CP24/13, we address this matter in Chapter 4 of this Policy Statement, alongside other implementation-related aspects of the new POP regime.

Our approach to the general interaction between the POP-specific rules and the wider Handbook

3.3 The new regulated activity of operating a POP needs to be considered in the context of the broader FCA Handbook. While the new COBS 23 chapter sets out rules we consider key to ensuring appropriate standards for the specific activity of operating a POP, a POP operator will also be subject to general regulatory requirements as an investment firm. These include applying relevant parts of cross-cutting sourcebooks, such as the Threshold Conditions, Principles for Businesses (including the Consumer Duty), Senior Management Arrangements, Systems and Controls (SYSC), wider COBS and Senior Managers and Certification Regime (SM&CR).

3.4 We proposed to update the definition of 'designated investment business' in the Glossary to include the new regulated activity of operating a POP. By virtue of this inclusion, rules generally applicable to other investment-related activities will also apply to firms who hold a POP permission.

3.5 We did not propose in CP24/13 to restrict the new regulated activity of operating a POP to firms with an establishment in the UK. Nonetheless, we proposed our rules apply to all POP operators, regardless of whether they have an establishment in the UK or overseas.

3.6 We asked the following question in CP24/13:

Question 16: **Do you agree with our approach that we would expect firms to have to comply with relevant wider provisions?**

Summary of feedback and our response

3.7 Four respondents to CP24/13 agreed with our general approach to how the POP regime should interact with other parts of the Handbook. Only 1 respondent disagreed with our approach in line with its views on the broader POP regime.

Our response

We have decided to make the rules as consulted on, reflecting the broad support.

The interaction of the POP activity with MiFID and non-MiFID investment activities

3.8 In CP24/13, we clarified that the new regulated activity had a relatively narrow scope. It focuses on the communication of offers, as opposed to the further completion of a transaction in securities between issuers and investors. For this reason, we considered it was likely that firms holding the POP permission would also be likely to require Part 4A FSMA permission for additional regulated activities. In these cases, firms would be required to comply with all the relevant rules applicable to such other activities.

3.9 In CP24/13, we also clarified that the new regulated activity of operating a POP would not be considered, in itself, a MiFID activity. There can, however, be occasions where the POP activity is carried out alongside MiFID services and activities. When this is the case, firms will need to identify the different regulatory frameworks that may be applicable to them.

3.10 One of these occasions is where firms are considered common platform firms under SYSC rules. This will determine, for instance, that the MiFID-derived requirements will apply to the firm's business model as a whole, including to the otherwise non-MiFID POP part of its business. If this is not the case (ie, if a firm does not carry out any MiFID business), then we proposed it had to comply with the provisions intended for non-MiFID firms.

3.11 We also proposed guidance on the distinction between MiFID and non-MiFID firms regarding product governance requirements. We proposed guidance that where a firm conducts business subject to PROD 3, it must comply with the rules in PROD 3. And, where the firm's activity is not within scope of PROD 3, it must comply with the Consumer Duty product and governance outcome.

3.12 There were, however, 2 areas where we tried to bring MiFID and non-MiFID standards closer when applicable in the context of a firm carrying out the new regulated activity of operating a POP. One area was remuneration incentives. The new provisions in SYSC 19F.4 were proposed to apply to a firm with respect to the carrying out of the activity of operating a POP. If the firm carries out additional regulated activities, then it will need to consider what other rules apply to its business. However, SYSC 19F.4 largely mirrors

SYSC 19F.1 which, generally speaking, applies to MiFID firms. The other was regarding prudential requirements, where we proposed to apply a MiFID-derived absolute minimum capital requirement of £75,000 to non-MiFID POP operators, instead of the absolute minimum capital level of £10,000 for IPRU-INV 3 arrangers.

3.13 In CP24/13 we asked:

Question 17: **Do you agree with our proposals on applying existing systems and controls rules as applicable to firms' regulatory status as a MiFID or non-MiFID firm?**

Question 18: **Do you agree with our proposal to broadly apply the same remuneration incentive rules for both MiFID and non-MiFID firms operating a POP?**

Question 19: **Do you agree with our proposed approach to align capital requirements between POP operators that are MiFID and non-MiFID firms?**

Summary of feedback and our response

3.14 Five respondents to CP24/13 agreed with our proposals in this area, except in the case of our proposals on the minimum capital requirements, which was only supported by 4 of those respondents.

3.15 Only 1 respondent disagreed with our approach in the areas described above, in line with its views on the broader POP regime.

Our response

We are making the rules broadly as consulted on, reflecting the broad support.

Financial Promotion Rules

3.16 In CP24/13, we proposed to apply financial promotion rules in the context of the new regulated activity of operating a POP. We said that we expected most offers of securities facilitated via a POP operator to be classified as restricted mass market investments (RMMI), on the basis that they would be offered outside a regulated market or primary MTF. This would render such securities as non-readily realisable securities.

3.17 Given the broad scope of the securities that fall within the POATRs scope, we also signalled that some securities could potentially be non-mass market investments (NMMI). This would be the case of speculative illiquid securities, such as speculative 'mini-bonds'.

3.18 In both circumstances we proposed to apply financial promotion rules accordingly, as described in Chapter 5 of CP24/13.

3.19 In CP24/13 we asked:

Question 20: **Do you agree with our proposal to apply existing financial promotion rules to firms operating a POP, as relevant to the type of security being offered?**

Summary of feedback and our response

3.20 Some respondents did not support our approach in this area. A group of 4 respondents considered that applying financial promotion rules for high-risk investments to offers the size of those facilitated through POP operators does not adequately reflect the risk profile of the issuers, which we discuss above.

3.21 Two of these respondents argued that the restrictions applicable in this context are burdensome and overly cautious. One of them argued that our proposed new rules specifically applicable to POPs were not factored in financial promotion rules. For this reason, the latter respondent considered that a more nuanced framework is needed.

3.22 A group of 3 respondents thought POP operators should benefit from an outright exemption from financial promotion rules.

Our response

As mentioned elsewhere, we decided to apply financial promotion rules in COBS 4 in the context of the new regime for POPs. We will nonetheless continue assessing further opportunities to streamline the regimes involved, including new work to review the current landscape of consumer investments and high-risk products. This work is designed to make sure we have a regulatory framework that is properly calibrated and consistent across the spectrum of risk and consumer investment products to support and protect consumers and ultimately foster economic growth.

The Consumer Duty

3.23 In line with the approach we proposed for other areas of the FCA Handbook, we also proposed to apply the Consumer Duty to firms wishing to operate a POP which serves retail customers. Under the Consumer Duty, firms must act to deliver good outcomes for consumers and the cross-cutting rules set out broad requirements on how firms deal with consumers. It also includes outcome rules on the governance of products and services, price and value, consumer understanding, and consumer support.

3.24 As emphasised in CP24/13, this is particularly important aspect of the POP regime, given the broad retail investor base that could access public offers made via a POP operator.

3.25 In CP24/13, we asked:

Question 21: **Do you agree with how we are considering the applicability of the Consumer Duty in the context of the new regime for POPs?**

Summary of feedback and our response

3.26 Five respondents to CP24/13 supported the application of the Consumer Duty to POP operators. One respondent considered though that applying the Consumer Duty to these offers may give rise to conflicts of interest in the sense that investors would have to be treated as clients. This would expose POP operators to liability and create onerous implications, such as ongoing disclosures and the provision of a prospectus-type document, when facilitating offers to retail investors.

Our response

We have decided to follow the approach as consulted on, reflecting the broad support.

In relation to the feedback received on the implications of applying the Consumer Duty in the context of the POP regime, we consider that such application should not differ from how the regime applies in the context of other investment-based activities where there is a retail customer in the distribution chain, such as investment-based crowdfunding. For this reason, we do not anticipate specific conflicts of interest arising from the POP regime and the Consumer Duty.

Client assets

3.27 As mentioned elsewhere, the new regulated activity of operating a POP is mainly focused on the communication of public offers. Nonetheless, in CP24/13 we recognised the situation where a POP operator may hold clients' assets by virtue of other regulated activities it may carry out alongside operating a POP.

3.28 Consistent with our approach to existing rules, described elsewhere in this chapter, we proposed that the relevant Client Assets sourcebook (CASS) would apply where the firm carries out other, relevant regulated activities.

3.29 In CP24/13, we asked:

Question 22: **Do you agree with our proposal that firms operating a POP should be subject to our rules in CASS, as applicable, if they hold client money or assets?**

Question 23: **Are there any amendments you think we should make to CASS in relation to the introduction of the new regulated activity?**

Summary of feedback and our response

3.30 Four respondents to CP24/13 agreed with our approach in this area.

Our response

We have decided to finalise our approach as consulted on, reflecting the broad support.

Our approach to redress

Financial Ombudsman Service

3.31 In CP24/13, we signalled that we planned to consult on whether we should extend the Financial Ombudsman compulsory jurisdiction (CJ) to the new regulated activity of operating a POP.

3.32 In CP24/13 we asked:

Question 24: **Do you think that issuers and investors that use POPs should be able to refer complaints about POPs to the Financial Ombudsman Service?**

3.33 We then consulted in CP25/3 on extending the CJ enable the Financial Ombudsman to consider complaints about POP operators carrying out the new regulated activity. In CP25/3, the Financial Ombudsman also consulted on its proposal not to mirror the FCA's proposed extension to the CJ in the Voluntary Jurisdiction (VJ), which would mean that the VJ would not cover complaints about POP operators.

3.34 We asked the following in CP25/3:

Question 7: **Do you agree with the proposed extension of the Financial Ombudsman's compulsory jurisdiction to the new regulated activity of operating a POP?**
Y/N. If not, please specify why.

Question 8: **Do you agree with our decision not to make changes to the existing categories of eligible complainant?**
Y/N. If not, please specify why.

Question 9: **Do you agree with the Financial Ombudsman's proposal not to mirror the changes that the FCA is making to the CJ for POPs in the VJ?**
Y/N. If not, please specify why.

Summary of feedback and our response

3.35 Respondents unanimously supported our proposals in CP24/13. Six respondents agreed with the extension of the Financial Ombudsman's CJ to the new regulated activity.

3.36 On the details of such extension as consulted on in CP25/3, 4 respondents also unanimously supported our proposed approach.

3.37 Two respondents to CP25/3 queried if not mirroring the changes proposed to the CJ in the Financial Ombudsman's VJ would give rise to situations where complaints could not be referred to the Financial Ombudsman.

Our response

Any decision on extending the Financial Ombudsman's CJ or VJ needs to weigh up the benefits of extending coverage against other factors. For the reasons laid out in CP25/3, the Financial Ombudsman considers that there would be limited added benefit in extending the Financial Ombudsman's VJ to cover complaints about POP operators. This is because it is expected that most, if not all, firms applying for permission to operate a POP will already be FCA-authorised firms and levy payers with UK establishments whose customers would be able to access the Financial Ombudsman's CJ. This reduces the need for any extension of VJ coverage. However, we recognise this does mean that where an authorised POP carries on its activities from a non-UK establishment, then given the FCA's rules relating to the territorial scope of the CJ in DISP 2.6.1R, the CJ might not cover complaints about such a POP operator's activities.

For the reasons set out above, we are making rules as consulted on, subject to one difference in relation to the VJ rules: to give effect to its decision not to expand the scope of the VJ, the Financial Ombudsman has since identified the need for a further amendment to DISP 2.5.1R(2)(a), which is reflected in the made rules.

Complaints reporting

3.38 In CP24/13, we proposed to amend the complaints reporting rules to extend them to the new regulated activity of operating a POP. In CP25/3 we consulted on whether we should amend the relevant form (DISP 1 Annex 1) or simply rely on the existing entries for complaints pertaining to 'platforms'. We clarified the latter was our preferred approach.

3.39 In CP24/13 we asked:

Question 27: **Do you agree that we should extend our complaints reporting rules to this new regulated activity?**

3.40 In CP25/3 we asked:

Question 5: **Do you agree with our proposal to extend complaints reporting to firms operating POPs via the existing entries for 'platforms' in DISP 1 Annex 1?
Y/N. If not, please specify why.**

Summary of feedback and our response

3.41 We received 5 responses supporting our proposal in CP24/13 to apply the complaints reporting rules to the new regulated activity.

3.42 One respondent to CP25/3 favoured using the existing entry for 'platforms' in the relevant form.

3.43 Another respondent to CP25/3 suggested that POP operators should periodically publish anonymised complaints data to educate consumers and promote accountability.

Our response

Given the support for our proposed approach to complaints, we are making rules as consulted on.

We do not agree with the additional suggestion that POP operators should be required to publish complaints data. It is important to note that we currently do not require a similar disclosure from firms carrying out similar investment regulated activities.

We collect complaints data from firms to enable us to monitor the number of complaints that firms receive, how this changes over time, and which products or services people have complained about the most. We use the data to help assess how well firms are treating their customers and how their performance changes over time. We also use the data to guide our work in supervising firms and markets, and to highlight potential concerns with products. Each firm reports their data to us in line with their own reporting cycle on either a 6-monthly basis, or annually for smaller firms. We collect and publish data at both an aggregate (market level) and firm level. We only publish firm-specific data for firms reporting:

- 500 or more complaints in a half-year period
- 1,000 or more complaints for consumer credit firms, if these firms report to us annually.

Firms exceeding these thresholds must also publish complaints data on their websites.

In light of the above, adopting a bespoke approach to the new regulated activity of operating a POP would be disproportionate, inconsistent, and unnecessary. The publication of such data could also be misleading as it would not take into account the merits or deficiencies in complaints, potentially referring to complaints that may not be closed and still subject to further appreciation.

Financial Services Compensation Scheme

3.44 In CP24/13, we proposed to extend FSCS coverage to the regulated activity of operating a POP in relation to investors, but not issuers. As a result, issuers would not be protected by the FSCS, regardless of size, so would not be caught by the exclusion for large companies under COMP 4.2.2R(13).

3.45 We asked the following in CP24/13:

Question 25: **Do you agree with our proposed approach to provide FSCS coverage to investors when the actions (or omissions) of POP operators result in a harm to investors?**

Summary of feedback and our response

3.46 Respondents generally supported our proposal to extend FSCS coverage to the new regulated activity of operating a POP (5 out of 6 agreed).

3.47 One respondent disagreed, saying that it would not be appropriate to treat POP operators in a similar way to investment managers for FSCS purposes. They suggested it was not clear why firms holding a POP permission should be held accountable for any losses incurred as a result of an investment offered on the platform.

Our response

We are making the rules as consulted on, reflecting the broad support.

Operating a POP and acting as an investment manager are distinct activities that need to be treated under FCA regulation accordingly. Aside from this, as we explained in CP24/13, several conditions need to be met before the FSCS could pay out to investors claiming compensation for harm suffered on a POP. These include the claim needing to be made by an eligible claimant, whose claim is of a type protected by the FSCS, made against a 'relevant person' in default, and where the relevant person owes the claimant a civil liability for the harm caused.

Losses arising from poor investment performance alone would not qualify for FSCS protection, unless the poor performance was caused by a firm's action or omission.

Fees (including Financial Ombudsman Service and FSCS-related levies)

3.48 In CP24/13, we set out our plans to further consult on fees and levies applicable to POP operators, including those relating to the Financial Ombudsman and FSCS. We consulted in CP25/3 on the details of these proposals.

FCA fees

3.49 For FCA periodic fees, we proposed to align the fees charged to firms operating a POP with those normally applicable to other investment activities, such as investment-based crowdfunding (IBCF). We proposed to include the new regulated activity of operating a POP within industry fee-block A.13 (Advisors, arrangers, dealers or brokers).

3.50 In line with this, we also proposed to apply a category 4 application fee (£2,720) to firms applying for the new POP permission. This category is currently applicable to firms falling within industry fee-block A.13.

3.51 In CP25/3, we asked:

Question 10: **Do you agree that the regulated activity of operating a POP should fall into the A.13 fee-block?**
Y/N. If not, please specify why.

Financial Ombudsman Service levies and case fees

3.52 Consistent with our proposal to extend the Financial Ombudsman's compulsory jurisdiction to include the new regulated activity of operating a POP, we proposed in CP25/3 to add the new regulated activity to industry block 9 for the Financial Ombudsman levy (FEES 5) purposes (Advisors, arrangers, dealers or brokers not holding and controlling client money and/or assets).

3.53 We clarified that firms who hold a POP permission but also hold client money or assets due to carrying out other regulated activities are likely to fall within a different industry block. This will happen, for instance, where firms already fall under industry block 8 due to regulated activities such as 'arranging (bringing about) deals in investments' or 'making arrangements with a view to transactions in investments', in which client money or assets are held by the firm.

3.54 We also signalled that POP operators would be charged the applicable case fee when acting as respondents to complaints referred to the Financial Ombudsman.

3.55 In CP25/3, we asked:

Question 11: **Do you agree with the addition of the regulated activity of operating a POP to industry block 9 in FEES 5?**
Y/N. If not, please specify why.

Financial Services Compensation Scheme levies

3.56 In CP24/13 we proposed to extend FSCS coverage to investors that may wish to purchase securities facilitated through a POP. Consistent with this proposal and the treatment to similar investment regulated activities, we proposed to include the new regulated activity of operating a POP in the Class 2, Category 2.1 for the purpose of charging FSCS-related levies.

3.57 In CP25/3, we asked:

Question 12: **Do you agree with the addition of the regulated activity of operating a POP to Class 2, Category 2.1 in FEES 6? Y/N. If not, please specify why.**

Summary of feedback and our response

3.58 We received feedback to our proposals on the FCA, Financial Ombudsman and FSCS fees and levies from 2 respondents, who both agreed with our approach.

Our response

We are making the amendments to FEES 6 as consulted on in CP25/3.

For FEES 5, we have decided not to include a new reference to 'a POP operator' in block 9 of FEES 5 Annex 1R. Note 5 of FEES 5 Annex 1R states that industry blocks in that annex are based on the equivalent activity groups set out in Part 1 of FEES 4 Annex 1AR. Given that the A.13 industry block in FEES 4 Annex 1AR is equivalent to blocks 8 and 9 in FEES 5 Annex 1R, our proposed reference to a POP operator in A.13 is the only amendment required to bring POP operators in scope of the Financial Ombudsman levy rules in FEES 5. Whether a POP operator contributing to the Financial Ombudsman levy comes under block 8 or 9 would continue to be determined by whether or not they are holding and controlling client money or assets.

Chapter 4

Implementation aspects

4.1 In this chapter, we set out our approach to implementation-related matters, such as authorisations and a potential interim permission regime, our supervisory approach and also how we intend to enforce our rules in the context of the POATRs.

Our proposed approach to authorisations and an interim permission regime for POPs

4.2 As described in CP25/3, we want to ensure a smooth implementation of the new regulated activity of operating a POP. We intend to support prospective POP operators through services such as our Pre-application support service (PASS), but also at market-level. We want to create the conditions for firms to be in a position to assist companies raising more than £5m through off-market public offers as early as possible once the POATRs come into force.

4.3 We have been working with the Treasury on an interim permission regime for already authorised firms that may wish to carry out the POP activity while we are still determining their VoP application and asked the following questions in CP25/3:

Question 1: **Do you have any comments on the proposals that we are discussing with the Treasury for a transitional regime that would enable authorised persons to carry on the new regulated activity of operating a POP while their application for the new permission is being determined? Y/N. If not, please specify why.**

Question 2: **Do you agree that any such transitional regime should be based on authorised persons having submitted an application for a VoP during an initial application window, and that the proposed initial period would be 3 months? Y/N. If not, please specify why.**

Question 3: **Do you have any other comments on our proposed approach to granting permission to carry on the new regulated activity of operating a POP set out in this section?**

Summary of feedback and our response

4.4 Three respondents to CP25/3 agreed with our proposed approach to the authorisations and interim permission regime for POPs. One of these respondents suggested establishing a reporting mechanism to ensure compliance and protection for consumers while the interim permission regime applies.

4.5 One respondent disagreed with our proposed approach. They said such a regime would be dangerous as firms may not have all the required protections in place.

Our response

The decision to work on an interim permission regime with the Treasury reflects our careful consideration of the benefits and risks of having such a regime in place. We described more extensively in CP25/3 why we are pursuing this approach. We also identified the key risks and have been working on further mitigants to these. This includes, for instance, our preference to only allow already authorised firms to benefit from the interim permission regime. This would greatly reduce the risk of firms not meeting the Threshold Conditions during this period. Further to this, firms will have to comply with all the requirements applicable to POP operators while operating under an 'interim' permission, including discharging specific duties as imposed by various other FCA sourcebooks.

As an example, we expect the SM&CR regime will continue to apply during this period. Given that there will not be transitional arrangements, firms will need to consider whether they need to update SM&CR documents in light of the new regulated activity. The new line of business may, for instance, impact managerial arrangements. Firms may also need to amend statements of responsibilities, consider how prescribed and other responsibilities are allocated, consider whether individuals need to be re-certified or certificated for the first time or consider if training for their staff is needed so they can familiarise themselves with the relevant POP rules and the individual conduct rules in COCON. This will need to be done before engaging in the new business enabled by the new POP activity.

We are still working on the details of the interim permission regime with the Treasury, which is scheduled to be made in legislation in due course later this year. We expect the interim permission regime to also set out how firms without the relevant permission can approve financial promotions during such period to ensure they can effectively carry on all the business activities of a POP operator during the interim permission period. See CP25/3 for further details on our initial thinking in this area.

Our supervisory approach for POPs

4.6 Our proposed supervisory approach, as set out in CP24/13 and CP25/3, was twofold.

4.7 First, we proposed to collect a baseline set of reports that we normally required from firms either authorised to carry out regulated activities in general or those that are investment related. For this reason, we proposed in CP25/3 to include the new regulated activity of operating a POP in our Integrated regulatory Reporting (IRR) framework as part of Regulated Activity Group (RAG) 3 in SUP 16.12.

4.8 Secondly, we consulted on a list of reports we were minded to require firms operating a POP to send us. These were designed as bespoke reports whose content related to the regulated activity of operating a POP. They included data such as the value of public offers facilitated by a specific POP operator, how many of those reached their target amount, and how many issuers defaulted following an equity capital raise facilitate through a POP. For a complete list of potential supervisory reports in this area, see Annex 3 of CP24/13.

4.9 We also proposed in CP25/3 that firms carrying out the POP activity submit, in line with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs), the Financial Crime Report, if they have a total revenue of £5m or more as at their previous accounting reference date.

4.10 In this context, we asked in CP24/13:

Question 26: **Do you agree with our proposed approach to reports we are requiring on POP operators?**

4.11 In CP25/3, we additionally asked the following questions:

Question 4: **Do you agree with our proposal to include the new regulated activity of operating a POP as part of RAG 3? Y/N. If not, please specify why.**

Question 6: **Do you agree with our proposal to require firms operating POPs with at least £5m of total reported revenues at their previous accounting reference date to be required to submit the Financial Crime Report? Y/N. If not, please specify why.**

Summary of feedback and our response

4.12 Four (out of a total of 5) respondents to Q26 in CP24/13 agreed with our proposed supervisory approach.

4.13 Further to these, 3 respondents to Q4 and Q6 in CP25/3 agreed with our proposals.

Our response

We are making the rules as consulted on in relation to required reporting, reflecting the broad support. In practice, the scope of reporting obligations should remain the same where firms are already submitting the supervisory reports applicable to POP operators under other regulated activities.

We would note that, at this stage, we are not requiring firms to report on the ad hoc, more tailored information we indicated we may seek to gather in due course once the regime is up and running (as per Annex 3 of CP24/13). Before considering any additional information gathering, we would first consider what information we already have available and can observe or receive through our ordinary supervisory activities. This aligns with our broader efforts to reduce reporting burdens on firms and carefully consider the necessity of any additional requests in line with our objectives. Given that we anticipate a potentially small number of firms will seek to operate a POP compared with other activities, we may have sufficient visibility of this market without needing to seek specific further information on aspects such as the number and values of offers made.

Our enforcement approach for POPs

4.14 The enforcement powers created by the POATRs apply across the entire framework, including to firms carrying out the new POP activity. For this reason, as we did in CP25/3, we refer to Chapter 10 of PS25/9 in this area.

Chapter 5

Other ancillary aspects of the public offer platform regime

5.1 In this section, we summarise the feedback in response to the proposals in Chapter 6 of CP23/13, and Chapter 5 of CP25/3. These chapters described consequential amendments to our rules and clarified the scope of the new regulated activity in various areas.

5.2 These areas included:

- The concept of 'client' in the new POP specific rules and its implications.
- The carve-out from the 'corporate finance business' concept in the Handbook.
- The possibility of overseas issuers to use a POP operator.
- The absence of bespoke advertisement rules for POP operators.
- The confirmation that the POP activity cannot be carried out through appointed representatives.
- General consequential amendments to the Decision Procedure and Penalties Manual (DEPP) and Professional Firms sourcebook (PROF) in the Handbook, as well as to the Enforcement Guide (EG) and Perimeter Guidance Manual (PERG).
- Guidance on the financial promotions perimeter, when assessed in the context of the new regulated activity.

The concept of 'client' in the POP regime

5.3 As detailed in CP24/13, we proposed the concept of 'investor-client' for the purpose of referring to investors that may choose to purchase securities offered by means of a POP operator.

5.4 A common concept of client (ie, comprising both investors and issuers) has been interchangeably adopted in various existing FCA rules that apply to investment-based crowdfunding activities. These existing FCA rules also would generally apply to firms operating a POP, as noted in Chapter 3. Nonetheless, to set specific POP requirements by reference to investors who are clients or prospective clients (eg, due diligence obligations, requirements related to how POP operators need to communicate information to investors, etc), and not issuers, we proposed adopting the concept of 'investor-client' in the new chapter of COBS, COBS 23.

5.5 In CP24/13 we asked:

Question 28: **Do you agree with our proposal for adopting a narrow concept of client for the purposes of our specific rules for operators of POPs (ie, new COBS 23)?**

Summary of feedback and our response

5.6 Five respondents to CP24/13 agreed with our proposal to use the concept of 'investor-client'. One of these respondents asked nonetheless for some clarification on how this concept would apply in a group context.

5.7 One respondent had mixed views. They agree to applying the concept of client to investors only (and not to issuers), but considers that our approach may give rise to conflicts of interest.

5.8 One respondent disagreed with our approach. Instead of creating a new concept they suggested we narrow down the concept of client to only entail investors in the context of COBS 23.

Our response

After analysing the feedback and to simplify the POP regime, we decided to revert our original proposal and use a single concept of 'client' in COBS 23. We consider the overarching purposes of the POP regime, as well as the context where this concept is used in our rules, provides sufficient clarity as to how it should be interpreted.

Corporate finance business

5.9 Despite not having asked a specific question in CP24/13 in this area, we reiterate that the POP regime follows a specific approach in how firms interact with different parties, in particular with investors. For this reason, the activity of operating a POP does not fall within the scope of corporate finance business.

Overseas issuers

5.10 As set out in CP24/13, we proposed to allow POP operators to facilitate public offers of both domestic and overseas issuers. This is provided that POP operators meet all the relevant requirements and standards in a similar manner.

5.11 In CP24/13 we asked:

Question 29: **Do you agree with our proposed approach to POP operators making offers of securities relative to overseas issuers?**

Summary of feedback and our response

5.12 Five respondents agreed with our proposals on overseas issuers.

Our response

We are making the rules as consulted on, reflecting the broad support.

Advertisements

5.13 We clarified in CP24/13 that we did not intend to propose rules for advertisements, since these have traditionally been relevant where there is an inconsistency risk between a prospectus and other communications made available to investors. This risk is not present in the POP regime.

5.14 In CP24/13, we asked:

Question 30: **Do you agree with our proposed approach to not create further specific rules for advertisements under our specific provisions for POP operators?**

Summary of feedback and our response

5.15 Four respondents agreed with our proposal not to create specific rules for advertisements.

Our response

As consulted on, we are not making specific rules on advertisements, reflecting the broad support.

Appointed representatives

5.16 We did not ask a specific question in relation to appointed representatives in CP24/13. However, to reiterate what we said therein, we note that in the absence of any legislative change, the regulated activity of operating a POP cannot be carried out through appointed representatives of firms.

Consequential amendments

5.17 In CP25/3, we proposed some consequential amendments to Handbook and non-Handbook guides. These changes included amendments to DEPP and PROF in the Handbook, as well as to EG and PERG.

5.18 We refer to CP25/3 and the related draft legal instrument in Appendix 1 of that publication for further details on our proposals.

5.19 In this context, in CP25/3 we asked:

Question 13: **Do you agree with the consequential amendments we are proposing to the Handbook? Are there any other consequential amendments you would like us to consider? Y/N. If not, please specify why.**

Summary of feedback and our response

5.20 We received feedback to our consequential amendments from 3 respondents to CP25/3, all of whom supported them. Another respondent referred to the need for the Treasury to update Financial Services and Markets Act 2000 (Professions) (Non-Exempt Activities) Order 2001 to clarify that the POP activity cannot be carried out on an exempt basis by professional firms.

Our response

We are making the rules as consulted on, reflecting the broad support.

Further to this, we have been working with the Treasury on consequential amendments to legislation so as to reflect the new regulated activity of operating a POP. Within this context, we removed our proposed amendments to PROF as the relevant changes will be made at a legislative level.

Proposed guidance on the financial promotions perimeter

5.21 In CP25/3, we proposed Handbook guidance to clarify how certain financial promotion exemptions apply. We refer to CP25/3 and the draft legal instrument thereto attached for further details on our proposals.

5.22 In CP25/3, we asked:

Question 14: **Do you have any comments on the proposed changes to our perimeter guidance on the exemptions from the need for approver permission?**

Summary of feedback and our response

5.23 Three respondents to CP25/3 agreed with our proposed guidance on the financial promotion perimeter. One of these suggested though developing illustrative scenarios to help in interpretating this guidance.

5.24 A further respondent mentioned that we should clarify the exemptions that will apply in the context of POP operators.

Our response

We are making the guidance as consulted on, reflecting the broad support. We want to provide firms with guidance that is expected to apply in a multiplicity of scenarios. So, we are not minded to provide specific illustrative scenarios at this time. We remain open to such an approach if we become aware of any implementation or interpretation issues.

Cost benefit analysis

5.25 We refer to CP24/13 for our cost benefit analysis (CBA). We set out the reasons for not carrying out a follow-on cost benefit analysis for the proposals in CP25/3.

5.26 In CP24/13 we asked:

Question 31: **Do you have any comments on our cost benefit analysis?**

Summary of feedback and our response

5.27 Three respondents consider our proposals are duplicative and create unnecessary costs arising from a potential overlap with other regimes set out in our Handbook. This is consistent with the views they expressed in relation to certain areas of the POP regime (due diligence requirements, disclosure requirements, etc) where this group of respondents considers that the Consumer Duty, financial promotion rules and, in some cases, company law already impose high enough standards. One respondent supported our CBA.

Our response

We have considered the areas where some respondents thought there was duplication of existing rules in the POP regime in the relevant sections above (see, for example, the sections on Financial Promotion rules and Consumer Duty in Chapter 3). We believe our rules are more complementary than duplicative. We are implementing the regime as consulted upon in those areas rather than making specific changes in light of this feedback. The other changes to the rules we consulted upon

do not lead us to reconsider our cost estimates. We also did not receive substantive comments on the analysis and estimation in the CBA. There is therefore no reason to revisit the CBA we consulted upon.

Annex 1

List of respondents

We are obliged to include a list of the names of respondents to our consultation who have consented to the publication of their name.

That list of respondents for CP24/13 is as follows:

City of London Law Society

Financial Services Consumer Panel

Crowdcube

Paxiot Limited / RW Blears LLP

Quoted Companies Alliance

UK Crowdfunding Association

UK Equity Markets Association

White & Case LLP

The list of respondents to CP25/3 is as follows:

Desmond Chin

Financial Services Consumer Panel

Listing Authority Advisory Panel

Market Practitioner Panel

Wrigleys Solicitors LLP

Annex 2

Abbreviations used in this paper

Abbreviation	Description
CASS	Client Assets sourcebook
CBA	Cost benefit analysis
CJ	Compulsory jurisdiction
COBS	Conduct of Business sourcebook
COCON	Code of Conduct sourcebook
DEPP	Decision Procedure and Penalties Manual
DISP	Dispute resolution: Complaints sourcebook
EG	Enforcement Guide
EP	Engagement Papers
FEES	Fees Manual
FSCS	Financial Services Compensation Scheme
FSMA	Financial Services and Markets Act 2000
IPRU-INV	Interim Prudential sourcebook for Investment Businesses
LCF	London Capital & Finance
MiFID	Markets in Financial Instruments Directive
MLRs	Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
NMMI	Non-mass market investments
PASS	Pre-application support service
PERG	Perimeter Guidance Manual
POATRs	Public offers and admissions to trading regulations 2024
POP	Public offer platform

Abbreviation	Description
Primary MTF	Primary multilateral trading facility
PROF	Professional Firms sourcebook
PS	Policy Statement
RAG	Regulated Activity Group
RAO	Regulated Activities Order 2001
RMMI	Restricted mass market investments
SPV	Special Purpose Vehicle
SYSC	Senior management arrangements, Systems and Controls sourcebook
UKPR	UK Prospectus Regulation
VJ	Voluntary jurisdiction
VoP	Variation of permission

Appendix 1

Final Rules (legal instrument)

PUBLIC OFFERS OF RELEVANT SECURITIES (OPERATING AN ELECTRONIC SYSTEM) INSTRUMENT 2025

Powers exercised by the Financial Conduct Authority

A. The Financial Conduct Authority ("the FCA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):

(1) section 137A (The FCA's general rules);
(2) section 137H (General rules about remuneration);
(3) section 137R (Financial promotion rules);
(4) section 137SA (Rules to recover expenses relating to the Money and Pension Service);
(5) section 137T (General supplementary powers);
(6) section 139A (Power of the FCA to give guidance);
(7) section 213 (The compensation scheme);
(8) section 214 (General);
(9) section 226 (Compulsory jurisdiction);
(10) section 234 (Industry funding); and
(11) paragraph 23 (Fees) of Part 3 (Penalties and Fees) of Schedule 1ZA (The Financial Conduct Authority).

B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

C. As required by section 137SA(5) of the Act, the Secretary of State has consented to rules made under that section.

D. The FCA approves the making of the Voluntary Jurisdiction rules and guidance made and the fixing and varying of the standard terms for Voluntary Jurisdiction participants by the Financial Ombudsman Service, as set out in paragraph F below.

E. The FCA confirms and remakes in the Glossary of definitions the defined expressions "financial promotion order" and "regulated activities order".

Powers exercised by the Financial Ombudsman Service Limited

F. The Financial Ombudsman Service Limited ("Financial Ombudsman") makes and amends the rules and guidance for the Voluntary Jurisdiction and fixes and varies the standard terms for Voluntary Jurisdiction participants, as set out in Annex H to this instrument, and incorporates the changes to the Glossary of definitions as set out in Annex A to this instrument, in the exercise of the following powers and related provisions in the Act:

(1) section 227 (Voluntary jurisdiction);
(2) paragraph 8 (Information, advice and guidance) of Schedule 17 (The Ombudsman Scheme);

(3) paragraph 18 (Terms of reference to the scheme) of Schedule 17; and
(4) paragraph 20 (Voluntary jurisdiction rules: procedure) of Schedule 17.

G. The making and amendment of the Voluntary Jurisdiction rules and guidance and the fixing and varying of the standard terms for Voluntary Jurisdiction participants by the Financial Ombudsman, as set out in paragraph F, is subject to the approval of the FCA.

Commencement

H. This instrument comes into force on 19 January 2026, immediately after the Prospectus (Consequential Amendments) Instrument 2025 (FCA 2025/31) comes into force.

Amendments to the FCA Handbook

I. The modules of the FCA's Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Senior Management Arrangements, Systems and Controls sourcebook (SYSC)	Annex B
Fees manual (FEES)	Annex C
Interim Prudential sourcebook for Investment Businesses (IPRU-INV)	Annex D
Conduct of Business sourcebook (COBS)	Annex E
Product Intervention and Product Governance sourcebook (PROD)	Annex F
Supervision manual (SUP)	Annex G
Dispute Resolution: Complaints sourcebook (DISP)	Annex H
Compensation sourcebook (COMP)	Annex I

Amendments to material outside the Handbook

J. The Perimeter Guidance manual (PERG) is amended in accordance with Annex J to this instrument.

Notes

K. In the Annexes to this instrument, the notes (indicated by "**Note:**" or "*Editor's note:*") are included for the convenience of readers but do not form part of the legislative text.

Citation

L. This instrument may be cited as the Public Offers of Relevant Securities (Operating an Electronic System) Instrument 2025.

By order of the Board of the FCA
10 July 2025

By order of the Board of the Financial Ombudsman
8 July 2025

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

disclosure summary	the statement referred to at *COBS* 23.6.1R.
operating an electronic system for public offers of relevant securities	the *regulated activity*, specified in article 25DB of the *Regulated Activities Order*, which is, in summary, operating an electronic system by means of which a *qualifying public offer* is made.
operating a POP	*operating an electronic system for public offers of relevant securities*.
POP	a *public offer platform*.
POP operator	a *firm* carrying on the activity of *operating a POP*.
public offer platform	an electronic system by means of which a *qualifying public offer* is made.
public offer prohibition	the prohibition of public offers of *relevant securities* imposed by regulation 12 of the *Public Offers and Admissions to Trading Regulations*.
qualifying public offer	(as defined in article 25DB of the *Regulated Activities Order*) an *offer of relevant securities to the public* in the *United Kingdom* that meets the following conditions: (a) 'Condition A' is that, if paragraph 13 of Schedule 1 to the *Public Offers and Admissions to Trading Regulations* (which exempts offers made by means of a regulated platform) were disregarded, the offer would be prohibited by regulation 12(1) of those Regulations; (b) 'Condition B' is that the *relevant securities*: (i) fall within regulation 5(1)(a) of the *Public Offers and Admissions to Trading Regulations* (which defines 'relevant securities' for the purposes of those Regulations) and are investments of a kind specified by Part 3 of the *Regulated Activities Order*; or

(ii) fall within regulation 5(1)(b) of the *Public Offers and Admissions to Trading Regulations* as a result of being investments of the kind specified by article 77 of the *Regulated Activities Order*; and

(c) 'Condition C' is that the *relevant securities* are not issued or to be issued by the *POP operator*.

Amend the following definitions as shown.

corporate finance business	(a)	*designated investment business* (other than *operating an electronic system for public offers of relevant securities*) carried on by a *firm* with or for:
		…
	…	
designated investment business	any of the following activities, specified in Part II of the *Regulated Activities Order* (Specified Activities), which is carried on by way of business:	
	…	
	(daa)	…
	(dab)	*operating an electronic system for public offers of relevant securities* (article 25DB);
	…	
regulated activity	…	
	(B)	in the *FCA* Handbook: (in accordance with section 22 of the *Act* (Regulated activities)) the activities specified in Part II (Specified activities), Part 3A (Specified activities in relation to information) and Part 3B (Claims management activities in Great Britain) of the *Regulated Activities Order*, which are, in summary:
	...	
	(gga)	…
	(ggb)	*operating an electronic system for public offers of relevant securities* (article 25DB);
	…	

remuneration (1) (except where (2), (3) ~~or,~~ (4), (5) or (6) apply) any form of remuneration, including salaries, *discretionary pension benefits* and benefits of any kind.

…

(5) …

(6) (in *SYSC* 19F.4) any commission, *fee*, charge or other payment, including an economic benefit of any kind or any other financial or non-financial advantage or incentive offered or given in respect of the activity of *operating a POP*.

securities and futures firm a *firm* whose *permitted activities* include *designated investment business* or *bidding in emissions auctions*, which is not an *authorised professional firm*, *bank*, *MIFIDPRU investment firm*, *building society*, *collective portfolio management firm*, *credit union*, *friendly society*, *ICVC*, *insurer*, *media firm* or *service company*, whose permission does not include a *requirement* that it comply with *IPRU(INV)* 5 (Investment management firms) or 13 (Personal investment firms), and which is within (a), (b), (c), (d), (e), (f), (g) or (ga):

…

(c) a *firm*:

…

(ii) for which the most substantial part of its gross income (including commissions) from the *designated investment business* included in its *Part 4A permission* is derived from one or more of the following activities (based, for a *firm* given a *Part 4A permission* after *commencement*, on the business plan submitted as part of the *firm's* application for *permission* or, for a *firm* authorised under section 25 of the Financial Services Act 1986, on the *firm's financial year* preceding its *authorisation* under the *Act*):

…

(G) activities related to *spread bets*; or

(H) *operating an electronic system for public offers of relevant securities*;

…

Annex B

Amendments to the Senior Management Arrangements, Systems and Controls sourcebook (SYSC)

Insert the following new section, SYSC 19F.4, after SYSC 19F.3 (Funeral plan remuneration incentives). All the text is new and is not underlined.

19F.4 Public offer platform remuneration incentives

Application

19F.4.1 R This section applies to a *firm* with respect to the activity of *operating a POP*.

19F.4.2 R (1) A *firm* must not:

(a) be *remunerated*; or

(b) *remunerate* or assess the performance of its *employees*,

in a way that conflicts with its duty to comply with *COBS* 2.1, in respect of its *clients*.

(2) In particular, a *firm* must not make any arrangements by way of *remuneration*, sales target or otherwise that could provide an incentive to itself, or its *employees*, to facilitate a particular *qualifying public offer*.

(3) *Remuneration* and similar incentives must not be solely or predominantly based on quantitative commercial criteria and must take fully into account appropriate qualitative criteria reflecting compliance with the applicable regulations, the fair treatment of its *clients* and the quality of services provided to its *clients*.

19F.4.3 G A *firm* should be aware of:

(1) the requirements in relation to *remuneration* policies (*SYSC* 4.3A.1AR) and conflicts of interest (*SYSC* 10.1.7R);

(2) Finalised Guidance 13/01 entitled 'Risks to customers from financial incentives' published in January 2013; and

(3) Finalised Guidance 15/10 entitled 'Risks to customers from performance management at firms' published in July 2015.

Annex C

Amendments to the Fees manual (FEES)

In this Annex, underlining indicates new text and striking through indicates deleted text.

4 Periodic fees

…

4 Annex 1AR FCA activity groups, tariff bases and valuation dates

Part 1

…

Activity group	Fee payer falls in the activity group if:
…	
A.13 Advisors, arrangers, dealers or brokers	(1) it is an *authorised professional firm* and **ALL** the *regulated activities* in its *permission* are limited to non-mainstream regulated activities (a *firm* falling within this category is a class (1) *firm*); **OR** (1A) it is a *POP operator*; **OR** (2) its *permission*: (a) includes one or more of the following: (i) in relation to one or more *designated investments*: *dealing in investments as agent*; *arranging (bringing about) deals in investments*; *making arrangements with a view to transactions in investments*; *dealing as principal in investments* where the activity is carried on as an *oil market participant* or *energy market participant*; *advising on investments (except P2P agreements)* (except *pension transfers* and *pension opt-outs*); giving *basic advice* on a *stakeholder product*; *advising on pension transfers and pension opt-outs*; *advising on syndicate participation at Lloyd's*;

	(ii) *advising on P2P agreements*; (iii) in relation to a *structured deposit*: *dealing in investments as agent*; or *arranging (bringing about deals) in investments*; or *making arrangements with a view to transactions in investments*; or *advising on investments (except P2P agreements)*; or *advising on investments (except pension transfers and pension opt-outs)*; (b) **BUT NONE** of the following: *effecting contracts of insurance*; or *carrying out contracts of insurance*; **AND** (c) **PROVIDED** the fee-payer is **NOT** any of the following: a *corporate finance advisory firm*; a *firm* for whom all of the applicable activities above are otherwise limited to carrying out *corporate finance business*; a *firm* for whom all the applicable activities above are limited to carrying out *venture capital business*; a *firm* for whom all the applicable activities above are limited to acting as a *residual CIS operator*; a *firm* for whom all the applicable activities above are limited to *acting as trustee or depositary of an AIF* and/or *acting as trustee or depositary of a UK UCITS*; a *service company*. A *firm* falling within (1A) or (2), and not (1), is a class 2 *firm*.
…	

…

6 Financial Services Compensation Scheme Funding

…

6 Annex 3A Financial Services Compensation Scheme - classes and categories

R This table belongs to *FEES* 6.5.6AR

…

Class 2	Investment Intermediation Claims
Category 2.1	Life distribution and investment intermediation
Firms with permission for:	…
	any of the following in relation to *designated investment business* BUT excluding activities that relate to *long-term insurance contracts* or rights under a *stakeholder pension scheme* or a *personal pension scheme*: … *operating a multilateral trading facility*; *operating an electronic system for public offers of relevant securities*; …
…	

…

Annex D

Amendments to the Interim Prudential sourcebook for Investment Businesses (IPRU-INV)

In this Annex, underlining indicates new text and striking through indicates deleted text.

3 Financial resources for Securities and Futures Firms which are not MiFID Investment Firms

…

PRIMARY REQUIREMENT

…

Absolute minimum requirement – General rule

3-72 R A firm's absolute minimum requirement is:

(a) for an arranger to which (aa) does not apply: £10,000

(aa) for an arranger with permission to operate an electronic system for public offers of relevant securities, in accordance with article 25DB of the Regulated Activities Order: £75,000;

…

…

Appendix 1 GLOSSARY OF TERMS FOR IPRU(INV) 3

…

arranger means a firm -

(a) whose sole investment business consists of activities within the following articles of the Regulated Activities Order -

…

(ii) …

(iia) article 25DB (operating an electronic system for public offers of relevant securities);

…

…

…

corporate finance business	means -	
	(a)	designated investment business (other than operating an electronic system for public offers of relevant securities) carried on by a firm with or for:
		…
	…	

…

investment business	means any of the following regulated activities specified in Part II of the Regulated Activities Order and which is carried on by way of business:	
	…	
	(d)	…
	(da)	operating an electronic system for public offers of relevant securities (article 25DB);
	…	

…

Annex E

Amendments to Conduct of Business sourcebook (COBS)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

1 Application

…

1 Annex 1 Application (see COBS 1.1.2R)

…

Part 2: Where?

Modifications to the general application according to location

…		
2.	**Business with UK clients from overseas establishments**	
…		
2.2	G	…
3.	**Public offer platforms**	
3.1	R	This sourcebook applies to a *firm* with respect to its activity of *operating a POP* whether from an establishment maintained by it in the *United Kingdom* or overseas.

…

…

14 Providing product information to clients

…

14.3 Information about designated investments (non-MiFID provisions)

Application

14.3.1 R This section applies to a *firm* in relation to:

…

(2) any of the following *regulated activities* when carried on for a *retail client*:

…

(e) *operating an electronic system in relation to lending*, but only in relation to facilitating a person becoming a lender under a *P2P agreement*~~.~~; or

(f) *operating a POP*,

…

…

…

Insert the following new chapter, COBS 23, after COBS 22 (Restrictions on the distribution of certain complex investment products). All of the text is new and is not underlined.

23 Operating a public offer platform

23.1 Application

Who? What?

23.1.1 R This chapter applies to a *firm* that carries on the activity of *operating a POP*.

Where?

23.1.2 R (1) With the exception of *COBS* 23.9, this chapter applies to a *POP operator* in respect of the making of a *qualifying public offer*.

(2) *COBS* 23.9 applies to a *POP operator* that provides the means by which both *qualifying public offers* and *offers of relevant securities to the public* in the *United Kingdom* (which are not *qualifying public offers*) are made.

23.1.3 G (1) A *qualifying public offer* is an *offer of relevant securities to the public* in the *United Kingdom* that satisfies certain conditions.

(2) The effect of *COBS* 23.1.2R and *COBS* 1 Annex 1 Part 2 3.1R is to define the territorial application of this chapter by reference to the making of an *offer of relevant securities to the public* in the *United Kingdom*.

(3) This means that this chapter applies whether or not the *POP* is operated by a *firm* from an establishment maintained by it in the *United Kingdom*.

Context

23.1.4 G (1) This chapter sets out the detailed obligations that are specific to a *firm* when *operating a POP*.

(2) A *qualifying public offer* that is made by means of a *POP* is exempt from the *public offer prohibition*.

(3) This chapter is not exhaustive as to the *rules* that apply to *firms* facilitating *qualifying public offers*. The obligations in this chapter apply in addition to other applicable provisions of this sourcebook.

(4) *Firms* are also reminded of their obligations under *Principle* 12 and *PRIN* 2A.

[**Note:** regulation 12 of, and Schedule 1 to, the *Public Offers and Admissions to Trading Regulations*]

Interpretation

23.1.5 G (1) In this chapter, references to a *POP operator* 'facilitating a *qualifying public offer*' are to such a *person* providing the means by which a *qualifying public offer* is made.

(2) To the extent that the *POP operator* is bringing about transactions in the *relevant securities* which are the subject of a *qualifying public offer*, it is likely to be carrying on other *regulated activities* (such as *arranging* or *dealing* activities) and additional *permissions* will be needed.

Guidance

23.1.6 G The obligations in this chapter do not apply where a *firm* provides the means by which only an *offer of relevant securities to the public*, other than a *qualifying public offer*, is made. This may be where:

(1) an *offer of relevant securities to the public* is made exclusively to *persons* other than those in the *United Kingdom*; or

(2) the *offer of relevant securities to the public* is of a kind, or consisting of a combination of 2 or more kinds of offer, specified in Part 1 of Schedule 1 to the *Public Offers and Admissions to Trading Regulations* other than paragraph 13 of that Schedule (for example, because the *offer of relevant securities to the public* is made solely to *qualified investors* or where the total consideration for the securities being offered does not exceed the relevant threshold).

23.1.7 G *Operating a POP* is not within the scope of business for which an *appointed representative* may be exempt.

23.1.8 G *Operating a POP* is not *MiFID, equivalent third country or optional exemption business*. However, a *firm* may carry on *MiFID, equivalent third country or optional exemption business* if it carries on other activities in addition to *operating a POP* (for example, the reception and transmission of orders).

23.2 General provisions and purpose

Introduction

23.2.1 G (1) This chapter sets out the general obligations on *firms* when providing the means by which a *qualifying public offer* is made.

(2) These obligations reflect the role of the *POP operator* in providing a gateway to the making of *offers of relevant securities to the public* (and, in particular, to *persons* who are not *qualified investors*) in the *United Kingdom*.

(3) This chapter requires a *firm*:

(a) before facilitating a *qualifying public offer*:

(i) to gather certain information about the *issuer* and the proposed *qualifying public offer*;

(ii) to carry out post-information gathering due diligence; and

(iii) on the basis of (i) and (ii), to determine whether it is appropriate to facilitate the *qualifying public offer*; and

(b) in facilitating a *qualifying public offer*, to provide certain information to *clients*.

Purpose

23.2.2 G In complying with the detailed requirements in this chapter, a *firm* should have regard to the purposes of these requirements, which are to:

(1) protect market integrity, including by ensuring that *POPs* are not used to facilitate *financial crime*; and

(2) secure an appropriate degree of protection for *consumers*, including by ensuring that:

(a) *clients* can make informed and effective decisions as to whether or not to participate in a *qualifying public offer*, including (but not limited to) being able to make an adequate assessment of the risks and benefits; and

(b) *POPs* are not used to facilitate *qualifying public offers* which may cause reasonably foreseeable harm to a *client*.

[**Note:** *GEN* 2.2.1R]

23.3 Due diligence

Information gathering

23.3.1 R Before facilitating a *qualifying public offer*, a *firm* must obtain information about the *issuer* and the proposed *qualifying public offer* that:

(1) is sufficient to enable the *firm* to:

(a) understand:

(i) the identity and nature of the *issuer*, including its business model; and

(ii) the key risks associated with the proposed *qualifying public offer*;

(b) carry out a reasonable assessment of the financial viability of the *issuer* in accordance with *COBS* 23.4.5R;

(c) determine if it is appropriate to facilitate the *qualifying public offer* in accordance with *COBS* 23.5; and

(d) present such information as a reasonable *client* would require to make an informed and effective decision on whether or not to participate in the *qualifying public offer*, in accordance with *COBS* 23.6; and

(2) addresses at least the matters specified in *COBS* 23.3.2R and *COBS* 23.3.5R.

Core information

23.3.2 R A *firm* must obtain at least the following information about the *issuer*:

(1) general information, including (so far as relevant):

(a) the current and previous names of the *issuer*, including any trading names;

(b) details of the *issuer's* incorporation, including the date and place of incorporation and company registration number;

(c) contact details, including the *issuer's* registered office address and registered email address;

(d) the details of *persons* ('A') in relation to the *issuer* ('B') with:

(i) 10% or more of the *shares* or voting power in B or in a *parent undertaking* ('P') of B; or

(ii) the ability to exercise significant influence over the management of B or P;

(e) information about key individuals associated with the *issuer* (including, but not limited to, directors and senior management), including:

(i) their name and current position;

(ii) their academic background and professional experience; and

(iii) such other information as is necessary to enable the *firm* to satisfy itself as to the fitness and propriety of those individuals to perform their respective roles (see *COBS* 23.3.3G);

(f) *group* information, including the *group* structure, the *issuer's* position in the *group* and any *subsidiaries* of the *issuer*;

(g) details of the *issuer's* online presence, such as the *issuer*'s website and social media accounts;

(h) a description of the *issuer's* business model, including the products or services offered by the *issuer*;

(i) information about any *sustainability characteristics* of the *issuer* which are material to its business model;

(j) if it is material to the *issuer's* business or profitability, information regarding the extent to which the *issuer* is dependent on:

(i) patents or licences; and

(ii) new manufacturing processes;

(k) key risk factors relating to the *issuer* or *relevant securities* (see *COBS* 23.3.4G);

(l) details of:

(i) any litigation to which the *issuer* is, or to which it is likely to become, a party; and

(ii) any litigation to which any member of the *issuer's group* is, or is likely to become, a party that may have a material impact on the *issuer*; and

(m) details about contracts (other than contracts entered into in the ordinary course of business):

(i) to which the *issuer* or any member of the *issuer's group* is a party; and

(ii) that are material to, or may have a material impact on, the *issuer*; and

(2) financial information, including (so far as is relevant):

(a) the *issuer's* most recent financial reports and accounts, including a confirmation as to whether the accounts have been audited;

(b) details of the *issuer's* financing structure, including its liabilities and sources of capital (such as any previous capital raising either through debt or equity);

(c) details of any fees, commissions or other charges that the *issuer* is likely to pay to third parties which could affect the ability of the *issuer* to deliver rates of return on the *relevant securities*; and

(d) the most recent *group* financial accounts of the *issuer*.

23.3.3 G In *COBS* 23.3.2R(1)(e), information about the fitness and propriety of key individuals that a *firm* will need to obtain:

(1) will depend on the role of the relevant individual and the nature of the *issuer's* business;

(2) having regard to the purpose of the *rules* in this chapter (*COBS* 23.2.2G), should be such as to satisfy the *firm* as to the relevant individuals':

(a) honesty and integrity;

(b) competence and capability; and

(c) financial soundness; and

(3) may include, where relevant and without limitation:

(a) checking for convictions for criminal offences (where possible), particularly in relation to dishonesty, fraud or financial crime;

(b) establishing whether the individual has been the subject of any adverse finding or any settlement in civil proceedings in connection with misconduct, fraud or the formation or management of a body corporate;

(c) establishing whether the individual has been a *director*, *partner*, or concerned in the management of, a business that has gone into insolvency, liquidation or administration while the individual has been connected with that organisation or within one year of that connection;

(d) establishing whether the individual has ever been disqualified from acting as a *director* or disqualified from acting in any managerial capacity; and

(e) confirming whether the individual has previously been declared bankrupt.

23.3.4 G In *COBS* 23.3.2R(1)(k), 'key risks factors' are those risks:

(1) which are specific to the *issuer* or *qualifying public offer*;

(2) which, were they to crystalise, would have a material adverse impact on the *issuer* and/or its business; and

(3) that have more than a remote possibility of crystalising.

23.3.5 R A *firm* must obtain at least the following information about the proposed *qualifying public offer* (so far as is relevant):

(1) the target amount to be raised through the *qualifying public offer*;

(2) the amount raised or likely to be raised by the *issuer* from any other *offer of relevant securities to the public* which:

(a) was closed, or is expected to close, in the 12 *months* prior to the date on which the *qualifying public offer* is expected to open; or

(b) is open, or expected to be opened by the *issuer*, before the date on which the *qualifying public offer* is expected to close;

(3) the target deadline for the closure of the *qualifying public offer*;

(4) a description of:

(a) the rights attached to the *relevant securities* to be offered;

(b) how those rights relate to rights attaching to other *securities* or classes of *securities* of the *issuer*; and

(c) the impact of the proposed *qualifying public offer* on the *issuer's* shareholder structure;

(5) the proposed use of funds by the *issuer* and any third party;

(6) a description of any tax relief available for *clients*;

(7) where the *relevant security* is a debt instrument, the duration of the term and any interest payments; and

(8) where the *issuer* is a closed-ended collective investment undertaking:

(a) information regarding the investment policy, strategy and objectives;

(b) a summary of the portfolio (or proposed portfolio);

(c) its most recent net asset value; and

(d) details of any *person* responsible for managing the investments of the closed-ended collective investment undertaking (whether directly or on a delegated or outsourced basis).

Additional information gathering

23.3.6 R (1) If the information gathered in accordance with *COBS* 23.3.2R and *COBS* 23.3.5R is not sufficient to meet the requirements in *COBS* 23.3.1R, a *firm* must gather additional information.

(2) In determining what further information the *firm* may require, it must have regard to:

(a) the structure and complexity of:

(i) the *issuer* or its *group*; and

(ii) the *qualifying public offer*;

(b) the industry to which the *qualifying public offer* relates, including whether there is relevant industry information which is reasonably likely to influence the value of the *issuer's* business; and

(c) the business model of the *issuer* and whether it involves any element that may present an increased risk of loss or harm to *clients*.

23.3.7 G An example of where a *firm* may determine it requires further information pursuant to *COBS* 23.3.6R(2) is where the *issuer* is a *special purpose vehicle*.

23.3.8 G The characteristics of a business model that might reasonably be expected to present an increased risk of loss or harm to *clients* are those which could reasonably be expected to have a material impact on:

(1) the ability of the *issuer* to deliver an expected rate of return; or

(2) the soundness of the business of the *issuer*, including whether the *issuer* lends money to other businesses.

23.3.9 R A *firm* must also obtain any supporting information or materials the *issuer* intends to communicate to *clients* in relation to the *qualifying public offer*.

23.3.10 G The information, materials or communications in *COBS* 23.3.9R include (but are not limited to):

(1) any *financial promotions* relating to the *qualifying public offer*; and

(2) the terms of, and any contractual documentation to be used in relation to, the *qualifying public offer*.

23.3.11 G (1) In respect of a particular *qualifying public offer*, a *firm* may have regard to information obtained in the course of previous dealings with the *issuer* for the purposes of complying with the requirements of this section.

(2) Before having regard to the information in (1), a *firm* should consider whether:

(a) it should obtain the information again (for example, because the passage of time could have affected its reliability); and

(b) it should take particular steps to assess that information in accordance with the requirements in *COBS* 23.4 to ensure that it remains reliable.

23.4 Post-information gathering due diligence

Due diligence requirements

23.4.1 R (1) Before facilitating a *qualifying public offer*, a *firm* must take reasonable steps to satisfy itself that the information received in accordance with *COBS* 23.3 can be relied upon to:

(a) determine whether it is appropriate to facilitate the *qualifying public offer* in accordance with *COBS* 23.5; and

(b) present such information as a reasonable *client* would require to make an informed and effective decision on whether or not to participate in the *qualifying public offer*, in accordance with *COBS* 23.6.

(2) For the purposes of (1), the *firm* must:

(a) take reasonable steps to at least ensure that the information is materially complete and does not include any material inconsistencies; and

(b) consider whether it needs to carry out additional steps to assess the reliability of the information, having regard to:

(i) the type of information the *firm* is assessing;

(ii) the risks associated with the location of the *issuer* and the nature of the *issuer's* business; and

(iii) any adverse information identified in relation to the *issuer*.

23.4.2 G (1) The reasonable steps that a *firm* must take to ensure reliability of information in *COBS* 23.4.1R(1) may be different in respect of information which cannot be objectively verified as it is reliant upon the occurrence of a future event, including growth forecasts and expected rates of return.

(2) The steps that the *firm* takes in respect of information described in (1) may be similar to those required to ensure a communication or *financial promotion* is compliant with the *fair, clear and not misleading rule* depending on the particular context.

Extent of reliance on third parties

23.4.3 R If another *firm* (F2) is involved in *approving financial promotions* relating to the *qualifying public offer* to be facilitated by a *firm* (F1):

(1) F1 may rely upon any information about the *issuer* or *qualifying public offer* which it may have received from F2 if it can show that it was reasonable for it to do so; and

(2) F1 will remain responsible for complying with its obligations in this chapter.

23.4.4 R If a *firm* receives information which consists of a statement prepared by an expert, it is entitled to regard the information as satisfying the requirements in *COBS* 23.4.1R without taking further steps to assess it unless it is aware

of any reason to doubt the expert's independence or credibility or the statement's accuracy.

Financial viability assessment

23.4.5 R (1) Before facilitating a *qualifying public offer*, a *firm* must carry out a reasonable assessment of the *issuer's* expected financial position after the offer closes.

(2) If the *firm* determines in (1) that the *issuer* does not have sufficient financial resources to continue as a going concern for at least 6 months after the *qualifying public offer* has closed, the *firm* must not facilitate that offer.

Contractual provision for withdrawal rights

23.4.6 R Before facilitating a *qualifying public offer*, a *firm* must ensure that the contractual terms of the offer include:

(1) the right for a *client* who has agreed to buy or subscribe for the *relevant securities* offered to withdraw their acceptance while the *qualifying public offer* is open, in at least the circumstances set out in *COBS* 23.7.1R(2);

(2) the date by which the right of withdrawal must be exercised; and

(3) the steps that the *client* must take to exercise the right of withdrawal in (1).

23.5 Assessment by the public offer platform

23.5.1 R (1) Before facilitating a *qualifying public offer*, a *firm* must determine whether it is appropriate for it do so.

(2) For the purposes of reaching the determination in (1), a *firm* must consider whether:

(a) all of the information it is required to obtain by *COBS* 23.3 has been provided to the *firm* (or, if not provided, whether the omission can reasonably be explained);

(b) the information it obtained under *COBS* 23.3 indicates that the *issuer*, and the key individuals associated with it, are fit and proper;

(c) there is information that the *firm* has been unable to assess for reliability to the extent required in *COBS* 23.4.1R;

(d) the supporting information and material provided by the *issuer* under *COBS* 23.3.9R complies with regulatory requirements (including, where applicable, the *financial promotion rules*); and

(e) there are any other factors of which the *firm* is, or ought reasonably to be, aware which may influence its determination as to whether it is appropriate to facilitate the *qualifying public offer*, having regard in particular to the nature of the *firm's clients* and the purpose of the *rules* in this chapter (*COBS* 23.2.2G).

(3) For the purposes of reaching the determination in (1), a *firm* must consider whether any findings arising from (2) are material.

23.5.2 R The reference to any other factors in *COBS* 23.5.1R(2)(e) includes (but is not limited to) where the *issuer* is not incorporated in the *United Kingdom*. In this case, the *firm* must assess whether the jurisdiction of the *issuer's* incorporation gives rise to particular risks that affect its assessment of whether it is appropriate to facilitate the *qualifying public offer*.

23.5.3 R In considering the materiality of any finding in *COBS* 23.5.1R, a *firm* must determine:

(1) the importance of the information for the purpose of enabling the *firm* to understand the *issuer's* business model and the key risks associated with the *qualifying public offer*;

(2) the relevance and importance of the finding to the *firm's* assessment of the fitness and propriety of the key individuals associated with the *issuer*; and

(3) how important the information is for the purpose of enabling *clients* to make an informed and effective decision about whether to participate in the *qualifying public offer*.

23.5.4 G (1) Materiality is likely to depend on circumstances and context. The characteristics of the *issuer* and the proposed *qualifying public offer* will likely inform a consideration of the materiality of information.

(2) Information may be material in isolation or when considered in connection with other information.

(3) If a finding is material, the *firm* should consider whether it can communicate adequate information to *clients* such that the finding can be presented in a way that enables *clients* to clearly understand the potential impacts or relevance of the matter identified in the context of the *qualifying public offer*.

(4) Any finding relating to the fitness and propriety of the *issuer* is likely to be material to the *firm's* assessment of appropriateness for the purposes of *COBS* 23.5.1R.

23.5.5 R Only once a *firm* has satisfied itself that it is appropriate to facilitate a *qualifying public offer* may it do so.

23.5.6 R A determination that it is not appropriate to facilitate a *qualifying public offer* does not preclude a *firm* from facilitating it if:

(1) the *issuer* adequately addresses the matters which led to that original determination; and

(2) subsequently, the *firm* determines that it is appropriate for it to facilitate the proposed *qualifying public offer* in accordance with *COBS* 23.5.1R.

23.5.7 G *Firms* should be aware of the record keeping requirements in *COBS* 23.8, including the requirement to make an adequate record of the basis on which the *firm* has satisfied itself that it is appropriate to facilitate the *qualifying public offer*.

23.6 Communication of qualifying public offers

Disclosure summary

23.6.1 R In the event that a *firm* assesses that it is appropriate to facilitate a *qualifying public offer*, it must prepare a statement (the 'disclosure summary') for that offer which contains a summary of:

(1) the information provided by the *issuer* or a third party to the *firm* for the purposes of the requirements in *COBS* 23.3; and

(2) the assessment of whether it is appropriate to facilitate the *qualifying public offer* that the *firm* has undertaken under *COBS* 23.5.

23.6.2 R The *disclosure summary* must also include:

(1) the information set out at *COBS* 23.6.9R(1); or

(2) a link which, when activated, directs the *client* to the information set out at *COBS* 23.6.9R(1).

23.6.3 G Provided that it includes all the information required by *COBS* 23.6.1R and *COBS* 23.6.2R, the *disclosure summary* may be prepared:

(1) in the course of the *firm's* activity to determine whether it is appropriate to facilitate the *qualifying public offer*; or

(2) after the decision to facilitate the *qualifying public offer* has been made.

23.6.4 G (1) A *firm* is not required to include:

(a) proprietary or commercially sensitive information; or

(b) its determination as to financial viability in *COBS* 23.4.5R,

in the *disclosure summary*.

(2) *Firms* should consider whether it is appropriate for any such information in (1)(a) to be summarised in a way that does not include the sensitive information.

Information to be made available to the client relating to the qualifying public offer

23.6.5 R (1) In relation to each *qualifying public offer* that it facilitates, a *firm* must make available to *clients*:

(a) the relevant *disclosure summary* prepared under *COBS* 23.6.1R;

(b) the most recent financial accounts of the *issuer* and a confirmation of whether they have been audited;

(c) the terms of, and any contractual documents relating to, the *qualifying public offer*; and

(d) such other information as a *client* may require in order to make an informed and effective decision as to whether or not to participate in the *qualifying public offer*, including (but not limited to) being able to make an adequate assessment of the risks and benefits.

(2) The *firm* must make the information in (1) available to *clients* for as long as the *qualifying public offer* remains open to the public.

23.6.6 R (1) A *firm* must include in an appropriate location on its website for each *qualifying public offer* an indication that the *firm* has undertaken due diligence in relation to the offer.

(2) The statement in (1) must be presented in a way that will clearly and prominently bring it to the attention of *clients*.

23.6.7 R For as long as a *qualifying public offer* remains open to the public, a *firm* must make available in real time the amount raised by the *issuer* by way of that *qualifying public offer*.

23.6.8 G For the purpose of *COBS* 23.6.5R(1)(b), a *firm* may provide a link which, when activated, directs the *client* to the relevant documents on Companies House.

Other information to be made available to the client

23.6.9 R A *firm* must:

(1) publish on its website a comprehensive statement of its approach to:

(a) the due diligence required by this chapter; and

(b) managing conflicts of interest between different *clients* (*issuers* and investors); and

(2) ensure that the statements in (1) are easily accessible by *clients*.

23.6.10 G For the purpose of *COBS* 23.6.9R, a *firm* may publish a copy of its relevant policies, such as its due diligence policy (prepared in accordance with *COBS* 23.8.1R) and its *conflicts of interest policy*.

23.6.11 G The *disclosure summary* is intended to provide summary information about the due diligence undertaken by the *firm* in relation to the particular *issuer* and *qualifying public offer*, whereas the statements at *COBS* 23.6.9R(1) relate to the framework of how the *firm* carries out that due diligence and manages conflicts.

23.6.12 R The statements set out in *COBS* 23.6.9R(1) must be presented in a way that will clearly and prominently bring them to the attention of *clients*.

Equality of information

23.6.13 G (1) *Firms* are reminded that regulation 13 of the *Public Offers and Admissions to Trading Regulations* (Disclosure of information) applies to a *qualifying public offer*.

(2) The effect of regulation 13 is that if material information is disclosed by, or on behalf of, an *issuer* or offeror and addressed to one or more selected investors in oral or written form, that information must be disclosed to all other investors to whom the offer is addressed.

Financial promotions

23.6.14 G *Firms* are also reminded of their obligations under *COBS* 4 relating to:

(1) a *firm's* role in ensuring that a communication or a *financial promotion* is fair, clear and not misleading (*COBS* 4.2.1R);

(2) a *firm's* role in *approving financial promotions*, as set out in *COBS* 4.10, including the requirement to ensure that the name of the *firm* that has *approved* a *financial promotion* is included in that *financial promotion* (*COBS* 4.5.2R and *COBS* 4.5.2AR);

(3) the requirements relating to the presentation of future performance information in *COBS* 4.6.7R; and

(4) the restrictions on the promotion of *restricted mass market investments* and *non-mass market investments* in *COBS* 4.12A and *COBS* 4.12B, respectively.

23.7 Material changes to information and withdrawal rights

Material changes to information

23.7.1 R (1) This *rule* applies during the period in which a *qualifying public offer* is open to the public.

(2) A *firm* must take the steps in (3) as soon as reasonably practicable on becoming aware of:

(a) a significant new piece of information or change to the information obtained for the purposes of *COBS* 23.3.2R to *COBS* 23.3.6R; or

(b) any material mistake or inaccuracy in, or omission from, the communications (including any untrue or misleading statement) provided to *clients* under *COBS* 23.6.5R.

(3) The *firm* must:

(a) determine whether it is appropriate for it to continue to facilitate the *qualifying public offer* in light of the matter in (2), using the criteria in *COBS* 23.5;

(b) where relevant, update the *disclosure summary* with the relevant information or publish a supplementary statement with the relevant information;

(c) where relevant, update, or otherwise ensure that the *issuer* updates, the information in any additional documents communicated, or made available, to *clients*; and

(d) ensure that *clients* that have agreed to purchase or subscribe for *relevant securities* in response to the *qualifying public offer* are:

(i) notified of the matter in (2) and of any changes to the information communicated in relation to the *qualifying public offer*; and

(ii) provided that the *relevant securities* have not yet been delivered, clearly informed of:

(A) their right to withdraw any acceptance of the *qualifying public offer* where that acceptance was communicated before receipt of the notification in (i);

(B) the date on which the *qualifying public offer* closes, being the date by which any right of withdrawal must be exercised; and

(C) the steps that the *client* must take to exercise the right of withdrawal.

23.7.2 R A *firm* must only continue to facilitate the *qualifying public offer* if it determines that it is appropriate for it to do so.

23.7.3 R A *qualifying public offer* is open to the public during the period in which a *person* may respond to that *qualifying public offer* to buy or subscribe for the *relevant securities* in question.

23.7.4 R Where *relevant securities* are purchased or subscribed through a *person* other than the *POP operator* (including directly with the *issuer*), the *POP operator* must ensure that investors are provided with the same information and opportunity to withdraw as are specified in *COBS* 23.7.1R(3)(d).

23.8 Systems and controls relating to operating a public offer platform

Policies and procedures of public offer platforms

23.8.1 R A *firm* must:

(1) establish, implement and maintain clear and effective policies and procedures for complying with its obligations under this chapter;

(2) set out in writing the policies and procedures in (1) and have them approved by its *governing body* or senior personnel;

(3) assess and periodically review (at least every 12 *months*):

(a) the effectiveness of the policies in (1); and

(b) the *firm's* compliance with those policies and procedures and with its obligations in this chapter;

(4) following the review in (3), take appropriate steps to address any deficiencies in the policies and procedures or in the *firm's* compliance with its obligations; and

(5) establish, implement and maintain robust governance arrangements and internal control mechanisms designed to ensure the *firm's* compliance with (1) to (4).

23.8.2 R A *firm's* systems and controls must be sufficiently robust to ensure that:

(1) its assessment that it is appropriate to facilitate a *qualifying public offer*; and

(2) its *disclosure summary*,

are subject to sufficient checks and governance.

23.8.3 G The requirements in this section complement but are without prejudice to the broader requirements relating to *firms'* systems and controls in *SYSC*.

Terms and conditions between public offer platform operators and issuers

23.8.4 R A *firm* must set out in its relevant terms and conditions or written agreements with each *issuer* that the *issuer* must:

(1) disclose all reasonably required information in order for the *firm* to meet its due diligence obligations in *COBS* 23;

(2) disclose whether the *issuer* will raise (or is likely to raise) additional funds by other means while the *qualifying public offer* is open;

(3) (during the period in which the *qualifying public offer* is open) give sufficiently detailed notice to the *firm* as soon as reasonably practicable upon becoming aware of any material:

(a) changes, or proposed changes, to its business;

(b) changes to the information provided to the *firm*; or

(c) omissions from, or mistakes or inaccuracies in, the information provided to the *firm*; and

(4) enable *clients* who agree to buy or subscribe to the *relevant securities* to exercise the right to withdraw their acceptance while the *qualifying public offer* is open in the circumstances specified in *COBS* 23.7.1R(2).

Record-keeping

23.8.5 R In relation to each *qualifying public offer* that it facilitates, a *firm* must:

(1) retain the information obtained for the purposes of this chapter; and

(2) make an adequate record of the due diligence undertaken in compliance with *COBS* 23, including, but not limited to:

(a) the basis on which the *firm* satisfied itself that it was appropriate to facilitate the *qualifying public offer*; or

(b) where the *firm* determines that it would not be appropriate to facilitate the *qualifying public offer*, the basis on which the *firm* made that decision, including the reason.

23.8.6 R A *firm* must retain the information and records in *COBS* 23.8.5R for a period of at least 5 years from the date on which:

(1) the relevant *qualifying public offer* closes; or

(2) the determination that it would not be appropriate to facilitate the *qualifying public offer* was made.

23.9 Non-qualifying offers: specific disclosures

23.9.1 R (1) This *rule* applies to a *POP operator* that provides the means by which both *qualifying public offers* and *offers of relevant securities to the public* in the *United Kingdom* which are not *qualifying public offers* ('non-qualifying offers') are made.

(2) In relation to a non-qualifying offer, a *POP operator* must explain in its policies any substantive differences between the due diligence that it carries out in respect of whether to facilitate those offers in comparison to *qualifying public offers.*

(3) The *POP operator* must ensure that the policy in (2) is easily accessible to its *clients*.

23.9.2 G While, other than this section, the detailed requirements of *COBS* 23 do not apply to *firms* facilitating non-qualifying offers, other *rules* in the *Handbook* will be relevant, including (but not limited to) *Principle* 12 and *PRIN* 2A (provided that the distribution chain involves a *retail customer*) and *COBS* 4.

Annex F

Amendments to Product Intervention and Product Governance sourcebook (PROD)

In this Annex, underlining indicates new text.

1 Product Intervention and Product Governance Sourcebook (PROD)

…

1.3 Application of PROD 3

…

Manufacturing pathway investments and default options

1.3.16 G …

Application to a public offer platform operator

1.3.17 G (1) A *POP operator* is a *distributor* for the purposes of *PROD* 3 and must comply with *PROD* 3 to the extent that it is within the scope of *PROD* 1.3.1R.

(2) Where a *POP operator's* activity is not within the scope of *PROD* 1.3.1R, it must comply with the requirements in *Principle* 12 and *PRIN* 2A.

Annex G

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

6A Permission to approve financial promotions

6A.1 Application and purpose

…

Purpose

6A.1.3 G Under sections 21(2A) and 55NA of the *Act* a *firm* is unable to *approve* a *financial promotion* for the purposes of section 21 of the *Act* unless:

…

(2) an *approver permission exemption* applies (see *PERG* 8.9.1BG).

…

16 Reporting requirements

…

16.12 Integrated Regulatory Reporting

…

Reporting requirement

…

16.12.4 R Table of applicable *rules* containing *data items*, frequency and submission periods

(1)		(2)	(3)	(4)
***RAG* number**	***Regulated Activities***	**Provisions containing:**		
		applicable *data items*	**reporting frequency/ period**	**due date**
…				
RAG 3	• dealing in ~~investment~~	…	…	…

	investments as principal … • advising on P2P agreements (when carried on exclusively with or for professional clients) • operating an electronic system for public offers of relevant securities			
…				

…

16.23 Annual Financial Crime Report

Application

…

16.23.2 R Table: Firms to which SUP 16.23.1R applies (subject to the exclusions in SUP 16.23.1R).

…	
a *firm* that has reported total revenue of £5 million or more as at its last *accounting reference date* and has permission to carry on one or more of the following activities:	
	…
	advising on pension transfers and pension opt-outs; ~~and~~
	credit-related regulated activity~~.~~; and
	operating an electronic system for public offers of relevant securities.

…

Annex H

Amendments to the Dispute Resolution: Complaints sourcebook (DISP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

2 Jurisdiction of the Financial Ombudsman Service

…

2.5 To which activities does the Voluntary Jurisdiction apply?

2.5.1 R The *Ombudsman* can consider a *complaint* under the *Voluntary Jurisdiction* if:

…

(2) it relates to an act or omission by a *VJ participant* in carrying on one or more of the following activities:

(a) an activity (other than *auction regulation bidding*, *administering a benchmark*, *meeting of repayment claims*, *managing dormant asset funds (including the investment of such funds)* ~~and~~, *regulated pensions dashboard activity* and *operating an electronic system for public offers of relevant securities*) carried on after 28 April 1998 which:

…

(c) activities, other than *regulated claims management activities*, activities ancillary to *regulated claims management activities*, *meeting of repayment claims*, *managing dormant asset funds (including the investment of such funds)* ~~and~~, *regulated pensions dashboard activity* and *operating an electronic system for public offers of relevant securities*, which (at ~~30 November 2024~~ 19 January 2026) would be covered by the *Compulsory Jurisdiction*, if they were carried on from an establishment in the *United Kingdom* (these activities are listed in *DISP* 2 Annex 1G);

…

…

2 Annex 1 Regulated Activities for the Voluntary Jurisdiction at ~~30 November 2024~~ 19 January 2026

…

G The activities which were covered by the *Compulsory Jurisdiction* (at ~~30 November 2024~~ 19 January 2026) were:

…

The activities which (at ~~30 November 2024~~ 19 January 2026) were *regulated activities* were, in accordance with section 22 of the *Act* (Regulated Activities), any of the following activities specified in Part II and Parts 3A and 3B of the *Regulated Activities Order* (with the addition of *auction regulation bidding*, *administering a benchmark* and *dealing with unwanted asset money*):

…

(14A) *operating a multilateral trading facility* (article 25D);

(14AA) *operating an electronic system for public offers of relevant securities* (article 25DB);

…

Annex I

Amendments to the Compensation sourcebook (COMP)

In this Annex, underlining indicates new text.

4 Eligible claimants

…

4.2 Who is eligible to benefit from the protection provided by the FSCS?

…

Persons not eligible to claim unless COMP 4.3 applies (see COMP 4.2.1R)

4.2.2 R This table belongs to COMP 4.2.1R

…	…
(21)	…
(22)	In relation to a *qualifying public offer* on a *public offer platform*, any *issuer* of such securities.

Annex J

Amendments to the Perimeter Guidance manual (PERG)

In this Annex, underlining indicates new text and striking through indicates deleted text.

2 Authorisation and regulated activities

…

2.7 Activities: a broad outline

…

Operating a UK organised trading facility

…

2.7.7DD G …

Operating a public offer platform

2.7.7DE G (1) The activity of *operating an electronic system for public offers of relevant securities* (in article 25DB of the *Regulated Activities Order*) refers to operating an electronic system by means of which a *qualifying public offer* is made. This activity is relevant to a *person* providing a means by which an *offer of relevant securities to the public* in the *United Kingdom* of a kind specified in paragraph 13 of Schedule 1 to the *Public Offers and Admissions to Trading Regulations* may be made.

(2) The activity of *operating a POP* is relevant only to the extent that an *offer of relevant securities to the public* is to be made in reliance on the exemption in paragraph 13 of Schedule 1 to the *Public Offers and Admissions to Trading Regulations*. If this exemption is not being relied upon, a *person* providing the means by which such an offer is made will not be carrying on the activity in article 25DB of the *Regulated Activities Order* (since the offer will not be a *qualifying public offer*). That *person* is likely to be carrying out another *regulated activity*, such as *arranging (bringing about) deals in investments* or *making arrangements with a view to transactions in investments*.

(3) (a) This activity is concerned with the operation of a system by means of which a *qualifying public offer* is made. A *qualifying public offer* is an *offer of relevant securities to the public* in the *United Kingdom* that meets the conditions in article 25DB(3) to (5) of the *Regulated Activities Order*.

(b) An *offer of relevant securities to the public* refers to a communication to any *person* which presents sufficient information about the *relevant securities* to be offered and the terms on which they are to be offered to enable an investor to decide to buy or subscribe for the *relevant securities* in question (regulation 7 of the *Public Offers and Admissions to Trading Regulations*).

(c) In the *FCA's* opinion, this activity is therefore concerned with the communication of public offers rather than facilitating the entering into of transactions in response to such offers.

(d) This means that *firms* which operate an electronic system by means of which a *qualifying public offer* may be made and which also facilitate the entering into of transactions, or *dealing* in *securities*, in response to such offers are also likely to require *permission* to carry on *regulated activities* other than *operating a POP* (such as for *arranging*).

2.7.7DF G (1) The activity of *operating an electronic system for public offers of relevant securities* does not come within the *regulated activities* of *arranging (bringing about) deals in investments* or *making arrangements with a view to transactions in investments* (article 25(3) of the *Regulated Activities Order*). Therefore, subject to *PERG* 2.7.7DEG(3), a *firm* that is solely *operating a POP* will not also require *arranging permission*.

(2) *Operating a POP* does not constitute a *MiFID investment service*. However, as described in *PERG* 2.7.7DEG(3)(d), *firms operating a POP* may carry out other *regulated activities* which do constitute *MiFID investment services* (such as the reception and transmission of orders).

(3) Exclusions in the *Regulated Activities Order* do not generally apply to the activity of *operating a POP*. This is because:

(a) the activity of *operating a POP* is concerned with operating an electronic system by means of which a *qualifying public offer* is made;

(b) a *qualifying public offer* is an *offer of relevant securities to the public* in the *United Kingdom* which, among other conditions, would be subject to the *public offer prohibition* if it were not made 'by means of a regulated platform';

(c) an *offer of relevant securities to the public* is made 'by means of a regulated platform' if it is made in the course of the carrying on of the activity of *operating a POP* by a *person* who has *Part 4A permission* for that activity; and

(d) a *person* who does not have *Part 4A permission* for *operating a POP* cannot therefore carry on that *regulated activity* because such a *person* cannot provide the means by which a *qualifying public offer* may be made.

…

2.8 Exclusions applicable to particular regulated activities

…

Arranging deals in investments and arranging a home finance transaction

…

2.8.6A G The exclusions in the *Regulated Activities Order* that relate to the various *arranging* activities are as follows.

…

(2) Under article 27, simply providing the means by which parties to a transaction (or possible transaction) are able to communicate with each other is excluded from arrangements made with a view to persons entering into certain transactions (see *PERG* 2.8.6G(2)) only. This will ensure that *persons* such as Internet service providers or telecommunications networks are excluded if all they do is provide communication facilities (and these would otherwise be considered to be arrangements made with a view to the participants entering into transactions). If a *person* makes arrangements that go beyond providing the means of communication, and add value to what is provided, ~~he~~ they will lose the benefit of this exclusion.

(2A) Similarly, a *person* does not carry out the activity of *operating a POP* merely by providing a means of communication, where the *person* is not holding out the means of communication as being provided for the making of *qualifying public offers*.

…

…

2 Annex 2G Regulated activities and the permission regime

…

Table 1: Regulated Activities (excluding PRA-only activities) [See note 1 to Table 1]	
Regulated activity	**Specified investment in relation to which the regulated activity (in the corresponding section of column one) may be carried on**
…	
Designated investment business [see notes 1A, 1B and 1C to Table 1]	
…	
(gb) operating an *organised trading facility* (article 25DA) [see note 2A]	…
(gc) *operating an electronic system for public offers of relevant securities* (article 25DB)	*relevant securities* [see note 2B].
…	

Notes to Table 1
…
Note 2A: …
Note 2B: The *regulated activity* of *operating a POP* applies in relation to *relevant securities* which are the subject of a *qualifying public offer*. For the purposes of specifying the *regulated activity*, an *offer of relevant securities to the public* will only be a *qualifying public offer* if the *relevant securities* are of a kind specified by Part III of the *Regulated Activities Order* (article 25DB(4) of the *Regulated Activities Order*).
…

…

8 Financial promotion and related activities

…

8.9 Circumstances where the restriction in section 21 does not apply

…

8.9.1A G …

(2) Exemptions in the *Financial Promotion Requirement Exemption Regulations* allow an *authorised person* (A) to *approve* the content of a *financial promotion* where the content has been prepared by:

(a) A ~~(for the purposes of communication by an *unauthorised person*)~~ (see *PERG* 8.9.3G~~)~~;

…

…

8.9.1B G (1) The *approver permission exemptions* described in *PERG* 8.9.1AG refer to the *person* who has prepared the content of a *financial promotion*. The identity of the *person* who has prepared the content of a *financial promotion* will depend on the facts in the particular case. In the *FCA's* opinion, however, the *person* who has prepared the *financial promotion* is likely to be the *person* who is principally responsible for its substantive content.

(2) A *person* preparing the content of a *financial promotion* (A) may receive input from others as part of that process. For example, another *person* (B) might assist with the presentation of the *financial promotion*. This is unlikely to be sufficient for B to be regarded as having prepared the content of the *financial promotion*.

(3) The role of a *firm approving* a *financial promotion* will necessarily involve it ensuring that the *financial promotion* complies with the relevant *financial promotion rules*. This role will not, of itself, render the *firm* the *person* who has prepared the content of the *financial promotion*.

(4) For example (consistent with the *FCA's* views on the scope of the exemption in article 17A of the *Financial Promotion Order* in *PERG* 8.6.7AG), where one *person* (P1) provides promotional material to another *person* (P2) to *communicate*, P1 should be regarded as having prepared the *financial promotion* and not P2, even if P2 makes minor presentational changes to, or repackages, the material prior to its *communication*.

(5) Regulation 3(a) of the *Financial Promotion Requirement Exemption Regulations* refers to an *authorised person* (A) *approving* the content of a communication which has been prepared by A. The explanatory memorandum to those Regulations explains that this exemption is designed to benefit *firms approving* their own *financial promotions* for *communication* by an *unauthorised person* (in the manner envisaged in *PERG* 8.9.3G).

. . .

FINANCIAL CONDUCT AUTHORITY

12 Endeavour Square London E20 1JN
Telephone: +44 (0)20 7066 1000
Website: www.fca.org.uk

Pub ref: 1-008445

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