

New capital raising review to boost UK companies and markets

- UK Secondary Capital Raising Review launches with Mark Austin appointed as independent chair
- Expert group will make recommendations for improving capital raising process for UK listed companies
- Review advances key recommendation from Lord Hill's UK Listings Review

The UK Secondary Capital Raising Review will be chaired by senior Freshfields lawyer Mark Austin and will examine whether rule changes and better use of technology could make capital raising more efficient for companies already listed on UK markets.

The launch of the Review is the latest step in the Government's response to Lord Hill's UK Listings Review, which was set up to make the UK an even more attractive destination for IPOs and optimise the capital raising process for large and small companies.

The Chancellor Rishi Sunak said:

Our plans to boost UK markets go beyond attracting the world's most successful companies to list here. We want to make sure companies who already tap our world-leading capital markets can raise finance efficiently and include their current shareholders in the process. I am pleased that Mark has agreed to spearhead this effort and take forward this important recommendation from Lord Hill's UK Listing Review.

Mark Austin said:

Improving the efficiency of secondary capital raisings by listed companies is an important element of making the UK an even more attractive place for businesses to list. I am delighted to accept the Chancellor's request for me to lead the Review. I am keen to receive views from a broad range of interested parties, which is why we are launching the Review with the Call for Evidence.

The UK's capital markets were a lifeline for many companies through the pandemic, with £30bn of new equity raised in 2020 to shore up businesses, protect jobs and seize opportunities to grow.

However, most of these businesses chose to raise funds through private placings with a small group of institutions, which can be completed faster and at a lower cost, but exclude existing shareholders and dilute their stakes in the company.

The UK Listing Review found companies are deterred from using other mechanisms like rights issues, which preserve the interests of existing investors in the company, because they involve greater costs, time and uncertainty, and require the publication of a prospectus.

The expert group led by Mark Austin will review these regulatory barriers and open up the choices for listed companies seeking to raise capital, including by looking at the overall duration of the process, considering whether new technology can be used to speed up the information flow to shareholders and help them exercise their rights, and assessing other fundraising mechanisms that are used in international markets.

The Review's work will be carried out in consultation with relevant stakeholders including the Government and the FCA, buy-side and sell-side firms, listed companies, and legal and academic experts. It launches today, with a Call for Evidence which will run until 16 November, and will report to the Government in Spring 2022.

Further information

- More details about the UK Secondary Capital Raising Review, including the Terms of Reference and Call for Evidence, are available [here](#)
- Mark Austin is a partner at the international law firm Freshfields Bruckhaus Deringer. He is chair of the FCA's Listing Authority Advisory Panel and was a member of the advisory panel for Lord Hill's UK Listing Review
- The UK Listings Review can be found [here](#)