

RESPONSE FROM R G T HULBERT

Dear Sirs

Informal Capital Raising

As someone who has invested in about 30 new start-up companies over 25 years I was honoured to receive and delighted to read your Consultative Document. I think what you are doing is most valuable & necessary. To answer your specific questions

Q1 NO

Q2 This is a real problem and as Chairman of a number of small companies it is potentially materially affecting their growth.

Q3 YES

Q4 YES

Q4a YES Q4b YES Q4c Replace

Q5 £250,000

Q6 YES

Q7 I would suggest the following changes

- must have worked at least **24 months** in financial services
- the 10 deals a quarter is too restricting; private company investments are long-term
- (Add) the investor has invested in at least **two** other private companies **FOR AT LEAST TWO YEARS.**
- (Add) the investor has worked in a management capacity for at least **three** years in the same sector as the investment

Q8 NO. This is liable to abuse. I would never let anyone into my companies unless I was not satisfied that they could lose the entire investment without distress but in desperate situations others might be less scrupulous.

Q9 Model 2 is the best balance because generally the greater freedom the better but see Q8

Q10 YES

Q11 **The Insolvency Act** is too heavy on Non Executives. If a company is struggling then the person most able to help it survive is most likely the experienced Non Executive Investor/Director. The Insolvency Act pushes him very heavily into resigning as soon as trouble starts brewing.

The Money Laundering Regulations. One of my companies had the chance to acquire a German company, to achieve which it needed to change banks. The deal had to be done quickly & it proved impossible to get the peripatetic US Non executive Directors passports to the bank in time.

Q14 NO

Yours Faithfully

R G T Hulbert