

Response by Michael Hudson to the public consultation on the residency test
(consultation paper dated 5 July 2012)

Q1 I agree the residency test should be removed from the Code. Where a company takes advantage of a UK share trading facility investors will purchase shares in the knowledge that the Code applies and give them protection and expectation that it will continue to apply. If board control changes so a majority become non resident this can produce detrimental results for shareholders. I am aware of at least one company whose shareholders have been treated very badly following a change of residence to the USA.

Q2 I agree the residency test should be removed for all categories of companies. To remove it simply because the 10 year rule will apply will not assist shareholders who purchase shares in a listed or AIM company, which then delists, or removes its shares from AIM, and then becomes a private company.

Q3 I have no observations.

Q4 I agree the proposed changes are sensible.

Q5 I have no observations on the consequential changes.

Michael Hudson

mhlaw

Principal: Michael Hudson – Consultant: Philip Fleury

5 London Wall Buildings, London EC2M 5NS

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