



# Financial Services Act 1986

## 1986 CHAPTER 60

### PART V

#### OFFERS OF UNLISTED SECURITIES

#### 167 Exemption from liability to pay compensation

- (1) A person shall not incur any liability under section 166(1) above for any loss in respect of securities caused by any such statement or omission as is there mentioned if he satisfies the court that at the time when the prospectus or supplementary prospectus was delivered for registration he reasonably believed, having made such enquiries (if any) as were reasonable, that the statement was true and not misleading or that the matter whose omission caused the loss was properly omitted and—
- (a) that he continued in that belief until the time when the securities were acquired ; or
  - (b) that they were acquired before it was reasonably practicable to bring a correction to the attention of persons likely to acquire the securities in question ; or
  - (c) that before the securities were acquired he had taken all such steps as it was reasonable for him to have taken to secure that a correction was brought to the attention of those persons ; or
  - (d) that the securities were acquired after such a lapse of time that he ought in the circumstances to be reasonably excused;

but paragraph (d) above does not apply where the securities are dealt in on an approved exchange unless he satisfies the court that he continued in that belief until after the commencement of dealings in the securities on that exchange.

- (2) A person shall not incur any liability under section 166(1) above for any loss in respect of securities caused by a statement purporting to be made by or on the authority of another person as an expert which is, and is stated to be, included in the prospectus or supplementary prospectus with that other person's consent if he satisfies the court that at the time when the prospectus or supplementary prospectus was delivered for registration he believed on reasonable grounds that the other person was competent

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*Status: This is the original version (as it was originally enacted).*

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to make or authorise the statement and had consented to its inclusion in the form and context in which it was included and—

- (a) that he continued in that belief until the time when the securities were acquired ; or
- (b) that they were acquired before it was reasonably practicable to bring the fact that the expert was not competent or had not consented to the attention of persons likely to acquire the securities in question ; or
- (c) that before the securities were acquired he had taken all such steps as it was reasonable for him to have taken to secure that that fact was brought to the attention of those persons ; or
- (d) that the securities were acquired after such a lapse of time that he ought in the circumstances to be reasonably excused;

but paragraph (d) above does not apply where the securities are dealt in on an approved exchange unless he satisfies the court that he continued in that belief until after the commencement of dealings in the securities on that exchange.

- (3) Without prejudice to subsections (1) and (2) above, a person shall not incur any liability under section 166(1) above for any loss in respect of any securities caused by any such statement or omission as is there mentioned if he satisfies the court—
  - (a) that before the securities were acquired a correction or, where the statement was such as is mentioned in subsection (2) above, the fact that the expert was not competent or had not consented had been published in a manner calculated to bring it to the attention of persons likely to acquire the securities in question; or
  - (b) that he took all such steps as it was reasonable for him to take to secure such publication and reasonably believed that it had taken place before the securities were acquired.
- (4) A person shall not incur any liability under section 166(1) above for any loss resulting from a statement made by an official person or contained in a public official document which is included in the prospectus or supplementary prospectus if he satisfies the court that the statement is accurately and fairly reproduced.
- (5) A person shall not incur any liability under section 166(1) or (3) above if he satisfies the court that the person suffering the loss acquired the securities in question with knowledge that the statement was false or misleading, of the omitted matter or of the change or new matter, as the case may be.
- (6) A person shall not incur any liability under section 166(3) above if he satisfies the court that he reasonably believed that the change or new matter in question was not such as to call for a supplementary prospectus.
- (7) In this section " expert" includes any engineer, valuer, accountant or other person whose profession, qualifications or experience give authority to a statement made by him; and references to the acquisition of securities include references to contracting to acquire them or an interest in them.