

## Press Release

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## **UKSA Supports Scrapping of Paper Share Certificates but Opposes other Proposals from the ESF**

The European Securities Forum (ESF), a group primarily representing leading financial institutions, have recently published proposals for doing away with paper share certificates ("dematerialisation", a historically divisive issue). They also have proposals to cure the problem of disenfranchisement of shareholders in nominee accounts. This report was welcomed by Industry Minister Jacqui Smith who said "Their report fits in well with the work the DTI is already taking forward as part of the Company Law Reform Bill...."

The UK Shareholders Association (UKSA) has no problems with the proposed replacement of share certificates by an electronic record. It would work actively to educate it's own members, who have often been opposed to such a change in the past, if there were some changes to the details of the proposals.

We can also see the benefit of allowing some shareholders to opt out of receiving some company communications but we definitely prefer an "opt-out" rather than an "opt-in" system.

And we welcome the attempt by the ESF to propose how shareholders in nominee accounts could be enfranchised (at present they lose all voting rights and miss out on company reports), but we feel their proposals do not go far enough.

But we would also like to see more extensive use of electronic communications and the internet to reduce the cost of communication, which the ESF proposals do not cover.

**UKSA—The independent voice of the private shareholder**

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For our full comments on the ESF proposals, see our open letter to Jacqui Smith on our web site at: <http://www.uksa.org.uk/Dematerialisation & Nominees Letter Jacqui Smith.pdf>

## **Background Information Sources**

The ESF press release on their proposals can be seen at:

<http://www.eurosf.com/upload/publications/Demat.pdf> and their full report at:

<http://www.eurosf.com/upload/publications/Proposal%20To%20dematerialise%20certificates%20and%20enfranchise%20shareholders.pdf>

(if you are reading this as a pdf document you can simply click on those links).

For a full copy of the press release from Jacqui Smith published by the DTI go to:

<http://www.gnn.gov.uk/environment/detail.asp?ReleaseID=141402&NewsAreaID=2&NavigatedFromDepartment=False>

## **About The UK Shareholders Association (UKSA)**

UKSA is the leading independent organisation which represents the interests of private shareholders in the United Kingdom. We campaign to protect the rights of shareholders in public companies, and to promote improved standards of corporate governance. Our educational activities, regular regional meetings, company "analyst" meetings and the resources of our web site, help to inform the public on investment management. UKSA is solely owned by and primarily financially supported by its individual members.

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