

Press Release

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Shareholder Rights - Let's Not Miss this Opportunity says the UK Shareholders Association

The Government was strongly pressed on rights for shareholders in nominee accounts in the Second Reading Debate on the Company Law Reform Bill last week. Several Peers said that the Government's voluntary approach will not work and argued the need for absolute rights for such shareholders. These are everyone with shares in ISAs and PEPs as well as countless other small investors who, at present, are usually denied the chance to attend and vote at meetings or even to receive information.

Conservative peer Lord Hodgson emphasised the need for individuals to be involved in the performance of the companies in which they invest and his strong support for the concept of a share-owning democracy. Specifically he said the exercise of members' rights as embodied in the new Bill was a major concern. Apparently it is the intention of the Conservatives to introduce amendments to the Bill in this area so as to strengthen its provisions in this regard.

Lord Hodgson's comments were backed up by Baroness Murphy and Viscount Trenchard, although Lord Sainsbury for the Government rejected stronger enfranchisement powers by suggesting it would "require a definition of exactly which indirect shareholders should be enfranchised – which would be difficult" and suggesting that if a market solution did not develop, the "power will be available". But the only power embodied in the Secretary of State by the Bill is the power to compel the provision of information which is a long way from full enfranchisement. And UKSA thinks that the question of who should be enfranchised is easy to answer – it should be everyone who wants to be.

The UK Shareholders Association (UKSA) is convinced that sticking to the voluntary approach will lead to shareholder rights being delayed for many years. As Baroness Murphy said, 25 years ago buying shares gave the right to go to the AGM whereas now many people have no say in what happens to their investments. We fully support those Peers who pressed for compulsion in this respect to avoid the Bill becoming a missed opportunity for private investors.

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For More Information

For more information about the UKSA campaign on this issue see the following note on our web site at: www.uksa.org.uk/Shareholder_Enfranchisement_Background.pdf .

For details of the debate in the House of Lords on the second reading of the Company Law Reform Bill go to the following page for the Hansard transcription:

http://www.parliament.the-stationery-office.co.uk/pa/ld199900/ldhansrd/pdvn/lds06/text/60111-08.htm#60111-08_head0

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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