

Press Release

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UKSA Criticises Some Aspects of the Recent FSA Proposals on Stock Market Listing Requirements

The Financial Services Authority (FSA) has recently issued a consultation paper on the implications for the UK of the EU Transparency Directive and it also proposed changes to the Listing Rules for quoted companies (see www.fsa.gov.uk/pubs/cp/cp06_04.pdf).

The UK Shareholders Association (UKSA) feels that some of the proposed changes are based on a misunderstanding of the way private investors research new investments, and monitor their existing investments, and therefore we are opposed to some aspects of the proposals. Particular issues that we feel are of concern are:

1. No more interim reports on paper. It is proposed to remove the requirement for companies to provide an interim report on paper to all shareholders. This would disadvantage the many private shareholders who are not yet internet enabled, or who prefer to receive the information via traditional communications media, and we think it is still preferable for a company to communicate with all of its shareholders at least every six months.

2. Reduced information in Annual Reports. It is suggested that an earnings per share figure is no longer required in Annual Reports on the basis that it can easily be derived from other information, but this seems an odd proposal to UKSA when it is one of the key financial parameters which investors look at. In addition it is proposed to remove the statement of directors shareholdings and the disclosure of the company's purchase of its own shares, which also in our view are two key pieces of information, which cannot be readily obtained from other sources by private investors.

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However, we welcome other changes that are proposed, including such items as the proposal to ensure the independence of the directors of Venture Capital Trusts which UKSA has raised as an issue in the past.

A more detail commentary on the consultation is present in an article on the UKSA web site at: www.uksa.org.uk/FSA_Listing_Rules_June2006.pdf

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 a "not for profit" organisation which is solely owned by and primarily financially supported by its individual members.

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