

RBS Gets Resolution Supported by UKSA

by Peter Parry

One of the unpublicised activities of the UKSA board is keeping in touch on an informal basis with our counterparts in ShareSoc. This is greatly helped by the fact that some of the directors of each organisation are also members of the other. Last November ShareSoc ran an event on 'Mobilising the Private Investor' at which Chris Philp MP was one of the speakers. Chris is a strong supporter of greater private shareholder involvement on issues such as pay and corporate governance and a strong supporter of the concept of shareholder committees which have recently been put forward as an option in the government's Green Paper on corporate governance reform.

At an informal meeting with ShareSoc on 9th December we agreed to run a joint campaign to submit a resolution at the Royal Bank of Scotland's (RBS) next AGM that the Bank should implement a Shareholder Committee. To get the resolution onto the agenda at the AGM in May 2017 a requisition supported by at least 100 RBS shareholders was required. The signed requisition forms had to be submitted to RBS's offices by 31st December. This left just three weeks to muster the necessary support.

What Christmas holiday?

Cliff Weight at ShareSoc carried out a Herculean amount of work in the run up to Christmas. The resolution and supporting notes were drafted and circulated by email to all UKSA and ShareSoc members asking whether they were RBS shareholders and whether they would support the campaign. Cliff also drafted three separate response forms for those shareholders with shares in their own name, those with shares in a nominee account and for those who didn't own shares in RBS but wanted to be given one share in RBS in order to support the campaign. Gavin Palmer generously agreed to transfer RBS shares of his own to non-shareholders.

In the run-up to Christmas many UKSA and ShareSoc members had other priorities on their minds so a certain amount of 'chasing' was necessary. One of the biggest and most time consuming problems for Cliff was trying to find out who the nominees were for shareholders with shares in nominee accounts. In many cases the investors were not sure themselves who the nominee was. This in itself highlights another unsatisfactory aspect of nominee accounts: you may be the beneficial owner and an intermediary may send you regular statements about your investments; but who actually owns your shares?

A race against time

An initial flurry of activity resulted in around sixty people pledging support to the campaign. A second email to members urging their support went round. Gradually, the number supporting the initiative increased. Registrars were prevailed upon to ensure that shares were transferred to new owners between Christmas and the New Year. Meanwhile, Cliff continued working furiously behind the scenes to ensure that all the documentation which had to be submitted to RBS met the legal requirements for the requisition to be successful. We knew that even a small error on a legal technicality could result in it being thrown out. Finally, by 28th December over 160 RBS shareholders had submitted all the necessary documentation for the requisition. On a cold grey morning on Friday, 30th December a delegation from ShareSoc and UKSA went to RBS's offices in Lombard Street to hand over the requisition forms.

Next steps

Delivery of the requisition documents to RBS marked the end of the beginning for the shareholder committee campaign. The next step, which is already under way, is to develop a dialogue with RBS to sell the concept of a shareholder committee, discuss the composition of the committee and likely terms of reference. The aim is to ensure that RBS directors are supportive of the idea and ready to recommend its adoption at the AGM. That is the grand plan but there is a long way to go yet. Watch this space....!

Peter Parry
Policy Director