ShareSoc
UK Individual Shareholders Society
Suite 34, 5 Liberty Square, Kings Hill,
West Malling, ME19 4AU
Phone: 0333-200-1595 Email: info@sharesoc.org
Web: www.sharesoc.org

UK Shareholders' Association
UKSA, 1 Bromley Lane, Chislehurst, BR7 6LH
Phone: 01689 856691
Email: officeatuksa@gmail.com
Web: www.uksa.org.uk

A joint letter on behalf of Private Investors from ShareSoc and UKSA

12th April 2018

The Rt. Hon. Nicky Morgan MP
Treasury Select Committee
House of Commons
London
SW1A 0AA

By email to: treascom@parliament.uk

Dear Ms Morgan,

Aviva plc – preference shares

The UK Individual Shareholders Society (ShareSoc) copied the Treasury Select Committee into a letter that it sent to the Financial Conduct Authority (FCA) on 9th March. The letter deals with the FCA's investigation into Aviva plc's recent proposal to cancel 450 million irredeemable preference shares. This was prompted by the fact that we have not been satisfied with the FCA's response to earlier correspondence. This letter is a request to the Select Committee to take a firm line in its own dealings with the FCA in the Aviva case.

ShareSoc and the UK Shareholders Association (UKSA) originally wrote to the FCA on 20th March expressing concern about Aviva's proposal to cancel the preference shares. A copy is appended. Not only did we feel that the proposal was unfair on those who held the shares in the belief that they were irredeemable, we also believed that the proposal resulted in a false market in the shares when the announcement was made. This is a very serious matter and is potentially damaging to the good reputation of the London Stock Exchange.

We received a response from the FCA on 5th April which basically summarised what it had said to you in the letter Mr Andrew Bailey sent you on 28th March. It also provided us with a link to the full letter. We believe that the FCA's responses to you and to us are wholly inadequate. They are a model of obfuscation and prevarication. Their letter to you avoids dealing directly and clearly with most of the questions raised and pays little more than lip-service to the gravity of the wider issues mentioned above.

Despite what the FCA might like to have us believe, the fact that Aviva has now backed down and withdrawn its proposal does not mean that the matter is now closed and that that any investigation can safely be moved to the 'back-burner'. The FCA's attitude is indicative of a culture in which endless bureaucratic hand-wringing and hiding behind legal and procedural smoke-screens results in everyone else losing the will to pursue the matter. The FCA has form in this respect as evidenced by its prevarication over the publication of its report on RBS's Global Restructuring unit.

It is right that the FCA should want to demonstrate thoroughness and fairness in its investigations. All too often, however, it appears that the FCA is more interested in protecting the vested interests of those it is supposed to regulate rather than acting promptly and expeditiously in the best interests of those it is supposed to protect – namely investors, savers and the reputation of the UK as a financial centre.

We would be grateful if the Select Committee could use whatever means it can to persuade the FCA to investigate the potential market abuse issues surrounding the Aviva preference shares without delay. This does not appear to be a particularly complex issue to investigate. It is, however, one of great importance that needs to be investigated urgently.

Yours sincerely,

Peter Parry, Policy Director, UK Shareholders' Association
Cliff Weight, Director, ShareSoc