



---

## Shareholder Rights and Nominee Accounts

1 message

---

UKSA Office <officeatuksa@gmail.com>

30 May 2018 at 16:53

Dear Member

### Shareholder Rights and Nominee Accounts

**I am writing to urge you to attend AGMs and ask questions about this subject and write to your MPs. This is part of a concerted campaign to enhance and protect your rights.**

UKSA has been campaigning periodically for voting rights for individual shareholders since its foundation in 1992, and most recently with its 'Runnymede' campaign launched in Sept 2014. ShareSoc has also been campaigning on this issue and we are now actively working together to bring about change.

Individual shareholder rights have been eroded, particularly by the nominee account mechanism and the way that platforms and brokers fail to provide a good service to individual investors. Often, individual investors are not informed when a general meeting is going to happen, and do not receive circulars, voting forms and annual reports. And many platforms make it difficult and expensive for investors to get this information.

By having shares registered in nominee accounts, rather than in shareholders own names, they are at risk in the event of a broker insolvency and subject to an FSCS compensation limit of £50,000. Any loss above this is not covered. The Beaufort Scandal has highlighted the way administrators can dip into investors' funds to pay their costs and fees first. Some Beaufort investors may be facing a loss of up to 40%.

Help may be at hand in the form of the Shareholder Rights Directive. SRD II has a clear intent that **the end investor** should be identified on the company register, including their email address, and should be entitled to receive company information and annual reports. See

[https://ec.europa.eu/info/law/betterregulation/initiatives/ares-2018-1944240\\_en](https://ec.europa.eu/info/law/betterregulation/initiatives/ares-2018-1944240_en) for details.

UK law is at odds with the EU Directive. **UK law defines a shareholder as the nominee and not the end investor (i.e. the individual investor like you or me). The UK law must be changed.**

However, to date, the UK Government has been resistant to changing the UK legislation so as to meet the intent of the EU Directive.

**We now have a once in a decade opportunity to get this problem resolved.** We must not let the opportunity slip. We will be working with ShareSoc (and others) to make sure that BEIS and the Government make the right decision.

**As a first step** we have written to BEIS: [click here](#) for a copy of our joint letter from UKSA and ShareSoc to BEIS about SRD II.

**Our second step** is to ask members to write to their MP requesting that Government implement the Shareholder Rights Directive's clear intent that **the end investor** should be identified on the company register. You can find details of your MP's name and email address at this <http://www.parliament.uk/mps-lords-and-offices/mps/>

**The suggested wording of a letter/email to your MP is as follows:**

Dear xxxx,

Please can you ask Greg Clark, the Secretary of State for Business, Energy and Industrial Strategy to implement the Shareholder Rights Directive's clear intent that **the end investor** should be identified on the company register. This should include their email address, and they should be entitled to receive company information and annual reports, and to vote at company general meetings. See [https://ec.europa.eu/info/law/better-regulation/initiatives/ares-2018-1944240\\_en](https://ec.europa.eu/info/law/better-regulation/initiatives/ares-2018-1944240_en) for details.

The UK law is at odds with the EU Directive. UK law defines a shareholder as the nominee (when shares are held in a nominee account) and not the end investor (i.e. the individual investor like you or me). Note that the accounts offered by most UK brokerages and platforms place the account holders shares in a nominee account. At present, this is mandatory for ISAs and SIPPs. The UK law must be changed.

However, to date, the UK Government and BEIS has been resistant to changing the UK legislation so as to meet the intent of the EU Directive.

We now have a once in a decade opportunity to get this problem resolved. We must not let the opportunity slip.

Your help in making this happen is most appreciated.

Your sincerely

[Your name]

**Please send a letter or email, along these lines to your MP. It is vital that you do so.**

**Our third step** is to ask a co-ordinated series of questions at company AGMs. All companies should want to communicate and better engage with their shareholders so it will be difficult for them not to agree with our goal. The suggested question is as follows:

#### **Question for the AGM**

Please can you tell me what percentage of your shares are held by individual investors? And do you know what percentage of these individuals have voted at this AGM by proxy? Can you tell me what

percentage of your individual shareholders do not get to see your annual report, and do not get notification of the AGM or voting forms?

Will you support me and the UK Shareholders' Association, in lobbying the UK government to put the end investor's name and email address on the shareholder register, so that you can more easily communicate with your shareholders?

The EU Shareholder Rights Directive has a clear intent that the end investor should be identified on the shareholder register and not just the Nominee. Will you lobby the UK government to implement the clear intent of the EU Shareholder Rights Directive and hence protect the rights of Individual Shareholders?

To achieve maximum effect, email the company secretary before the AGM with a copy of your question. This will ensure they prepare a considered response at the AGM. Please copy your email to the UKSA Office ([officeatuksa@gmail.com](mailto:officeatuksa@gmail.com)) who will keep a register of companies questioned.

**Other steps** in our campaign will be further meetings with BEIS, Government, FCA, etc; publicity via media; and contacting platforms and registrars to ask them to voluntarily agree to improve their systems, processes and service to individual investors.

Please note that we will be writing to you again shortly, asking you to write again to your MP, asking them to amend the Special Administration Rules, which currently allow your assets to be raided to pay for Administrators' costs. Your support for both these initiatives is much appreciated. They are vitally important to defend your interests.

Yours sincerely,

Peter Parry

**Policy Director**

**United Kingdom Shareholders' Association (UKSA)**

Chislehurst Business Centre, 1 Bromley Lane

Chislehurst, Kent, BR7 6LH

**01689 856691**

[OfficeatUKSA@gmail.com](mailto:OfficeatUKSA@gmail.com)

[Join us](#), only £25 for a year, or donate [here](#).

UKSA - *standing up for private investors – an independent voice*