

# THE UKSA NEWSLETTER

**UKSA**  
UK Shareholders'  
Association

## ISSUE 5

Welcome to the fifth issue of your **UKSA Newsletter**, which goes to all full and associate members. It complements The Private Investor, which full members receive.

**UKSA's Policy Team** has now completed its response to the BEIS consultation "Restoring trust in audit and corporate governance", which is published [here](#). Forthcoming work includes work on the costs and benefits of Private Equity, and responses to consultations. Consultations include climate change reporting, the priorities for IASB's future, and HMT's consultation on the UK Prospectus Regime, whose objectives are to encourage wider participation in the ownership of public companies, improve the efficiency of public capital-raising by simplifying regulation and improve the quality of information available to investors. See the Team's [policy page](#) for more details.

**Why UKSA spends time on policy** The Policy Team and other UKSA members are pushing for sensible regulatory reform. The latest [news](#) from the Financial Reporting Council (FRC), that nearly a third of audits reviewed failed to meet the quality expected, shows that audit reform is necessary now. This is why UKSA and ShareSoc devoted a lot of time to our response to the BEIS consultation mentioned above. See also the website News item [here](#).

UKSA has [responded](#) to the FCA's latest consultation aimed at advancing the consumer protection landscape. It proposes a new 'Consumer Duty' to be imposed on firms. UKSA welcomes this limited progress, but fundamentally it is more of the same: more regulation, more rules, more analysis.

The Financial Conduct Authority (FCA) is there to support consumers' interests and ensure that market conduct protects those interests. But, too often, the FCA focuses on the market's interests, reacting to consumer concerns too late. This is why we ask the FCA to reconsider its approach and to consider the consumer first, thereby preventing future harm to consumers.

**Here's John Hunter's take** The Financial Services and Markets Act (FSMA) makes explicit that consumers are responsible for their financial decisions, but makes no provision for consumer capability beyond pious hope. This abdication of responsibility is equivalent to throwing consumers into a shark pool without a cage.

John has filed private responses to two FCA consultations, [CP21/11 'The Stronger Nudge to Pensions Guidance'](#) and [CP21/13 'A New Consumer Duty'](#) in which he proposes a new government agency, based on the principles of [HonestMoneyNow](#), dedicated to the provision of honest financial guidance and independent of the conflicts that currently inhibit the regulator.

As retail shareholders, we're consumers too, which is why we have been supporting the **Amigo Shareholders' Action Group (ASAG)**. See our website News story [here](#). When the UKSA board received a request from our long-standing member Mo Majid to support the ASAG campaign, we agreed. ASAG has been established to represent and protect the interests of approximately 8,000 retail shareholders who represent around 75 per cent of owners in Amigo.

ASAG wants to: Avoid Amigo Holdings plc (Amigo) from insolvency, which would mean customers (called creditors in this context), bondholders and shareholders losing everything; find an optimum solution to compensate creditors fairly without totally destroying shareholder value; obtain explanations on how the FCA should conduct itself in such situations and as to why its conduct with Amigo Holdings has been unhelpful and inconsistent.

**Why support ASAG?** As UKSA, we do not have a formal position on the rights or wrongs of what is being asked of Amigo, but we must act, in this case in an auxiliary role, when the responsibilities of shareholders, especially retail shareholders, are misunderstood. We agreed to provide a cover note to ASAG's letter to HMT and have placed the relevant correspondence on our website [here](#).

**Background** Amigo drew up a scheme of arrangement (SOA) to cap payments to creditors for loans mis-selling. Without that cap, Amigo states it will become insolvent. The SOA, seen as fair by shareholders, creditors and bondholders, was overturned by the High Court. FCA representatives deemed the SOA unfair as shareholders, who should bear the greatest loss, had contrived to lose disproportionately less than the creditors.

**Here's Sue's Milton's take** Amigo and the FCA could have worked harder at finding a solution prior to the court hearing. The shareholders appear to have taken the brunt of the 'fallout' between the two. The judgement, that requires Amigo to rethink their compensation scheme, would have made sense if it were not based on a false premise about the role of and interplay between retail shareholders, shareholdings and markets. Wiping out shareholders should not be the default option.

We continue to support our **Northern Rock** members through the [Northern Rock Shareholder Action Group](#). We're also very grateful to Bill Brown for his analysis and updates that have appeared in recent editions of TPI. In the August edition, Bill will summarise why Northern Rock shares were assessed as having no value, particularly when various sources in Government, including the Chancellor of the Exchequer and other Ministers, although they spoke of a "failed" bank, still referred to it as operating normally (even after nationalisation) as a "going concern".

On 10 July the **Midlands & Southwest Region** held a Zoom meeting with **Mears Group** which showed the value of such meetings to both the company and shareholders. To quote the Mears Guest: "It was more enjoyable than meetings with our larger investors! So many large shareholders just want short-term decisions for short-term gain and ignore the range of stakeholders that have an interest in the long-term success. And whilst fund managers are paid gazillions, your questions were equally well considered and challenging." UKSA members said: "Mears pitched it just right and the purpose and objectives of the company came through very clearly. You avoided a presentation designed to be upbeat to sell shares. It was thoughtful and very helpful in setting out where the company sits in its sector and its strategy."

Don't forget, Associate Members can take advantage of **half-price full membership** of UKSA in the first year by clicking [here](#).

The UKSA Board

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