THE RUNNYMEDE DECLARATION FOR SHAREHOLDER RIGHTS

ISSUED BY THE UK SHAREHOLDERS' ASSOCIATION LIMITED
on the matter of
EQUITY INVESTOR RIGHTS & PROTECTIONS

Shareholder Democracy

The UK Shareholders' Association regards the present arrangements under which increasing numbers of private investors are obliged to hold company shares as hostile to their own best interests and to the need for good corporate governance. Shareholder democracy is damaged when investors in company shares are denied shareholder rights and yet that is one outcome of the unrelenting pressure forcing investors to use intermediaries for holding their shares, in the form of pooled nominee accounts.

A direct relationship between investors and companies in which they are invested, which can only be achieved by investors' own names being placed on share registers, is the necessary means of achieving shareholder democracy.   Such a relationship should be available for all who want it. It is the best protection for those who save by investing in equities, as it avoids all possibility of loss caused by an intermediary failing, with shareholdings that do not match its obligations.   For those that do depend on an intermediary the compensation available must be raised to the same level as that available for pension schemes, because the loss of a portfolio could be similarly catastrophic.

The UK Shareholders' Association accordingly makes the following declaration, to be known as The Runnymede Declaration for Shareholder Rights, to reflect the foundation of all democratic rights signed on Runnymede Island in The Thames 800 years ago.

Declaration

It is inequitable and intolerable that investors whose own money is used to purchase shares in companies of their own choosing can be denied entitlement to the legal rights of ownership.

It is contrary to the public interest that those who by their investment decisions should, as equity owners, be able to hold company managements to account, can be prevented or hindered from doing so.

All citizens of the United Kingdom of Great Britain & Northern Ireland who invest in British companies that are listed on any public market must be able to enjoy identical rights of information, participation and voting as currently enjoyed by shareholders in certificated form.

When the UK Government decides to abolish share certificates (to comply with EU law), this decision must be implemented in such a way that the full shareholder rights associated with legal ownership of company shares are preserved.

UK investors holding their shares through an intermediary must be protected in like manner to pension funds provided by insurance companies, namely 90% with no upper limit.

The UK Shareholders' Association calls upon all political parties to address these matters as a priority, so that remedies can be found and implemented by the UK Government before the end of 2015, the 800th anniversary of the primary source of individual rights, Magna Carta.

Footnote

Ownership of shares by individuals has a number of benefits and should be actively encouraged by government, not least because it increases understanding of where wealth comes from. Quite apart from the well-recognised need for individuals to save more, especially for their own retirement, individuals managing their own assets are more natural and better owners of businesses in which they have invested their own money than are the institutional investors who invest other people's money without any direct interest themselves in the success or otherwise of the companies in which they have invested.

Direct investment in UK equities by individuals, much of which is for the provision of pensions, is insufficiently recognised as a public good. Statistics published by the Financial Times show that if overseas holdings of UK equities are discounted, private individuals hold 23% of the rest – which is almost equal to the share of pension funds and insurance companies combined.   Statistically, private investors should count much more than they do.