

'Opt-in' for your shareholder rights!

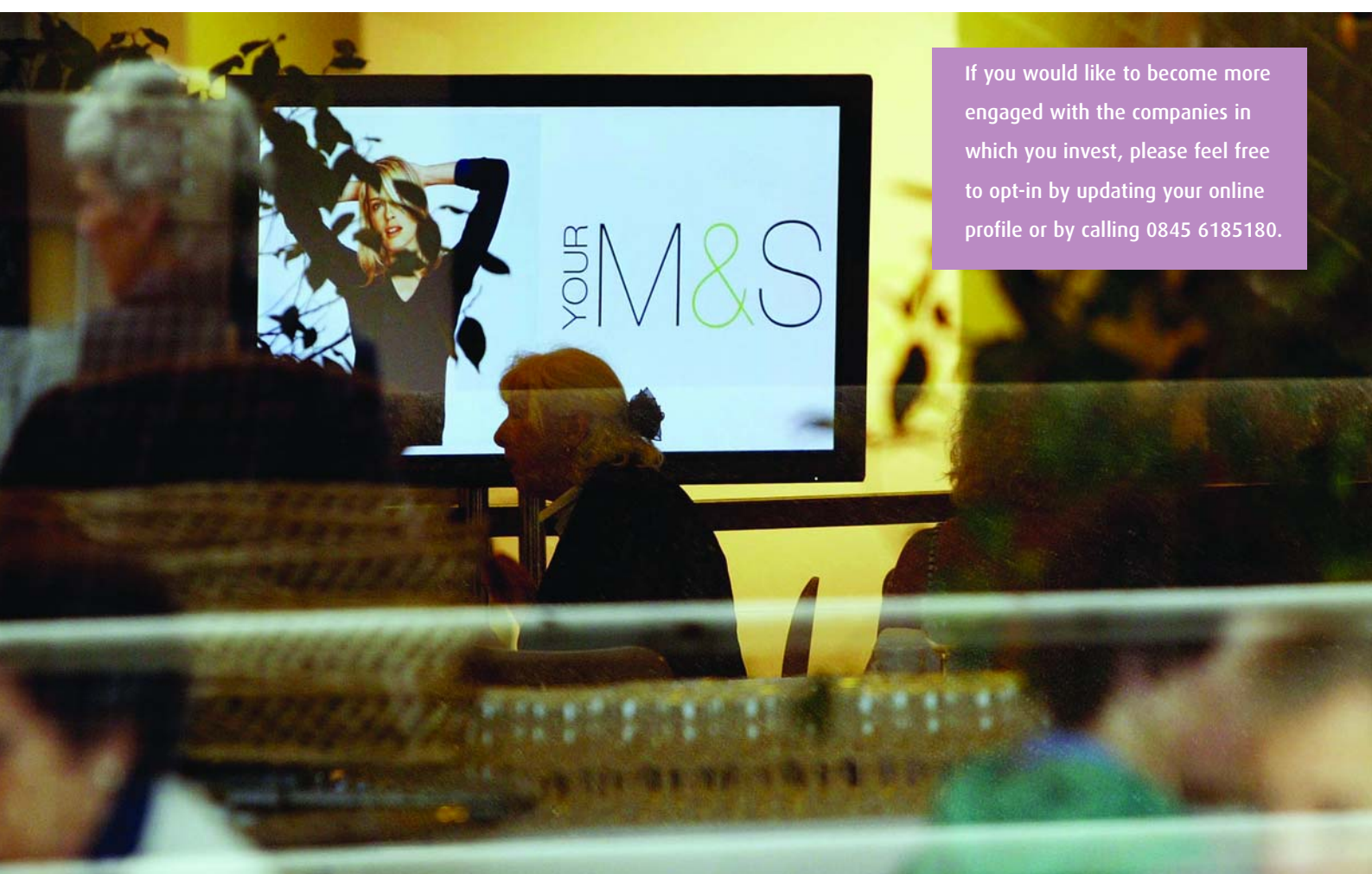
Readers of The Shareholder over the past year will be aware that The Share Centre succeeded in its quest to get the Companies Act 2006 changed for the benefit of those who own shares through nominees.

The number of nominee-based shareowners has been rising steadily for over 20 years. This was due initially to the introduction of Personal Equity Plans – the first tax-favoured scheme to insist on the use of nominees for shareholding. Then came Self-Invested Personal Pensions, Individual Savings Accounts, Share Incentive Plans, and Child Trust Funds, and throughout the period stockbrokers have increasingly based their services on nominees because they enable a much more efficient standard of service than the old share certificate system. Today there are more shareholdings owned via nominees than there are held directly on company share registers.

One substantial handicap has remained throughout this period: companies have not been obliged to send their shareholder communications (Annual Reports, etc.) to those nominee shareholders who wished to receive them. As a result, investors through nominees have found it difficult to get hold of Annual Reports and other company communications. Now, however, this handicap is being swept away by the new Act. As from 1st October 2007 nominee operators such as The Share Centre (Share Nominees) can submit mailing details to company registrars of those investors who choose to opt-in, and as from 1st January 2008 all UK-listed companies will be required

to send their company communications to those investors just as they do for those with share certificates.

It's up to the nominee operator whether they wish to extend these 'opt-in' rights, but you can be sure that The Share Centre, having been a leading light in getting the law changed, is providing full access to the new arrangements. We believe it is the right of anyone who chooses to invest in a company to hear directly from that company how it's getting on, both by reading their publications and, if they wish, attending their General Meetings. And we don't believe in charging for this right – it's the least one should expect for committing your money to that company.



If you would like to become more engaged with the companies in which you invest, please feel free to opt-in by updating your online profile or by calling 0845 6185180.

So here's how to opt-in with us: by signing into your account at www.share.com and updating your profile, or by telephone on 0845 6185180. When you opt-in you have a choice of receiving company communications either by post or by email. By opting-in you'll receive information on all your holdings in listed UK companies that you hold through The Share Centre (and possibly some AIM companies which comply voluntarily with the new Act); it is not possible to be selective between accounts or holdings.

Once your opt-in is recorded, we notify the relevant registrar for each of your current holdings and provide them with either postal or email details as you have requested. As this data exchange takes place monthly, you should expect that there may be some delay between your opting-in and receiving company information. Also, remember that 1st January 2008 is the first date that companies are obliged to send it! The monthly data exchange also means that you could continue to receive some company communication for a short while after your shares have been sold.

We plan to add further services and information about forthcoming company meetings on our website, and in the New Year, we'll be extending the online service to include voting and participation in shareholder resolutions. Further detailed information will be sent to investors who have opted-in for their shareholder rights over the next few months.

One shareholder related area not addressed by the Companies Act 2006 is that of shareholder perks. Currently only 13 of the 66 companies providing perks do not extend them to nominee shareholders, and we will continue our efforts to get them to change their policy – the Government considered that this was an area affecting so few companies that it was not possible to introduce legislation at this time.

The new legislation is a major step forward which potentially will bring a new sense of involvement for millions of nominee investors. We hope you will consider making use of your new rights to be recognised as a full shareholder.



A customer's view

Charles East, a 46 year old UCL graduate, runs his own specialist retail business.

As well as investing, he likes to read, travel, watch his son play football and generally participate in his children's activities. He lives in Chichester with his wife and 3 children.

When and why did you start investing?

28 November 1984 – I was 23 and had just finished being a student when I bought my first shares. I was thinking of getting a loan to buy a car, but decided that a car was a wasting asset that would be worthless in no time at all. So I got a loan off the bank for £2,500 (quite a bit of money then) and started buying some shares.

What was your first share?

The initial BT share offer. 50p paid up (130p over 3 installments). I think they finished around 100p by the end of the first day.

What is the most important lesson that you have learned about investing?

The very best long term investments are those run by a real 'self starter' – normally someone who has worked very hard in one line of business and owns a very big part (20%+) of their company.

What is your favourite book on investing?

Roger Lowenstein's 'Buffett: The Making of an American Capitalist'.

What is your most successful investment?

Well, in percentage terms, I bought some Cowie (now Arriva) shares around 1986. Within 3 or 4 years they had gone up tenfold. Since then I have taken a great interest in the shares of car dealerships and did well with CD Bramall as well.

What kind of business do you think has the best long term prospects?

I think that it has to be service companies, especially ones with a strong brand. They have a low capital requirement, so most of the profits are real cash. I like money brokers, employment agencies, property surveyors and some retailers.

How would you describe your investment strategy?

Whilst I do take larger than normal risks, and recently lost considerable money on Northern Rock, I do a lot of research and find it all very educational. Most of my investments pay off in the longer term.