

press release

29 January 2009

Rights issues reform: providing more access for personal investors

- The Share Centre calls on the FSA to help boost personal investor participation
 - Retail investors should be given same rights as institutions

The Share Centre has made a submission in response to the FSA's consultation paper 09/4 ("Rights Issue Subscription Period") which, while reluctantly accepting the proposals for a shorter time period for subscription (to 10 business days), also proposes a radically new approach to stop the dilution of personal investor participation.

Commenting on the rights issues process, **Gavin Oldham, chief executive of The Share Centre**, said: "It is our view that retail shareholders have historically lost out from rights issues due the fact that those who own the existing shares are not generally the same investors as those who have new money with which to pay the call: unlike institutional investors."

Oldham concludes, "As a result they have, as a genre, suffered substantial dilution each time a rights issue takes place. This is because personal investors' lapsed rights are simply bundled up and sold to institutions."

The Share Centre is proposing that new arrangements should be set in place for retail investors to bid for lapsed shares. Retail stockbrokers are able to set in place quick response facilities for this purpose, offering online access via the internet. Bids could be invited over a 48 hour period at prices equal to or above the call price, and shares bought would be free of stamp duty.

The stockbroker is confident that this proposal will enable personal investors to purchase the lapsed shares and that it will provide a reasonable counterbalance to the institutional bias implied in the current FSA proposals. This should go some way towards reducing personal investor dilution caused by Rights Issues generally.

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Risk Warnings:

Investing in general, and the products and services mentioned above, may not be suitable for all: if in doubt, individuals should seek independent financial advice. The value of investments and the income from them can go down as well as up and investors may not get back their original investment.

The bases and levels of taxation relating to ISAs, CTFs and SIPP's are subject to change and the value of these tax allowances may depend upon the circumstances of the individual.

About The Share Centre:

The Share Centre was established in 1990 to provide value-for-money share services for private investors. Its range of services includes buying and selling shares (by Internet, telephone and post) and a comprehensive share administration and safe custody service. Tax-efficient investment 'wrappers' including ISAs, CTFs and SIPP's are also available.

The Share Centre's Advice team provides comment on market sectors and individual shares, including all of the post-privatisation/demutualization companies, on www.share.com. Access is available to customers and registered users of the site. Registration is free. To understand how our Advice team arrive at their views please read our [Investment Research Policy](#).

In addition, account customers can receive individual telephone advice on UK-listed shares and on funds traded via the CoFunds trading platform.

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