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Letters

How to bring rights issues up to speed

From Mr Jamie Matheson.

Sir, While of course we uphold the right of shareholders not to be diluted, we cannot support the archaic method of delivering these rights to private investors. Legal advisers to companies and most recently the banks, have insisted that the law requires a full prospectus be prepared. Such documents stretching to 200 pages are being printed and dispatched to hundreds of thousands of shareholders and all conclude with

the sage advice that investors should contact their financial advisers. The whole process takes more than six weeks – leaving the companies themselves open to attack to the detriment of all shareholders, as we have just seen.

Now that short form accounts can be distributed to shareholders with the full report and accounts being posted on a website, the same principle should be applied to rights issues – with a summary letter

inviting shareholders to go to a website for further information or to consult their financial adviser without delay. This will save weeks and bring the UK closer to the capital raising timetable in the US, without giving up the pre-emption rights that UK investors hold dear.

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