

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser.**

**If you have sold or otherwise transferred all of your shares in McKay Securities PLC, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.**



*(incorporated and registered in England & Wales with registered number 00421479)*

To all Ordinary Shareholders

**ANNUAL GENERAL MEETING 2008**

**NOTICE OF MEETING**

**NOTICE is hereby given that the sixty-second Annual General Meeting (“AGM”) of McKay Securities PLC (the “Company”) will be held at The Royal Thames Yacht Club, 60 Knightsbridge, London SW1X 7LF on Tuesday, 22nd July 2008 at 12.00 noon for the following purposes:**

1. To receive the report of the Directors and the financial statements for the year ended 31st March 2008 (the “**Report and Financial Statements**”).
2. To approve by ordinary resolution the Remuneration Report on pages 27 to 32 of the Report and Financial Statements.
3. To declare a final dividend for the year ended 31st March 2008.
4. To re-elect Mr S.C. Perkins as a Director.
5. To re-elect Mr N. Aslin as a Director.
6. To re-appoint KPMG Audit Plc as auditors.
7. To authorise the Directors to fix the remuneration of the auditors.
8. To increase by ordinary resolution the authorised share capital of the Company from £10,000,000 to £12,500,000 by the creation of 12,500,000 ordinary shares of 20 pence each pursuant to Section 121 of the Companies Act 1985.
9. To renew by ordinary resolution the Directors’ authority to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985), granted by shareholders on 25 July 2007, pursuant to Section 80 of the Companies Act 1985.
10. Partially to waive by special resolution the pre-emption rights held by existing shareholders which attach to future issues for cash of equity securities of the Company by virtue of Section 89 of the Companies Act 1985.

11. To adopt by special resolution the Articles of Association produced to the AGM and initialled by the Chairman of the AGM for the purpose of identification with effect from the close of the AGM as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association of the Company.
12. To grant by special resolution to the Directors of the Company, pursuant to Article 7 of the Articles of Association of the Company and in accordance with Section 166 of the Companies Act 1985, general and unconditional authority to make market purchases of any of the Company's ordinary shares.

Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the AGM. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Equiniti on 0871 384 2101.

To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand by the Company's Registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL no later than 48 hours before the time appointed for the AGM.

The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in Note 8 below) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.

#### Notes

1. An explanation of resolutions 8 to 12 is set out in Appendix 1 to this document and the full text of those resolutions is set out in Appendix 2. Appendix 3 contains a summary of the principal amendments proposed to the Articles of Association of the Company, which are primarily designed to reflect the provisions of the Companies Act 2006 which have recently come into effect.
2. The following documents will be available for inspection at 20 Greyfriars Road, Reading, Berkshire RG1 1NL and at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY from the date of this notice until the close of the AGM and at the AGM location from 15 minutes before the AGM until it ends:
  - (a) copies of the executive Directors' service contracts;
  - (b) copies of the letters of appointment of the non-executive Directors; and
  - (c) copy of the proposed new Articles of Association of the Company and a copy of the existing Articles of Association marked to show the changes being proposed in resolution 11.
3. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
4. The statement of the rights of shareholders in relation to the appointment of proxies set out above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
5. To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 6.00 p.m. on 20th July 2008 (or, in the event of any adjournment, 6.00 p.m. on the date which is two days before the time of the adjourned AGM). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the AGM.

6. As at 25th June 2008 (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 45,792,655 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 25th June 2008 were 45,792,655.
7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
8. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: RA19) by 12 noon on 20th July 2008. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
9. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
10. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
11. In order to facilitate voting by corporate representatives at the AGM, arrangements will be put in place at the AGM so that (i) if a corporate shareholder has appointed the Chairman of the AGM as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the AGM, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the AGM but the corporate shareholder has not appointed the Chairman of the AGM as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives ([www.icsa.org.uk](http://www.icsa.org.uk)) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

26th June 2008

By Order of the Board  
A.S. Childs  
Secretary

## **ANNUAL GENERAL MEETING 2008**

### **ORDINARY AND SPECIAL BUSINESS**

The resolutions constituting the ordinary business of the AGM are contained in items 1 to 7 of the Notice of AGM set out on page 1 of this document. Items 8 to 12 of the Notice of AGM constitute special business and as such these proposed resolutions are explained in Appendix 1 below and set out in full in Appendix 2. An explanation of the principal changes proposed to the Articles of Association of the Company is set out in Appendix 3.

### **RECOMMENDATIONS**

**The Directors of the Company consider that the passing of resolutions 1 to 12 is in the best interests of the Company and its shareholders as a whole and accordingly recommend that you vote in favour of all the resolutions to be proposed at this year's AGM. Your Directors intend to vote in favour of these resolutions in respect of their own share interests, which amount to 183,083 ordinary shares, representing in aggregate 0.4 per cent. of the nominal issued ordinary share capital of the Company.**

### **APPENDIX 1**

#### **EXPLANATORY NOTES IN RESPECT OF RESOLUTIONS 8 TO 12**

The notes on the following pages give an explanation of the resolutions proposed at items 8 to 12 of the Notice of the AGM. The full wording of these resolutions is set out in Appendix 2.

#### **RESOLUTION 8: INCREASE IN AUTHORISED SHARE CAPITAL**

Section 121 of the Companies Act 1985 (the "Act") requires shareholders' authority for the authorised share capital of the Company to be increased. It is proposed that the authorised share capital of the Company be increased by 25 per cent. by the creation of 12,500,000 additional ordinary shares of 20 pence each. Whilst the Directors have no present intention to issue further shares in the Company, they believe that the authorised share capital of the Company should be increased in order to provide the Directors with the necessary flexibility in future should they decide that it would be in the best interests of the Company to issue new shares (subject always to their authority to allot and, unless excluded, to statutory pre-emption rights), particularly as the authorised but unissued share capital of the Company currently stands at only 4,207,345 shares with aggregate nominal value of £841,469. The resolution to be proposed at the AGM is shown as resolution 8 in Appendix 2.

#### **RESOLUTION 9: ALLOTMENT OF SHARES**

Section 80 of the Act requires shareholders' authority for the Directors to allot the unissued share capital of the Company or convertible securities, other than shares which may be allotted under employee share schemes. Such authority may be granted for a period of no more than five years. The existing authority under Section 80 of the Act, given by shareholders to the Directors at last year's AGM, is in respect of unissued ordinary shares having an aggregate nominal value of £841,469. The existing Section 80 authority is due for renewal at this year's AGM. The Directors consider that this authority should be renewed in respect of unissued ordinary shares which, provided that resolution 8 to increase the authorised share capital of the Company to £12,500,000 is duly passed at the AGM, will have an aggregate nominal value of £3,022,315 representing 33 per cent. of the Company's nominal issued ordinary share capital as at the date of the AGM, so as to expire at the AGM to be held in 2009. The Directors have no present intention to exercise this authority to issue shares pursuant to the resolution to be proposed at the AGM, shown as resolution 9 in Appendix 2. This proposal is consistent with the current recommendations of the Investment Committees of the Association of British Insurers and the National Association of Pension Funds.

## **RESOLUTION 10: WAIVER OF PRE-EMPTION RIGHTS**

In the case of a new allotment of shares or convertible securities for cash, Section 89 of the Act grants pre-emption rights to existing shareholders. The UK Listing Authority does not require the consent of shareholders to each specific allotment (made other than to existing shareholders on a proportional basis) provided that the authority of shareholders to disapply generally the provisions of Section 89, which may be given under Section 95 of the Act, is obtained. Accordingly, the Directors consider that it is in the best interests of the Company for the existing Section 95 authority granted by shareholders at the AGM held in 2007 to be renewed for a period expiring at the AGM to be held in 2009. It is proposed that the waiver will be limited by value to 5 per cent. of the Company's nominal issued ordinary share capital as at 25th June 2008 and so will apply to equity securities having an aggregate nominal value of £457,926. The waiver will also disapply Section 89 of the Act in respect of fractional entitlements arising on rights issues. This proposal is consistent with the current recommendations of the Investment Committees of the Association of British Insurers and the National Association of Pension Funds.

If this approval is granted the Directors of the Company would, in implementing it, have regard to the provisions of such recommendations which indicate that issues of equity securities for cash (other than by way of rights) should not, in any rolling three-year period, exceed 7.5 per cent. of the issued ordinary share capital of the Company. The resolution to be proposed at the AGM is shown as resolution 10 in Appendix 2.

## **RESOLUTION 11: ADOPTION OF NEW ARTICLES OF ASSOCIATION**

It is proposed in resolution 11 to adopt new Articles of Association (the "New Articles") in order to update the Company's current Articles of Association (the "Current Articles"), primarily to take account of changes in English company law brought about by those provisions of the Companies Act 2006 which have recently come into effect.

The principal changes introduced in the New Articles are summarised in Appendix 3. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 have not been noted in Appendix 3. The New Articles, marked to show the proposed changes to the Current Articles, are available for inspection as noted on page 3 of this document. The resolution to be proposed at the AGM is shown as resolution 11 in Appendix 2.

## **RESOLUTION 12: AUTHORITY TO MAKE MARKET PURCHASES OF SHARES**

Resolution 12 seeks to allow the Company to make market purchases of up to 4,579,265 of its own ordinary shares, representing 10 per cent. of the Company's issued ordinary share capital at 25th June 2008 (the last practicable date prior to the publication of the Notice of the AGM) at prices of not less than 20 pence per ordinary share and not more than: (i) 5 per cent. above the average of the closing middle market prices taken from the London Stock Exchange Daily Official List for the five business days before each purchase; and (ii) the price stipulated by Article 5(1) of the Buy-back and Stabilisation Regulation (EC No. 2273/2003). The authority given under this resolution will expire at the conclusion of the 2009 AGM of the Company, or 30th August 2009 if earlier.

The Directors of the Company would only authorise such purchases after considering the effect on net assets per share and the benefits for shareholders generally. The Directors have no current intention of using this authority.

The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 allow companies to hold shares purchased from the market in treasury for cash sale at a later date or for employees under an employees' share scheme with a view to a possible reissue at a future date, as an alternative to cancelling them. If the Company were to purchase any of its own shares pursuant to the authority granted by resolution 12, it would consider holding some or all of them as treasury shares.

The Company does not currently hold any treasury shares.

The total number of options to subscribe for ordinary shares outstanding at 25th June 2008 (being the last practicable date prior to the publication of the Notice of the AGM) was 1,875,050. This represented 4.1 per cent. of the issued ordinary share capital of the Company at that date. If the Company were to buy back the maximum number of ordinary shares permitted pursuant to the passing of resolution 12, the total number of options to subscribe for ordinary shares outstanding at 25th June 2008 (being the last practicable date prior to the publication of the Notice of the AGM) would represent 4.5 per cent. of the reduced amount of the issued ordinary share capital of the Company.

The resolution to be proposed at the AGM is shown as resolution 12 in Appendix 2.

## APPENDIX 2

### THE FOLLOWING RESOLUTIONS NUMBERED 8 TO 12 WILL BE PROPOSED AT THE 2008 ANNUAL GENERAL MEETING OF THE COMPANY

**8 As an ordinary resolution:**

THAT the authorised share capital of the Company be and is hereby increased from £10,000,000 to £12,500,000 by the creation of 12,500,000 ordinary shares of 20 pence each ranking pari passu in all respects with the existing ordinary shares of 20 pence each in the capital of the Company.

**9 As an ordinary resolution:**

THAT the Directors be and are hereby generally and unconditionally authorised, pursuant to Section 80 of the Companies Act 1985, to exercise all powers of the Company to allot relevant securities of the Company PROVIDED THAT:

- (A) the maximum amount of relevant securities that may be allotted pursuant to the authority given by this resolution shall be an aggregate nominal amount of £3,022,315;
- (B) subject as provided in paragraph (C) of this resolution, such authority shall expire at the conclusion of the next AGM of the Company after the passing of this resolution 9 but may previously be revoked or varied by an ordinary resolution of the Company;
- (C) such authority shall permit and enable the Directors to make an offer or an agreement, before the expiry of such authority, which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired;
- (D) words and expressions defined in or for the purposes of Part IV of the Companies Act 1985 Act shall bear the same meanings in this resolution; and
- (E) the authority granted by this resolution is in substitution for the authority granted by the relevant ordinary resolution passed at the AGM of the Company held in 2007.

**10 As a special resolution:**

THAT:

- (A) subject to the passing of this resolution 10, the Directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities of the Company for cash as if Section 89(1) of the Companies Act 1985 did not apply to any such allotment, PROVIDED THAT such power shall be limited to the allotment of equity securities:
  - (i) in connection with a rights issue, open offer or other pre-emptive offer in favour of the holders of the ordinary shares of 20 pence each and, proportionate (as nearly as may be) to the respective number of ordinary shares held by them (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever); and
  - (ii) (otherwise than pursuant to paragraph (i) above) up to an aggregate nominal value of £457,926; or
  - (iii) in connection with a rights issue of such securities to the holders of the relevant employee shares of the Company or in connection with any other form of issue of such securities in which such holders are offered the right to participate in proportion (as nearly as may be) to the respective number of ordinary shares held by them (subject to such exclusions or other arrangements as the Directors may deem

necessary or expedient to deal with fractional entitlements or legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever);

- (B) subject as provided in paragraph (C) of this resolution, such authority shall expire upon the renewal of this power or, if earlier, at the conclusion of the next AGM of the Company after the passing of this resolution;
- (C) such power shall permit and enable the Directors to make an offer or agreement, before the expiry of such power, which would or might require equity securities to be allotted or sold after such expiry and the Directors may allot or sell such securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired;
- (D) words and expressions defined in or for the purposes of Part IV of the Companies Act 1985 shall bear the same meanings in this resolution; and
- (E) the authority granted by this resolution is in substitution for the authority granted by the relevant special resolution passed at the AGM held in 2007.

**11 As a special resolution:**

THAT the Articles of Association produced to the AGM and initialled by the Chairman of the AGM for the purpose of identification, with effect from the close of the AGM, be and hereby are adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association of the Company.

**12 As a special resolution:**

THAT general and unconditional authority be and hereby is granted to the Directors of the Company, pursuant to Article 7 of the Articles of Association of the Company and in accordance with Section 166 of the Companies Act 1985, to make market purchases of any of the Company's ordinary shares upon, and subject to, the following conditions:

- (A) the maximum number of ordinary shares in the Company hereby authorised to be acquired is 4,579,265 ordinary shares, being 10 per cent. of the issued ordinary share capital of the Company as at 25th June 2008 (being the last practicable date prior to publication of this Notice of AGM);
- (B) the minimum price which may be paid for each ordinary share is 20 pence;
- (C) the maximum price which may be paid for each ordinary share is the amount equal to the higher of:
  - (i) 105 per cent. of the average of the closing middle market price of an ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary shares are contracted to be purchased; and
  - (ii) the higher of the price of the last independent trade and the highest independent current bid as stipulated by Article 5(1) of Commission Regulation No. 2273/2003 of 22nd December 2003 implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instruments;
- (D) the authority hereby conferred shall (unless renewed) expire at the conclusion of the AGM of the Company to be held in 2009, or 30th August 2009 if earlier, except that the Company may at any time prior to the expiry of such authority enter into a contract for the purchase of ordinary shares which would or might be completed wholly or partly after the expiry of such authority.

## **APPENDIX 3**

### **EXPLANATORY NOTES OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION**

#### **1. Articles which duplicate statutory provisions**

Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are in the main to be removed in the New Articles. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution. Certain examples of such provisions include provisions as to the form of resolutions, the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below.

#### **2. Form of resolution**

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being removed as the concept of extraordinary resolutions has not been retained under the Companies Act 2006. Furthermore, the remainder of the provision is reflected in full in the Companies Act 2006.

The Current Articles enable members to act by written resolution. Under the Companies Act 2006, public companies can no longer pass written resolutions. These provisions have therefore been removed in the New Articles.

#### **3. Convening general meetings**

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being removed in the New Articles because the relevant matters are provided for in the Companies Act 2006. In particular, a general meeting to consider a special resolution (other than an annual general meeting) can be convened on 14 days' notice whereas previously 21 days' notice was required. An annual general meeting of the Company will still need to be convened on 21 days' notice.

#### **4. Votes of members**

Under the Companies Act 2006, proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting, or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of that poll, with weekends and bank holidays being permitted to be excluded for this purpose. The New Articles give the Directors discretion, when calculating the time limits, to exclude weekends and bank holidays. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. The New Articles reflect all of these new provisions.

#### **5. Age of Directors on appointment**

The Current Articles contain a provision requiring a Director's age to be disclosed if he has attained the age of 70 years or more in the notice convening a meeting at which the Director is proposed to be elected or re-elected. Such provision could now fall foul of the Employment Equality (Age) Regulations 2006 and so has been removed from the New Articles.

## **6. Conflicts of interest**

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act 2006, from 1st October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. The Companies Act 2006 allows the Company's Directors to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in accordance with the Companies Act 2006.

There are safeguards which will apply when Directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to make the relevant decision, and secondly, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers in order to protect a Director from being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the Directors. It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers of authorisation of conflicts are operated effectively and that the procedures have been followed.

## **7. Notice of board meetings**

Under the Current Articles, when a Director is abroad he can request that notice of Directors' meetings are sent to him at a specified address and if he does not do so he is not entitled to receive notice while he is away. This provision has been removed, as modern communications mean that there may be no particular obstacle to giving notice to a Director who is abroad.

## **8. Records to be kept**

The provision in the Current Articles requiring the Board to keep accounting records has been removed as this requirement is contained in the Companies Act 2006.

## **9. Distribution of assets otherwise than in cash**

The Current Articles contain provisions dealing with the distribution of assets in kind in the event of the Company going into liquidation. These provisions have been removed in the New Articles on the grounds that a provision about the powers of liquidators is a matter for insolvency law rather than the articles of association and that the Insolvency Act 1986 confers powers on the liquidator which would enable it to do what is envisaged by the Current Articles.

## **10. Electronic and web communications**

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The New Articles continue to allow communications to members in electronic form and, in addition, they also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within

the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

**11. Directors' indemnities and loans to fund expenditure**

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a director against liability incurred in connection with that company's activities as trustee of the scheme. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies.

**12. General**

Generally, the opportunity has been taken to bring clearer language into the New Articles.



20 Greyfriars Road, Reading, Berkshire RG1 1NL

T: 0118 950 2333

[www.mckaysecurities.plc.uk](http://www.mckaysecurities.plc.uk)