

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 to the action you should take, you should immediately consult a stockbroker, solicitor, accountant, or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in McKay Securities PLC, please pass this document together with the accompanying form of proxy to the purchaser or transferee, or to the stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.



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

To all Ordinary Shareholders

ANNUAL GENERAL MEETING 2017
NOTICE OF MEETING

NOTICE is hereby given that the seventy-first 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 Thursday, 6th July 2017 at 2.30p.m. for the following purposes:

1. To receive the Company's Annual Report and Financial Statements for the financial year ended 31st March 2017 including the Strategic Report, Directors' Remuneration Policy Report, Directors' Annual Remuneration Report and the Reports of the Directors and Auditors.
2. To approve the Directors' Annual Remuneration Report (excluding the part containing the Remuneration Policy) for the year ended 31st March 2017.
3. To approve the Directors' Remuneration Policy contained in the Directors' Annual Remuneration Report for the financial year ended 31st March 2017.
4. To authorise the adoption and operation of the McKay Performance Share Plan 2017 (“PSP”).
5. To authorise the adoption and operation of the McKay Deferred Bonus Share Plan 2017 (“DBSP”).
6. To authorise the payment of a final dividend on the ordinary shares of 6.3p per share for the year ended 31st March 2017 on 27th July 2017 to shareholders on the register at close of business on 2nd June 2017.
7. To re-elect Mr R. Grainger as a Director of the Company.
8. To re-elect Mr S. Perkins as a Director of the Company.
9. To re-elect Mr G. Salmon as a Director of the Company.

10. To elect Mr T. Elliott as a Director of the Company.
11. To re-elect Mr J. Austen as a Director of the Company.
12. To elect Mr J. Bates as a Director of the Company.
13. To re-elect Viscount Lifford as a Director of the Company.
14. To re-elect Mr N. Shepherd as a Director of the Company.
15. To appoint KPMG LLP as Auditors of the Company to hold office from the conclusion of the AGM until the conclusion of the next meeting at which the accounts are laid before the meeting.
16. To authorise the Directors to determine the remuneration of the Auditors.
17. To authorise by ordinary resolution the Directors to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company pursuant to Section 551 of the Companies Act 2006.
18. To authorise by special resolution the partial waiver of pre-emption rights (pursuant to Section 570 and Section 573 of the Companies Act 2006) held by existing shareholders which attach to future issues for cash of equity securities of the Company by virtue of Section 561 of the Companies Act 2006. (1)
19. To authorise by special resolution the partial waiver of pre-emption rights (pursuant to Section 570 and Section 573 of the Companies Act 2006) held by existing shareholders which attach to future issues for cash of equity securities of the Company by virtue of Section 561 of the Companies Act 2006. (2)
20. To authorise by special resolution the Company to make market purchases (as defined in Section 693(4) of the Companies Act 2006) of any of the Company's ordinary shares for the purposes of Section 701 of the Companies Act 2006.
21. To approve by special resolution the calling of general meetings other than an AGM on not less than 14 clear days' notice.

Notes

1. Shareholders 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 Limited on 0371 384 2101. Lines are open 8.30a.m. to 5.30p.m., Monday to Friday. If you are calling from overseas, the number to call is +44 121 415 7047.
2. 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 6DA not less than 48 hours before the meeting, not taking into account any day that is not a working day.
3. The proxy form must be signed and dated by the shareholder or his/her attorney duly authorised in writing. If the shareholder is a company, it may execute by the signature(s) of a duly authorised officer or attorney whose capacity should be stated. In the case of joint holdings, any one holder may sign the proxy form. The vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
4. The return of a completed proxy form (as described in Notes 2 and 3 above), other such instrument or any CREST Proxy Instruction (as described in Note 11 below) will not prevent a shareholder attending the **AGM** and voting in person if he/she wishes to do so.
5. An explanation of resolutions 2 and 5 and 7 to 21 are set out in Appendix 1 to this document and the full text of resolutions 17 to 21 are set out in Appendix 2.
6. 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 Royal Thames Yacht Club, 60 Knightsbridge, London SW1X 7LF from 15 minutes before the **AGM** until it ends:
 - (a) copies of the executive Directors' service contracts; and
 - (b) copies of the letters of appointment of the non-executive Directors.
 - (c) The rules of the McKay Performance Share Plan 2017 and the McKay Deferred Bonus Share Plan 2017.
7. 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.
8. 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.
9. 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 6.30p.m. on 4th July 2017 (or, in the event of any adjournment, 6.30p.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**.
10. As at 6th June 2017 (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 93,808,450 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 6th June 2017 were 93,808,450.

11. 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 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.
12. 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 Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com). 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 2.30p.m. on 4th July 2017. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp 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.
13. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited 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 connection to this, 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.
14. 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.
15. Under Section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the **AGM**; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the **AGM** includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.
16. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its power as a member provided that they do not do so in relation to the same shares.
17. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.
18. A copy of this Notice of Annual General Meeting, and other information required by Section 311A of the Companies Act 2006, can be found at www.mckaysecurities.plc.uk.
19. You may not use any electronic address provided in either this Notice of Annual General Meeting or any related documents (including the Proxy Form) to communicate with the Company for any other purpose than those expressly stated.

6th June 2017

By Order of the Board
J. McKeown
Secretary

ANNUAL GENERAL MEETING 2017

RECOMMENDATIONS

The Directors of the Company consider that the passing of resolutions 1 to 21 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 beneficial share interests, which amount to 577,275 ordinary shares, representing in aggregate 0.62 per cent of the issued ordinary share capital of the Company.

APPENDIX 1

EXPLANATORY NOTES IN RESPECT OF RESOLUTIONS 2 TO 5 AND 7 TO 21

The notes on the following pages give an explanation of the resolutions proposed at items 2 to 5 and 7 to 21 of the Notice of AGM. Resolutions 17 to 21 are set out in full in Appendix 2. **Each of the resolutions proposed as items 17 to 21 (inclusive) would, if passed, renew for a further year the general authority granted by the Company's shareholders at the AGM of the Company held in 2016.**

RESOLUTION 2: DIRECTORS' ANNUAL REMUNERATION REPORT

The Directors are required to prepare an annual report detailing the remuneration of the Directors (the "**Directors' Annual Remuneration Report**"), to be read in conjunction with the statement by the Chairman of the Remuneration Committee. The Company is required to seek shareholders' approval in respect of the contents of this Report (excluding the part containing the Remuneration Policy) on an annual basis. The vote is an advisory one.

You can find the **Directors' Annual Remuneration Report** on pages 51 to 57 of the Annual Report and Financial Statements.

RESOLUTION 3: DIRECTORS' REMUNERATION POLICY

This resolution is in accordance with the provision contained in the Companies Act 2006 (the "**Act**") setting out the requirement for shareholder approval of a company's Directors' Remuneration Policy. This is a binding shareholder vote covering the stated policy of the Company in respect of Director's remuneration. If approved, this policy will take effect from 6th July 2017 and replace the Company's current policy which was approved at the 2014 AGM.

Full details of the Director's Remuneration Policy are set out on pages 44 to 50 of the Annual Report and Financial Statements.

RESOLUTION 4: TO AUTHORISE THE OPERATION OF THE MCKAY PERFORMANCE SHARE PLAN 2017 ("PSP")

Resolution 4 seeks authority from shareholders to adopt and operate the **PSP** for a period of 10 years from the 2017 AGM. The **PSP** is a revised and updated version of the long-term incentive plan that has been operated by the Company for senior executives since it was initially approved by shareholders at the 2007 AGM.

A summary of the principal terms of the **PSP** is set out in Appendix 3 to this notice.

RESOLUTION 5: TO AUTHORISE THE OPERATION OF THE MCKAY DEFERRED BONUS SHARE PLAN 2017 ("DBSP")

This resolution seeks authority from shareholders to adopt and operate the **DBSP** for a period of 10 years from the 2017 AGM. The **DBSP** will operate to defer part of annual bonus outcomes for senior executives into shares for a period of 3 years.

A summary of the principal terms of the **DBSP** is set out at Appendix 4 to this notice.

More detail regarding the rationale for the introduction of the **PSP** and **DBSP** is set out in the Directors' Remuneration Report on pages 44 to 50 of the Annual Report and Financial Statements.

RESOLUTIONS 7 TO 14: ELECTION OF DIRECTORS

In accordance with the recommendations of the UK Corporate Governance Code all Directors will retire at the **AGM** and being eligible will submit themselves for re-election by the shareholders.

Each of the Director's biographical notes are set out on pages 32 and 33 of the Annual Report and Financial Statements.

Mr J. Bates joined the Board as a non-executive Director of the Company on 18th January 2017. Mr T. Elliott, joined the Company in September 2016 and was appointed an executive Director on 1st April 2017. In accordance with the Company's Articles of Association and the recommendations of the UK Corporate Governance Code, Mr Bates and Mr Elliott have therefore resolved that they will retire at this first **AGM** following their appointments and submit themselves for election by the shareholders.

The Directors of the Company have determined that, in their judgement, all of the non-executive Directors being proposed for election or re-election meet the independence criteria prescribed in the UK Corporate Governance Code as all are independent in character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

During the year, the Directors of the Company completed a formal annual appraisal of the Board, its Committees and individual Directors. Following that evaluation, the Chairman is satisfied that the performance of each Director standing for election or re-election continues to be effective and that each Director continues to demonstrate commitment to the role. As announced on 15th March 2017, Viscount Lifford will retire from the Board and its committees in September 2017. More information about these matters can be found on pages 42 and 43 of the Annual Report and Financial Statements.

RESOLUTIONS 15 & 16: RE-APPOINTMENT OF AUDITORS AND DETERMINATION OF REMUNERATION

The Audit Committee has reviewed KPMG's effectiveness and the effectiveness of their audit process and recommends their re-appointment. Shareholders are asked to authorise the Directors to re-appoint them and, following normal practice, to authorise the Directors (following the recommendation of the Audit Committee) to determine their remuneration.

RESOLUTION 17: ALLOTMENT OF SHARES

Paragraph (A) of this resolution would give the Directors the authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount equal to £6,253,896 (representing 31,269,480 ordinary shares of 20p each). This amount represents approximately one-third of the issued ordinary share capital of the Company as at 6th June 2017, the latest practicable date prior to publication of this Notice.

In line with guidance issued by the Investment Association ("IA"), paragraph (B) of this resolution would give the Directors authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £12,507,793 (representing 62,538,965 ordinary shares), as reduced by the nominal amount of any shares issued under paragraph (A) of this resolution. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital of the Company as at 6th June 2017, the latest practicable date prior to publication of this Notice.

The authorities sought under paragraphs (A) and (B) of this resolution will expire at the earlier of 30th September 2018 and the conclusion of the **AGM** of the Company held in 2018.

The Directors have no present intention to exercise either of the authorities sought under this resolution. However, if they do exercise the authorities, the Directors intend to follow **IA** recommendations concerning their use (including as regards the Directors standing for re-election in certain cases).

As at the date of the Notice of **AGM**, no ordinary shares are held by the Company in treasury.

The resolution to be proposed at the **AGM** is shown as resolution 17 in Appendix 2.

RESOLUTIONS 18 AND 19: WAIVER OF PRE-EMPTION RIGHTS

Resolutions 18 and 19 will each be proposed as a special resolution, which requires a 75% majority of the votes cast to be in favour. They would give the Directors the power to allot ordinary shares (or sell any ordinary shares which the Company holds in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

The power set out in resolution 18 would be limited to: (a) allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares, or as the board otherwise considers necessary, or (b) otherwise up to an aggregate nominal amount of £938,084 (representing 4,690,420 ordinary shares). This aggregate nominal amount represents approximately 5% of the issued ordinary share capital of the Company (excluding treasury shares) as at 6th June 2017, the latest practicable date prior to publication of this Notice.

In respect of the power under resolution 18(B), the Directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling 3-year period where the Principles provide that usage in excess of 7.5% of the issued ordinary share capital of the Company (excluding treasury shares) should not take place without prior consultation with shareholders.

Resolution 19 is intended to give the Company flexibility to make non pre-emptive issues of ordinary shares in connection with acquisitions and other capital investments as contemplated by the Pre-emption Group's Statement of Principles. The power under resolution 19 is in addition to that proposed by resolution 18 and would be limited to allotments or sales of up to an aggregate nominal amount of £938,084 (representing 4,690,420 ordinary shares) in addition to the power set out in resolution 18. This aggregate nominal amount represents an additional 5% of the issued ordinary share capital of the Company (excluding treasury shares) as at 6th June 2017, the latest practicable date prior to publication of this Notice.

The powers under resolutions 18 and 19 will expire at the earlier of 30th September 2018 and the conclusion of the **AGM** of the Company held in 2018.

The resolutions to be proposed at the **AGM** are shown as resolution 18 and resolution 19 in Appendix 2.

RESOLUTION 20: AUTHORITY TO UNDERTAKE MARKET PURCHASES OF OWN SHARES

This resolution will be proposed as a special resolution, which requires a 75% majority of the votes cast to be in favour. Authority is sought for the Company to purchase up to 10% of its issued ordinary shares (excluding any treasury shares).

The Directors have no present intention of exercising the authority to make market purchases, however the authority provides the flexibility to allow them to do so in the future. The Directors will exercise this authority only when to do so would be in the best interests of the Company, and of its shareholders generally, and could be expected to result in an increase in the earnings per shares of the Company.

Ordinary shares purchased by the Company pursuant to this authority may be held in treasury or may be cancelled. The Directors will consider holding any ordinary shares the Company may purchase as treasury shares. The Company currently has no ordinary shares in treasury. The minimum price, exclusive of expenses, which may be paid for an ordinary share is its nominal value of 20p. The maximum price, exclusive of expenses, which may be paid for an ordinary share is the highest of (i) an amount equal to 5% above the average market value for an ordinary share for the five business days immediately preceding the date of the purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out (including when the ordinary shares are traded on different venues), as stipulated by Article 5(6) of the Market Abuse Regulation (EU) No.596/2014.

The Company has options outstanding over 1,430,376 ordinary shares, representing 1.52% of the Company's ordinary issued share capital as at 6th June 2017. If the existing authority given at the 2016 **AGM** and the authority now being sought by resolution 20 were to be fully used, these would represent 1.90% of the Company's ordinary issued share capital at that date.

The authority will expire at the earlier of 30th September 2018 and the conclusion of the **AGM** of the Company held in 2018.

The resolution to be proposed at the **AGM** is shown as resolution 20 in Appendix 2.

RESOLUTION 21: NOTICE OF GENERAL MEETINGS

This resolution will be proposed as a special resolution, which requires a 75% majority of the votes to be cast in favour. Changes made to the Companies Act 2006 by the Shareholders' Rights Regulations increase the notice period required for general meetings of the Company to 21 days unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. In order to continue to allow the Company to call general meetings (other than an **AGM**) on 14 days' notice resolution 21 seeks such approval. **AGMs** will continue to be held on at least 21 clear days' notice.

The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole. The approval will be effective until the Company's next **AGM**, when it is intended that a similar resolution will be proposed.

Note that the changes to the Companies Act 2006 mean that, in order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

The resolution to be proposed at the **AGM** is shown as resolution 21 in Appendix 2.

APPENDIX 2

THE FOLLOWING RESOLUTIONS NUMBERED 17 TO 21 WILL BE PROPOSED AT THE 2017 ANNUAL GENERAL MEETING OF THE COMPANY

17 As an ordinary resolution:

THAT the Directors be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company:

(A) up to a nominal amount of £6,253,896 (such amount to be reduced by any allotments or grants made under paragraph (B) below in excess of such sum); and

(B) comprising equity securities (as defined in the Companies Act 2006) up to a nominal amount of £12,507,793 (such amount to be reduced by any allotments or grants made under paragraph (A) above) in connection with an offer by way of a rights issue:

- (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
- (ii) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter.

The authorities conferred on the Directors under paragraphs (A) and (B) above shall expire at the end of next year's **AGM** (or, if earlier, the close of business on 30th September 2018) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Directors may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

18 As a special resolution:

THAT if resolution 17 is passed, the Directors be given power to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to be limited:

(A) to the allotment of equity securities and the sale of treasury shares in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (B) of resolution 17, by way of a rights issue only):

- (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
- (ii) to holders of other equity securities, as required by the rights of those securities, or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or other matter; and

(B) in the case of the authority granted under paragraph (A) of resolution 17 and/or in the case of any sale of treasury shares, to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (A) above) up to a nominal amount of £938,084,

such power to apply until at the end of next year's **AGM** (or, if earlier, until the close of business on 30th September 2018) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

19 As a special resolution:

THAT if resolution 17 is passed, the Directors be given the power in addition to any power granted under resolution 18 to allot equity securities (as defined in the Companies Act 2006) for cash under the authority granted under paragraph (A) of resolution 17 and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such power to be:

- (A) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £938,084; and
- (B) used only for the purposes of financing a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice or for the purposes of refinancing such a transaction within six months of its taking place,

such power to apply until the end of next year's **AGM** (or, if earlier, until the close of business on 30th September 2018) but, in each case, during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

20 As a special resolution:

THAT the Company be authorised for the purposes of Section 701 of the Companies Act 2006 to make one or more market purchases (as defined in Section 693(4) of the Companies Act 2006) of its ordinary shares of 20 pence each ("**Ordinary Shares**"), such power to be limited:

- (A) to a maximum number of 9,380,845 Ordinary Shares;
- (B) by the condition that the minimum price which may be paid for an Ordinary Share is the nominal amount of that share and the maximum price which may be paid for an Ordinary Share is the highest of:
 - (i) an amount equal to 5 per cent. above the average market value of an Ordinary Share for the five business days immediately preceding the day on which that Ordinary Share is contracted to be purchased; and
 - (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out (including when the ordinary shares are traded on different venues), as stipulated by Article 5(6) of the Market Abuse Regulation (EU) No.596/2014.

in each case, exclusive of expenses;

such power to apply until the end of next year's **AGM** (or, if earlier, 30th September 2018) but in each case so that the Company may enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after the power ends and the Company may purchase Ordinary Shares pursuant to any such contract as if the power had not ended.

21 As a special resolution:

THAT a general meeting other than an **AGM** may be called on not less than 14 clear days' notice.

APPENDIX 3

SUMMARY OF THE PRINCIPAL TERMS OF THE MCKAY PERFORMANCE SHARE PLAN 2017 ("PSP")

Operation

The Remuneration Committee of the Board of Directors of the Company (the "**Committee**") will supervise the operation of the **PSP**.

Eligibility

Any employee (including an executive Director) of the Company and any of its subsidiaries will be eligible to participate in the **PSP** at the discretion of the Committee.

Grant of awards

The Committee may grant an award in one of two forms:

- (i) conditional allocation, where a participant will receive free ordinary shares in the Company ("**Shares**") on the vesting of his/her award; or
- (ii) nil or nominal cost options, where a participant can decide when to exercise his/her award over Shares during a limited period of time after it has vested.

The Committee may allow awards to be settled in cash where it is appropriate to do so.

The Committee may normally grant awards within the period of six weeks following the Company's announcement of its results for any period. The Committee may also grant awards within six weeks of the approval of the **PSP** by shareholders at the 2017 **AGM** or when there are exceptional circumstances which the Committee considers justifies the granting of awards.

No awards will be granted after 6th July 2027, being ten years after the 2017 **AGM**.

No payment will be required for the grant of an award. Awards are not transferable (other than to the participant's personal representatives in the event of death). Awards are not pensionable. Awards will generally be conditional on performance conditions as referred to below.

Individual limit

The maximum number of Shares that may be awarded to a participant in any financial year will be limited so that normally the market value of such Shares on the award date will not exceed 150% of the individual's base salary. In exceptional circumstances the Committee may grant awards over Shares with a market value of up to 200% of the individual's base salary on the award date.

If the Committee is prevented from making an award to an individual in a financial year as a result of share dealing restrictions or similar constraints, the unused individual limit for that year will carry forward and be available as additional capacity to make awards in a subsequent financial year when the grant of awards is permitted.

Overall PSP limits

The **PSP** may operate over new issue Shares, treasury Shares or Shares purchased in the market.

In any period of ten calendar years the Company may not issue (or have the possibility to issue) more than:

- (a) 10% of the issued ordinary share capital of the Company in respect of the awards made in that period under the **PSP** and any other employee share plan adopted by the Company; and
- (b) 5% of the issued ordinary share capital of the Company made in respect of the awards made in that period under the **PSP** and any other executive share plan adopted by the Company.

Treasury Shares will count as new issue Shares for the purposes of these limits but they will also cease to count towards these limits if institutional investor bodies decide that they need not count.

Vesting of awards

Awards will normally vest following the third anniversary of grant once the Committee has determined the extent to which any applicable performance conditions have been satisfied and provided the participant is still a director or employee in the Company's group.

For the avoidance of doubt, awards may be made under the **PSP** to individuals who are not executive Directors of the Company on terms that such awards have different performance conditions from those applying to the executive Directors (for example, performance conditions may be based on divisional rather than group performance, in practice performance conditions are likely to be the same).

Performance conditions for 2017 PSP awards

For **PSP** awards proposed to be made in 2017, the performance conditions are summarised in the Directors' Remuneration Report in the 2017 Report and Accounts.

Holding period

An award can be granted on the basis that, following the third anniversary of grant, the award may not be exercised in respect of some or all of the performance-vested shares for a further holding period. Awards made to executive Directors after the 2017 **AGM** will be subject to an additional holding period of 2 years, following the initial 3-year vesting period.

Leaving employment

As a general rule, an award will lapse upon a participant leaving the employment of the Company's group. However, if before the vesting of an award a participant ceases to be a Director or employee within the Company's group by reason of death, injury, disability, ill-health, retirement with the consent of his or her employing company or in other circumstances at the discretion of the Committee, then the award will vest on the normal vesting date to the extent determined by the performance conditions measured over the full performance period.

The Committee may, at its discretion, permit or require awards to vest in such circumstances at the time of cessation of employment in which case awards would normally be subject to the performance conditions as measured over the shorter period.

In either case, there will also be a pro-rata reduction in the number of shares that may vest, for the time that has elapsed up to the date of cessation compared to the originally stated vesting period, unless the Committee determines that it would be inappropriate to apply a pro-rata reduction in the particular circumstances.

Performance-vested **PSP** awards which are subject to a holding period will not normally lapse on a termination during the holding period, and the holding period will continue to apply to such awards (although the Committee may release awards early from the holding period in appropriate cases).

Corporate events

In the event of a takeover, scheme of arrangement or winding up of the Company (not being an internal corporate reorganisation), all awards would vest early to the extent that the performance conditions have, in the opinion of the Committee, been satisfied at that time. The awards would normally be pro-rated to reflect the shorter than normal period of time between the date of the award and the time of vesting. The Committee can decide not to pro-rate awards if it regards it as inappropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company, unless the Committee decides that awards should vest on the same basis as described above.

Awards may also vest on the same basis if a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of the Shares to a material extent.

Participants' rights

Awards will not confer any shareholder rights on participants until the awards have vested and the participants have received their Shares.

The number of Shares comprised in an award may be increased in respect of an amount equivalent to the dividends that would have been paid on the Shares vesting under the awards between the time when the awards were granted and the time when they vest (and assuming reinvestment in Shares on the relevant ex dividend dates). Where a holding period is applied and a participant may not exercise his award, dividend entitlements will continue to accrue in respect of the performance-vested award shares until the end of the holding period.

The Committee may determine that any additional Shares in respect of dividends that would have been paid on the Shares vesting under the awards, can instead be paid in cash.

Rights attaching to Shares

Any Shares allotted when an award vests (or for an award structured as an option, when it is exercised) will rank equally with all other Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Variation of capital

In the event of any variation of the Company's share capital, or in the event of a demerger, payment of a special dividend or other similar event which materially affects the market price of the Shares, the Committee may make such adjustments as it considers appropriate to the number of Shares subject to an award and/or the exercise price payable (if any).

Malus and Clawback

The Committee retains a power to recoup the value of unvested and previously vested Awards from an individual within the period of 3 years from the date of vesting of an award, if it considers it appropriate to do so. The Committee may choose to exercise this power in the following circumstances:

- a material misstatement of the financial results of the Company;
- the assessment or calculation of a performance condition which was based on an error that directly or indirectly led to an award vesting to a greater degree than would have been the case had that error not been made;
- the participant ceases to be an employee or director as a result of gross misconduct or acts in a manner which would justify summary dismissal by reason of gross misconduct; or
- other circumstances which would, in the opinion of the Committee, have a significant impact on the reputation of the Company.

Alterations to the PSP

The Committee may, at any time, alter the provisions of the **PSP** in any respect, provided that the prior approval of shareholders must be obtained for any alterations that are in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Shares or the transfer of Shares held in treasury, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash to be provided under the **PSP** and the adjustment of awards.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the **PSP**, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group.

If the proposed alterations are to the material disadvantage of participants the Board must invite participants to indicate if they approve the alterations and if so the alterations must be approved by a majority of the participants that respond.

APPENDIX 4

SUMMARY OF THE PRINCIPAL TERMS OF THE MCKAY SECURITIES PLC DEFERRED BONUS SHARE PLAN 2017 ("DBSP")

Operation

The Remuneration Committee of the Board of directors of the Company will supervise the operation of the **DBSP**.

Eligibility

Any employee (including an Executive Director) of the Company and any of its subsidiaries will be eligible to participate in the **DBSP** at the discretion of the Committee. However, the Committee will make awards under the **DBSP** only to individuals who are entitled to receive an annual bonus payment for the preceding financial year of the Company.

Grant of awards

The Committee may grant an award in one of two forms:

- (i) conditional allocation, where a participant will receive Shares on the vesting of his/her award; or
- (ii) nil or nominal cost options, where a participant can decide when to exercise his/her award over Shares during a limited period of time after it has vested.

The Committee may allow awards to be settled in cash where it is appropriate to do so.

The Committee may normally grant awards within the period of six weeks following the Company's announcement of its results for any period. The Committee may also grant awards within six weeks of the approval of the **DBSP** by shareholders at the 2017 **AGM** or when there are exceptional circumstances which the Committee considers justifies the granting of awards.

No awards will be granted after 6th July 2027, being ten years after the 2017 **AGM**.

No payment will be required for the grant of an award. Awards are not transferable (other than to the participant's personal representatives in the event of death). Awards are not pensionable

Individual limit

The maximum number of Shares that may be awarded to a participant in any financial year will be limited to a proportion of the individual's deemed total annual bonus outcome for the preceding financial year. This proportion of bonus outcome that is deferred into an awards granted under the **DBSP** will be determined by the Committee from time to time.

Commencing with bonuses for the 2017/18 financial year, any annual bonus payment which may be made to an Executive Director in excess of 50% of the director's base salary will be deferred into awards granted under the **DBSP**. The Committee may, at its discretion, waive this requirement if the amount of to be deferred in excess of 50% of salary is considered de minimis

Overall DBSP limits

The **DBSP** may operate over new issue Shares, treasury Shares or Shares purchased in the market.

In any period of ten calendar years the Company may not issue (or have the possibility to issue) more than:

- (a) 10% of the issued ordinary share capital of the Company in respect of awards made in that period under the **DBSP** and any other employee share plan adopted by the Company; and
- (b) 5% of the issued ordinary share capital of the Company in respect of awards made in that period under the **DBSP** and any other executive share plan adopted by the Company.

Treasury Shares will count as new issue Shares for the purposes of these limits but they will also cease to count towards these limits if institutional investor bodies decide that they need not count.

Vesting of awards

Awards will normally vest following the third anniversary of grant and provided the participant is still a director or employee in the Company's group.

Leaving employment

As a general rule, an award will lapse upon a participant leaving the employment of the Company's group before the normal vesting date. However, if before the vesting of an award a participant ceases to be a director or employee within the Company's group by reason of death, injury, disability, ill-health, retirement with the consent of his or her employing company or in other circumstances at the discretion of the Committee, then the award will vest on the normal vesting date (e.g. the third anniversary of the date of grant).

The Committee may, at its discretion, permit or require awards to vest in such circumstances at the time of cessation of employment.

As is normal for deferred bonus plans, the awards of “good leavers” under the **DBSP** are not subject to pro-rata reductions (the rationale being that the awards have already been subject to performance vesting requirements in the annual bonus year, and the **DBSP** is accordingly a mechanism for the deferral of part of the achieved annual bonus outcomes)

Corporate events

In the event of a takeover, scheme of arrangement or winding up of the Company (not being an internal corporate reorganisation), all awards would vest early at the time of the event.

In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company, unless the Committee decides that awards should vest on the same basis as described above.

Awards may also vest on the same basis if a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of the Shares to a material extent

Participants’ rights

Awards structured as deferred rights will not confer any shareholder rights on participants until the awards have vested and the participants have received their Shares.

The number of Shares comprised in an award will be increased in respect of an amount equivalent to the dividends that would have been paid on the Shares vesting under the awards between the time when the awards were granted and the time when they vest (and assuming reinvestment in Shares on the relevant ex dividend dates).

The Committee may determine that any additional Shares in respect of dividends that would have been paid on the Shares vesting under the awards, can instead be paid in cash,

Rights attaching to Shares

Any Shares allotted when an award vests (or for an award structured as an option, when it is exercised) will rank equally with all other Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Variation of capital

In the event of any variation of the Company’s share capital, or in the event of a demerger, capital distribution, demerger or other event having a material impact on the value of the Shares, the Committee may make such adjustments as it considers appropriate to the number of Shares subject to an award.

Malus and Clawback

The Committee retains a power to recoup the value of unvested and previously vested Awards from an individual within a period of 3 years from the date of vesting of an award, if it considers it appropriate to do so. The Committee may choose to exercise this power in the following circumstances:

- a material misstatement of the financial results of the Company;
- the assessment or calculation of a performance condition relating to an annual bonus was based on an error that directly or indirectly led to an award vesting to a greater degree than would have been the case had that error not been made;
- the participant ceases to be an employee or director as a result of gross misconduct or acts in a manner which would justify summary dismissal by reason of gross misconduct; or
- other circumstances which would, in the opinion of the Committee, have a significant impact on the reputation of the Company.

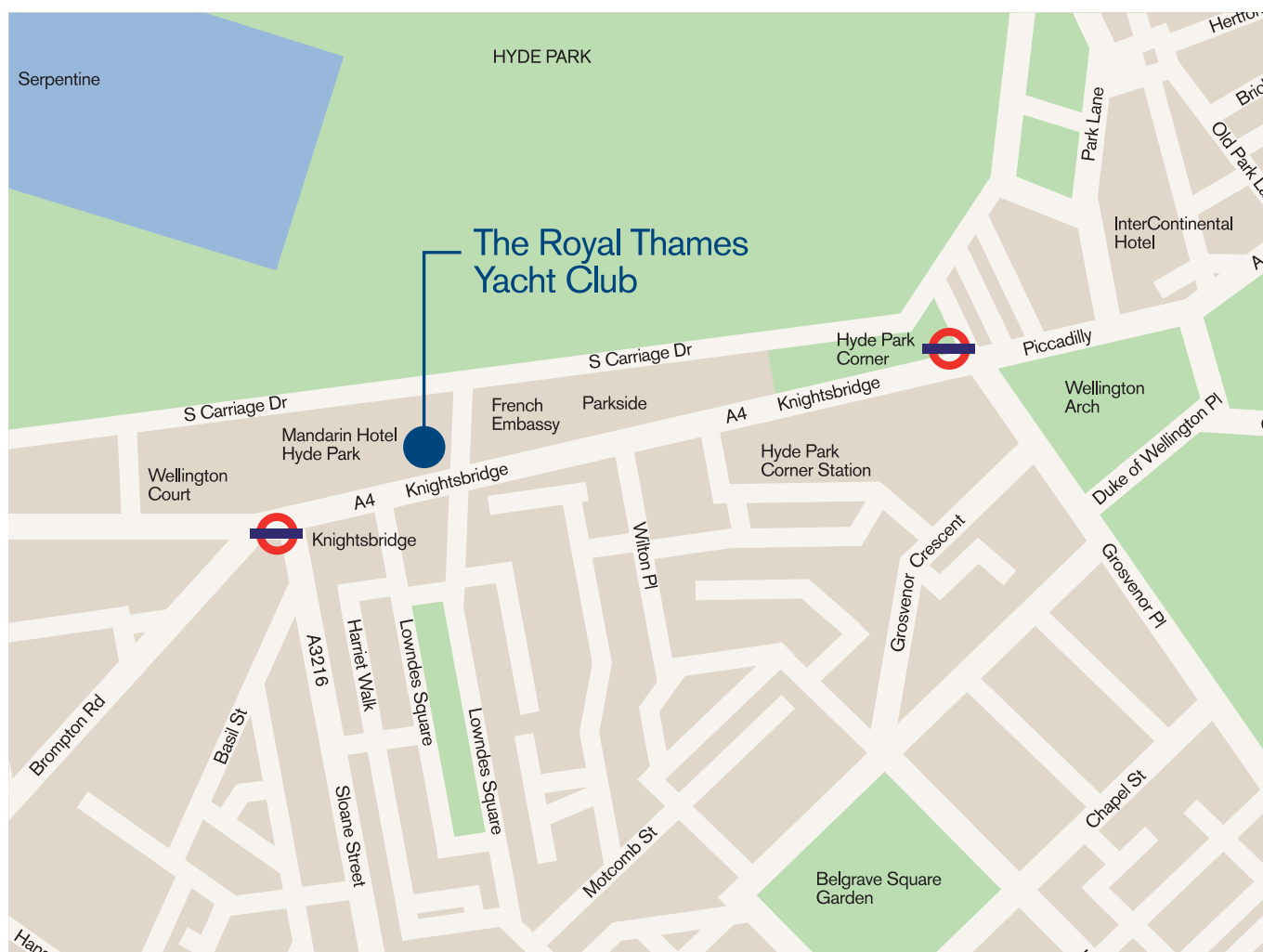
Alterations to the DBSP

The Committee may, at any time, alter the provisions of the **DBSP** in any respect, provided that the prior approval of shareholders must be obtained for any alterations that are in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Shares or the transfer of Shares held in treasury, the basis for determining a participant’s entitlement to, and the terms of, the Shares or cash to be provided under the **DBSP** and the adjustment of awards.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the **DBSP**, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company’s group.

If the proposed alterations are to the material disadvantage of participants the Board must invite participants to indicate if they approve the alterations and if so the alterations must be approved by a majority of the participants that respond.

McKay Securities PLC Annual General Meeting 6th July 2017 at 2.30p.m.



Getting there by tube

Knightsbridge tube station

From Knightsbridge tube station (Piccadilly line) leave from the Sloane Street exit – and the Hyde Park exit from booking hall concourse.

Turn left on exiting the station, walk past the Mandarin Hotel. The Club is on the left hand side recognisable as a black marble fronted building with a white flagstaff outside, normally flying the Club's flag.

Travelling by car

Parking is not available at the Club.

The nearest NCPs are located at:

Sheraton Park Tower Hotel, SW1X 7RN

28 Pavilion Street, SW1X 0HH

The underground car park:

Cadogan Place, SW1X 9SA

Alternatively contact the NCP central number to make a reservation on 0345 0507080.