



Euroclear UK & Ireland

Personal membership



Personal membership is a secure and cost-effective method of electronic custody. It offers the investor and stockbroker an alternative to paper certificates by holding securities in electronic accounts in Euroclear UK & Ireland's CREST system. Investors can receive all the benefits of direct share ownership while being able to take advantage of shorter settlement periods.

Electronic 'certificates' – economic settlement

Processing stock transfer forms and certificates used to be an expensive and time-consuming task for clients and stockbrokers. When settlement cycles in the UK shortened, the only way to ensure that clients could trade in the same way as the wholesale market was to offer electronic 'certificates', either through a nominee service or a Euroclear UK & Ireland personal member account.

The benefits of electronic shareholding compared with paper certificates are similar to the benefits of e-mail over the

conventional postal system. Securities trades in the UK can now be settled on trade date if required, but the successful processing of physical paper in such a short period is extremely difficult. For this reason, most stockbrokers encourage clients who hold physical certificates to trade for T+10 settlement. This means that your trade will settle 10 business days after the trade date.

Euroclear UK & Ireland personal membership gives the broker and the client a realistic alternative to share certificates. Clients and brokers have less paper to worry about and never have the inconvenience and expense of replacing lost transfer forms or certificates. Personal membership is

designed for the active private investor who, until now, has held paper certificates.

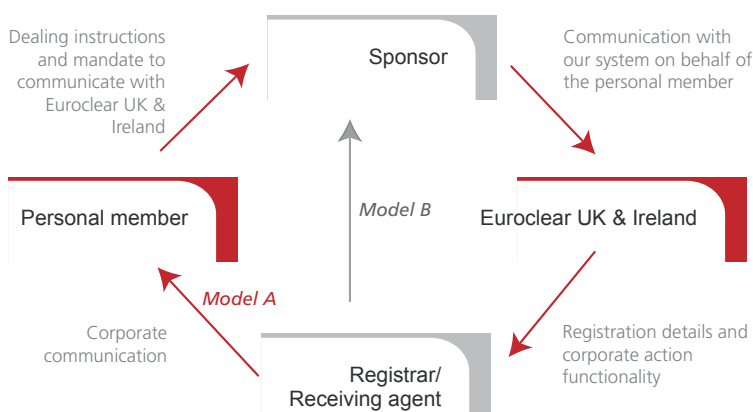
Different types of personal membership

Private individuals have two choices if they wish to take advantage of our secure, efficient and low-cost settlement services and become 'personal members':

Model A – Open an account in your own name with a stockbroker. This means that your name remains on the legal register, and the registrar continues to send corporate action notifications and associated documentation directly to you. You can also attend and vote at AGMs. This is generally a more expensive option than Model B, and typically favoured by larger clients.

Model B – Transfer your securities into a nominee account with a stockbroker or a bank, where they are held with the assets of other clients. You retain beneficial ownership but the nominee holds the securities in our system on your behalf and is their legal owner.

This option is becoming increasingly popular, as it greatly reduces the overheads you pay to the stockbroker. Most stockbrokers and nominees offer additional portfolio management and advisory services.



Frequently asked questions

How does an investor become a personal member?

Once an investor has chosen a sponsor, most likely a stockbroker, an Admission Agreement must be completed and returned to the sponsor. The sponsor is required to forward the application to Euroclear UK & Ireland and send us an electronic message via our system. We then enable the investor as a personal member. The whole process is very quick, and can be completed within a week.

Sponsors may obtain copies of the Admission Agreement from our Client & Parties Information department. You simply need to e-mail uk-membership@euroclear.com, or phone +44 (0)20 7849 0997.

How do stockbrokers or other firms become sponsors?

You can become a sponsor of personal members by signing a Sponsors Agreement and returning it to us. Acting as a sponsor is permitted under the Financial Services Act.

How are certificated holdings converted into electronic holdings?

The sponsor arranges for the personal member's existing share certificates to

be lodged at the appropriate registrar(s). Once a Dematerialisation Form has been completed, these securities are credited into the investor's personal membership in electronic form.

Who operates the personal member account?

The sponsor alone has access to, and can give instructions on behalf of, the personal memberships of his clients. The personal member usually directs all questions about holdings and transfers to the sponsor.

Which securities can be held in a personal membership?

All participating securities can be held in a personal membership.

Does this include international securities?

International securities can be held in a personal membership. However, personal members will not have a direct relationship with the overseas issuer of such securities.

Who is eligible to open a personal member account?

Investors over the age of 18 and living in the European Economic Area can become personal members.

Does a personal member need a payment bank?

A payment bank is needed for the personal

member to make and receive payments in relation to the settlement obligations created as trades are settled. The sponsor usually arranges for the paymentw bank facilities.

How do personal members vote and receive dividends?

The names of Model A personal members appear on the register as the legal owners of the security. All company information, dividend distributions and voting documentation are sent directly to their registered address by the registrar.

Model B clients vote and receive dividends via their stockbroker.

Can a personal member trade through other stockbrokers?

Personal members can trade through any stockbroker. However, they must inform their sponsor so that shares can be received and delivered through the appropriate broker.

Are tariffs ever charged directly to the personal member?

We collect tariff charges in respect of the personal member's use of our system from the sponsor, not from the personal member.

Further information

You can find more information on www.euroclear.co.uk > **About** > **Becoming a client** > **Personal membership**, including:

- Stockbroking firms offering personal membership
- Personal member guides and admission agreements

Contact us

If you would like to know more about personal membership, please contact the Account & Client Relationship Management team:

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