

## UNITED KINGDOM

### DESCRIPTION OF SITUATION REGARDING UNREGISTERED STOCK

#### *1. CAN THERE BE BEARER SHARES IN THE UNITED KINGDOM?*

Yes indeed. Paper bearer (holder) shares can exist in the United Kingdom in accordance with English Law.

#### *2. WHAT FORM OF SHARES DO COMPANIES USUALLY GO FOR?*

This information is not available. However, in view of traceability of all types of shares, including paper shares, such information is not relevant.

#### *3. WHAT PREFERRED FORM OF SHARES DO COMPANIES GO FOR?*

Companies can hold only book (constructive) shares, i.e. traceable shares.

#### *4. WHERE IN THE UNITED KINGDOM ARE REGISTERED BOOK (CONSTRUCTIVE) SHARES RECORDED?*

In the United Kingdom, there may exist both book securities, ultimately recorded in registers kept by the central depository (CREST), and constructive securities, kept on intermediaries' (depositories') accounts – these, however, are not part of the central depository register.

CREST recognizes three types of account: summary client accounts, individual client accounts and "sponsored" membership accounts. The summary client accounts are accounts registered in the name of the intermediary—a member of CREST—registering the intermediary client's shares without individual identification of such clients.

In contrast, the individual client accounts are accounts, recorded by CREST within a register open to CREST members and assigned certain identification codes, confirming that these accounts are individual and managed on behalf of a person different from the intermediary.

The "sponsored" membership account assures the ultimate owner that his/her intermediary, who must be a member of CREST, has access to CREST-administered accounts. This ultimate owner shall be recorded as account holder in the central CREST register, to which he/she would not have access without the help of the intermediary. Sponsored membership accounts enable holders to keep direct contacts with the issuer. In this way, they serve as an instrument of registering securities in the name.

#### *5. IS THE INFORMATION ABOUT SHAREHOLDING PUBLIC?*

No, it is not.

#### *6. IS THE ULTIMATE SHAREHOLDER TRACEABLE?*

Yes indeed, and this applies not only to book (constructive) shares because of precautions against money laundering operations. The ultimate holders of both paper and book (constructive) shares are always traceable. Traceability is ensured by means of "Report s 793". (1) The company sends this report through intermediaries (depositories) to ultimate shareholders. These holders must without unnecessary delay identify themselves, usually within 48 hours of receiving the report. Ultimate

shareholders shall state in the report their name, mailing address, number of shares held, and possibly also the intermediary (depository) that administers their shares account. Noncompliance with the identification duty is considered a criminal offence.

#### *7. HOW ARE SHARES TRANSFERRED?*

Book (constructive) shares require credit transfer from one (shares) account to another. The account holder orders the intermediary to write down a certain amount of shares from his account to the account of the acquirer's account, kept by his middleman.

In case of shares in the name, the transfer additionally requires a record in the list of shareholders, kept by the issuer.

In case of paper bearer (holder) shares, a document on the share must be physically transferred from one person to another; such transfer may require endorsement of the document on the share.

By "credit transfer" from one securities account to another. The account holder orders the intermediary to write down a certain amount of shares from his account to the account of the acquirer's account, kept by his middleman.

#### *8. WHAT HAPPENS TO BOOK SHARES IN CASE OF BANKRUPTCY OF THE INTERMEDIARY (DEPOSITORY), WHO ADMINISTERS THE SECURITIES ACCOUNT? WILL THE CLIENTS NOT LOSE THEIR SHARES?*

Clients will not lose their book (constructive) shares. English Law exempts book (constructive) securities, including shares, from the gross estate of the bankrupt intermediary (depository).

(1) The abbreviation "s793" refers to Section 793 of the English Corporate Act, which regulates the nature of this report.