

Do small companies need a share registrar?

Companies of all sizes can benefit from having a share registrar. The shareholder management, communication, and shareholder meeting management support they provide, offer significant advantages to businesses.

In particular, this is true for companies with a large number of shareholders. Processes such as new share issues, transfers, compliance reporting and convening as well as shareholder meetings can be burdensome for such companies.

Therefore, whether you need a share registrar will depend more on the number of shareholders your company has, rather than the size of your business.

What is a share registrar?

A share registrar keeps a record of who owns shares on behalf of companies. They maintain details of all registered share owners and hold a history of the company's share ownership.

The share registrar also verifies the shareholders who own the stock on the record date, and the number of shares owned. As cash and stock dividends are paid based on the registrar's list of shareholders, it is important that this information is accurate and kept up to date.

CREST is the UK central securities depository for trading UK equities and gilts. All listed companies with shares traded on one of the UK public markets require a CREST-enabled registrar who provides CREST access for shareholder integration services that may prove too costly for some businesses.

One unintended consequence of Brexit is that the CREST system will no longer be authorised to act as a central securities depository for Irish uncertificated securities.

What kind of company would use a share registrar?

There are many reasons that a company would benefit from the services of a share registrar, particularly those with numerous shareholders - this includes SMEs in a huge range of industries. The share registrar acts as a third party to facilitate the administrative processes and ensure regular communication levels.

The logistics involved in dealing with many shareholders can prove challenging for growing businesses. As well as practical support, companies will benefit from the experience and knowledge of working with experts in their field.

Services that a share registrar provides

There are many aspects of the shareholder registration and management process that must be handled accurately and within legislated timescales. These include -

- Maintenance of the share registration
- Management information
- Provision of shareholder list for the Annual General Meeting
- Shareholder enquiry service
- Statutory inspection service
- Change of address, security letters and dividend mandates
- Provision of management information
- Payment of dividends and interest (including BACS)
- Dispatch of shareholder communications
- Corporate Actions
- Proxy services and General meetings
- Client and shareholder website
- Electronic communication with shareholders

Additional services could involve managing shareholder communication and financial transactions, managing corporate actions such as share consolidations, share splits and takeover processes, or website integration for shareholder purposes.

Things to consider when appointing a share registrar

Consider a share registrar as a top-tier consultant for your firm and apply the same stringent checks you would when hiring a consultant. Your share registrar should be committed to working in your best interests and providing the highest levels of service and have appropriate qualifications and experience.

They should have a client-first outlook and if possible, have a significant existing client-base. You may need to invest in technology to enable CREST integration if you do not already have it.

Benefits of using an independent share registrar

Employing a CREST-enabled registrar can be hard to justify internally for many businesses. However, the logistics of dealing with hundreds of shareholders is significant and requires specialised knowledge that most companies don't have.

Bringing in an external share registrar, provides an extra layer of assurance that all processes and timescales are being adhered to. It takes away the pressure from your existing team and reduces workload across the senior management level, while still helping you to focus on what is important for your business.

Logistical support such as statutory inspection rights, providing shareholder lists for AGM's, change of address details and dividend mandates for shareholder communication purposes would be of benefit to companies of any size. Access to industry experts will ensure that senior management and Directors are always able to consult on issues that they are unsure of.

As a third party, share registrars should also provide a professional service tailored to your individual needs.

To find out more about how Share Registrars can help your business, visit our website at WWW.ShareRegistrars.UK.Com