

Keeping a Register of Shareholders and Issuing Share Certificates

A share offering

Our Plunkett model rules allows for two share options. Option A allows for withdrawable shares that do not carry any right to interest, dividend or bonus. On cessation of membership, if a member holds not more than 10 shares, the shares shall be forfeited and cancelled, and the amount paid shall become the property of the Society. Typically, these shares are priced at £1 with the intention of selling £10 worth as membership shares and anything else as part of a time bound offer.

Option B typically has shares prices at £10 a share. These shares are withdrawable in accordance with the Societies rules. And once again the first share may be classed as the membership share.

Register of shareholders

The register of shareholders must be kept up-to-date and administered by someone who is prepared to pay careful attention to accuracy. The addresses need to be kept in a consistent manner so that address labels can be easily generated. If you ask for email addresses and include these on your database, ensure that these are not used or released without authorisation. Keep the database secure and password-controlled.

Some communities offer two types of shares, membership and withdrawable (ie. the first share is the membership share, and subsequent shares are withdrawable. It may be best to keep two separate columns in the register, one for the membership share and the other for the amount of withdrawable shares. It is important to be able to differentiate and that the certificate holder understands that the first share is a membership share and not withdrawable.

Privacy

You can reassure your shareholders that the Management Committee will keep the share register in a password-controlled confidential environment, but, as in a private company, shareholders are entitled to request to view the share register. However you can stress that

this will not be encouraged by the Committee, and you can anticipate that the great majority of shareholders will respect that others may not wish their shareholding to be general knowledge.

Share certificates

There is no legal obligation for a Society to issue share certificates.

The **Community Shares: Practitioners Guide** (www.communityshares.org.uk/Resources) states that

The law does not require societies to have a common seal or to issue share certificates, although if a society decides against issuing share certificates it should make alternative provisions so that members know how much share capital they hold.

Shares in a Society are different to shares in a Company in as much as they allow one vote no matter how many shares are held. If interest is being offered, an alternative to a share certificate is to simply offer a share account which makes the adding of interest or the withdrawal of shares more simple than having to reissue a share certificate, and an annual statement can be issued.

Style considerations

If you are computer generating your certificates, it is worth taking care over setting up a template.

Alternatively, if you have a friendly graphic designer and/or printer, you can create traditional-style share certificates (take your design cues from old-fashioned certificates or bank-notes) and fill them in by hand. In both cases it is important for the information to be accurate and well proof-read; plus it is a good idea to make the certificate look “valuable”, to be kept in a safe place, and printed on decent paper.

Use your logo if you have one, and it is worth considering if it is identifiably authentic, and not easily faked.

Minimum information to be included:

- Certificate number
- The full title of your organisation, its registered number and status e.g.

The Little Village Shop Association Ltd (Registration No. 5555555R)

Registered pursuant to the Industrial and Provident Societies Act 1965-1978



- We recommend you use the words: *Issued in compliance with and subject to the provisions of the Society's registered rules*
- The number of shares, value of shares and the amount paid.

- Include the shareholder's address, and a practical consideration might be to include (either on the share certificate itself or in a covering document) the words" Please notify any changes of address, to ensure the share register is kept up to date".
- Ensure the date of issue is clearly stated.

Signing the certificates

There is no legal necessity for a member(s) of the committee to sign the certificate but it is worth considering. On the positive side, it adds gravitas; on the negative side, it can be a lot of work!

A template for a signed certificate might look like this:

<i>Certificate number:.....</i>
<i>The Little Village Shop Association Ltd</i>
SHARE CERTIFICATE
<i>This is to certify that</i>
..... (Name) of (Address)
<i>Is the registered holder of {fully paid} Shares of £ each in the above Association , subject to the rules of the Society and that the sum of £ ... has been paid.</i>
<i>Signed for and on behalf of the Little Village Shop Association Ltd</i>
<i>Date:</i>
<i>Member of Management Committee: (space for signatures)</i>
<i>Secretary:</i>
<i>The Little Village Shop Association Ltd (Registration No. 555555R) is registered pursuant to The Industrial and Provident Societies Act 1965-1978</i>
<i>Issued in compliance with and subject to the provisions of the Society's registered rules</i>