

New membership structure

Membership renewal forms have been sent to all existing *ifs*ProShare members. The form details the new membership structure. Following feedback from members it became clear that the existing structure had become overly complex, so after consultation with members it was decided to simplify it.

There are now three levels of membership, Small Company, Standard and Gold. The fee structure is as follows:

- Small Company Membership – £500 plus VAT. This is for small firms/sole traders with three or fewer ESO practitioners, unlisted companies and SMEs (based on the SME definition used by HMRC)
- Standard Membership – £2,000 plus VAT
- Gold Membership – £10,000 plus VAT. There are a limited number of Gold Memberships available with enhanced benefits

Member benefits include:

- Focus groups
- Liaison with HMRC, Treasury and other industry bodies
- Events, including topical seminars, training courses, annual conference and the Annual Awards Dinner
- Newsletters
- Regular updates on the latest news affecting employee share plans
- Discounts on events
- Access to members' only section of the new website (under construction)
- Free copy of the annual SAYE /SIP survey
- Access to other research
- Input into, and feedback from consultation with government departments and other relevant bodies
- Advertising of own relevant events on the *ifs*ProShare website and in the newsletter

If you have any queries on the new structure, renewing your membership or have not received your renewal form, please contact us at ifsproshare@ifslearning.com or call 020 7444 7141 or 020 7444 7104.

*ifs*ProShare to hold its first Employee Share Plans conference and exhibition

We are excited to be holding the first *ifs*ProShare Employee Share Plans conference and exhibition. Postponed from July due to the unavailability of Treasury representatives who will be finalising the 2006 Finance Bill, the Conference will now take place on Wednesday 6 September from 9:30 – 5:30. It will be held at Hotel Russell, Russell Square, London WC1B 5BE.

You can find further details of delegate fees, special offers and sponsorship opportunities on the *ifs*ProShare website at www.ifsproshare.org/events/conference_exhibition.cfm.

Exclusive analysis of ESO research

*ifs*ProShare has invited Andrew Pendleton, Professor of Human Resource Management at Manchester Metropolitan University, to present his analysis of the Department of Work and Pensions (DWP) Workplace Employment Relations Survey to our members.



The survey draws on a nationally representative survey of 3,000 workplaces in 2004, conducted for the DTI in association with the Economic and Social Research Council (ESRC), Advisory, Arbitration and Conciliation Service (ACAS) and the Policy Studies Institute (PSI).

The survey includes comprehensive company information such as business sector, size of company, domestic ownership and the HR characteristics of workplaces, including information on types of share plan with the eligibility criteria and participation rates of each.

The seminar is open exclusively to *ifs*ProShare members and will be held on Tuesday 11 July. Halifax Employee Share Services have kindly agreed to host the seminar at the HBOS Auditorium. Invitations will be sent to members shortly but full details can be found on www.ifsproshare.org/events.

Welcome to Gold Members

We are pleased to welcome the first *ifs*ProShare Gold Members:

- Halifax Employee Share Services
- Killik Employee Share Services
- Lloyds TSB Registrars

We look forward to working with them.



New branding for *ifs*ProShare

Subscribers will have noticed a few changes to our appearance with the introduction of some new graphics and a cleaner feel to our communications.

The 'share' theme communicates *ifs*ProShare's mission to provide a forum for members to come together and share knowledge, ideas and expertise. We act as an essential point of liaison between members to provide information on share plans, share best practice and engage in dialogue with relevant bodies on the effect of the legislative, regulatory and fiscal environment for share ownership. Future promotional materials will incorporate a range of interpretations of the new identity using colour, type and ideas around sharing expertise and knowledge.

SAYE Survey 2005

The *ifs*ProShare 2005 SAYE Survey, published in May, reports on data from 1,165 companies, with approximately 2.2 million participants.

The key findings were as follows:

- The number of schemes administered has dropped from 1,333 to 1,165
- There were over 364 invitations for SAYE in 2005, including 56 new schemes introduced that year
- Average monthly saving has fallen from £72.49 to £66.35
- Average eligibility is still six months but an increasing number of companies use employment on the invitation date
- Average take-up has dropped for three-year schemes from 32 per cent to 22 per cent and for five-year schemes from 17 per cent to 15 per cent. There is no change in the seven-year take-up, which remains at three per cent – the same rate as in 2003 and 2004
- The most popular terms offered continue to be three-year, or three and five-year
- The number of firms offering the full 20 per cent discount is 76 per cent, a decrease of 5 per cent
- Only 14 per cent of companies have underwater options, a drop of 16 per cent from last year
- IFRS2 had an impact on SAYE grant policy for only nine companies, with four companies changing their scheme rules
- A SIP was introduced or enhanced to replace the annual SAYE grant by 14 companies.

In conclusion:

- Despite the lower participation, Sharesave remains a popular means of financial participation
- The fall in the take-up of three-year schemes was disappointing. However with the increase in options that are "in the money" maturing this year, it may be that this rate will increase again
- The majority of companies still offer the full 20 per cent discount, despite the fall to 76 per cent. It was of note that no companies eliminated the discount altogether
- The fall in the number of companies with underwater options was encouraging
- IFRS2 has not had a significant impact to date, but we may need to wait until the 2006 survey before its impact is noted
- Sharesave continues to be very popular and is used in conjunction with SIP by many companies.

We would like to thank the following administrators for their help in compiling the survey:

Abbey, Barclays Employee Share Plan Solutions, Computershare Plan Managers, Halifax Employee Share Services, Lloyds TSB Registrars, Mourant Equity Compensation Solutions, Yorkshire Building Society.

Raising awareness in Westminster

Cicero Consulting has been appointed by *ifs*ProShare to initiate a dialogue with Westminster and Whitehall policymakers. Cicero Consulting is the UK's leading financial services public policy consultancy.

Cicero has been working with the *ifs*ProShare sub focus groups in order to identify the key ESO issues to be included on a public policy agenda and has developed a detailed policymaker briefing that covers a range of issues including: reducing the holding period on Share Incentive Plans from five to three years, increasing the monthly savings limit on SAYE plans, extending the Enterprise Management Incentive and financial capability in the workplace.

A lobbying programme has been designed for *ifs*ProShare to convey the agenda to civil servants and MPs. An intensive mailing initiative is now underway with a core target list of around 25 policymakers comprising Treasury ministers, Opposition spokespeople and MPs, including members of the highly influential Treasury Select Committee, and officials to raise awareness of *ifs*ProShare and key ESO issues. This will be followed by a series of one-to-one briefings with key members of this target list as well as a wider dissemination to around 40 other targets.

Cicero director Iain Anderson said: "During the past few weeks we have established some core policy messages which provide a really strong platform for *ifs*ProShare's lobbying. Now we are set to push forward with individual briefings to communicate to both HM Treasury and wider policymakers our specific policy agenda."

Representatives from *ifs*ProShare Gold Members may be included in these briefings as a benefit of gold membership.

We will keep you informed of our progress and updates will be posted on the website. If you have any feedback to be included in this process please contact Fiona Downes on 020 7444 7104 or email fdownes@ifsllearning.com.

Focus Groups update

Participation in Focus Groups is free and for *ifs*ProShare members only. Focus Groups provide a useful forum for you to keep up to date with the share plans market and to develop your own network of contacts from within the industry. They also provide an important opportunity to identify issues on which *ifs*ProShare can seek clarification, consult members for feedback or lobby for legislative change.

See http://www.ifsproshare.org/events/focus_group.html for details of the various groups and sub-groups.

Introduction to MiFID

The Markets and Financial Instruments Directive, known as MiFID, marks a radical overhaul of the EU's existing Investment Services Directive adopted in 1992. The objective of the new Directive is to broaden the current scope of financial regulations to take into consideration important developments in investment markets since 1992. HM Treasury and the FSA are responsible for the UK implementation of MiFID, which is timetabled for introduction in 2007.

At present the administration of employee share schemes is not subject to FSA regulation. As permitted under the current directive, it is exempted under Article 71 of the Regulated Activities Order. However, the scope of the current exemption is under examination. While the EU Commission has not singled out the activities of employee share schemes as an area of concern, it is clear that implementation may throw up some unintended consequences as shown in recent Treasury and FSA publications. Where share plan administration falls within the definition of an investment service, this would potentially see a number of requirements placed upon administrators, including the need to seek or amend existing FSA authorisation.

*ifs*ProShare submitted a response to the Treasury consultation in March this year and a meeting is scheduled with the Treasury in June to seek clarification on the potential impact on share plans. Follow-up discussions are planned to take place with the FSA later in the summer.

We will keep you informed of progress with updates on the website. If you have any comments or feedback on this issue please contact Fiona Downes at fdownes@ifslearning.com.

2006 Annual Awards – Christmas is coming early!

The Annual Awards recognise best practice in employee share ownership and shareholder communication and are presented at a gala dinner. In response to feedback, we are changing the venue and this year's Awards Dinner will be held at the New Connaught Rooms on Thursday 23 November.

The Awards will be launched in June when further details of entry requirements, table bookings and sponsorship opportunities will be announced.

Appointment of Employee Share Ownership Manager

We are very pleased to announce the appointment of Jane Tuckwell as *ifs*ProShare's Employee Share Ownership Manager. Many of you will know Jane from her days at Henderson and Reuters and her attendance at various ESO events. Jane was one of the first alumni of the ICSA/Linklaters ESP course and is excited about being involved with *ifs*ProShare.

Jane will be involved in organising training courses and redeveloping the website, amongst other things. If you have any suggestions or feedback, please contact her on 020 7444 7141 or jtuckwell@ifslearning.com.

Forthcoming events

Monday 19 June, 10:30-12:30

Companies Issues Sub-Focus Group

*ifs*ProShare, 6th Floor, 100 Cannon Street, London EC4N 6EU

Tuesday 4 July, 10:30-12:30

Workshop, **Share Plans for Payroll Managers**

*ifs*ProShare, 6th Floor, 100 Cannon Street, London EC4N 6EU

Tuesday 27 June, 10:30-12:30

Workshop, **Post A-Day: Pensions and Share Plans**

*ifs*ProShare, 6th Floor, 100 Cannon Street, London EC4N 6EU

Tuesday 11 July, 10:00-12:30

ESO Research from the DWP Workplace Survey

HBOS Auditorium, 33 Old Broad Street, London, EC2N 1HZ

HMRC update

Representatives from HMRC were in attendance at the recent administrators' focus group meeting, hosted by Halifax, to update us on the five-year SIP and SAYE review and to discuss plans for electronic filing of share plan returns.

An external market research company has been commissioned to survey a range of companies and their employees about their participation in and perception of all-employee plans. The research is due to be completed by the end of the year and HMRC will report back in early 2007.

We were pleased to hear that HMRC are planning to enable companies to file their share plan returns electronically from 2007. However, it was clear that they had not fully factored in the extent of the share plan administrators' involvement in compiling the returns and were grateful for a full and frank discussion of issues to be considered.

HMRC would like to use a small group of administrators as a sounding board during the technical e-filing evaluation process. If you would like to be involved, please email: ifsproshare@ifslearning.com and we will pass on your details to HMRC.

Workplace Financial Education project group

There has been much debate about the lack of financial literacy in the UK and there are various organisations involved in improving the standards of financial capability including the FSA and the Institute of Financial Services (the *ifs*), our parent organisation.

*ifs*ProShare is setting up its own project group to look at Financial Education in the Workplace with a remit to consider a communication programme for companies and employees specifically linking employee share plans with personal financial planning, with an emphasis on retirement planning.