



ShareSoc

UK Individual Shareholders Society

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25 January 2013

Press Release

Test of "Proper Purpose" Company Law at Red Rock

Yesterday an initial hearing in the High Court took place on a challenge by the directors of Red Rock Resources Plc to a request for a copy of their share register by Gary Carp, a shareholder in the company.

Since the 2006 Companies Act was introduced, any person requesting a copy of the share register of a company must have a "proper purpose". This was designed to frustrate those who wanted to harass shareholders (such as animal rights activists in the case of pharmaceutical companies), and requests designed simply to enable the requestors to use the list for marketing purposes.

Now at first sight Mr Carp seems to have a genuine reason. He has publicly expressed concerns about past announcements made by the company and has made allegations on bulletin boards that do raise questions concerning past events that do not seem to have been fully explained. Mr Carp says he wishes to see the register so as to confirm current shareholdings, and with a view to possibly writing to the shareholders about the company's affairs (the latter surely being a proper purpose if appropriately worded).

The company accuses Mr Carp of harassment and publishing defamatory statements. This press release cannot cover these issues in detail, mainly because the full claims and witness statements have not yet been filed in court. But it looks like it could be an expensive case with a full day in court to adjudicate on what should surely be a relatively simple matter.

Unfortunately the Companies Act does not define what is a "proper purpose" and this case is clouded by the allegations of both parties.

ShareSoc Chairman Roger Lawson had this to say: *"This case may be one of the first to set precedents in this area so as an organisation we consider this an important one to follow. We would hate to see any company be able to frustrate reasonable requests for share registers by threatening high legal costs with the risk of the court rejecting the request and imposing costs on the applicant. This would certainly undermine shareholder democracy which is already difficult enough, with most investors not even being present on the register. ICSA (the Institute of Chartered Secretaries and Administrators) have published some guidelines on what is a "proper purpose" because of the lack of guidance available to Company Secretaries which I helped to draw up. ShareSoc has regularly requested copies of share registers under the new Act with no difficulties to date, and I would hate to see that position changed by expensive legal practices"*.

For further information, please contact:

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Note any members of the press who wish to receive a complimentary copy of our informative monthly newsletter should send a request to info@sharesoc.org . Our newsletters cover not just the affairs of our organisation but contain general financial news and commentary. An example of our past newsletters is available on our web site. You can also follow ShareSoc on Twitter from @ShareSocUK.

About the UK Individual Shareholders Society (ShareSoc)

ShareSoc represents and supports individual investors who invest in the UK stock markets (and who own as much as 30% of the shares in UK public companies in aggregate). We are a mutual association controlled by our members with "not-for-profit" articles and incorporated as a company limited by guarantee. The organisation is financed by member subscriptions, donations from supporters and by the services it provides to members. Associate Membership of ShareSoc is free and is open to everyone with an interest in stock market investment. More information on ShareSoc can be obtained from our web site at www.sharesoc.org .