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**The ownership of
company shares**

A survey for 1975





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Enquiries about *The ownership of company shares, A survey for 1975* should be made to Mr M J Erritt at the Department of Industry, 1 Victoria Street, London SW1H 0ET. Telephone 01-215 3367 or 01-215 5538.

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A survey for 1975



M J Erritt, J C D Alexander and A J Watson,
Department of Industry

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The survey by the Department of Industry described in this report was a continuation of the series of surveys of share ownership undertaken by the Department of Applied Economics at Cambridge University, which had begun with a survey for 1957 and had continued with surveys for 1963 and 1969. We in the Department of Industry greatly benefited from the example of the earlier Cambridge surveys and from the liberal advice and help of Professor Jack Revell and Mr John Moyle, who had carried them out.

We are also particularly indebted to the companies and their registrars who co-operated in the survey by making their share registers available and by helping the survey team to acquire the necessary data from them. The survey would have been impossible, certainly in anything like the form in which it was conducted, without their help. It went well beyond the bare requirements of the Companies Acts.

An important feature of the survey was the step by which preliminary information obtained from company share registers was converted to information, of much greater economic interest, about the distribution of shareholdings between beneficial holders, who are often different from the holders named in the registers. This was possible mainly through the help of the British Bankers' Association and their member banks, assisted by the Statistical Unit of the Committee of London Clearing Bankers. The banks conducted an analysis of their nominee and trustee shareholdings and provided the results for use in making the conversion. It was a major undertaking and we should like to emphasise the extent of this help and its importance for the survey's objective.

We are also most grateful to the insurance companies, the other nominee companies and trust companies, and the individual members of the public who were kind enough to reply to the postal inquiries about the beneficial ownership of shareholdings registered in their names, thereby enabling us to complete the picture of the distribution of shareholdings between beneficial holders. The British Insurance Association was helpful in lending its support to this aspect of the survey, and several of its members co-operated in it.

In planning the survey we relied heavily on lists of the share issues to be covered, which analysed the issues by market value, registrar, industrial activity, type of share, and so forth. We should like to express our thanks to Extel Communications, who went to considerable trouble to exploit their data resources to generate these lists and to advise us about the definitions and conventions employed in classifying stock exchange securities. The design and stratification of the survey was largely dependent on the information that Extel Communications were able to provide.

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Department of Industry
23 October 1978

M J Erritt
J C D Alexander
A J Watson

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Conventions used

- Billion is used to mean thousand million
- nil or less than half the final digit shown
- . . not available

CHAPTER 1

INTRODUCTION AND BRIEF SUMMARY OF RESULTS

1.1 This report gives the full results of the survey of company share registers made by the Department of Industry for 1975 and describes how the survey was carried out.⁽¹⁾ The survey covered ordinary shares of United Kingdom companies listed on the Stock Exchange. The primary aim was to estimate how the total market value of these shares on 31 December 1975 was distributed between categories of shareholder. Their total market value was then about £45 billion.⁽²⁾

1.2 The survey formed part of the Government Statistical Service's inter-departmental programme for improving official statistics of company finance. An important motive was to obtain up-to-date data for use in the national and sector balance sheets, being drawn up to complement the flow of funds accounts and to assist in economic forecasting. The survey also provided information required by the Royal Commission on the Distribution of Income and Wealth.⁽³⁾ Additionally, it produced a great deal of basic information about share ownership which is of general interest. There has been particular interest recently, for example, in the financial assets held by financial institutions and the survey results contain some useful information about them.

1.4 The sample was analysed by computer at the Business Statistics Office. The initial results were in terms of registered shareholders, that is, they were classified to categories of shareholder according to the names that appeared in the share registers. Many shareholdings, however, such as those registered to nominee companies, are registered in the names of holders that are nominees or trustees and not the beneficial holders and owners of the shares. An important further step was to establish the relationship between registered and beneficial shareholdings so that the results could be expressed in terms of beneficial shareholders. That part of the study was based mainly on an analysis of nominee holdings carried out by the British Bankers' Association and its member banks, which manage a large number of nominee companies and trust companies, including most of the larger ones. Nominee and trustee holdings not covered in that way were analysed by means of postal inquiries to sub-samples of other types of registered shareholder. Details of this aspect of the work are included in the full account of the methodology given in Chapter 7.

Outline method

1.3 The survey was based on the register of shareholders that, under the Companies Acts 1948 and 1967, every United Kingdom company is required to have available for public inspection. There were 2,695 share issues to be covered comprising altogether some 13 million share holdings. Previous surveys have been carried out by the Department of Applied Economics at Cambridge University.⁽⁴⁾ The Department of Industry's survey broadly followed the Cambridge method using a two-stage sample, the first of share issues, the second of shareholdings within each sample issue. The detailed methodology is described in Chapter 7. The field work was carried out between January and September 1976. Where necessary the sampling technique was adapted, or the sample data were adjusted using information given in the share registers, to reflect the position on 31 December 1975 or a date close to it.

Categories of shareholder

1.5 The sample data were initially classified into some 80 different types of register entry, which were later merged to form 32 detailed categories of shareholder, grouped into 14 broad categories. The category definitions are given in Appendix 1. They broadly follow those used in the previous Cambridge surveys, with some small changes to bring them into line with definitions used in the national accounts. For the comparisons made in this report with the results of the previous surveys, however, the previous definitions have been used.

1.6 Share registers provide little or no information about the nature of shareholders beyond their names and addresses and the number of shares they hold. Personal holders could be recognised and coded easily but considerable effort had to be put into coding non-personal holders by category of holder. How it was done is described in Chapter 7.

Summary of results

1.7 Table 1.1 below summarises the broad trends in the distribution of beneficial share ownership as shown by the Department of Industry's survey and the two previous surveys carried out by the Department of Applied Economics.

TABLE 1.1

Distribution of market value of shareholdings between sectors of beneficial holder: 31 December 1963, 1969 and 1975

Sector of beneficial shareholder ⁽¹⁾	Percentage		
	1963	1969	1975
Personal sector	56.1	49.5	39.8
Financial companies and institutions	30.4	35.9	48.1
Industrial and commercial companies	5.1	5.4	3.0
Public sector	1.5	2.6	3.6
Overseas sector	7.0	6.6	5.6
Total	100.0	100.0	100.0

⁽¹⁾ Classified by the category definitions used in the 1963 and 1969 surveys.

1.8 In this table, as in all the tables in this report, components have been rounded independently of totals.

1.9 The striking feature of the results is the steady fall in the proportion of total market value held by the personal sector, from about 56 per cent in 1963 to about 40 per cent in 1975, and the steady rise of almost exactly the same amount, from about 30 per cent to about 48 per cent, in the proportion held by financial companies and institutions. Changes in the proportions held by the other sectors have been relatively small.

Layout of the report

1.10 The following chapters first set out the survey results, after which comes a discussion of their accuracy and an account of the method, with background information in the appendices. Accordingly, Chapter 2 gives the main results in terms of registered shareholdings; Chapter 3 describes their conversion into beneficial terms and gives the main results for beneficial shareholdings; Chapter 4 gives further details of the reallocation of nominee and trustee shareholdings to categories of beneficial holder; and Chapter 5 gives analyses by type of company and by type of share issue. Chapter 6 discusses the reliability of the results and, for those categories for which equivalent figures are available from other sources, how they compare with other estimates. Details of the methodology and how the survey was organised are given in Chapter 7. Some supplementary studies, details of which are given in appendices, are introduced in Chapter 8.

1.11 Appendices 1 and 2 give the definitions of shareholder categories that were used and a list of the companies in the sample respectively. Appendix 3 sets out the formulae that were used to calculate the results by grossing up from the basic data. The remaining appendices give some analyses based on the survey results followed by accounts of two small studies that were carried out in parallel with the main work, namely a review of the various share registration techniques that were encountered in the course of the survey and a very restricted investigation of how the ownership of preference shares and loan stocks was distributed between categories of holder.

Notes and references

- ⁽¹⁾ Some preliminary results were published in *Trade and Industry* for 5 August 1977. Revised results, in rather more detail, were published in *Economic Trends No 287*, September 1977.
- ⁽²⁾ The market values for 31 December 1975 given in this report are mid-market values, that is values based on share prices mid-way between the upper and lower prices quoted in *The Stock Exchange Daily Official List* for 31 December 1975.
- ⁽³⁾ Royal Commission on the Distribution of Income and Wealth Report No 2, *Income from Companies and its Distribution*, July 1975 (Cmd 6172) paragraph 300.
- ⁽⁴⁾ J Revell assisted by G Hockley and J P Moyle: *The Wealth of the Nation* (Cambridge University Press, 1967), pages 343 to 346; R Stone, J Revell and J P Moyle: *The Owners of Quoted Ordinary Shares—A Survey for 1963* (Chapman and Hall, 1966); J P Moyle: *The Pattern of Ordinary Share Ownership, 1957–1970* (Cambridge University Press, 1971).

CHAPTER 2

ANALYSIS BY CATEGORY OF REGISTERED SHAREHOLDER

2.1 Many registered shareholders, that is the holders named in the share registers, are nominees or trustees acting on behalf of beneficial shareholders, who are the actual owners of the shares or who, under trusts, at least receive the main benefit from them. Although analysis by category of beneficial shareholder is of greater economic and financial interest, the survey data were first analysed by category of registered shareholder because results in terms of beneficial shareholders could not be obtained directly. Even where the nominee or trustee nature of a holding is apparent from the name in the share register, it is rare for there to be any indication, in the register or elsewhere, of the category of the beneficial holder. Results in terms of beneficial shareholders had to be derived from results for registered shareholders using information obtained from ancillary inquiries as described in Chapter 4. The results in terms of registered shareholders are nevertheless of interest in themselves. They provide information about the way shares are held and, since they are likely to be more accurate than the results in terms of beneficial categories, estimates for which depend additionally on the ancillary inquiries, they also provide a useful alternative basis for comparing the results of successive surveys.

Distribution between registered categories

2.2 Table 2.1 shows the results of the survey in terms of registered shareholders analysed by the 14 broad categories of shareholder used generally throughout the study. The main feature of the table is the large proportion of total holdings, about 31 per cent altogether, registered to nominee companies and to corporate trustees. Some holdings registered to persons and to insurance companies also belong beneficially to other categories. Reallocation to beneficial categories is clearly of crucial importance for assessment of the beneficial distribution.

2.3 Unit trusts are included as a category in Table 2.1 to make it comparable with other tables in the report, though unit trusts can hold shares only through trustees and so have no holdings registered in their own names. The amount specified in the table as not categorised relates to shares held by means of bearer warrants. These were included in

some registers where there had recently been a rights or scrip issue. The amount involved is small but it is included in the registered results on a separate line to balance the table to the known total market value of all the shares covered.

Comparison with previous surveys

2.4 Table 2.2 compares the results of the survey in terms of registered shareholdings with those for the two previous surveys carried out by the Department of Applied Economics at Cambridge University. The category definitions in this table are those used in the previous surveys. They differ slightly from the definitions employed in the national accounts, which are used elsewhere in this report, in that property companies and unlisted investment trust companies were included in other financial companies in the earlier surveys, whereas the national accounts convention is to include them with industrial and commercial companies.

2.5 The figures are not fully comparable across Table 2.2 because there had been some reallocation from registered to beneficial categories at an earlier stage in the two previous surveys and the three sets of results cannot be reconstructed on an entirely common basis. These differences, which are described in the notes to the table, are nevertheless fairly small and do not seriously detract from the quality of the comparison.

2.6 The main feature of Table 2.2 is the steady fall in the proportion of total holdings registered to persons, from 51 per cent of the total in 1963 to 42 per cent in 1975, accompanied by a general growth in the proportion registered to financial institutions. There was a sizeable increase in the holdings of nominee companies between 1969 and 1975. Indeed, between 1963 and 1975 the proportion of holdings registered to nominee companies together with corporate trustees, which are included in the table with persons, rose from about one-fifth to about one-third. Other changes were relatively small.

2.7 Stockbrokers and jobbers were not allowed to operate as incorporated businesses in 1963 and

1969; they could then hold shares only through nominees or trustees and are therefore shown as having no registered holdings in those years. They have since been allowed to operate as limited companies and hold shares direct, though they had negligible holdings in 1975.

Numbers of holdings

2.8 Table 2.3 shows the estimated numbers of holdings that were registered to each main category of shareholder. The figures relate to separate entries in share registers, not to separate shareholders. One shareholder may have more than one entry in a share register and may have other entries in other registers. One registered nominee company holding, on the other hand, may represent the holdings of several separate beneficial holders. To produce results for numbers of shareholders (that is, numbers of separate portfolios within each category) would have involved cross-linking all the shareholdings in the sample and investigating the registered-to-beneficial reallocation in terms of numbers of shareholders, which could not be done within the resources available. Table 2.3 nevertheless provides information about the structure of the share registers and gives some indication of the ways in which the different categories hold their shares.

2.9 The estimated total of about 13.1 million holdings represents a steady fall compared with the estimates from the earlier surveys of about 14.0 million in 1969 and about 14.6 million in 1963, which is largely accounted for by a steady fall in the number of holdings registered to persons. Even so, with about 88 per cent of the total, persons continued to have by far the largest number of holdings in 1975. Holdings registered to insurance companies were the largest in average value (about £123,000), followed by the public sector (about £106,000), investment trust companies (about £90,000), pension funds (about £65,000), and nominee companies (about £43,000). At the other end of the scale, the average value of holdings registered to persons was about £1,200 and to stockbrokers and jobbers only about £250. In all categories, however, there was a wide spread about the average.

Analysis by size of holding

2.10 Tables 2.4 and 2.5 analyse the registered share holdings by various market value size ranges and by the main categories of holder. Table 2.4 shows the distribution of market value between categories within size ranges and Table 2.5 shows the distribution between size ranges within categories. Table 2.4 shows that the smaller holdings were concentrated among persons but that for holdings in the larger market value ranges most holders were in the other categories, particularly insurance companies, industrial and commercial companies, nominee companies and the public sector. The distributions for the larger holdings are of interest because of their indications, so far as they go, of the distribution of holdings large enough to confer some degree of control. Table 2.5, which is complementary to Table 2.4, shows that personal shareholdings were concentrated in the smaller blocks of holdings (about three-quarters were in blocks of £10,000 or less). Holdings in the other categories tended to be larger (mainly in blocks of more than £10,000). However, these two analyses could be produced only for registered holdings; with the substantial percentages of holdings in the larger market value ranges registered to nominee companies (and, to a lesser extent, corporate trustees) the tables give a very incomplete picture of the distribution of the larger holdings in terms of beneficial ownership.

2.11 Tables 2.6 and 2.7 are similar analyses to Tables 2.4 and 2.5 but in terms of numbers of shareholdings. Table 2.6, which gives the distribution of numbers of holdings between categories within each size range, shows that most small holdings were registered to persons, while holdings in the larger size ranges were more dispersed though with insurance companies and nominee companies in particular tending to have sizeable percentages of the number of holdings. In the largest size range there was also a concentration in industrial and commercial companies, largely accounted for by trade investments and holdings by parent companies in their subsidiaries. Table 2.7, which gives the distribution of numbers of holdings between size ranges within each category, shows that for most categories the great majority of holdings were in the lower size ranges but that for pension funds, investment trust companies, the public sector (mostly, in fact, local authority pension fund holdings), and to a lesser extent insurance companies, size of holding was more varied with most holdings being in the middle size ranges.

TABLE 2.1

**Distribution of market value of shareholdings between categories of registered shareholder:
31 December 1975**

Category of registered shareholder	£ million	Percentage
Persons	14,202	31.9
Charities and other non-profit-making bodies serving persons	652	1.5
Stockbrokers and jobbers	1	—
Banks	1,233	2.8
Insurance companies	5,937	13.3
Pension funds	2,101	4.7
Investment trust companies	868	1.9
Unit trusts	—	—
Other financial companies	874	2.0
Industrial and commercial companies	1,612	3.6
Public sector	1,755	3.9
Overseas sector	1,300	2.9
Nominee companies	11,549	25.9
Corporate trustees	2,406	5.4
Not categorised ⁽¹⁾	68	0.2
Total	44,560	100.0

⁽¹⁾ Comprises bearer warrants.

TABLE 2.2

**Distribution of market value of shareholdings between categories of registered shareholder:
comparison between surveys for 31 December, 1963, 1969 and 1975**

Category of registered shareholder ⁽¹⁾	£ million			Percentage		
	1963 ⁽²⁾	1969 ⁽³⁾	1975 ⁽⁴⁾	1963 ⁽²⁾	1969 ⁽³⁾	1975 ⁽⁴⁾
Persons	14,014 ⁽⁵⁾	16,920 ⁽⁶⁾	18,688 ⁽⁶⁾	51.0 ⁽⁵⁾	44.7 ⁽⁶⁾	41.9 ⁽⁶⁾
Charities and other non-profit-making bodies serving persons	508	698	652	1.8	1.8	1.5
Stockbrokers and jobbers	—	—	1	—	—	—
Banks	236 ⁽⁷⁾	523 ⁽⁸⁾	318 ⁽⁸⁾	0.9 ⁽⁷⁾	1.4 ⁽⁸⁾	0.7 ⁽⁸⁾
Insurance companies	2,535	4,024 ⁽⁹⁾	4,772	9.2	10.6 ⁽⁹⁾	10.7
Pension funds	811	1,836	2,101	2.9	4.9	4.7
Unit trusts	—	—	—	—	—	—
Investment trusts and other financial companies ⁽¹⁰⁾	1,596	2,024	2,182	5.8	5.3	4.9
Industrial and commercial companies ⁽¹¹⁾	966	1,460	1,172	3.5	3.9	2.6
Public sector	463	1,446	1,755	1.7	3.8	3.9
Overseas sector	1,098	1,399	1,300	4.0	3.7	2.9
Nominee companies	5,271	7,520	11,617 ⁽¹²⁾	19.2	19.9	26.1 ⁽¹²⁾
Total	27,498	37,850	44,560	100.0	100.0	100.0

⁽¹⁾ Classified by the category definitions used in the 1963 and 1969 surveys.

⁽²⁾ Source: R Stone, J Revell, J P Moyle: *The Owners of Quoted Ordinary Shares—A survey for 1963* (Chapman and Hall, 1966).

⁽³⁾ Source: J P Moyle: *The Pattern of Ordinary Share Ownership, 1957-1970* (Cambridge University Press, 1971).

⁽⁴⁾ Department of Industry survey.

⁽⁵⁾ Includes corporate trustee holdings (2.4 per cent), and bank holdings with personally named designations. Excludes a negligible amount of joint personal holdings, which are included against charities and pension funds.

⁽⁶⁾ Includes corporate trustee holdings (5.4 per cent in 1975), all designated bank holdings (2.1 per cent in 1975), and designated insurance company holdings (2.6 per cent in 1975).

⁽⁷⁾ Excludes bank holdings with personally named designations.

⁽⁸⁾ Excludes all designated bank holdings (2.1 per cent in 1975).

⁽⁹⁾ Excludes designated insurance company holdings (2.6 per cent in 1975).

⁽¹⁰⁾ Includes property companies and unlisted investment trust companies.

⁽¹¹⁾ Excludes property companies and unlisted investment trust companies.

⁽¹²⁾ Includes bearer warrants.

TABLE 2.3

**Distribution of numbers of shareholdings between categories of registered shareholder:
31 December 1975**

Category of registered shareholder	Number of holdings (Thousands)	Percentage	Average market value of holding (£)
Persons	11,526	87.8	1,250
Charities and other non-profit-making bodies serving persons	37	0.3	17,400
Stockbrokers and jobbers	2	—	250
Banks	249	1.9	4,950
Insurance companies	48	0.4	123,000
Pension funds	33	0.3	64,600
Investment trust companies	10	0.1	90,350
Unit trusts	—	—	—
Other financial companies	63	0.5	13,800
Industrial and commercial companies	94	0.7	17,150
Public sector	17	0.1	106,050
Overseas sector	371	2.8	3,500
Nominee companies	269	2.1	42,850
Corporate trustees	402	3.1	6,000
Not categorised ⁽¹⁾	—	—	—
Total	13,121	100.0	3,400

⁽¹⁾ Comprises bearer warrants.

TABLE 2.4

**Distribution of market value of shareholdings between categories of registered shareholder within size
of holding: 31 December 1975**

Category of registered shareholder	Market value of holding (£)						Percentage
	1 to 1,000	1,001 to 10,000	10,001 to 100,000	100,001 to 1,000,000	1,000,001 to 10,000,000	Over 10,000,000	
Persons	89.6	81.1	32.8	8.9	2.7	—	
Charities and other non-profit-making bodies serving persons	0.1	0.7	3.1	1.6	1.6	0.8	
Stockbrokers and jobbers	—	—	—	—	—	—	
Banks	2.3	2.9	2.2	1.5	2.5	7.1	
Insurance companies	0.2	0.5	8.1	21.8	28.7	9.8	
Pension funds	—	0.5	8.3	8.1	4.2	3.3	
Investment trust companies	—	0.1	3.1	4.0	1.7	0.5	
Unit trusts	—	—	—	—	—	—	
Other financial companies	0.4	0.9	1.8	1.6	3.4	3.8	
Industrial and commercial companies	0.5	1.3	2.8	2.7	3.3	13.7	
Public sector	—	0.2	5.1	2.2	0.2	21.7	
Overseas sector	2.8	2.2	1.9	1.6	2.6	9.3	
Nominee companies	1.3	3.8	22.1	38.3	46.0	28.6	
Corporate trustees	2.7	5.7	8.6	7.7	2.9	0.2	
Not categorised ⁽¹⁾	—	—	—	0.1	—	1.1	
Total	100.0	100.0	100.0	100.0	100.0	100.0	
Total market value (£ million)	3,082	9,629	7,208	11,904	7,732	5,004	

⁽¹⁾ Comprises bearer warrants.

TABLE 2.5

Distribution of market value of shareholdings between sizes of holding within category of registered shareholder: 31 December 1975

Category of registered shareholder	Market value of holding (£)						Total	Total market value (£ million)
	1 to 1,000	1,001 to 10,000	10,001 to 100,000	100,001 to 1,000,000	1,000,001 to 10,000,000	Over 10,000,000		
Persons	19.4	55.0	16.6	7.5	1.5	—	100.0	14,202
Charities and other non-profit-making bodies serving persons	0.6	11.0	33.9	29.0	19.2	6.3	100.0	652
Stockbrokers and jobbers	0.4	39.1	60.5	—	—	—	100.0	1
Banks	5.7	22.6	12.9	14.1	15.8	28.9	100.0	1,233
Insurance companies	0.1	0.8	9.8	43.6	37.4	8.3	100.0	5,937
Pension funds	0.1	2.2	28.4	45.9	15.6	7.9	100.0	2,101
Investment trust companies	0.1	0.9	25.9	55.4	15.0	2.8	100.0	868
Unit trusts	—	—	—	—	—	—	—	—
Other financial companies	1.3	10.2	14.5	21.8	30.3	22.0	100.0	874
Industrial and commercial companies	0.9	8.1	12.7	20.0	15.8	42.5	100.0	1,612
Public sector	0.1	1.1	21.0	15.0	1.0	61.9	100.0	1,755
Overseas sector	6.8	16.5	10.7	14.8	15.6	35.7	100.0	1,300
Nominee companies	0.4	3.2	13.8	39.4	30.8	12.4	100.0	11,549
Corporate trustees	3.5	22.8	25.9	38.1	9.2	0.5	100.0	2,406
Not categorised ⁽¹⁾	—	—	—	13.1	3.5	83.4	100.0	68

⁽¹⁾ Comprises bearer warrants.

TABLE 2.6

Distribution of numbers of shareholdings between categories of registered shareholder within size of holding: 31 December 1975

Category of registered shareholder	Percentage					
	Market value of holding (£)					
	1 to 1,000	1,001 to 10,000	10,001 to 100,000	100,001 to 1,000,000	1,000,001 to 10,000,000	Over 10,000,000
Persons	91.6	83.3	44.8	9.7	3.9	—
Charities and other non-profit-making bodies serving persons	0.1	0.5	3.2	1.7	1.5	0.7
Stockbrokers and jobbers	—	—	—	—	—	—
Banks	1.4	3.0	2.3	1.5	2.2	8.8
Insurance companies	0.1	0.3	5.1	19.5	26.0	16.3
Pension funds	—	0.2	6.6	9.3	5.0	1.4
Investment trust companies	—	—	2.0	4.8	3.4	1.4
Unit trusts	—	—	—	—	—	—
Other financial companies	0.3	0.7	1.9	1.5	2.7	2.0
Industrial and commercial companies	0.5	1.0	2.7	2.6	3.5	25.9
Public sector	—	0.1	3.5	3.3	0.3	0.7
Overseas sector	3.1	2.2	2.1	1.9	1.7	12.2
Nominee companies	1.0	2.9	17.4	35.0	46.5	29.3
Corporate trustees	1.7	5.7	8.5	9.1	3.2	0.7
Not categorised ⁽¹⁾	—	—	—	0.1	0.1	0.7
Total	100.0	100.0	100.0	100.0	100.0	100.0
Total number of holdings (thousands)	8,946	3,859	266.0	47.75	3.788	0.147

⁽¹⁾ Comprises bearer warrants.

TABLE 2.7

Distribution of numbers of shareholdings between sizes of holding within category of registered shareholder: 31 December 1975

Percentage

Category of registered shareholder	Market value of holding (£)						Total	Total number of holdings (thousands)
	1 to 1,000	1,001 to 10,000	10,001 to 100,000	100,001 to 1,000,000	1,000,001 to 10,000,000	Over 10,000,000		
Persons	71.1	27.9	1.0	—	—	—	100.0	11,526
Charities and other non-profit-making bodies serving persons	23.1	51.8	22.8	2.2	0.1	—	100.0	37
Stockbrokers and jobbers	96.6	3.0	0.4	—	—	—	100.0	2
Banks	50.3	46.9	2.4	0.3	—	—	100.0	249
Insurance companies	23.0	27.8	27.8	19.3	2.0	—	100.0	48
Pension funds	3.9	27.9	53.9	13.6	0.6	—	100.0	33
Investment trust companies	2.5	16.2	56.3	23.7	1.4	—	100.0	10
Unit trusts	—	—	—	—	—	—	—	—
Other financial companies	46.5	44.3	7.9	1.2	0.2	—	100.0	63
Industrial and commercial companies	47.7	43.0	7.7	1.3	0.1	—	100.0	94
Public sector	7.7	25.7	56.9	9.6	0.1	—	100.0	17
Overseas sector	75.8	22.5	1.5	0.2	—	—	100.0	371
Nominee companies	34.7	41.3	17.1	6.2	0.7	—	100.0	269
Corporate trustees	38.6	54.7	5.6	1.1	—	—	100.0	402
Not categorised ⁽¹⁾	—	—	—	87.5	10.0	2.5	100.0	—

(1) Comprises bearer warrants.

CHAPTER 3

ANALYSIS BY CATEGORY OF BENEFICIAL SHAREHOLDER

3.1 The distribution of shareholdings between categories of registered shareholder, summarised in Table 2.1, shows that over 30 per cent by market value of the shares covered by the survey were registered to nominee companies or corporate trustees. Additionally, some members of other categories, in particular persons, banks, and insurance companies, also act as nominees or trustees. Apart from a few exceptional cases, these widespread indirect shareholdings could not be classified by category of beneficial holder from information in share registers⁽¹⁾. Instead, their distribution between categories of beneficial holder was estimated by means of ancillary inquiries to their registered holders and the results were used as the basis for reallocating indirect shareholdings to categories of beneficial holder, as described in Chapter 4.

Distribution between beneficial categories

3.2 The distribution of shareholdings between categories of beneficial shareholder, analysed by the 14 broad categories employed in the survey, is given in Table 3.1. A feature of these results is the large holdings of the financial institutions (insurance companies, pension funds, investment trust companies, and unit trusts) which altogether accounted beneficially for 42.9 per cent of the total. Part of the importance of these holdings is that they tend to be concentrated in the hands of relatively few holders, some of whose holdings are very large indeed. For persons, on the other hand, though they held 37.5 per cent of the total and were the largest single category of holder, there were a large number of holders each with a fairly small holding.

3.3 For most categories, the beneficial holdings shown in Table 3.1 were larger than the registered holdings shown in Table 2.1, mainly reflecting the reallocation of holdings registered to nominee companies and corporate trustees, which have no beneficial shareholdings. By far the biggest increase was in pension funds, whose beneficial holdings were larger than their registered holdings by 12.1 per cent of the total, reflecting their frequent use of nominee companies, trust companies and, to a lesser extent, insurance companies as means for holding shares. There were appreciable increases,

also, in persons (5.6 per cent), investment trust companies (4.2 per cent) and unit trusts (4.1 per cent). Unit trusts, whose business has been growing in recent years, may hold shares only through trustees, so their sharp increase is not surprising. The increase in the overseas sector (2.7 per cent) shows that about half its beneficial shareholdings were held indirectly. The increase in insurance companies (2.6 per cent) is in marked contrast to the much larger increase in pension funds. It was, however, as for some other categories, only the net increase; although substantial nominee and trustee shareholdings have been allocated to insurance companies, insurance companies themselves act as nominees and trustees and some of their registered shareholdings have been reallocated to other categories, in fact mainly to pension funds. Only in banks and the public sector were beneficial shareholdings smaller than registered shareholdings. For banks, this was because their business as nominees and trustees outweighed their own use of indirect holdings. For the public sector, it was because holdings by local authority pension funds, which are often registered in the name of the local authority, are shown in pension funds in the beneficial distribution and they outweighed the public sector's own use of indirect holdings.

Comparison with previous surveys

3.4 Table 3.2 compares the results in terms of beneficial shareholdings with those for the two previous surveys. As for the similar comparison made for registered shareholdings in Table 2.2, the category definitions in Table 3.2 are those used in the previous surveys and they differ slightly from the definitions used in the national accounts, as described in the footnotes to the table. Table 3.2 shows a downward trend in the proportion of shares held beneficially by persons, and an increase in the proportion held beneficially by financial institutions, similar to the results in terms of registered shareholdings. Persons were estimated to be the beneficial holders of about 38 per cent by market value of the ordinary shares in listed United Kingdom companies at the end of 1975, compared with about 47 per cent at the end of 1969 and about 54 per cent at the end of 1963; this amounts to a fall of

about 16 percentage points over the 12 years spanned by the three surveys, though in 1975 persons were still the largest single category. Insurance company beneficial holdings, on the other hand, are estimated to have risen by about six percentage points, pension fund holdings by about 10 points, and unit trust holdings by about three points over the same period.

3.5 Changes in the percentages held beneficially by the other categories have been relatively small. The public sector's holdings are almost entirely accounted for by the British Government's holdings of shares in British Petroleum Company; the changes in the public sector's holdings largely reflect changes in the relative market price of the British Petroleum

shares and the increase in the government's holding of them in January 1975, when the Bank of England purchased Burmah Oil Company's holding. (The Issue Department of the Bank of England, which holds the shares, is classified for statistical purposes as part of central government.)

Note

(1) Some information about beneficial shareholdings was available in companies' annual accounts, but not enough to be useful in the survey. Under the Companies Act 1967, any holder of 10 per cent or more of any class of a company's equity shares was obliged to notify the company and, if the shares were held by a company, that company was obliged to publish details of its holding in its annual accounts. (Under the Companies Act 1976, the level at which notification becomes obligatory has been reduced to 5 per cent, though the level at which a company is obliged to publish details of its holding in its annual accounts remains unchanged.)

Category of beneficial shareholder	1963	1967	1972	1975
Total	1,822	2,000	2,000	2,000
Government	1,822	2,000	2,000	2,000
Public sector	1,822	2,000	2,000	2,000
Insurance companies	1,822	2,000	2,000	2,000
Pension funds	1,822	2,000	2,000	2,000
Unit trusts	1,822	2,000	2,000	2,000
Industrial and commercial companies	1,822	2,000	2,000	2,000
Private sector	1,822	2,000	2,000	2,000
Persons	1,822	2,000	2,000	2,000
Companies	1,822	2,000	2,000	2,000

TABLE 3.1

Distribution of shareholdings between categories of beneficial shareholder: 31 December 1975

Category of beneficial shareholder	Beneficial shareholding		Difference from registered shareholdings (TABLE 2.1) (Percentage of total)
	£ million	Percentage	
Persons	16,691	37.5	+5.6
Charities and other non-profit-making bodies serving persons	1,039	2.3	+0.8
Stock brokers and jobbers	179	0.4	+0.4
Banks	323	0.7	-2.1
Insurance companies	7,094	15.9	+2.6
Pension funds	7,508	16.8	+12.1
Investment trust companies	2,701	6.1	+4.2
Unit trusts	1,843	4.1	+4.1
Other financial companies	1,280	2.9	+0.9
Industrial and commercial companies	1,837	4.1	+0.5
Public sector	1,592	3.6	-0.3
Overseas sector	2,474	5.6	+2.7
Nominee companies	—	—	-25.9
Corporate trustees	—	—	-5.4
Not categorised	—	—	-0.2
Total	44,560	100.0	—

TABLE 3.2

Distribution of shareholdings between categories of beneficial shareholder: comparison between surveys for 1963, 1969 and 1975

Category of beneficial shareholder ⁽¹⁾	£ million			Percentage		
	1963 ⁽²⁾	1969 ⁽³⁾	1975 ⁽⁴⁾	1963 ⁽²⁾	1969 ⁽³⁾	1975 ⁽⁴⁾
Persons	14,848	17,949	16,691	54.0	47.4	37.5
Charities and other non-profit-making bodies serving persons	584	794	1,039	2.1	2.1	2.3
Stockbrokers and jobbers	385	514	179	1.4	1.4	0.4
Banks	344	636	323	1.3	1.7	0.7
Insurance companies	2,750	4,618	7,094	10.0	12.2	15.9
Pension funds	1,761	3,423	7,508	6.4	9.0	16.8
Unit trusts	344	1,095	1,843	1.3	2.9	4.1
Investment trusts and other financial companies ⁽⁵⁾	2,758	3,309	4,467	10.0	8.7	10.0
Industrial and commercial companies ⁽⁶⁾	1,403	2,025	1,350	5.1	5.4	3.0
Public sector	400	990	1,592	1.5	2.6	3.6
Overseas sector	1,921	2,497	2,474	7.0	6.6	5.6
Total	27,498	37,850	44,560	100.0	100.0	100.0

(1) Classified by the category definitions used in the 1963 and 1969 surveys.

(2) Source: R Stone, J Revell, J P Moyle: *The Owners of Quoted Ordinary Shares—A Survey for 1963* (Chapman and Hall, 1966).(3) Source: J P Moyle: *The Pattern of Ordinary Share Ownership, 1957-1970* (Cambridge University Press, 1971).

(4) Department of Industry survey.

(5) Includes property companies and unlisted investment trust companies.

(6) Excludes property companies and unlisted investment trust companies.

CHAPTER 4

NOMINEE AND TRUSTEE SHAREHOLDINGS

4.1 Though desire for privacy is an important reason for the widespread use of indirect shareholdings, the main reason is probably convenience. Because shareholdings may be registered only in the names of individuals or corporate bodies, many bodies ranging from large pension funds to small clubs and societies have the choice, if they wish to hold shares, of employing a nominee, appointing trustees, or forming a company to hold the shares. Employing a nominee has the advantage that most of the paper-work will be handled by the nominee. A nominee acts, in principle, on instructions from the owner of the shares, but the day-to-day administration of a portfolio can be delegated to a nominee. For this reason it is often convenient for a company or individual to employ a nominee, even though they could if they wished hold shares in their own names. A trustee, on the other hand, has to manage shareholdings, and apply the benefits from them, according to the trust deed, but it is often convenient, for pension fund or family shareholdings for example, to delegate the management of shareholdings in that way.

Ancillary inquiries

4.2 As a result of the Companies Act 1976, companies' annual returns will begin to show some information about beneficial as opposed to registered shareholders⁽¹⁾. When the survey was made share registers contained no positive information about beneficial shareholders at all, though for some indirect holdings, such as those of some pension funds, the beneficial holder could be identified from the name of the nominee company employed as the registered holder. As in the earlier Cambridge survey for 1963, results in terms of beneficial shareholders were obtained by classifying indirect, or potentially indirect, shareholdings by type during the registered analysis and by investigating the beneficial distribution within each type by some form of ancillary inquiry, reallocating the holdings in each type to categories of beneficial holder on the basis of the information thus gained. Ancillary inquiries had not been carried out in the Cambridge survey for 1969 so it was important to obtain up-to-date estimates of reallocations for the position in 1975.

4.3 The approach adopted relied heavily on the fact that by far the largest part of indirect shareholdings were those registered to nominee companies and trust companies managed by banks, for which the banks were willing to provide an analysis by category of beneficial shareholder, leaving a relatively small amount of indirect holdings to be covered by other inquiries. For holdings registered to non-bank nominee companies and trust companies, the distributions between categories of beneficial shareholder were estimated by means of postal inquiries to the registered holders of sub-samples of those holdings. In principle, a corporate body of any other kind, or an individual, may act as a nominee or trustee, with no indication being given in the share register that the shares are held on behalf of another⁽²⁾. In practice, however, the only categories of registered shareholder, other than nominee companies and trust companies, that account for significant amounts of indirect holdings are persons, insurance companies, the public sector, and the category other corporate trustees, which comprises the Public Trustee, the Accountant General of the Supreme Court, and the Official Solicitor. For persons and insurance companies, the distributions between categories of beneficial shareholder were also estimated by means of postal inquiries to registered shareholders. The indirect holdings registered to the public sector were those registered to local authorities; they were holdings on behalf of local authority pension funds and were reallocated to pension funds in the beneficial results. The Public Trustee provided information about the beneficial distribution of his registered shareholdings; shareholdings registered to the Accountant General of the Supreme Court and the Official Solicitor, which are relatively small, are known to be beneficially held mainly by persons. The methodology of the postal inquiries, all of which were carried out on a strictly confidential basis, is described in Chapter 7.

Bank nominee and trustee holdings

4.4 The approach in the 1963 survey had been for the banks to analyse a sub-sample of shareholdings registered to their nominee companies and trust companies. For the Department of Industry's

survey, the banks preferred, because of the form in which their records, by then mostly computerised, were kept, to analyse all the holdings of their nominee companies and trust companies in a subsample of the companies in the survey. The inquiry was arranged through the British Bankers' Association and many of its members, including all the larger banks, took part in it. Shareholdings registered in the banks' own names, but with designations⁽³⁾, were included in the analysis and the subsequent registered-to-beneficial reallocation of shareholdings. The clearing banks have relatively small shareholdings registered in their own names without designations, which are their own holdings. Some of the non-clearing banks, however, hold shares for clients in the banks' names without designations as well as in the names of nominee companies or trust companies. Holdings registered to the non-clearing banks without designations were therefore included in the analysis and in the subsequent reallocation of shareholdings. Holdings by nominee companies and trust companies were dealt with in a single analysis to keep the considerable work by the banks as straightforward as possible. The methodology is described in Chapter 7. The results, which were aggregated by the Statistical Unit of the Committee of London Clearing Bankers to avoid any possibility of disclosing particular beneficial shareholdings, are shown in Table 4.1.

4.5 The analysis provided by the British Bankers' Association included a breakdown by market capitalisation of share issue, which corresponded to the stratification of the sample in the main survey. That analysis is not reproduced here to avoid the possibility of disclosing figures for particular banks. There were, however, some marked differences between the strata. The analysis for the stratum comprising the largest issues (each with a market capitalisation of over £130 million) was similar to the overall analysis given in Table 4.1, but in the next stratum (market capitalisations over £40 million to £130 million) the beneficial shareholdings were even more concentrated in pension funds. In the third stratum (market capitalisations over £4 million to £40 million) the beneficial shareholdings were less concentrated in pension funds, compared with the overall analysis, with rather more being accounted for by unit trusts. In the stratum for the smallest issues (market capitalisations of £4 million or less), insurance companies, investment trust companies, and to a lesser extent, pension funds accounted for much smaller percentages of the beneficial shareholdings than in the overall analysis, with larger percentages held by unit trusts and individuals.

Non-bank corporate nominee and trustee holdings

4.6 The postal inquiry to insurance companies, which had the support of the British Insurance Association as far as their members were concerned, was addressed to the registered holders of a sub-

sample of designated shareholdings; shareholdings registered to insurance companies without designations were assumed to be beneficially held by the insurance companies themselves and were not included in the postal inquiry or the registered-to-beneficial reallocation. The dividing line between insurance companies' own shareholdings and their holdings on behalf of others is sometimes a fine one. For example, some of their shareholdings may be committed to a particular pension fund though the ownership of the shares may be vested in the insurance company.

4.7 The postal inquiries to non-bank nominee companies, non-bank trust companies, and insurance companies, and the information provided by the Public Trustee, were analysed by the same categories of beneficial shareholder as were employed in the analysis provided by the British Bankers' Association. The results for all these ancillary inquiries are set out together in Table 4.1. There are some marked differences between them. Compared with the beneficial distribution of holdings registered to banks and their nominee companies and trust companies, the beneficial distribution for non-bank nominee companies has larger percentages in unit trusts and other financial companies, with smaller percentages in persons and insurance companies; the beneficial distribution for non-bank trust companies, on the other hand, has larger percentages in charities, insurance companies and pension funds, with smaller percentages in investment trust companies, unit trusts and the overseas sector. In all three of these beneficial distributions, however, pension funds accounted for the largest percentage of the total. The other beneficial distributions in the table, those of holdings registered to insurance companies and the Public Trustee, are much sparser and are heavily concentrated in insurance companies and persons respectively.

4.8 The bottom line of Table 4.1 shows the total market values of the registered holdings to which each distribution related in the reallocation to categories of beneficial holder. Banks and their nominee companies and trust companies, with registered holdings worth nearly £13,000 million, dominated the reallocation, making the analysis of their holdings provided by the British Bankers' Association a particularly important aspect of the whole study. Holdings registered to non-bank nominee companies and trust companies, and insurance companies' designated holdings, also accounted for substantial amounts that were subject to reallocation. Holdings registered to the Public Trustee accounted for a relatively small amount but since their beneficial distribution was concentrated in persons and unit trusts they made appreciable contributions to those categories.

Personal shareholdings

4.9 The postal inquiry to personal shareholders

was addressed to the holders of separate sub-samples of holdings registered to individuals, 'husband and wife'⁽⁴⁾, and two or more individuals. The results, analysed by the categories of beneficial shareholder thought most appropriate for personal shareholdings, are given in Table 4.2. Holdings registered to individuals or to 'husband and wife' were beneficially distributed only between individuals, executors, and personal trusts; the beneficial distribution of holdings registered to two or more individuals was concentrated in those categories, with relatively small proportions in unincorporated businesses, charities, etc., and pension funds. The results, therefore, did not lead to more than a relatively small reallocation to beneficial categories outside the personal sector, though they provide information about the way components of the personal sector hold shares.

4.10 The bottom line of Table 4.2 shows the total market values of the registered holdings to which each of these distributions related. The large amounts registered to individuals and to two or more individuals and to two or more individuals meant that even the small proportions needing reallocation made appreciable contributions to other categories.

Reallocation from registered to beneficial categories

4.11 The reallocation of holdings between registered and beneficial categories of shareholder, based on the information provided by all the ancillary inquiries, is set out in Table 4.3. In a sense, the ultimate beneficial holder of any share can only be an individual. The aim of the ancillary inquiries, however, and the reallocations derived from them was to take the analysis only one step behind the registered shareholder, to investment trust companies, for example, not to the shareholders in them, and to pension funds, not to individual contributors to the funds.

4.12 The detailed categories employed in Table 4.3 constitute a finer breakdown of shareholders than it was practicable to employ in the ancillary inquiries and there was no breakdown between detailed categories of the reallocations to persons, charities, etc., investment trust companies, and the public sector. Those reallocations have been shown in the table against the major detailed category within each of the groupings, namely individuals, other non-profit-making bodies serving persons, listed investment trust companies, and the public sector (excluding local authorities) respectively. Since no reallocation was made to unlisted investment trust companies, which are included, following the national accounts convention, in the broad category of industrial and commercial companies, the results for broad categories of beneficial shareholder may overstate holdings by investment trust companies and understate holdings by industrial and commercial companies, but the extent of this is probably small. The beneficial results for the remaining broad categories are not affected.

4.13 Some registered shareholdings, accounting for relatively little market value, were held by means of bearer warrants. Their holders were assumed to be an average selection of all shareholders and, on that basis, the holdings were reallocated to categories of beneficial shareholder in proportion to the market value of their other beneficial holdings.

Notes

- (1) Under the Companies Act 1976, a listed company is empowered to call upon any of its members, subject to certain exemptions, to state the capacity in which they hold any of the company's voting shares and, if they do not own the shares themselves, on whose behalf they are held; if the shares are held on behalf of another, the company is empowered to call upon that other in the same way, and so on, until the ultimate beneficial shareholder is identified; and the company is obliged to record the information so received in a separate register.
- (2) Under English law, though not under Scottish law, a registrar must avoid any indication in the share register that a holding is in trust. This means that a holding in the name of, for example, 'the secretary' of an unincorporated body would generally not be acceptable to a registrar in England. Such a holding would have to be in the name of a company, or of one or more individuals, with no indication, except possibly the name of the company, or the special nature of the holding.
- (3) A designated shareholding is one against which in the share register the holder's name is followed by another name or alpha-numeric reference indicating an account to which the holding relates.
- (4) Defined in the survey as any holding registered in the names of a Mr and a Mrs with the same surname and address. No indication is given in the share register that such a holding is a husband and wife holding, though it seems very probable that it is and that few holdings registered to husband and wife appear otherwise.

TABLE 4.1

Distribution of shareholdings registered to nominee companies and corporate trustees between categories of beneficial shareholder: 31 December 1975

Category of beneficial shareholder	Percentage				
	Banks and their nominee companies and trust companies ⁽¹⁾	Non-bank nominee companies	Non-bank trust companies	Insurance companies (designated shareholdings)	Public Trustee
Persons ⁽²⁾	18.1	10.7	22.0	5.1	77.2
Charities and non-profit-making bodies serving persons	1.9	1.1	7.1	—	0.9
Stockbrokers and jobbers	0.9	4.3	—	—	—
Banks	0.4	0.3	4.9	—	—
Insurance companies	9.8	2.9	15.1	83.7	—
Pension funds	31.7	30.8	42.4	6.9	4.5
Investment trust companies	14.3	1.2	3.1	—	—
Unit trusts	11.5	23.0	—	4.2	17.4
Other financial companies	1.2	16.0	4.7	—	—
Property companies	0.4	0.1	—	—	—
Other industrial and commercial companies	1.3	0.6	0.1	—	—
Public sector	0.1	0.3	0.2	—	—
Overseas sector (persons)	1.7	1.2	0.4	—	—
Overseas sector (other)	6.6	7.4	—	—	—
Total	100.0	100.0	100.0	100.0	100.0
Total (£ million)	12,995	1,458	399	1,165	85

(1) Excludes shareholdings registered to clearing banks without designations.

(2) This category was named 'other UK residents' in the analyses and was a residual, but it was made up almost entirely of personal shareholdings.

TABLE 4.2

Distribution of shareholdings registered to one or more individuals between categories of beneficial shareholder: 31 December 1975

Category of beneficial shareholder	Percentage			
	Individuals	'Husband and wife'	Two or more individuals	Total
Individuals	96.2	70.6	3.5	78.9
Executors	0.1	4.3	7.9	1.6
Personal trusts	3.7	25.1	78.2	17.6
Investment clubs	—	—	0.2	—
Unincorporated businesses	—	—	3.0	0.6
Charities and non-profit-making bodies serving persons	—	—	4.0	0.7
Pension funds	—	—	3.3	0.6
Financial companies	—	—	—	—
Industrial and commercial companies	—	—	—	—
Total	100.0	100.0	100.0	100.0
Total (£ million)	11,061	240	2,517	13,817

TABLE 4.3

Reallocation of holdings between registered and beneficial categories of shareholder: 31 December 1975

£ million

Category of holder	Distribution by category of registered shareholder	Registered-to-beneficial reallocations										Distribution by category of beneficial shareholder
		Banks and their nominee companies and trust companies ⁽¹⁾		Persons ⁽²⁾		Non-bank nominee companies and trust companies and insurance companies ⁽³⁾		Other corporate trustees ⁽⁴⁾		Other categories ^{(5) (6)}		
		Minus	Plus	Minus	Plus	Minus	Plus	Minus	Plus	Minus	Plus	
Individuals	11,061		2,270	11,061	10,645		304		71		20	13,310
'Husband and wife'	240			240	169							169
Two or more individuals	2,517			2,517	87							87
Executors	303				217						1	521
Private trusts	—				2,436						4	2,440
Other personal holdings	82				80							163
Total (persons)	14,202		2,270	13,817	13,634		304		71		25	16,691
Trade unions	9		6									14
Universities and colleges	102											102
Other non-profit-making bodies serving persons	542		235		100		44		1		2	923
Total (non-profit-making bodies serving persons)	652		241		100		44		1		2	1,039
Stock brokers and jobbers	1		116				63					179
Clearing banks (designated holdings)	827	827										
Clearing banks (undesignated holdings)	246											
Other banks (designated holdings)	88		52				24					323
Other banks (undesignated holdings)	72											
Total (banks)	1,233	987	52				24					323

See footnotes on page 19

TABLE 4.3 (continued)

Reallocation of holdings between registered and beneficial categories of shareholder: 31 December 1975

£ million

Category of holder	Distribution by category of registered shareholder	Registered-to-beneficial reallocations										Distribution by category of beneficial shareholder
		Banks and their nominee companies and trust companies ⁽¹⁾		Persons ⁽²⁾		Non-bank nominee companies and trust companies and insurance companies ⁽³⁾		Other Corporate trustees ⁽⁴⁾		Other categories ^{(5) (6)}		
		Minus	Plus	Minus	Plus	Minus	Plus	Minus	Plus	Minus	Plus	
Insurance companies (designated holdings)	1,165	} 1,234			1,165	} 1,078					} 11	} 7,094
Insurance companies (undesignated holdings)	4,772											
Total (insurance companies)	5,937	1,234			1,165	1,078				11	7,094	
Pension funds	2,101	3,972		83		698		4		651	7,508	
Listed investment trust companies	868	1,798				30			4		2,701	
Unit trusts	—	1,441				385		15		3	1,843	
Other financial companies	874	152				252				2	1,280	
Property companies	89	45				1					135	
Unlisted investment trust companies	351									1	352	
Other industrial and commercial companies	1,172	166				9				2	1,350	
Total (industrial and commercial companies)	1,612	211				10				3	1,837	
Public sector (excluding local authorities)	1,116	467				6				2	1,592	
Local authorities	639								639		—	
Total (public sector)	1,755	467				6			639	2	1,592	

See footnotes on page 19

TABLE 4.3 (continued)

Reallocation of holdings between registered and beneficial categories of shareholders: 31 December 1975

£ million

Category of holder	Distribution by category of registered shareholder	Registered-to-beneficial reallocations										Distribution by category of beneficial shareholder
		Banks and their nominee companies and trust companies ⁽¹⁾		Persons ⁽²⁾		Non-bank nominee companies and trust companies and insurance companies ⁽³⁾		Other corporate trustees ⁽⁴⁾		Other categories ^{(5) (6)}		
		Minus	Plus	Minus	Plus	Minus	Plus	Minus	Plus	Minus	Plus	
Overseas sector (persons)	381		215				19				1	617
Overseas sector (others)	918		827				108				3	1,857
Total (Overseas sector)	1,300		1,042				127				4	2,474
Bank nominee companies	10,092	10,092										—
Non-bank nominee companies	1,458					1,458						—
Total (nominee companies)	11,549	10,092				1,458						—
Bank trust companies	1,916	1,916										—
Non-bank trust companies	399					399						—
Other corporate trustees	91							91				—
Total (Corporate trustees)	2,406	1,916				399		91				—
Not categorised ⁽⁶⁾	68									68		—
Total	44,560	12,995	12,995	13,817	13,817	3,022	3,022	91	91	707	707	44,560

⁽¹⁾ Based on the analysis made by the British Bankers' Association and their member banks.⁽²⁾ Based on the results of the postal inquiries to sub-samples of personal shareholders.⁽³⁾ Based on the results of the postal inquiries to sub-samples of non-bank nominee company and non-bank trust company shareholders and to insurance companies' designated shareholders.⁽⁴⁾ Based on special inquiries to the Public Trustee, the Accountant General of the Supreme Court, and the Official Solicitor.⁽⁵⁾ Holdings registered to local authorities were all assumed to be held on behalf of pension funds to which they were reallocated.⁽⁶⁾ The holdings not categorised by registered category comprised bearer warrants. They were reallocated to beneficial categories in proportion to their size after all other reallocations had been made.

CHAPTER 5

ANALYSIS BY TYPE OF COMPANY AND TYPE OF SHARE ISSUE

5.1 The first stage sample, that of share issues, was stratified by size of issue, between voting and non-voting issues, between financial and non-financial companies, and between independent and subsidiary companies. This means that a sample was taken of the issues within each combination of these stratifications and the overall results built up by aggregating the results for each of these component samples. The stratifications were chosen as ones likely to affect the distribution of shareholdings between categories of shareholder, and separate results were obtained for each of the stratifications in the course of producing the overall results.

Size of share issue

5.2 The results within the stratification by size of share issue are given in Tables 5.1 and 5.2, in terms of registered and beneficial shareholdings respectively. These tables show the distribution of shareholdings between categories of shareholder within each of four size strata and a miscellaneous stratum. Share issues were classified into the size strata according to their total market values on 1 July 1975, the date of the list of share issues and their market values from which the sample was chosen. The miscellaneous stratum comprises ordinary share issues, of various market values, with voting or other rights that differed from those of the main ordinary share issues of their companies.

5.3 The distributions, in Table 5.1, between categories of registered shareholder within the upper three size strata were very similar to the total distribution except that in the top stratum, comprising the fifty largest share issues, industrial and commercial companies held a smaller percentage and the public sector a larger percentage than in the total distribution. Industrial and commercial companies' holdings were a smaller percentage in the top stratum both because their subsidiaries were mostly in the lower strata and because they had substantial holdings other than in subsidiaries in the lower strata. The public sectors' holdings were a larger percentage in the top size stratum mainly because they included the British Government's registered holding in British Petroleum Company.

The distributions in the bottom size stratum and the miscellaneous stratum differed in several respects from the total distribution. Both had markedly larger percentages of shares held by persons and smaller percentages held by insurance companies and nominee companies compared with the total distribution, while the bottom size stratum had a larger percentage held by industrial and commercial companies and the miscellaneous stratum had a larger percentage held by the overseas sector.

5.4 Table 5.2 shows the distribution of shareholdings within the size strata and the miscellaneous stratum between categories of beneficial shareholder. The analysis provided by the British Bankers' Association of shareholdings registered to their members' nominee companies and trust companies included separate beneficial distributions for each size stratum, which were used when making the registered-to-beneficial reallocations of these holdings within size strata to produce Table 5.2. In the miscellaneous stratum, which was not covered by the British Bankers' Association analysis, these holdings were reallocated in the same proportions as for all the other issues. The results of the other ancillary inquiries were not stratified and the remaining indirect holdings were reallocated in all strata on the basis of the results of those inquiries for all issues. However, since the British Bankers' Association analysis covered about 85 per cent of all indirect holdings, the results for the separate strata, except possibly for the miscellaneous stratum, are probably fairly reliable.

5.5 The beneficial distributions in Table 5.2 have much the same general features as the registered distributions in the previous table, with distributions in the upper three strata very similar to the total distribution and some marked differences from the total in the bottom stratum and miscellaneous stratum. Persons held a similar percentage in the upper three strata but a substantially larger percentage in the bottom stratum, probably because there is a tendency for family holdings to be more usual in the smallest companies. There was a clear tendency for the percentage held by industrial and commercial companies to be larger the smaller the size of issue. The same was true for other financial companies, which are not financial intermediaries but include industrial holding companies. The financial institutions (insurance companies, pension funds, investment trust companies, and unit trusts), on the other hand, together held 42.3 per cent, 47.3 per cent and 46.6 per cent in the upper three strata respectively but only 19.3 per cent in the bottom stratum. This suggests a marked

disinclination by the institutions to hold shares in the smallest issues though in general they had rather larger holdings in the medium sized issues than the largest issues. Indeed, insurance companies, investment trust companies and unit trusts held larger percentages in the stratum for issues valued between £4 million and £40 million than in either of the higher strata. Pension funds' holdings, however, tended to be concentrated in the upper two strata. Units trusts, unlike the other institutions, held relatively large holdings in the bottom stratum.

5.6 The substantial public sector holding in British Petroleum Company, the largest single share issue, diminished the percentage in the top stratum available to other categories of shareholder. Excluding this holding, persons held 39.9 per cent in the top stratum, noticeably higher than in the next two strata, and the institutions held 45.5 per cent, similar to their percentages in the next two strata.

Voting and non-voting issues

5.7 Table 5.3 compares the distributions within voting and non-voting share issues for categories of registered shareholder and Table 5.4 makes the comparison for categories of beneficial shareholder. Together these types of issue account for all the shares covered by the survey except the miscellaneous issues. As mentioned earlier, the miscellaneous issues are ordinary share issues with voting or other rights which differ from the main ordinary share issues of their companies. Table 5.3 shows that, in terms of registered shareholdings, all categories except persons, pension funds and nominee companies held larger percentages of voting issues than non-voting issues. Insurance companies in particular, in terms of their registered shareholdings, showed a preference for voting issues.

5.8 The beneficial distributions in Table 5.4 were obtained by reallocating holdings to beneficial categories using the same proportions as for all issues since figures were not available for voting and non-voting share issues separately. However, non-voting issues were not represented in the analysis of nominee and trustee holdings carried out by the British Bankers' Association. For voting issues, therefore, the reallocation was about as reliable as for all issues but for non-voting issues it was less reliable. With this qualification, the comparison between these two types of issue in terms of beneficial shareholdings are interesting in that, within the institutions, only insurance companies showed any preference for voting issues. Of the remaining categories, other financial companies and industrial and commercial companies also showed a preference for voting issues, probably as a result of their trade investments and interests in subsidiary companies.

Financial and non-financial companies

5.9 The stratification of the sample of share issues between issues of financial and issues of non-financial companies was made according to the Stock Exchange-Actuaries classification of securities⁽¹⁾. Table 5.5 compares the results for financial and non-financial companies in terms of registered shareholdings. Holdings registered to banks were a noticeably larger percentage of the total for financial companies than for non-financial companies; holdings registered to other financial companies and to industrial and commercial companies, on the other hand, were a larger percentage of the total for non-financial companies, reflecting trade investments and parent company holdings in subsidiaries. The concentration of public sector registered holdings in non-financial companies is mainly accounted for by the large public sector holding in British Petroleum Company. Otherwise the two distributions were very similar, and both had large percentages registered to nominee companies and corporate trustees.

5.10 Table 5.6 compares the results for financial and non-financial companies in terms of beneficial shareholdings. As for voting and non-voting share issues, the registered-to-beneficial reallocation for both financial and non-financial companies used the same proportions as for all companies since figures were not available for the two types of company separately. Table 5.6 shows that banks and financial institutions tended to favour holding shares in financial companies, though this would be less marked if the public sector holding in British Petroleum Company were excluded from the non-financial companies. Other financial companies and industrial and commercial companies, on the other hand, held larger percentages of shares in non-financial companies.

Independent and subsidiary companies

5.11 Though share issues in subsidiary companies accounted for only about 3½ per cent of the total market value of shares covered by the survey, they were treated as a stratification in the sample of share issues because it seemed probable, as for non-voting issues, that their distribution of shareholdings would differ markedly from that of the remaining issues. The results for subsidiary companies compared with those for the remaining independent companies, but excluding the miscellaneous issues, are given in terms of registered and beneficial shareholdings respectively in Tables 5.5 and 5.6. The distinctive, but hardly surprising,

features of both tables are the large percentages of shares in subsidiary companies held by industrial and commercial companies and, to a lesser extent, by the overseas sector, mainly reflecting holdings by parent companies in those categories. In terms of registered shareholdings these two categories together held 52.8 per cent of the total for subsidiary companies compared with 4.8 per cent of the total for independent companies. In terms of beneficial shareholdings, the figures were 56 per cent and 8 per cent. The percentage of shares in subsidiary companies registered to nominee companies was much the same as in independent companies. In terms of registered or beneficial shareholdings, all

other categories, including other financial companies, which contains a number of holding companies and financial trusts, held smaller percentages in subsidiary companies than in independent companies. It should be noted, however, that here again the registered-to-beneficial reallocation was made using the same proportions as for all companies because separate figures were not available for subsidiary and independent companies.

Note and reference

(1) See the *Stock Exchange Year Book 1976-77*, page 2.219. Groups 77 to 82 and Groups 84, 85 and 87 were included in the survey as financial: Groups 11 to 76, Groups 83 and 86, and Groups 89 to 99 were included as non-financial.

TABLE 5.1

Distribution of market value of shareholdings between categories of registered shareholder within survey stratum for size of share issue: 31 December 1975

Percentage

Category of registered shareholder	Market value of share issue (£ million) ⁽¹⁾					
	Over 130	Over 40 to 130	Over 4 to 40	4 and under	Miscellaneous ⁽²⁾	All
Persons	30.8	29.6	30.9	51.2	42.8	31.9
Charities and other non-profit-making bodies serving persons	1.8	1.5	1.0	0.3	0.5	1.5
Stockbrokers and jobbers	—	—	—	—	—	—
Banks	2.8	4.4	1.7	0.5	2.7	2.8
Insurance companies	12.5	14.5	16.1	5.2	9.9	13.3
Pension funds	5.4	4.4	4.2	2.1	3.0	4.7
Investment trust companies	1.3	2.4	2.9	1.8	0.8	1.9
Unit trusts	—	—	—	—	—	—
Other financial companies	1.3	1.5	2.8	5.3	4.5	2.0
Industrial and commercial companies	1.5	4.3	6.7	7.3	1.5	3.6
Public sector	6.6	2.2	1.1	—	0.6	3.9
Overseas sector	3.0	3.5	2.0	2.7	7.9	2.9
Nominee companies	26.9	26.2	25.7	18.8	20.6	25.9
Corporate trustees	5.9	5.3	4.7	4.4	4.9	5.4
Not categorised ⁽³⁾	0.3	—	—	0.3	0.5	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0
Total (£ million)	21,555	10,023	9,856	2,595	532	44,560

(1) The strata relate to the market values of share issues on 1 July 1975, the date of the sampling frame used for the survey.

(2) The miscellaneous share issues comprise ordinary share issues of various market values with voting or other rights that differ from those of the main ordinary share issues of their companies.

(3) Comprises bearer warrants.

TABLE 5.2

Distribution of market value of shareholdings between categories of beneficial shareholder within survey stratum for size of share issue: 31 December 1975

Percentage

Category of beneficial shareholder	Market value of share issue (£ million) ⁽¹⁾					
	Over 130	Over 40 to 130	Over 4 to 40	4 and under	Miscellaneous ⁽²⁾	All
Persons	36.8	34.9	36.0	56.8	47.4	37.5
Charities and other non-profit-making bodies serving persons	2.7	2.2	1.7	1.8	1.3	2.3
Stockbrokers and jobbers	0.3	0.3	0.4	1.9	0.4	0.4
Banks	0.6	1.4	0.3	0.5	0.1	0.7
Insurance companies	15.2	17.0	19.3	5.5	12.1	15.9
Pension funds	17.9	20.1	14.2	6.4	12.8	16.8
Investment trust companies	5.8	6.2	7.5	2.4	4.1	6.1
Unit trusts	3.4	4.0	5.6	5.0	3.9	4.1
Other financial companies	1.9	2.5	4.1	6.7	5.7	2.9
Industrial and commercial companies	2.3	4.5	6.8	8.0	1.9	4.1
Public sector	7.2	0.2	0.1	0.2	0.1	3.6
Overseas sector	5.7	6.8	4.0	4.8	10.2	5.6
Nominee companies	—	—	—	—	—	—
Corporate trustees	—	—	—	—	—	—
Total	100.0	100.0	100.0	100.0	100.0	100.0
Total (£ million)	21,555	10,023	9,856	2,595	532	44,560

(1) The strata relate to the market values of share issues on 1 July 1975, the date of the sampling frame used for the survey.

(2) The miscellaneous share issues comprise ordinary share issues of various market values with voting or other rights that differ from those of the main ordinary share issues of their companies.

TABLE 5.3

Distribution of market value of shareholdings between categories of registered shareholder: 31 December 1975

Voting and non-voting share issues⁽¹⁾

Category of registered shareholder	Voting issues		Non-voting issues	
	£ million	Percentage	£ million	Percentage
Persons	13,514	31.7	461	33.7
Charities and other non-profit-making bodies serving persons	630	1.5	19	1.4
Stockbrokers and jobbers	1	—	—	—
Banks	1,190	2.8	28	2.0
Insurance companies	5,755	13.5	130	9.5
Pension funds	2,008	4.7	77	5.7
Investment trust companies	838	2.0	26	1.9
Unit trusts	—	—	—	—
Other financial companies	839	2.0	11	0.8
Industrial and commercial companies	1,577	3.7	27	2.0
Public sector	1,741	4.1	11	0.8
Overseas sector	1,229	2.9	29	2.1
Nominee companies	10,964	25.7	476	34.8
Corporate trustees	2,306	5.4	73	5.4
Not categorised ⁽²⁾	66	0.2	—	—
Total	42,660	100.0	1,368	100.0

(1) Excludes the miscellaneous issues, which comprise ordinary share issues with voting or other rights that differ from those of the main ordinary share issues of their companies.

(2) Comprises bearer warrants.

TABLE 5.4

**Distribution of market value of shareholdings between categories of beneficial shareholder:
31 December 1975**

Voting and non-voting share issues⁽¹⁾

Category of beneficial shareholder	Voting issues		Non-voting issues	
	£ million	Percentage	£ million	Percentage
Persons	15,881	37.2	557	40.7
Charities and other non-profit-making bodies serving persons	999	2.3	33	2.4
Stockbrokers and jobbers	170	0.4	7	0.5
Banks	314	0.7	8	0.6
Insurance companies	6,851	16.1	179	13.1
Pension funds	7,167	16.8	273	19.9
Investment trust companies	2,580	6.0	99	7.3
Unit trusts	1,751	4.1	72	5.3
Other financial companies	1,223	2.9	27	1.9
Industrial and commercial companies	1,791	4.2	36	2.6
Public sector	1,590	3.7	1	0.1
Overseas sector	2,343	5.5	76	5.6
Nominee companies	—	—	—	—
Corporate trustees	—	—	—	—
Not categorised	—	—	—	—
Total	42,660	100.0	1,368	100.0

⁽¹⁾ Excludes the miscellaneous issues, which comprise ordinary share issues with voting or other rights that differ from those of the main ordinary share issues of their companies.

TABLE 5.5

**Distribution of market value of shareholdings between categories of registered shareholder:
31 December 1975**

Financial and non-financial companies

Category of registered shareholder	Financial companies		Non-financial companies	
	£ million	Percentage	£ million	Percentage
Persons	2,989	31.1	11,214	32.1
Charities and other non-profit-making bodies serving persons	148	1.5	505	1.4
Stockbrokers and jobbers	—	—	1	—
Banks	580	6.0	653	1.9
Insurance companies	1,378	14.3	4,559	13.0
Pension funds	477	5.0	1,625	4.7
Investment trust companies	227	2.4	641	1.8
Unit trusts	—	—	—	—
Other financial companies	145	1.5	729	2.1
Industrial and commercial companies	167	1.7	1,445	4.1
Public sector	173	1.8	1,582	4.5
Overseas sector	156	1.6	1,144	3.3
Nominee companies	2,474	25.7	9,075	26.0
Corporate trustee	706	7.3	1,700	4.9
Not categorised ⁽¹⁾	1	—	67	0.2
Total	9,622	100.0	34,937	100.0

⁽¹⁾ Comprises bearer warrants.

TABLE 5.6

**Distribution of market value of shareholdings between categories of beneficial shareholder:
31 December 1975**

Financial and non-financial companies

Category of beneficial shareholder	Financial companies		Non-financial companies	
	£ million	Percentage	£ million	Percentage
Persons	3,613	37.5	13,077	37.4
Charities and other non-profit-making bodies serving persons	243	2.5	796	2.3
Stockbrokers and jobbers	40	0.4	139	0.4
Banks	213	2.2	109	0.3
Insurance companies	1,674	17.4	5,420	15.5
Pension funds	1,814	18.9	5,693	16.3
Investment trust companies	690	7.2	2,011	5.8
Unit trusts	430	4.5	1,414	4.0
Other financial companies	228	2.4	1,052	3.0
Industrial and commercial companies	223	2.3	1,614	4.6
Public sector	13	0.1	1,580	4.5
Overseas sector	442	4.6	2,032	5.8
Nominee companies	—	—	—	—
Corporate trustees	—	—	—	—
Not categorised	—	—	—	—
Total	9,622	100.0	34,937	100.0

TABLE 5.7

**Distribution of market value of shareholdings between categories of registered shareholder:
31 December 1975**

Independent and subsidiary companies⁽¹⁾

Category of registered shareholder	Independent companies		Subsidiary companies	
	£ million	Percentage	£ million	Percentage
Persons	13,818	32.5	157	10.2
Charities and other non-profit-making bodies serving persons	646	1.5	4	0.2
Stockbrokers and jobbers	1	—	—	—
Banks	1,210	2.8	9	0.6
Insurance companies	5,810	13.7	75	4.9
Pension funds	2,068	4.9	18	1.2
Investment trust companies	855	2.0	9	0.6
Unit trusts	—	—	—	—
Other financial companies	830	2.0	20	1.3
Industrial and commercial companies	983	2.3	621	40.6
Public sector	1,742	4.1	10	0.6
Overseas sector	1,072	2.5	187	12.2
Nominee companies	11,035	26.0	405	26.5
Corporate trustees	2,363	5.6	17	1.1
Not categorised ⁽²⁾	66	0.2	—	—
Total	42,499	100.0	1,529	100.0

⁽¹⁾ Excludes the miscellaneous share issues, which comprise ordinary share issues with voting or other rights that differ from those of the main ordinary share issues of their companies.

⁽²⁾ Comprises bearer warrants.

TABLE 5.8

**Distribution of market value of shareholdings between categories of beneficial shareholder:
31 December 1975**

Independent and subsidiary companies⁽¹⁾

Category of beneficial shareholder	Independent companies		Subsidiary companies	
	£ million	Percentage	£ million	Percentage
Persons	16,205	38.1	234	15.3
Charities and other non-profit-making bodies serving persons	1,020	2.4	13	0.8
Stockbrokers and jobbers	173	0.4	4	0.3
Banks	320	0.8	2	0.1
Insurance companies	6,916	16.3	114	7.4
Pension funds	7,275	17.1	165	10.8
Investment trust companies	2,611	6.1	69	4.5
Unit trusts	1,772	4.2	51	3.3
Other financial companies	1,223	2.9	21	1.4
Industrial and commercial companies	1,197	2.8	633	41.4
Public sector	1,590	3.7	1	—
Overseas sector	2,197	5.2	223	14.6
Nominee companies	—	—	—	—
Corporate trustees	—	—	—	—
Not categorised	—	—	—	—
Total	42,499	100.0	1,529	100.0

⁽¹⁾ Excludes the miscellaneous share issues, which comprise ordinary share issues with voting or other rights that differ from those of the main ordinary share issues of their companies.

CHAPTER 6

RELIABILITY OF THE RESULTS

6.1 The results of the survey are estimates based on only a sample of shareholdings. They are therefore subject to sampling error, that is to say inaccuracy due to accidental selection of a sample that did not exactly reflect the values for the whole population of shareholdings. Other forms of error cannot be entirely eliminated from a survey of this kind but the survey design and the sampling procedures aimed to avoid other forms as far as possible, as well as to reduce the sampling error.

6.2 The likelihood of different levels of sampling error can be estimated but in this survey it was practicable to do it only for the results in terms of registered shareholdings. Even so the computation was complicated. It could theoretically have been extended to the results in terms of beneficial shareholdings but that would have added to the complexity and to the work required of the British Bankers' Association and their members in the analysis of their nominee and trustee shareholdings, which had to be kept to a minimum. For the financial institutions and the public sector, however, alternative estimates of beneficial shareholdings are available from a variety of other sources such as direct returns from the shareholders or similar data. For those categories, comparison with the alternative estimates provides a check on the survey results for beneficial shareholders.

Standard errors for registered shareholdings

6.3 An assessment of the reliability of the main results for registered shareholders is set out in Table 6.1 in terms of *standard errors*, which are the conventional measure of sampling reliability. The accuracies themselves cannot be stated, of course, because the actual values are not known. The standard errors are functions of the survey design and the structure of the population; they can be estimated from the survey results and they provide a measure of reliability in terms of the survey's potential accuracy rather than its actual accuracy. In the presence of sampling error, the most likely outcomes are those in which the estimates are relatively close to the actual values, with larger differences being less likely. In the ideal case, to which the present results may approximate when

the percentage error is sufficiently small, there is a 68 per cent chance that the estimate will turn out to be within one standard error of the actual value and a 95 per cent chance within two standard errors. The range of two standard errors on either side of the estimate has, ideally, a 95 per cent chance of including the actual value and figures for that range are also given in Table 6.1. When the calculated standard error is large, say more than about 20 per cent of the estimate, as here, for example, for stock-brokers and jobbers, it is unwise to associate it with levels of probability, though it is sufficient to indicate a particularly unreliable result.

6.4 The standard errors given in Table 6.1 vary considerably from category to category. The standard error is partly dependent on the size of the shareholding in the category, tending in absolute terms to be larger for the larger categories, but that effect is removed when, as also shown in the table, the standard error is expressed as a percentage of the category's estimated shareholding. The variation in the percentage standard errors is partly explained by the variation in the sample size between the categories, the percentage tending to be larger for the categories with the smaller samples. The largest percentage standard error, for example, in stock-brokers and jobbers, corresponds to the smallest sample.

6.5 The larger standard errors in Table 6.1 could, theoretically, have been reduced by increasing the samples in the categories concerned (though a disproportionate increase would have been needed since, approximately, the sample has to be quadrupled in order to halve the standard error) but that would have required each category to be sampled separately; it would have involved examining each shareholding in the population and would have been prohibitively expensive. In practice, the same sampling fractions had to be used for all holdings irrespective of category and a large total sample was employed in order to obtain, as far as possible, adequate samples in the categories with relatively few members. The sample in a particular category could have been increased only at the cost of making the total sample even larger.

6.6 Sample size was not the only factor that caused the variation in percentage standard error between categories, as is shown by comparing the percentage standard error with the number of sample holdings in each category, which is also given in Table 6.1. The percentage standard error for banks (8 per cent) is about three times that of insurance companies (3 per cent), for example, though the sample sizes

were about equal in these categories. The remaining factor was the variation between the separate shareholdings in the population, the standard error tending to be larger for the categories with larger variation between their separate holdings. This influence was suppressed to some extent by stratifying the sample, that is by dividing the population of share issues into strata according to size of issue and type of company, taking a sample of issues from each, and, within the sample issues, by analysing all the larger shareholdings as well as a sample of the remaining holdings. This reduced the effect of variation between issues and, within issues, removed the effect of variation between the larger holdings altogether. The standard errors nevertheless differ fairly widely between categories and the estimates for some categories must be regarded as rather less reliable than for others.

Standard errors for registered shareholdings analysed by strata

6.7 Table 6.2 sets out the percentage standard errors within strata for size of share issue which correspond to the results given earlier in Table 5.1. Some of these, where the effect of smaller sample size was offset by less variation within the stratum, are smaller than the percentage standard errors of the results for all share issues. The percentage standard errors for holdings by banks, other financial companies, and the overseas sector in share issues with market values over £130 million, for example, are smaller than the percentage standard errors for their holdings in all issues. Generally, the percentage standard errors for the separate strata are larger than those for all share issues and many exceed 20 per cent, the approximate level above which they cannot be interpreted in terms of specific probabilities. As the table shows, for most categories the estimates for separate strata should be used only with caution and many of them are not very reliable, particularly those for share issues with market values of £4 million or less and those for the miscellaneous issues that were not stratified by market value.

6.8 The percentage standard errors corresponding to the results given earlier in Tables 5.3, 5.5, and 5.7 for strata according to type of share and type of company are set out in Table 6.3. For the bigger strata (voting issues, non-financial companies, and independent companies) the percentage standard errors are similar to those for all share issues, with few larger than 10 per cent and only those for stockbrokers and jobbers larger than 20 per cent. For the smaller strata (non-voting issues, financial companies, and subsidiary companies) the percentage standard errors are generally larger than for the other strata, and there are several over 20 per cent, though they mostly compare favourably with the percentage standard errors for the strata according to size of share issue given in Table 6.2.

Comparison with alternative estimates

6.9 These assessments of the results for registered shareholdings provide only a limited indication of the reliability of the results for beneficial shareholdings. The reallocation between the registered and beneficial results was based on data from sizeable samples in the ancillary inquiries but it can only add to the degree of approximation in the beneficial results. As already explained, standard errors could not be calculated for those results but for some categories of shareholder, namely the financial institutions and the public sector, the beneficial results can be compared with alternative estimates based on direct returns by the shareholders or similar data.

6.10 This comparison is made in Table 6.4. For the institutional categories the alternative estimates are taken from the information that the institutions provide regularly as part of the system for obtaining official financial statistics, modified in two instances for the purpose of this comparison. For the public sector the alternative estimate is based on published information about the main public sector shareholdings supplemented by such information as is readily available about smaller holdings. The alternative estimates are themselves approximations and taking account of their varying degrees of reliability the comparison tends to show that the survey results for beneficial shareholdings, where they can be checked, are probably fairly accurate.

6.11 The regular information provided by insurance companies comprises returns from members of the British Insurance Association together with the results of a sample survey of the remaining insurance companies. That data includes figures for holdings of ordinary shares at book value. In their evidence to the Committee to Review the Functioning of Financial Institutions (the Wilson committee), the insurance companies provided a figure for their holdings of ordinary shares at the end of 1975 at market value, based on an estimated conversion from the book value on that date. From that, an estimate of their holdings of overseas and unlisted ordinary shares has been deducted to obtain the alternative estimate in Table 6.4. The alternative estimate is therefore rather approximate. It differs from the survey estimate by 6.6 per cent of the survey estimate, a level of agreement that is fairly satisfactory, given that the alternative estimate may not be particularly accurate.

6.12 The two estimates for holdings by pension funds differ widely, by 12.0 per cent of the survey estimate. The figures for the public sector pension funds which contribute to the alternative estimate for pension funds can be regarded as very reliable since they are based on returns from virtually all the funds concerned, including all the large ones. The returns from local authority pension funds state, their holdings on 31 March and the estimate of their holdings on 31 December 1975 was obtained by adjusting their figure for 31 March 1976, but the

adjustment is unlikely to have detracted much from the reliability of the figure for their holdings. The figure for private sector pension funds, however, which is the largest component, is much less reliable. It is taken from the results of the regular survey of a sample of private sector pension funds, which is based on a sampling frame that is known to be incomplete and out-of-date. The combined estimate for pension funds is therefore rather unreliable and it does not constitute a better alternative. It is almost certainly an underestimate, which is consistent with it being much lower than the survey estimate.

6.13 For investment trust companies, the survey category comprises all the companies that provide returns to the Bank of England's regular survey of investment trust companies. For unit trusts, the survey category comprises authorised unit trusts, all of which provide regular returns. The bases of the estimates for these two categories are therefore completely consistent. For both categories the difference between the estimates is fairly small, 3.5 per cent of the survey estimate for investment trust companies and 2.0 per cent of the survey estimate for unit trusts.

6.14 Agreement is close also between the two estimates for holdings by the public sector, where the difference is only 1.4 per cent of the survey estimate. The difference can be analysed readily in this case because the category is made up mainly of a few very large shareholdings that are well known. In fact the survey estimate omits the British Government's holding in British Leyland of £67 million, though it includes £52 million attributable to relatively small shareholdings compared with only £8 million for such holdings in the alternative

estimate. The survey figure, therefore, can only be an underestimate but it is difficult to trace all the public sector's smaller holdings and it is likely that the alternative figure is something of an underestimate as well.

Standard errors for numbers of registered shareholdings

6.15 The standard errors for the estimates of the numbers of registered shareholdings in each category are given in Table 6.5. This table covers the same items of information as were given in Table 6.1 for market values of shareholdings and the points discussed in paragraphs 6.3 to 6.6 about the factors determining standard errors apply to Table 6.5 as well as to the earlier table. Comparison between Tables 6.1 and 6.5 shows that in most categories the standard error for number of holdings is less than for market value of holding. One would expect the standard error for number of holdings to be the smaller because no variation between sizes of separate holdings enters into that estimate. But the two calculations were not interlocking and, as calculated, the standard errors for numbers of holdings by individuals, insurance companies, pension funds, the public sector, and nominee companies were rather larger than the standard errors for the market values of their holdings.

TABLE 6.1

Standard errors for market values of registered shareholdings

Category of registered shareholder	Estimated registered shareholding (£ million)	Standard error		Range (£ million) (2)	Number of shareholdings in sample
		£ million	Percentage (1)		
Persons:					
Individuals ⁽³⁾	11,382	203	2	10,976—11,788	250,800
Two or more individuals ⁽⁴⁾	2,820	116	4	2,588—3,052	26,714
Charities and other non-profit-making bodies serving persons	652	48	7	556—748	1,284
Stockbrokers and jobbers	1	—	59	—	111
Banks	1,233	99	8	1,035—1,431	5,395
Insurance companies	5,937	160	3	5,617—6,257	5,215
Pension funds	2,101	104	5	1,893—2,309	2,372
Investment trust companies	868	107	12	654—1,082	1,160
Unit trusts	—	—	—	—	—
Other financial companies	874	97	11	680—1,068	2,077
Industrial and commercial companies	1,612	114	7	1,384—1,840	3,157
Public sector	1,755	54	3	1,647—1,863	957
Overseas sector	1,300	108	8	1,084—1,516	8,660
Nominee companies	11,549	235	2	11,079—12,019	15,830
Corporate trustees	2,406	100	4	2,206—2,606	9,708
Not categorised ⁽⁵⁾	68	9	14	50—86	4

(1) The percentage of the estimated registered shareholding in the category.

(2) The estimated registered shareholding in the category minus/plus twice the standard error.

(3) Includes 'husband and wife' and other personal shareholders.

(4) Includes executors.

(5) Comprises bearer warrants.

TABLE 6.2

Standard errors for market values within stratum for size of share issue

Percentage⁽¹⁾

Category of registered shareholder	Market value of share issue (£ million) ⁽²⁾					
	Over 130	Over 40 to 130	Over 4 to 40	4 and under	Miscellaneous ⁽³⁾	All
Persons:						
Individuals ⁽⁴⁾	3	3	4	6	31	2
Two or more individuals ⁽⁵⁾	6	6	9	19	26	4
Charities and other non-profit-making bodies serving persons	11	10	12	26	47	7
Stockbrokers and jobbers	108	66	75	77	—	59
Banks	4	21	10	35	33	8
Insurance companies	3	5	7	24	40	3
Pension funds	7	6	11	20	83	5
Investment trust companies	34	12	11	24	105	12
Unit trusts	—	—	—	—	—	—
Other financial companies	9	25	24	31	110	11
Industrial and commercial companies	13	7	14	21	39	7
Public sector	3	11	12	50	55	3
Overseas sector	6	22	24	34	79	8
Nominee companies	3	3	4	14	20	2
Corporate trustees	7	4	7	18	32	4
Not categorised ⁽⁶⁾	—	—	—	91	200	14

(1) The percentage of the estimated registered shareholding in the category.

(2) The strata relate to the market values of share issues on 1 July 1975, the date of the sampling frame used for the survey.

(3) The miscellaneous issues comprise ordinary share issues of various market values with voting or other rights that differ from the main ordinary share issues of their companies.

(4) Includes 'husband and wife' and other personal shareholders.

(5) Includes executors.

(6) Comprises bearer warrants.

TABLE 6.3

Standard errors for market values within stratum for type of share and type of company

Percentage⁽¹⁾

Category of registered shareholder	Voting issues (2)	Non-voting issues (2)	Financial companies	Non-financial companies	Independent companies (2)	Subsidiary companies (2)	All
Persons:							
Individuals ⁽³⁾	2	5	4	2	2	6	2
Two or more individuals ⁽⁴⁾	4	8	5	5	4	7	4
Charities and other non-profit-making bodies serving persons	8	15	12	9	7	10	7
Stockbrokers and jobbers	59	—	63	59	59	24	59
Banks	8	14	16	5	8	29	8
Insurance companies	3	4	7	3	3	9	3
Pension funds	5	10	13	5	5	6	5
Investment trust companies	13	16	16	16	13	13	12
Unit trusts	—	—	—	—	—	—	—
Other financial companies	11	24	32	12	11	59	11
Industrial and commercial companies	7	21	13	8	11	6	7
Public sector	3	15	18	3	3	44	3
Overseas sector	8	13	22	9	9	8	8
Nominee companies	2	5	4	2	2	9	2
Corporate trustees	4	9	8	5	4	8	4
Not categorised ⁽⁵⁾	12	—	91	14	12	—	14

(1) The percentage of the estimated registered shareholding in the category.

(2) Excludes miscellaneous issues.

(3) Includes 'husband and wife' and other personal shareholders.

(4) Includes executors.

(5) Comprises bearer warrants.

TABLE 6.4

Comparison between survey estimates and alternative estimates for shareholdings of financial institutions and the public sector: 31 December 1975

£ million

Category of beneficial shareholder	Share register survey estimate	Alternative estimate	Sources of alternative estimate
Insurance companies	7,094	7,564	Insurance companies' evidence to the Wilson Committee ⁽¹⁾
Pension funds	7,508	6,606	Annual survey of private sector pension funds and annual returns from public sector pension funds ⁽²⁾
Investment trust companies	2,701	2,606	Annual returns from investment trust companies
Unit trusts	1,806	1,843	Annual returns from unit trusts
Public sector	1,592	1,615	Consolidated fund and national loans fund accounts 1975-1976: Supplementary Statements ⁽³⁾

⁽¹⁾ The estimate of holdings of ordinary shares included in the insurance companies' evidence to the Committee to Review the Functioning of Financial Institutions (The Wilson Committee), less estimated holdings of overseas and unlisted ordinary shares.

⁽²⁾ The returns for holdings of local authority pension funds are for 31 March; their figures for 31 March 1976 have been adjusted to 31 December 1975 using data for the intervening transactions.

⁽³⁾ Together with information given in answer to Parliamentary Questions.

TABLE 6.5

Standard errors for numbers of registered shareholdings

Category of registered shareholder	Estimated number of shareholdings (Thousands)	Standard error		Range (Thousands) ⁽²⁾	Number of shareholdings in sample
		Thousands	Percentage ⁽¹⁾		
Persons:					
Individuals ⁽³⁾	10,397	366.8	3	9,663–11,131	250,800
Two or more individuals ⁽⁴⁾	1,129	35.7	3	1,058–1,200	26,714
Charities and other non-profit-making bodies serving persons	37	2.0	5	33–41	1,284
Stockbrokers and jobbers	2	0.2	10	—	111
Banks	249	12.2	5	225–273	5,395
Insurance companies	48	2.4	5	43–53	5,215
Pension funds	33	1.9	6	29–37	2,372
Investment trust companies	10	0.6	6	9–11	1,160
Unit trusts	—	—	—	—	—
Other financial companies	63	3.2	5	57–69	2,077
Industrial and commercial companies	94	5.3	6	83–105	3,157
Public sector	17	1.1	6	15–19	957
Overseas sector	371	29.4	8	312–430	8,660
Nominee companies	269	8.3	3	252–286	15,830
Corporate trustees	402	12.1	3	378–426	9,708
Not categorised ⁽⁵⁾	—	—	—	—	4

(1) The percentage of the estimated number of registered shareholdings in the category.

(2) The estimated number of registered shareholdings in the category minus/plus twice the standard error.

(3) Includes 'husband and wife' and other personal shareholders.

(4) Includes executors.

(5) Comprises bearer warrants.

CHAPTER 7

METHODOLOGY

7.1 There were 2,780 listed ordinary share issues in mid-1975 to be covered by the survey⁽¹⁾, comprising about 13 million separate shareholdings. The survey was carried out using a two-stage sample, the first of share issues, the second of shareholdings within the sample issues, with the second-stage sample being taken from the share registers that are maintained in company transfer offices⁽²⁾. This was the method pioneered by the Department of Applied Economics Cambridge University and used in their surveys of share registers for 1963 and 1969.

The sample of share issues

7.2 The sampling frame for share issues, which was provided by Extel Communications, was a list of the ordinary share issues listed by the Stock Exchange on 1 July 1975 in descending order of their total market values, sub-divided between issues of financial and non-financial companies (as defined by the appropriate groups of the Stock Exchange-Actuaries classification of securities⁽³⁾) and between types of share (voting, non-voting, and a number of other types, as defined by Extel). Ideally the sampling frame would have been for 31 December 1975, the date for which the survey was made. The earlier date was chosen to allow time for the sample issues to be selected and for company registrars to be approached before 31 December 1975 so that the field work could begin immediately after then. It was inevitable, because of the large size of the survey, that much of the field work would be done some time after 31 December 1975. Intervening share transactions were allowed for but with some registers this involved considerable work and it was important to minimise the problem by making the field work as prompt as possible, though the early date of the sampling frame introduced difficulties that had to be dealt with when it came to grossing-up.

7.3 The sample of share issues was stratified according to type of company (financial or non-financial and independent or subsidiary), type of share (voting, non-voting, or miscellaneous) and, within these strata, according to market value in issue (using four bands: over £130 million, over

£40 million to £130 million, over £4 million to £40 million, and £4 million or less). These factors were chosen as ones likely to affect the distribution of share ownership and for which a convenient sampling frame was available. Companies that were subsidiaries were marked by hand in the Extel sampling frame using information from the *Stock Exchange Year Book*. The population of share issues on 1 July 1975 analysed by strata is shown in Table 7.1. The strata with very small numbers of issues were amalgamated with larger strata as indicated in the table and the sample of issues was drawn by selecting issues from the sampling frame at fixed intervals appropriate to each stratum.

7.4 Listed ordinary share issues differ widely in size and a relatively small number of the largest issues account for very much more of the total market value than the other, smaller issues. On 1 July 1975 the issues ranged from the market value of about £1,940 million for the ordinary stock of British Petroleum Company down to market values of only a few thousand pounds, with the 50 largest issues (market values over £130 million) accounting for nearly 50 per cent of the total market value of all the issues, and the 170 largest issues (market values over £40 million) for just over 70 per cent of the total. In order to make the sample as effective as possible, strata containing the larger issues were sampled more densely than strata containing smaller issues. The strata containing the largest issues, with market values over £130 million, were sampled at 1 in 1 (i.e. all the issues were included); apart from the miscellaneous strata, the others, in descending order of market value, were sampled on average at approximately 1 in 2, 1 in 8, and 1 in 21, though the intervals varied between the non-size strata, closer intervals being used for strata with small number of issues.

7.5 The miscellaneous issues, which accounted for only a very small proportion of the market value of all issues in the survey, were not sampled independently. All the companies in the survey had at least one voting issue and some had one or more non-voting issue. Where one of these was chosen for the sample, the company's miscellaneous issues, if it had any, were included as well. This avoided field work journeys specially for the miscellaneous issues, though it sacrificed strict random sampling for them. Altogether, after deducting issues that ceased to be listed between 1 July and 31 December 1975, the sample comprised 285 voting and non-voting issues, spread over 284 companies, and 19 miscellaneous issues. The analysis of the sample by strata is shown in Table 7.2.

7.6 No share issue with a transfer office in Northern Ireland happened to appear in the sample but the offices of those that did appear were scattered throughout Great Britain. The field work was reduced, again at the cost of some randomness, by replacing some of the randomly selected issues that had particularly remote transfer offices by issues with more accessible offices⁽⁴⁾. This was done for 32 of the smaller issues where they could be replaced in the same strata by issues that were closely matched in market value and industrial activity.

7.7 The sample spanned 77 separate registrars, less than the number of companies concerned because several of the registrars were agents that managed the registers of more than one company, sometimes many more. The practice of employing registration agents was fairly widespread in 1969, the year of the preceding survey, and had been growing since then, partly because of the economies that the larger agents could offer in the form of specialised computing facilities. The registrars of the sample issues were approached in December 1975 to ask for their co-operation in the survey. Although share registers are open to public inspection under the Companies Acts 1948 and 1967, it would have been impracticable to sample them as required in the second stage of the survey without considerably more assistance from the registrars than they are required to provide under the Companies Acts. The registrars were asked to choose one of three methods: to provide a copy of the register for a date close to 31 December (for it to be sampled centrally), or to accept a visit by field workers (who would sample the register in the transfer office), or to sample the register themselves (when the detailed technique would be agreed with the survey team). Only two companies refused to co-operate, each with one sample issue. A closely matching issue was substituted for one, as an additional replacement. For the other, which could not be matched, a sample of holdings was constructed from the registers the company had submitted to the Company Registration Office with its annual reports for 1975 and 1976. Altogether 203 issues were sampled centrally from copy registers, 90 during field work visits, 11 by the company registrars themselves, and one from the Companies Registration Office records⁽⁵⁾. The companies included in the final version of the sample are listed in Appendix 2.

The sample of shareholdings

7.8 The second stage sample was of the separate shareholding entries recorded in the share registers. It is worth emphasising that it was not of shareholders. A shareholder may have several holdings in a particular register each with a separate entry, as well as other holdings in other registers. It would have been extremely difficult to sample shareholders and it would have added nothing to the survey unless holdings in different issues by any one holder

could have been linked, which would have enormously increased the cost of the survey. As carried out, the sample provided results for the size of shareholdings by the various categories of shareholder, which was the main object, using a relatively simple approach, but it gave results for the number of separate shareholdings within each category, not the number of shareholders.

7.9 Listed ordinary share issues differ widely in their numbers of shareholdings. At the end of 1975 the ordinary stock of Imperial Chemical Industries with over 500,000 holdings had the largest number and they ranged down to issues with only a few hundred holdings. For most issues, however, a relatively small number of holdings account for a large proportion of the total market value. It is fairly common, for example, to find that the 100 or so largest holdings account for as much as 40 or 50 per cent of the total market value. To make the sample as effective as possible, large holdings were sampled separately at 1 in 1 (i.e. all of them were included) and a random sample was taken of the remaining small holdings (large holdings being defined as holdings of more than $\frac{1}{4}$ per cent of the total market value in the issue or the 100 largest holdings, whichever gave the greater number).

7.10 Companies generally keep track of large holdings in their share registers and most of the registrars were able to provide lists of the large holdings. Where such a list was not available the large holdings were identified by the survey team, working from the register itself or from a dividend list where that was a more convenient source. For a long register this was a difficult job and it was impossible in some cases to avoid missing a few of the large holdings. It was therefore arranged that any large holdings which were missed would be exposed to selection in the sample of otherwise small holdings so that they would still be represented.

7.11 For the small holdings, the sample fraction was adjusted from issue to issue so as to obtain samples generally of at least 1,000 small holdings, but with larger samples from the longest registers. Issues with under 2,000 small holdings were sampled at 1 in 1 (i.e. all the small holdings were included). Issues with between 2,000 and 100,000 small holdings were sampled using the most convenient fraction that would give a sample of 1,000 small holdings or rather more. Issues with over 100,000 small holdings were sampled at 1 in 100 or at a convenient fraction in the neighbourhood of 1 in 100 provided it would give a sample of at least 1,000 small holdings. The convenience of the sample fraction depended on the form of the register and it was often quicker, and probably more accurate, to use a convenient fraction that gave a larger sample than to aim for exactly 1,000 holdings, or exactly 1 in 100 holdings for the longest registers. It was easier, for example, to select holdings at intervals of one page from a computer print-out than at intervals of one and a quarter pages.

7.12 The sampling technique also was adapted from issue to issue to suit the form in which each register was kept. Many different registration systems were encountered and a summary of them is given in Appendix 6. Some of the registers for the smaller

issues were kept manually, generally in loose-leaf binders, but most of the registers were kept by computer. The computer registers varied in the form of visible record they provided, which included cards, print-out, micro-film, micro-fiche, video screen, and sometimes combinations of these. The entries were usually in alphabetical order of shareholders' name. In many registers the entries varied in length, especially those which showed transactions during a period as well as holdings on a particular date. The registers were sampled by selecting entries at constant intervals, as far as practicable, through the register, the first entry being selected by a random number. Registers with up to about 10,000 holdings were usually sampled by counting the separate holdings. Larger registers were usually sampled by counting pages, where they took the form of computer print-out, or frames, where they were on micro-fiche, or by inserting markers at approximately constant distances apart in the trays, where they were held on cards in trays. When the selection was made other than by counting holdings, the holding chosen was the one following the one initially located, to minimise the possibility of biasing the sample towards the longer entries.

7.13 Field work lasted from January to September 1976 but the sizes of the sample holdings were recorded, as far as possible, for the position on 31 December 1975. This could be done easily for the many registers that showed running balances; for the others the intervening transactions had to be worked out and allowed for. Entries for holdings that had been sold out had been removed from some registers and put in the *dead register*. Those registers often contained entries removed from the main register over several years and were usually kept in alphabetical order of holders' name. They were sampled using the same sampling fraction as the main register, retaining only the entries that had a holding on 31 December 1975.

7.14 For some issues it was impracticable to sample the register itself and the sample was drawn from a dividend list (when, for example, the register was a long one that could be inspected only by video screen with slow response). Usually the intervening transactions were allowed for in those cases, by referring to the main register for the selected entries, but where the dividend list was for a date close to 31 December 1975 the adjustment was sometimes omitted. For a few registers, where the adjustment would have entailed a great deal of work, a relatively remote sample date was accepted without adjustment. Some of the copied registers that had been provided for central sampling were also for dates other than 31 December, though close to it. The spread of actual sample dates is shown in Table 7.3. It was heavily concentrated about 31 December 1975 and since the distribution of shareholdings between category of holder changes only gradually it is not thought that the spread had any important effect on the results.

7.15 The total sample comprised about 330,000 holdings made up of about 120,000 large holdings and holdings that were treated as large in the computation⁽⁶⁾ and about 210,000 small holdings. The number of shares in each sample holding was recorded together with a code for the category of the

holder or, where the category could not be easily identified in the field, the holder's name and address. Share registers give no direct indication of the holder's category but about 83 per cent of the sample was registered to individuals who could be recognised easily and coded at once, though a small proportion of names and addresses was recorded for use in the postal inquiries. Overseas holders could also be coded immediately as could well known companies, and increasingly, as the field workers became more experienced, the holders in categories defined by lists of holders. But whenever there was any doubt, or it was quicker, the field worker recorded the name and address for the category to be identified later.

Categorisation

7.16 Category coding was completed centrally and took a great deal of effort. The data were classified initially into some 80 different types of register entry, which were merged later to form 32 detailed categories, grouped into the 14 broad categories used for all the main results. The category definitions are given in Appendix 1. They follow those used in the earlier Cambridge surveys with some small changes to bring them into line with definitions used in the national accounts.

7.17 Holders in categories defined by lists, such as banks or listed investment trust companies, were relatively easy to categorise. Others were much more difficult since the name often gave no clue and sometimes even suggested the wrong category. The *Stock Exchange Year Book*, *Who Owns Whom*, and many directories and other publications were used as references. The Companies House file was also a useful source, though the objects of the company given in the memorandum of association tend to be rather broad and are sometimes out-of-date in their emphasis. A card index of the difficult cases was built up and as the work progressed it became an increasingly useful reference.

Data preparation

7.18 Data for each company and issue in the sample were compiled centrally. All the data were then converted to magnetic tape records by the Business Statistics Office and verified. As a precaution against mis-punching the total shares on each data sheet was calculated manually and checked by computer, and other key items of data were compared with check letters. The data were adjusted to allow for capital changes, where they

had occurred between 31 December 1975 and the time the sample of holdings was selected. Finally, the total market value of each issue was estimated, grossing by numbers of holdings⁽⁷⁾, and compared with its known market value on 31 December 1975, so that any significant discrepancies could be investigated and remedied.

Analysis

7.19 Between 1 July 1975, the date of the sampling frame, and 31 December 1975 the market values of issues that were still listed had changed relative to one another. The issues were nevertheless kept in their original strata though in terms of market values the strata had begun to overlap. Extel Communications provided a list of issues, in the same form as their earlier sampling frame, up-dated to 31 December 1975, from which the grossing factors could be derived. Issues that had become newly listed since 1 July 1975 were allocated to strata according to hypothetical market values for 1 July 1975 derived from their market values on 31 December 1975 and the movement in the appropriate Financial Times—Actuaries share indices between those dates. Rather more issues had ceased to be listed, however, and the total number in the population fell. Its analysis by strata on 31 December 1975 is shown in Table 7.4.

7.20 Grossing-up and analysis by category were carried out, stratum by stratum, by computer at the Business Statistics Office. Market values of holdings were estimated by grossing according to the market value of the whole issue compared with that of the sample holdings at the second stage, and according to the market value of the whole stratum compared with that of the sample issues at the first stage. Numbers of holdings were estimated by grossing according to the total number in the issue compared with the number in the sample of holdings, and the total number of issues in the stratum compared with the number of sample issues. In both cases large holdings needed to be grossed only at the issue-to-stratum stage. The formulae for grossing are given in Appendix 3.

Reallocation from registered to beneficial categories

7.21 The main survey as described so far could necessarily produce results only in terms of the shareholders whose names appeared in the share registers. Many of them were nominees or trustees for beneficial shareholders, who were the actual owners or at least, in the case of life interests, the

main beneficiaries from the shares. The way in which holdings registered to nominees and trustees were reallocated to obtain results in terms of beneficial categories of shareholder is described in Chapter 4. The following paragraphs describe the methodology of the ancillary inquiries that provided the basis for the reallocation. Similar ancillary inquiries had been conducted for the Cambridge Survey for 1963. For the Department of Industry's Survey the approach again relied heavily on the co-operation of the banks. They provided an analysis by category of beneficial shareholder of the holdings registered to their nominee companies and trust companies, which account for by far the largest part of indirect shareholdings, leaving a relatively small amount of indirect holdings to be covered by postal inquiries to non-bank nominee companies and trust companies, insurance companies (for their designated holdings), and to individuals, who may be trustees for other categories.

7.22 All these ancillary inquiries were carried out in the strictest confidence. The results of the banks' inquiries were only available to us in aggregate so as to suppress the business of any particular bank. The direct postal inquiries were processed by a few people and following their use in reallocation the raw data relating to individuals were destroyed.

Bank nominee and trustee holdings

7.23 In early 1975 the Royal Commission on the Distribution of Income and Wealth had made an analysis of the ownership of the ordinary shares of thirty large companies⁽⁸⁾. As part of that study, the London and Scottish clearing banks, with the Statistical Unit of the Committee of London Clearing Bankers, had analysed all their nominee and trustee shareholdings in the 30 share issues for the position on 20 March 1975 according to 15 broad categories of beneficial shareholder. Those results were used again and added to for the Department of Industry's 1975 survey; the London and Scottish clearing banks agreed to analyse all their nominee and trustee holdings in a further 50 share issues for the position on 22 April 1976; and the Accepting Houses and a selection of other members of the British Bankers' Association agreed to analyse all their own holdings and their nominee and trustee holdings in all 80 share issues for positions in June 1976. This approach was chosen by the banks because it would have been more difficult for them to trace and analyse an adequate sub-sample of holdings from the 304 issues in the main sample than to make the complete analysis of all their holdings in 80 issues. Analysis by the banks themselves, as in the 1963 survey, and aggregation of the results by the Statistical Unit of the Committee of London Clearing Bankers ensured that the ownership of individual nominee holdings was not disclosed. The spread of dates was not ideal but is not thought to have had an important effect on the results.

7.24 The extra 50 issues were chosen so that, with the 30 already partly analysed for the Royal Commission, they were representative of the various strata. A few of the Royal Commission's issues were not in the Department of Industry's main sample of issues but that did not matter since this ancillary inquiry was linked to the main survey not by means of a sub-sample of holdings but by the grossing factors that were employed. The basic data in terms of numbers of shares held by the categories of beneficial holder in the 80 issues on the various position dates were first adjusted to allow for capital changes between the position dates and 31 December 1975; they were then converted to market values and aggregated using market prices for 31 December 1975. The aggregated data, stratified by type of bank and by total market value of share issue, were grossed up, stratum by stratum, using the market value estimates for the strata obtained from the main survey⁽⁹⁾.

Non-bank corporate nominee and trustee holdings

7.25 A card index was formed, with a card for every holding in the main sample registered to non-bank nominee companies, non-bank trust companies, and insurance companies with designations, as a sampling frame for the postal inquiries to sub-samples of these holders. The cards were first consolidated to bring together all the holdings registered to particular shareholders. They were then sub-sampled by selecting at random a proportion of the holdings for a proportion of the holders within each of the three types to yield about one-third of the holdings in the main sample for each type. The resulting sub-samples comprised altogether about 2,200 shareholdings, registered to about 400 separate companies. Each was sent a form specifying the sub-sample shareholdings and the company was invited to indicate the categories of the beneficial holders according to the 15 broad categories that had been used by the British Bankers' Association in their analysis. The forms were identified only by code number to ensure confidentiality and the identities of the beneficial holders did not need to be disclosed. Altogether, 84 per cent of the companies sent usable replies, covering 88 per cent of their shareholdings. Details of the sub-samples and the response rates are given in Table 7.5. The results were grossed-up, for large and small holdings separately, according to the sub-sample fractions and the weights used for grossing the main survey results for the issues from which the sub-sample holdings came.

Personal shareholdings

7.26 Sub-samples for postal inquiries to individuals 'husband and wife' shareholders, and two or more individuals were obtained by selecting 1 in 100, 1 in 10, and 1 in 20 respectively of the shareholdings that were found registered to these categories while the data were being collected for the main sample. These sub-samples were later reduced slightly to conserve resources but the majority were sent a form specifying the holding in question and asking the registered holder to indicate, by ticking one of 10 boxes, the broad category of the beneficial holder. The categories were those most likely to be beneficial categories for persons acting as nominees and trustees, with a write-in line to cover any unusual cases. As for the other postal inquiries the form was identified only by code number to ensure confidentiality and the identity of the beneficial holder did not need to be disclosed. Forms were sent to about 3,400 personal shareholders altogether, of which about 74 per cent gave usable replies. Details of the sub-samples and response rates are given in Table 7.5. Also as for the other postal inquiries, the results were grossed up according to the sub-sampling fractions and then by the weights used in grossing the main survey results.

Notes and references

- (1) Water company shares and bearer securities were excluded from the survey.
- (2) Under the Companies Act 1948 a company's annual report must include a copy of its share register for the position 14 days after the company's annual general meeting. These registers were not a suitable basis for the survey, however, because they are for dates scattered through the year and because companies may if they wish submit only partial details of share transfers for two years with a full register only every third year.
- (3) See *Stock Exchange Year Book 1976-77*, page 2,219. Companies in Groups 77 to 82 and Groups 84, 85 and 87 were stratified as financial; companies in Groups 11 to 76, Groups 83 and 86, and Groups 89 to 99 were stratified as non-financial.
- (4) This did not introduce any substantial bias towards issues with transfer offices near London. The replacement issues were mainly dealt with by registration agents that had in any case to be visited during the field work.
- (5) A few of the copy registers were duplicates of registers that had already been sent to the Companies Registration Office for a date close to 31 December 1975.
- (6) These 120,000 holdings included a substantial number of holdings from registers with less than 2,000 small holdings, for which all the holdings were included in the sample and treated in the computation in the same way as large holdings.
- (7) The estimate of the market value in the issue, for this comparison, was:

Market value of large holdings plus		
Market value of small holdings in the sample	x	Number of small holdings in the issue
Number of small holdings in the sample		
- (8) Royal Commission on the Distribution of Income and Wealth: Report No 2, *Income from Companies and its Distribution*, July 1975 (Cmd. 6172), paragraphs 40 to 54.
- (9) The grossing factors employed were:

Total market value of holdings in the stratum registered to the relevant banks, nominee companies and trust companies derived from the main survey	
<i>divided by</i>	
Total market value of nominee and trustee holdings in the stratum analysed by the British Bankers' Association.	

TABLE 7.1

Issues of listed ordinary shares in United Kingdom companies
Analysis of the population by strata on 1 July 1975⁽¹⁾

Number

Type of issue	Market value of share issue on 1 July 1975 (£ million)	Financial companies		Non-financial companies		Total
		Independent	Subsidiary	Independent	Subsidiary	
Voting	Over 130	14	—	32	2	48
	Over 40 to 130	30	—	81	6	117
	Over 4 to 40	183 A	5 a	419	26	633
	4 and under	153 B	9 b	1,495	98	1,755
	All	380	14	2,027	132	2,553
Non-voting	Over 130	—	—	1 C	1 c	2
	Over 40 to 130	—	—	3	—	3
	Over 4 to 40	—	—	21 D	1 d	22
	4 and under	3 b	—	63	—	66
	All	3	—	88	2	93
Miscellaneous ⁽²⁾	All	62	—	71 E	1 e	134
All	All	445	14	2,186	135	2,780

⁽¹⁾ Strata indicated by a to e were amalgamated respectively with those indicated by A to E for sampling and subsequent calculations.

⁽²⁾ Comprises ordinary share issues of various market values with voting or other rights that differ from those of the main ordinary share issues of their companies.

TABLE 7.2

Issues of listed ordinary shares in United Kingdom companies
Analysis of sample by strata⁽¹⁾

Number

Type of issue	Market value of share issue on 1 July 1975 (£ million)	Financial companies		Non-financial companies		Total
		Independent	Subsidiary	Independent	Subsidiary	
Voting	Over 130	14	—	32	2	48
	Over 40 to 130	15	—	41	6	62
	Over 4 to 40	18 A	—	54	5	77
	4 and under	18 B	—	57	8	83
	All	65	—	184	21	270
Non-voting	Over 130	—	—	2 C	—	2
	Over 40 to 130	—	—	3	—	3
	Over 4 to 40	—	—	6 D	—	6
	4 and under	—	—	4	—	4
	All	—	—	15	—	15
Miscellaneous ⁽²⁾	All	6	—	13 E	—	19
All	All	71	—	212	21	304

⁽¹⁾ Strata indicated by A to E incorporate the amalgamated strata indicated in Table 7.1.

⁽²⁾ Comprises ordinary share issues of various market values with voting or other rights that differ from those of the main ordinary share issues of their companies.

TABLE 7.3

Spread of actual sample dates

Actual sample date	Share issues sampled	
	Number	Percentage
Over 8 weeks early	3	1.0
From 4 to 8 weeks early	12	3.9
Up to 4 weeks early	36	11.8
31 December 1975	161	53.0
Up to 4 weeks late	64	21.1
From 4 to 8 weeks late	22	7.2
Over 8 weeks late	6	2.0
All	304	100.0

TABLE 7.4

Issues of listed ordinary shares in United Kingdom companies

Analysis of the population by strata on 31 December 1975⁽¹⁾ (in terms of market values on 1 July 1975⁽²⁾)

Type of issue	Market value of share issue on 1 July 1975 (£ million)	Number				Total
		Financial companies		Non-financial companies		
		Independent	Subsidiary	Independent	Subsidiary	
Voting	Over 130	14	—	32	2	48
	Over 40 to 130	30	—	81	6	117
	Over 4 to 40	175 A	5 a	413	23	616
	4 and under	144 B	7 b	1,462	92	1,705
	All	363	12	1,988	123	2,486
Non-voting	Over 130	—	—	1 C	1 c	2
	Over 40 to 130	—	—	3	—	3
	Over 4 to 40	—	—	22 D	1 d	23
	4 and under	3 b	—	63	—	66
	All	3	—	89	2	94
Miscellaneous ⁽³⁾	All	60	—	54 E	1 e	115
All	All	426	12	2,131	126	2,695

(1) Strata indicated by a to e were amalgamated respectively with those indicated by A to E for sampling and subsequent calculations.

(2) Share issues that were newly listed between 1 July 1975 and 31 December 1975 were allocated to strata according to hypothetical market values for 1 July 1975 based on their market values on 31 December 1975 and the movement in the appropriate Financial Times-Actuaries share indices between the two dates.

(3) Comprises ordinary share issues of various market values with voting or other rights that differ from those of the main ordinary share issues of their companies.

TABLE 7.5

Postal inquiries: sub-sample sizes and response

Postal inquiry	Number of registered shareholdings					Number of registered shareholders ⁽¹⁾			Market value (£ million)		
	Population	Main sample	Postal inquiry sub-sample	Satisfactory replies	Response (Percentage) ⁽²⁾	Postal inquiry sub-sample	Satisfactory replies	Response (Percentage) ⁽²⁾	Population	Main sample	Postal inquiry sub-sample
Non-bank nominee companies	66,000	2,980	1,062	952	89.6	168	152	90.5	1,458	617	267
Non-bank trust companies	26,000	960	636	496	78.0	194	148	76.3	399	97	57
Insurance companies (designated shareholdings)	26,000	1,640	507	504	99.4	37	35	94.6	1,165	495	139
Individuals	10,132,000	244,000	1,908	1,372	71.9	..	..	..	11,061	441	32
'Husband and wife'	226,000	5,320	476	342	71.8	..	..	..	240	9	1
Two or more individuals	939,000	22,100	1,035	818	79.0	..	..	..	2,517	153	20

⁽¹⁾ After consolidating sub-sample shareholdings registered to the same shareholder.

⁽²⁾ Satisfactory replies as a percentage of the sub-sample.

CHAPTER 8

SUPPLEMENTARY STUDIES

Financial institutions

8.1 The survey results provided further evidence of the rapid growth in recent years of share ownership by the main financial institutions (insurance companies, pension funds, investment trust companies, and unit trusts). Additional analyses showing the extent to which ownership of listed companies had become concentrated in the hands of these institutions are set out in Appendix 4. The appendix includes some analyses of the relationship between institutional share ownership and the time for which share issues have been listed, which is one of the factors that could have some bearing on institutional portfolios.

Large shareholdings

8.2 A topic related to share ownership by the financial institutions is the more general one of the extent to which the ownership of listed companies has become concentrated among relatively few shareholders, as illustrated by the distribution of large shareholdings between the various categories of holder. The survey could provide information about this only in terms of registered shareholdings. The data for reallocating nominee and other indirect holdings were suitable for reallocating them to categories of beneficial holder in bulk but it could not be adapted to reallocate separate holdings or only large holdings. The results in registered terms nevertheless take the investigation a useful distance and are given in Appendix 5.

Registration methods

8.3 The variety of registration methods that were encountered during the survey and the extent of registration by agents rather than by companies themselves are topics that may be of interest to those concerned with share registration and that would be important to anyone setting out to collect data from share registers. The survey's experience of these aspects of the registration scene are therefore summarised in Appendix 6.

Preference shares and loan stocks

8.4 The survey was confined to ordinary shares in order to concentrate resources on obtaining reliable information for them and because the preference shares and loan stocks, which were excluded, accounted for only about one-tenth of the total market value of the ordinary shares (£4,721 million as against £44,560 million on 31 December 1975). However, many of the copy registers that company registrars provided for central sampling of ordinary shareholdings included the preference share and loan stock registers as well. The opportunity was taken to sample a few of these, as far as resources could be spared, and on this very restricted basis to analyse holdings in those types of security. Only 52 issues were sampled from only 25 companies, compared with 3,760 issues and about 2,300 companies in the population, and they were inevitably not a random sample. The results are given in Appendix 7, though they cannot be regarded as reliable except in very broad outline.

APPENDIX 1

CATEGORIES OF SHAREHOLDER: DEFINITIONS

Category	Composition (Detailed categories)	If reallocated from registered to beneficial holder	Remarks
Persons	Individuals 'Husband and wife'	Partially Partially	Holding registered to 'Mr.' and 'Mrs.' with same name and same address
	Two or more individuals (other than 'husband and wife') Executors Private trusts	Yes No Not applicable		No registered holdings; can hold shares only through trustees
	Other personal holders (includes unincorporated businesses, agricultural companies, Corporation of Lloyds and investment clubs)	No	
Charities and non-profit-making bodies serving persons	Trade unions Universities and colleges Other non-profit-making bodies serving persons (includes charities, clubs, professional bodies, friendly societies, etc)	No No No	
Stockbrokers and jobbers	Incorporated and unincorporated stockbrokers and jobbers	No	Includes holdings owned by the firms' clients as well as by the firms themselves
Banks	Banks in the United Kingdom as listed by the Bank of England:		
	a. Clearing banks (designated holdings)	Yes	
	b. Clearing banks (undesignated holdings)	No	
	c. Other banks (designated holdings)	Yes	
	d. Other banks (undesignated holdings)	Yes	
Insurance companies	Insurance companies authorised by the Department of Trade to carry on insurance business in Great Britain:		
	a. Designated shareholdings b. Undesignated shareholdings and holdings by collecting friendly societies	Yes No	
Pension funds	Companies holding shares on behalf of specific pension funds	No	

Category	Composition (Detailed categories)	If reallocated from registered to beneficial holder	Remarks
Investment trust companies	Listed investment trust companies (defined as those companies replying to the Bank of England's survey of investment trust companies)	No	Defined in the DAE surveys as investment trust companies listed on the Stock Exchange
Unit trusts	Unit trusts authorised by the Department of Trade	Not applicable	No registered holdings; can hold shares only through trustees
Other financial companies	Financial trusts, leasing companies, finance houses, and other companies whose activities are mainly financial	No	
Industrial and commercial companies	Property companies	No	In the DAE surveys included in other financial companies In the DAE surveys defined as investment trust companies not listed on the Stock Exchange and included in other financial companies
	Unlisted investment trust companies (defined as investment trust companies not replying to the Bank of England's survey of investment trust companies)	No	
	Other industrial and commercial companies	No	
Public sector	Central government and public corporations	No	
	Local authorities	Yes (All re-allocated to pension funds)	
Overseas sector	Overseas (persons)	No	Defined as holdings with overseas addresses (separated as the first step in categorisation so that, for example, insurance company holdings with an overseas address were classified to overseas)
	Overseas (others) (includes companies, government bodies, and international organisations)	No	
Nominee companies	Bank nominee companies	Yes	
	Non-bank nominee companies	Yes	
Corporate trustees	Bank trust companies	Yes	
	Non-bank trust companies	Yes	
	Other corporate trustees (the Public Trustee, the Accountant General of the Supreme Court, and the Official Solicitor)	Yes	
Not categorised	Bearer warrants (included in a few registers only)	Yes	

APPENDIX 2

COMPANIES WITH SHARE ISSUES IN THE SAMPLE

Acrow (Engineers) Ltd
A D International Ltd
Aero & General Instruments Ltd
Agar Cross & Co Ltd
Akroyd & Smithers Ltd
Albright & Wilson Ltd
Allied Breweries Ltd
Allseas Shipping Services Ltd
Anglo-American Securities Corporation Ltd
Aquascutum
Archimedes Investment Trust Ltd
Armitage Shanks Group
Associated Biscuit Manufacturers Ltd
Associated British Foods Ltd
Atlantic Assets Trust Ltd
Australia & New Zealand Banking Group
Australian Agriculture Holdings Ltd
Avenue Close Ltd
A V P Industries Ltd
Babcock & Wilcox Ltd
Baker Perkins Holdings Ltd
Bankers Investment Trust Ltd
Bank of Scotland
Barclays Bank Ltd
Barr & W Arnold Trust Ltd
Barro Equities Ltd
Barton Transport
Bass Charrington Ltd
Beaver Group Ltd
Beecham Group Ltd
J Bibby & Sons Ltd
BICC Ltd
Birmingham Mint Ltd
Bishopsgate Trust Ltd
Black & Edgington Ltd
BOC International Ltd
Boots Co Ltd
Bowater Corporation Ltd
C T Bowring & Co Ltd
British-American Tobacco Co Ltd
British & Commonwealth Shipping Co Ltd
British Car Auction Group Ltd
British Home Stores Ltd
British Petroleum Co Ltd
Brixton Estate Ltd
Brooke Bond Liebig Ltd
BSR Ltd
Burmah Oil Co Ltd
M Burton Property Investments Ltd
Cable Trust Ltd
Cadbury Schweppes Ltd
Capital & County Laundries Ltd
Carlton Industries Ltd
John Carr (Doncaster) Ltd
Charter Consolidated Ltd
City of London Brewery
Commercial Union Assurance Co Ltd
Consolidated Gold Fields Ltd
Courtaulds Ltd
Croydex Co Ltd
Currys Ltd
Customagic Manufacturing Co Ltd
Daejan Holdings
Dalgety Ltd
Davies & Newman Holdings Ltd
Decca Ltd
Deritend Stamping Co Ltd
Dickinson Robinson Group Ltd
Direct Spanish Telegraph Co Ltd
Distillers Co Ltd
Dobson Park Industries Ltd
Dorman Smith Holdings Ltd
G H Downing & Co Ltd
Downs Surgical Ltd
Drayton Commercial Investment Co Ltd
Dunlop Holdings Ltd
J Dykes (Holdings) Ltd
Edinburgh & Dundee Investment Co Ltd
Edinburgh Investment Trust Ltd
El Oro Mining & Exploration Co Ltd
EMI Ltd
English & Overseas Investments Ltd
English China Clays Ltd
Exchange Telegraph (Holdings) Ltd
Fairfax Jersey Group Ltd
Family Investment Trust Ltd
Fashion & General Investment Ltd
F E B International Ltd
James Finlay & Co Ltd
First Finsbury Trust Ltd
Floreat Investment Ltd
Martin Ford Ltd
Fox's Biscuits Ltd
Gedong Investments Ltd
General Accident Fire & Life Assurance Corporation Ltd
General Electric Co Ltd
Gestetner Holdings Ltd
Glaxo Holdings Ltd
Glendevon Investment Trust Ltd
Glenmurray Investment Trust Ltd
Globe Investment Trust Ltd
A Goldberg & Sons Ltd
Grand Metropolitan Ltd
Great Universal Stores Ltd
Guardian Royal Exchange Assurance Ltd
Guest Keen & Nettlefolds Ltd
M Hall & Co Ltd
Hall & Earl Ltd
Hall Engineering (Holdings) Ltd
Hambro Trust Ltd
Hambros Investment Trust Ltd

Hambros Ltd
 Hanson Trust Ltd
 Harrisons & Crosfield Ltd
 Hawker Siddeley Group Ltd
 Hawkins & Tipson Ltd
 Henleys Ltd
 Herrburger Brooks Ltd
 Hickson & Welch (Holdings) Ltd
 Hill Samuel Group Ltd
 Hopkinsons Holdings Ltd
 House of Fraser Ltd
 Hoveringham Group
 A Howden Group Ltd
 Hunting Associated Industries Ltd
 Imperial Chemical Industries Ltd
 Imperial Continental Gas Association
 Imperial Group Ltd
 Imperial Metal Industries Ltd
 H C Janes Ltd
 C H Johnson & Sons Ltd
 Johnson, Matthey & Co Ltd
 Joviel Properties Ltd
 Kennedy Smale Ltd
 A Kershaw & Sons Ltd
 L R C International Ltd
 Lake View Investment Trust Ltd
 Lamson Industries Ltd
 Land Securities Investment Trust Ltd
 W Lawrence & Co Ltd
 Legal & General Assurance Society Ltd
 Lincroft Kilgour Group
 Lloyds Bank Ltd
 Lloyds & Scottish Ltd
 T Locker (Holdings) Ltd
 London Brick Co Ltd
 London & Northern Group
 London & St Lawrence Investment Co Ltd
 Lonrho Ltd
 Lookers Ltd
 Lowe & Brydone (Printers) Ltd
 J Lyons & Co Ltd
 P & W MacLellan Ltd
 Malayan Tin
 Manchester Liners Ltd
 Marks & Spencer Ltd
 Marley Ltd
 M E P C Ltd
 Mercantile Investment Trust Ltd
 Metal Box Ltd
 Midland Bank Ltd
 Montagu Boston Investment Trust Ltd
 Montfort (Knitting Mills) Ltd
 Morgan Crucible Co Ltd
 Mothercare Ltd
 M T E Ltd
 Myson Group Ltd
 National & Commercial Banking Group Ltd
 National Westminster Bank Ltd
 Newall Machine Tool Co Ltd
 Norcross Ltd
 H Norrington & Son Ltd
 North Atlantic Securities Corporation Ltd
 Ocean Transport & Trading Ltd
 Ocean Wilsons (Holdings) Ltd
 Penninsular and Oriental Steam Navigation Co
 Park Place Investments Ltd
 Pearl Assurance Co Ltd
 Perak River Hydro-Electric Power Co Ltd
 H Perry Motors Ltd
 Phoenix Assurance Co Ltd
 Pifco Holdings Ltd

Plessey Co Ltd
 William Press & Son Ltd
 Pressac Holdings Ltd
 Pride & Clarke Ltd
 B Priest & Sons (Holdings) Ltd
 Provident Life Association
 Provincial Cities Trust Ltd
 Prudential Assurance Co Ltd
 Racal Electronics Ltd
 Rank Organisation Ltd
 Ranks Hovis McDougall Ltd
 Ready Mixed Concrete Ltd
 Reardon Smith Line Ltd
 Reckitt & Colman Ltd
 Rediffusion Ltd
 Redland Ltd
 Reed International Ltd
 Regional Properties Ltd
 Richard Costain Ltd
 Rio Tinto-Zinc Corporation Ltd
 Robinson Rentals (Holdings) Ltd
 Rockware Group Ltd
 Rothschild Investment Trust Ltd
 Royal Insurance Co Ltd
 Rugby Portland Cement Co Ltd
 Walter Runciman & Co Ltd
 G H Scholes & Co Ltd
 Scottish Cities Investment Trust Ltd
 Sears Holdings Ltd
 Second Scottish Investment Trust Co Ltd
 Securities Trust of Scotland Ltd
 Sedgwick Forbes Holdings Ltd
 Selection Trust Ltd
 Senior Engineering Group Ltd
 Sennah Rubber Co Ltd
 Shell Transport & Trading Co Ltd
 Siebe Gorman Holdings Ltd
 W Sindall Ltd
 Slater, Walker Securities Ltd
 Slimma Group Ltd
 Smith & Nephew Associated Companies Ltd
 W H Smith & Son (Holdings) Ltd
 Southern Kinta Consolidated Ltd
 Sphere Investment Trust Ltd
 St Kitts (London) Sugar Factory Ltd
 Standard & Chartered Banking Group Ltd
 Stavert Zigomala & Co (Holdings) Ltd
 Steel Brothers Holdings Ltd
 Sterling Credit Group Ltd
 Sterling Industries Ltd
 Stirling Knitting Group Ltd
 Stonehill Holdings Ltd
 Stone-Platt Industries Ltd
 Sun Alliance & London Insurance Ltd
 Sungei Bahru Rubber Estates Ltd
 Suter Electrical Ltd
 Tace Ltd
 Tate of Leeds Ltd
 Tate & Lyle Ltd
 Temple Bar Investment Trust Ltd
 Thomson Organisation Ltd
 Thorn Electrical Industries Ltd
 Tobacco Securities Trust Co Ltd
 Town & City Properties Ltd
 TPT Ltd
 Trade Indemnity Co Ltd
 Trafalgar House Investments Ltd
 Transport Development Group Ltd
 Trident TV Ltd
 Trust Houses Forte Ltd

Turner Manufacturing Co Ltd
UDS Group Ltd
Unilever Ltd
United Biscuits (Holdings) Ltd
Unochrome International Ltd
Updown Investment Co Ltd
E Upton & Sons Ltd
Vantage Securities Ltd
Vickers Ltd
Wagton Industrial Holdings Ltd
F J Wallis Ltd
Waring & Gillow (Holdings) Ltd
Watmoughs (Holdings) Ltd
Watts, Blake, Bearne & Co Ltd
Joseph Webb & Co Ltd
Wedgwood Ltd

West Coast & Texas Regional Investment Co Ltd
Whitbread & Co Ltd
Whitbread Investment Co Ltd
White, Child & Beney Ltd
Whitecroft Ltd
Wholesale Fittings Co Ltd
Wilmot-Breeden (Holdings) Ltd
Wilson Brothers Ltd
G Wimpey & Co Ltd
Winston Estates Ltd
Wintrust Ltd
Witan Investment Co Ltd
Wood Bastow Holdings Ltd
F W Woolworth Ltd
Yorkgreen Investment Trust Ltd
Yorkshire & Lancashire Investment Trust Ltd

APPENDIX 3

FORMULAE

Market value

A3.1 Estimates of the market values of holdings by categories of shareholder were calculated using the following formula:

$$\hat{Y}_{Hk} = \sum_{h=1}^H \frac{X_h}{x_h} \sum_{i=1}^{n_h} \left[Y_{Lhik} + \frac{X_{Shi}}{x_{Shi}} y_{Shik} \right]$$

where \hat{Y}_{Hk} is the estimate of the market value of holdings by the k th category in a group of strata H .

A3.2 The estimates for individual strata are summed for a group of strata H , which may correspond to a row or a column of the strata matrix or to all of it.

Number of holdings

A3.3 Estimates of the number of holdings by the k th category in a group of strata H were calculated using the following formula:

$$\hat{M}_{Hk} = \sum_{h=1}^H \frac{N_h}{n_h} \sum_{i=1}^{n_h} \left[M_{Lhik} + \frac{M_{Shi}}{m_{Shi}} m_{Shik} \right]$$

List of symbols

A3.4 Subscripts

h th stratum

i th issue

j th holding

k th category of holding

L large holdings

S small holdings

A3.5 Data

y_{Shijk} Market value of j th small holding in sample in i th issue in sample in stratum h , if in category k . Otherwise zero.

Y_{Lhik} Market value of large holdings in category k in i th issue in sample in stratum h .

X_{hi} Market value of all holdings in i th issue in sample in stratum h .

X_h Market value of all issues in stratum h .

m_{Shik} Number of (non-zero) small holdings in sample in category k in i th issue in sample in stratum h .

M_{Lhik} Number of large holdings in category k in i th issue in sample in stratum h .

M_{hi} Number of all holdings in i th issue in sample in stratum h .

N_h Number of all issues in stratum h .

n_h Number of issues in sample in stratum h .

K Number of categories.

A3.6 Derived quantities

y_{Shik} Market value of small holdings in sample in category k in i th issue in sample in stratum h . Equal to the sum of y_{Shijk} for all small holdings in i th issue in sample in stratum h .

x_{Shi} Market value of small holdings in sample in i th issue in sample in stratum h .

X_{Shi} Market value of all small holdings in i th issue in sample in stratum h .

x_h Market value of issues in sample in stratum h .

m_{Shi} Number of small holdings in sample in i th issue in sample in stratum h .

M_{Shi} Number of all small holdings in i th issue in sample in stratum h .

A3.7 Formulae for derived quantities

$$y_{Shik} = \sum_{j=1}^{m_{Shi}} y_{Shijk}$$

$$X_{Shi} = X_{hi} - \sum_{k=1}^K Y_{Lhik}$$

$$x_{Shi} = \sum_{k=1}^K y_{Shik}$$

$$M_{Shi} = M_{hi} - \sum_{k=1}^K M_{Lhik}$$

$$m_{Shi} = \sum_{k=1}^K m_{Shik}$$

$$x_h = \sum_{i=1}^{n_h} x_{hi}$$

APPENDIX 4

SHAREHOLDINGS OF FINANCIAL INSTITUTIONS

A4.1 The shareholdings of the main financial institutions (insurance companies, pension funds, investment trust companies and unit trusts) have grown rapidly in recent years and on 31 December 1975, as estimated by the survey, they accounted for about 43 per cent of all listed ordinary shares in United Kingdom companies in beneficial terms. These institutional holdings are important not only because of their large size but also because the institutions form a fairly compact group of shareholders compared with most other categories; indeed, much of their combined holdings are in turn concentrated in the hands of the relatively few largest institutions. This has raised questions about the proper role of the institutions as major shareholders: for example, whether the performance of the market in shares, and the ability of companies to raise money in it, may have been affected by the investment policies of the institutions and whether the institutions now can or should directly influence the companies in which they have large holdings. There has been special interest in the way institutional investment policies may affect the smaller companies.

A4.2 Some information about the distribution of institutional shareholdings between different types of company and share issue is given in Chapter 5; in particular, the distribution of shareholdings of the various institutional categories between share issues of different market value (virtually, between companies of different size) is included in Tables 5.1 and 5.2. It is noted in Chapter 5 that, in aggregate, the institutions held a much smaller percentage of the market value of issues in the lowest stratum for market value of share issue (market values of £4 million or less on 1 July 1975) than in the larger share issues in the other strata.

This appendix investigates in more detail two aspects of the way in which aggregate institutional shareholdings were distributed, namely the variation between issues in the percentage held by institutions for issues of different market values and the extent to which the percentage held by institutions may be influenced by the length of time a share issue has been established in the market, as evidenced by the time it has been listed.

Size of share issue

A4.3 Table A4.1 shows how the percentage of a share issue held beneficially by financial institutions varied from issue to issue within the four strata for market value of issue. The table is confined to main voting share issues so as to focus attention as far as possible on voting power within companies. The miscellaneous issues, some of which have various degrees of voting rights, have been excluded, as well as non-voting issues, because it was impracticable to combine them, company by company, with their related main voting issues. This exclusion makes very little difference to the results; the great majority of companies have only one main voting issue and the table is little different from an analysis of percentage holding within size of company.

A4.4 In the top stratum (market values over £130 million on 1 July 1975) the institutions held between 30 and 60 per cent of most issues, with holdings in very few issues falling outside that band. Much the same was true of the second stratum, though the institutional holdings tended rather more towards the lower part of the band compared with the top stratum. Institutional holdings in the third stratum were more dispersed; in most issues they were again between 30 and 60 per cent, but the percentages were more spread out, and they fell below this band in about one-fifth of the issues and above it in well over one-tenth. The distribution in this stratum suggests that the institutions were more selective than in the two upper strata, tending to a greater extent to favour some issues and avoid others. In the bottom stratum (market values of £4 million or less) institutional holdings were 30 per cent or less of most issues, though as in the previous stratum there are signs of selectivity, with institutions holding much larger percentages in some issues.

A4.5 The tendency for the institutions to hold smaller percentages in the smaller issues was most pronounced in the difference between the bottom stratum and the others, but the table shows that it was present in some degree across all four strata. Only about 6 per cent of the issues in the top stratum had institutional holdings of 30 per cent or less; the percentages in the other strata, in descending order of market value, were about 8, 21, and 87 per cent. At the other end of the scale, about 79 per cent of

the issues in the top stratum had institutional holdings of over 40 per cent; in the other strata, in descending order, the percentages were about 73, 65, and 4 per cent.

A4.6 Table A4.1 was compiled by analysing the sample issues and grossing up that result issue by issue. Nominee and trustee shareholdings were reallocated to categories of beneficial holder issue by issue, before grossing, though the data on which the reallocation was based were for strata and, in part, for all issues taken together, as described in Chapter 4. The table is therefore rather less precise than the main results of the survey, but the effect on its overall pattern has probably not been very serious.

Age of first listing

A4.7 Tables A4.2 and A4.3 examine whether the financial institutions invested to the same extent in share issues that had been admitted to a Stock Exchange listing fairly recently as in issues that had been listed for a long time. In these tables share issues are classified into three groups according to whether they were first listed within 5 years before 31 December 1975, between 5 and 10 years before, or 10 or more years before. They are also classified by market value of issues because of the importance of that factor, as already demonstrated in Tables 5.2 and A4.1. Issues of subsidiary companies are excluded because the parent company always holds a large proportion of the shares in those companies and their inclusion would tend to obscure the comparison that needs to be made.

A4.8 From the columns in Table A4.3 for all issues, with or without the miscellaneous issues, it appears that the shorter the time an issue had been

listed the lower the percentage of shares held by financial institutions, but this is misleading because, as shown by Table A4.2, it is mainly due to the great weight of large companies among the older issues. Within each of the two smallest size strata there is not much evidence that financial institutions held lower percentages of the younger issues. Size of issue appears to have been a much stronger influence than age.

A4.9 Tables A4.2 and A4.3 must be interpreted with caution because most of the figures for the younger issues are based on only small numbers of sample issues, as shown by the analysis of the sample in the top part of Table A4.4. Also, as for Table A4.1, the registered-to-beneficial reallocation was made issue by issue, though its basis was data for strata or, in part, for all issues taken together.

A4.10 The middle part of Table A4.4, which excludes investment trust companies from the analysis of the sample issues, and the bottom part, which excludes all financial companies, show that a substantial proportion of the younger share issues in the sample belonged to financial companies. Such issues could present considerably different investment prospects from issues of other types of company because financial companies, and investment trust companies in particular, are intermediaries that effectively spread investment over a wide range of share issues, which will have been listed for varying numbers of years however recently the intermediary's own shares may have been listed.

A4.11 Tables A4.5 and A4.6, which exclude share issues of financial as well as subsidiary companies but which are otherwise on the same basis as Tables A4.2 and A4.3, examine the influence of age of first listing on the percentage of shares held by financial institutions in share issues of only non-financial companies. For the smallest size stratum there is still no evidence that the age of first listing is important, but for the next two strata there is a hint that newer issues are not so widely held by the financial institutions. However, these conclusions are tentative since the number of sample issues on which they are based is very small indeed.

TABLE A4.1

Distribution of voting share issues⁽¹⁾ between percentages of total shares held beneficially by financial institutions⁽²⁾ within stratum for size of share issue⁽³⁾: 31 December 1975

Percentage

Percentage of total shares beneficially held by financial institutions	Market value of share issue (£ million)				
	Over 130	Over 40 to 130	Over 4 to 40	4 and under	All
0 to 10	—	1.7	1.5	35.2	24.6
Over 10 to 20	4.2	1.7	5.8	29.0	21.5
Over 20 to 30	2.1	4.3	13.6	22.5	19.1
Over 30 to 40	14.6	19.7	14.0	9.2	11.0
Over 40 to 50	35.4	32.5	21.8	2.0	9.0
Over 50 to 60	37.5	33.3	26.9	1.5	10.0
Over 60 to 70	4.2	6.8	13.1	—	3.7
Over 70 to 80	2.1	—	3.2	0.5	1.2
Over 80 to 90	—	—	—	—	—
Over 90 to 100	—	—	—	—	—
Total	100.0	100.0	100.0	100.0	100.0
Total (number of share issues)	48	117	616	1,708	2,489

⁽¹⁾ As well as non-voting share issues, excludes miscellaneous share issues with voting or other rights that differ from the main ordinary share issues of their companies.

⁽²⁾ Insurance companies, pension funds, investment trust companies and unit trusts.

⁽³⁾ The strata relate to the market values of the share issues on 1 July 1975, the date of the sampling frame used for the survey.

TABLE A4.2

Distribution of market value of beneficial shareholdings between financial institutions⁽¹⁾ and other categories of holder within age of first listing and within stratum for market value of issue⁽²⁾ (excluding subsidiary companies): 31 December 1975

£ million

Age of first listing	Category of beneficial shareholder	Market value of share issue (£ million)						All
		Over 130	Over 40 to 130	Over 4 to 40	4 and under	All except miscellaneous ⁽³⁾	Miscellaneous ⁽³⁾	
Under 5 years	Financial institutions	—	55	153	126	334	3	338
	Others	—	211	199	421	830	21	851
5 years and under 10 years	Financial institutions	—	—	177	90	267	2	269
	Others	—	—	221	286	508	7	514
10 years and over	Financial institutions	9,239	4,563	4,142	266	18,209	178	18,387
	Others	11,806	4,806	4,451	1,288	22,351	321	22,672
All	Financial institutions	9,239	4,618	4,471	482	18,810	183	18,993
	Others	11,806	5,017	4,871	1,995	23,689	349	24,037

⁽¹⁾ Insurance companies, pension funds, investment trust companies, and unit trusts.

⁽²⁾ The strata relate to the market values of the share issues on 1 July 1975, the date of the sampling frame used for the survey.

⁽³⁾ The miscellaneous share issues comprise ordinary share issues, of various market values, with voting or other rights that differ from those of the main ordinary share issues of their companies.

TABLE A4.3

Distribution of market value of beneficial shareholdings between financial institutions⁽¹⁾ and other categories of holder within age of first listing and within stratum for market value of issue⁽²⁾ (excluding subsidiary companies): 31 December 1975

Age of first listing	Category of beneficial shareholder	Market value of share issue (£ million)							Percentage
		Over 130	Over 40 to 130	Over 4 to 40	4 and under	All except miscellaneous ⁽³⁾	Miscellaneous ⁽³⁾	All	
Under 5 years	Financial institutions	—	20.7	43.5	23.1	28.7	13.9	28.4	
	Others	—	79.3	56.5	76.9	71.3	86.1	71.6	
5 years and under 10 years	Financial institutions	—	—	44.4	24.0	34.5	19.1	34.3	
	Others	—	—	55.6	76.0	65.5	80.9	65.7	
10 years and over	Financial institutions	43.9	48.7	48.2	17.1	44.9	35.7	44.8	
	Others	56.1	51.3	51.8	82.9	55.1	64.3	55.2	
All	Financial institutions	43.9	48.0	47.8	19.5	44.3	34.4	44.1	
	Others	56.1	52.0	52.2	80.5	55.7	65.6	55.9	

⁽¹⁾ Insurance companies, pension funds, investment trust companies and unit trusts.

⁽²⁾ The strata relate to the market values of the share issues on 1 July 1975, the date of the sampling frame used for the survey.

⁽³⁾ The miscellaneous share issues comprise ordinary share issues, of various market values, with voting or other rights that differ from those of the main ordinary share issues of their companies.

TABLE A4.4

Number of share issues in the sample analysed by age of first listing and by stratum for size of share issue⁽¹⁾ (excluding subsidiary companies)

Age of first listing	Market value of share issue (£ million)					All	Number
	Over 130	Over 40 to 130	Over 4 to 40	4 and under	Miscellaneous ⁽²⁾		
	<i>Excluding subsidiary companies</i>						
Under 5 years	—	2	5	15	2	24	
Between 5 and 10 years	—	—	4	10	1	15	
10 years and over	48	57	69	54	16	244	
All	48	59	78	79	19	283	
<i>Excluding subsidiary companies and investment trust companies⁽³⁾</i>							
Under 5 years	—	2	3	9	—	14	
Between 5 and 10 years	—	—	4	8	—	12	
10 years and over	48	49	56	50	15	218	
All	48	51	63	67	15	244	
<i>Excluding subsidiary companies and all financial companies</i>							
Under 5 years	—	1	2	8	—	11	
Between 5 and 10 years	—	—	4	6	—	10	
10 years and over	34	43	54	47	13	191	
All	34	44	60	61	13	212	

(1) The strata relate to the market values of the share issues on 1 July 1975, the date of the sampling frame used for the survey.

(2) The miscellaneous share issues comprise ordinary share issues, of various market values, with voting or other rights that differ from those of the main ordinary share issues of their companies.

(3) Companies in Group 84 of the Stock Exchange—Actuaries classification of securities.

TABLE A4.5

Distribution of market value of beneficial shareholdings between financial institutions⁽¹⁾ and other categories of holder within age of first listing and within stratum for size of share issue⁽²⁾ (excluding subsidiary companies and all financial companies): 31 December 1975

£ million

Age of first listing	Category of beneficial shareholder	Market value of share issue (£ million)						All
		Over 130	Over 40 to 130	Over 4 to 40	4 and under	All except miscellaneous ⁽³⁾	Miscellaneous ⁽³⁾	
Under 5 years	Financial institutions	—	40	20	95	155	—	155
	Others	—	69	68	395	531	—	531
5 years and under 10 years	Financial institutions	—	—	177	52	229	—	229
	Others	—	—	222	225	446	—	446
10 years and over	Financial institutions	7,090	3,677	2,871	248	13,887	126	14,013
	Others	9,515	3,812	3,238	1,219	17,784	250	18,034
All	Financial institutions	7,090	3,718	3,068	395	14,271	126	14,397
	Others	9,515	3,881	3,527	1,838	18,761	250	19,011

⁽¹⁾ Insurance companies, pension funds, investment trust companies, and unit trusts.

⁽²⁾ The strata relate to the market values of the share issues on 1 July 1975, the date of the sampling frame used for the survey.

⁽³⁾ The miscellaneous share issues comprise ordinary share issues, of various market values, with voting or other rights that differ from those of the main ordinary share issues of their companies.

TABLE A4.6

Distribution of market value of beneficial shareholdings between financial institutions⁽¹⁾ and other categories of holder within age of first listing and within stratum for size of share issue⁽²⁾ (excluding subsidiary companies and all financial companies): 31 December 1975

Age of first listing	Category of beneficial shareholder	Market value of share issue (£ million)						All	Percentage
		Over 130	Over 40 to 130	Over 4 to 40	4 and under	All except miscellaneous ⁽³⁾	Miscellaneous ⁽³⁾		
Under 5 years	Financial institutions	—	36.9	22.7	19.4	22.6	—	22.6	
	Others	—	63.1	77.3	80.6	77.4	—	77.4	
5 years and under 10 years	Financial institutions	—	—	44.4	18.9	33.9	—	33.9	
	Others	—	—	55.6	81.1	66.1	—	66.1	
10 years and over	Financial institutions	42.7	49.1	47.0	16.9	43.8	33.5	43.7	
	Others	57.3	50.9	53.0	83.1	56.2	66.5	56.3	
All	Financial institutions	42.7	48.9	46.5	17.7	43.2	33.5	43.1	
	Others	57.3	51.1	53.5	82.3	56.8	66.5	56.9	

⁽¹⁾ Insurance companies, pension funds, investment trust companies, and unit trusts.

⁽²⁾ The strata relate to the market values of the share issues on 1 July 1975, the date of the sampling frame used for the survey.

⁽³⁾ The miscellaneous share issues comprise ordinary share issues, of various market values, with voting or other rights that differ from those of the main ordinary share issues of their companies.

APPENDIX 5

LARGE SHAREHOLDINGS

A5.1 Some information about large shareholdings is included in Tables 2.4 to 2.7, which set out distributions of market value and numbers of shareholdings analysed by category of registered holder and market value of holding. This appendix is concerned with shareholdings which, irrespective of their absolute size, were large relative to the number of shares in their issues and which alone or in limited combinations may have conferred a degree of control over the companies. The list of large holdings that was obtained for each sample issue invariably included all the holdings of one per cent or more of the issue⁽¹⁾. The appendix analyses those holdings of one per cent or more of their issues, appropriately grossed up to obtain estimates for all the issues in the survey.

A5.2 Since the analysis is in terms of registered shareholdings it gives only limited information about voting power. A complete analysis of voting power would have involved reallocating nominee and trustee holdings to beneficial holders holding by holding; it would also have involved consolidating holdings wherever two or more holdings in an issue, other than nominee or trustee holdings, were registered to the same shareholder. Neither of these adjustments could be made to the survey data; only aggregate information was available for reallocating nominee and trustee holdings, and registered holdings were not analysed by separate holder. Analysis in terms of registered shareholdings nevertheless provides some useful information about voting power. It shows, for example, for holders other than nominees and trustees, the minimum concentration of shares among large holdings which reallocation of nominee and trustee holdings, and consolidation of holdings, could only increase.

Distribution of large registered shareholdings between categories of holder

A5.3 Table A5.1 sets out the distribution of the number of registered holdings of one per cent or more of their issues between categories of holder within the strata for market value of share issue and within size in terms of percentage of issue. For this table the sample data were grossed up holding by holding. The table is confined to main voting issues,

as are all the tables in this appendix. Non-voting issues are excluded because they have no bearing on company control. Issues in the miscellaneous stratum are also excluded because, although some of them have various gradations of voting rights, it was impracticable to combine them company by company with their related main voting issues. Exclusion of the miscellaneous issues has very little effect; nearly all companies have only one main voting issue and the analysis based on those issues is very close, as far as can be achieved with results for registered shareholdings, to being the analysis of voting power within size of company.

A5.4 The overall total shown in Table A5.1 of about 33,500 holdings of one per cent or more of their issues implies an average of about 13 holdings per issue. Not much can be made of the holdings registered to banks, nominee companies and corporate trustees, however, because some of them will have been composite holdings on behalf of a number of beneficial holders. They do not, therefore, all reflect beneficial holdings of one per cent or more of their issues, though many, probably most, represent single beneficial holdings. Probably the great majority of insurance companies' designated holdings, on the other hand, were on behalf of single beneficial holders, and holdings registered to personal trustees (included in persons in the table) probably constitute single voting units, even though both these categories of holding were included in the registered-to-beneficial reallocation in the main survey.

A5.5 Excluding holdings registered to banks, nominee companies and corporate trustees, there were about 22,000 holdings of one per cent or more, giving an average of about nine such holdings per issue, not seemingly a large number but nevertheless reflecting a substantial concentration of share ownership. Counting these holdings as of one, two or five per cent according to the lower limits of the percentage bands into which the table analyses them, they represent an average minimum combined holding of nearly 20 per cent. Bearing in mind that the smaller holdings of less than one per cent tend to be highly fragmented, a combined holding of even 10 per cent concentrated in the few largest shareholdings can constitute an important voting bloc.

A5.6 The concentration of shareholdings was less marked in the large issues than in the small ones. Excluding holdings registered to banks, nominee companies and corporate trustees, the average minimum combined holding, as calculated above,

was about five per cent for issues in the top stratum (market values of over £130 million on 1 July 1975) compared with about 7, 16 and 22 per cent for the other strata in descending order of market value. The combined holdings in the top two strata were on average registered to very few shareholders, however, the average number of registered shareholdings of one per cent or more in each stratum, again in descending order of market values, being three, four, nine and nine. These results indicate only the likely trend. The actual average combined holdings and numbers of holders will have been larger. Counting holdings in the lower two percentage bands as at the central values of the bands (i.e. as of 1.5 per cent and 3.5 per cent in each of those bands respectively) and the remaining holdings as being five per cent of their issues, the average combined holdings for each stratum, in descending order of market values, were about 6, 8, 20 and 25 per cent. Allowing for the fact that many of the largest holdings will have been well over five per cent of their issues and for the reallocation of holdings registered to banks, nominee companies and corporate trustees, the actual average combined holdings can only have been considerably larger.

A5.7 There were substantial differences between the strata in the distribution of the holdings between category of registered holder. Leaving aside holdings registered to banks, nominee companies and corporate trustees, most holdings in the top three strata were registered to insurance companies and in the bottom stratum to persons. For holdings of five per cent or more, the overseas sector was also relatively fairly numerous in the top two strata and industrial and commercial companies in the second stratum. Though insurance company holdings predominated in the third stratum, substantial numbers of holdings of one to five per cent were registered to persons, pension funds, investment trust companies and industrial and commercial companies; for holdings of five per cent or more, however, pension funds and investment trust companies had relatively few holdings, the relatively most numerous categories, in addition to insurance companies, being persons, other financial companies (here for the most part probably financial trusts), industrial and commercial companies, and the overseas sector.

A5.8 The striking difference in the bottom stratum is the overwhelming majority of holdings registered to persons, including holdings of five per cent or more. Many of these were probably family holdings kept on after the company was listed. Only charities and the public sector had relatively few holdings in the bottom stratum; insurance companies holdings, though relatively fewer than in the other strata, were still very prominent; for holdings of five per cent or more, however, the most numerous categories after persons were other financial companies and industrial and commercial companies, probably reflecting substantial numbers of trade investments and holdings in subsidiaries.

The largest registered shareholdings in each issue

A5.9 Table A5.2 sets out the distribution of the registered shareholdings that were the largest in each voting share issue between categories of holder within the strata for market value of issue and within size in terms of percentage of issue. Some 660 of these holdings were registered to persons, much the same as the number registered to nominee companies, the next most numerous category being industrial and commercial companies with largest registered holdings in about 380 issues. In the top two size strata few of the holdings were of over 25 per cent of their issues but in the other two strata, particularly the bottom stratum, there were substantial numbers of over 25 per cent. Altogether, about 230 of those very large holdings were registered to nominee companies, about 210 were registered to industrial and commercial companies and about 140 to persons, indicating substantial concentrations of voting power in those categories without taking account of any other large holdings through nominee companies or corporate trustees.

A5.10 About 130 of the registered holdings that were the largest in their issues were of more than 50 per cent of their issues. They are not shown separately in the table. About 100 were in issues in the bottom stratum. Altogether about 70 were registered to industrial and commercial companies, 30 to nominee companies, 20 to other financial companies and 10 to the overseas sector.

Concentration of registered shareholdings

A5.11 Ordinary voting share issues are analysed in Table A5.3 by the number of registered shareholders with at least one per cent of the share issue and by the percentage of shares registered to those holders. This table attempts to display the extent to which shareholdings and their accompanying voting powers were concentrated, as far as can be achieved on the basis of registered shareholdings. The issues with the highest concentrations are those appearing towards the bottom and left side of the table, where large percentages of the issue were held by few holders. Issues with lower concentrations appear towards the right side of the table, where large percentages of the issue were spread over more holders, and towards the top of the table, where smaller percentages of the issue were held by very few holders.

A5.12 The estimates in Table A5.3 were obtained by analysing the sample issues and grossing up

that result issue by issue. None of the issues in the sample, and therefore none in the estimate for the population shown in the table, had more than 30 registered holders of one per cent or more of the issue. In about 1,820 issues, nearly three-quarters of the population, over 50 per cent of the shares were registered to the holders of one per cent or more. In about 1,450 issues, well over half the population, over 50 per cent of the shares were registered to no more than 20 shareholders. These figures overstate the actual degree of concentration, in beneficial terms, in so far as some large nominee and trustee holdings, which are included in the registered holdings analysed in the table, comprise composite registered holdings of many relatively small beneficial holdings. Removal of such holdings would tend to

shift issues a little to the left and a little up from their present positions in the table. On the other hand, reallocation to beneficial holders and consolidation of holdings would tend to shift issues in the opposite direction. It is unlikely that the appearance of the table would be greatly altered by these adjustments and it probably gives a fairly close representation of the considerable extent to which shareholdings were concentrated, for the majority of issues, among quite small numbers of holders.

Note

(1) Compensation could not be made in this analysis for the few large holdings that were omitted from the sample lists, as described in Chapter 7, paragraph 7.10, but it is not thought that this had any serious effect.

TABLE A5.1

Registered shareholdings of 1 per cent or more in each voting issue⁽¹⁾, analysed by category of shareholder, stratum for size of share issue⁽²⁾, and percentage of holding: 31 December 1975

Category of registered shareholder	Market value of share issue (£ million)															Number
	Over 130			Over 40 to 130			Over 4 to 40			4 and under			All			
	Percentage of registered shareholding															
	1 and under 2	2 and under 5	5 and over	1 and under 2	2 and under 5	5 and over	1 and under 2	2 and under 5	5 and over	1 and under 2	2 and under 5	5 and over	1 and under 2	2 and under 5	5 and over	
Persons	5	1	—	14	10	—	655	473	170	4,446	3,871	2,214	5,120	4,355	2,384	11,859
Charities and other non-profit-making bodies serving persons	4	—	—	12	4	—	15	31	—	51	43	—	82	78	—	160
Stockbrokers and jobbers	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Banks	11	—	4	23	10	8	90	28	—	180	34	68	304	72	80	456
Insurance companies	56	30	5	184	83	23	1,532	734	282	547	874	231	2,319	1,721	541	4,581
Pension funds	4	1	—	32	—	—	355	119	23	273	327	188	664	447	211	1,322
Investment trust companies	3	1	—	6	2	2	239	116	18	308	122	205	556	241	225	1,022
Unit trusts	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other financial companies	1	2	1	5	6	4	64	56	56	245	213	327	315	277	388	980
Industrial and commercial companies	2	2	1	2	5	16	132	147	119	293	231	510	429	385	646	1,460
Public sector	—	—	1	—	—	—	64	8	—	17	26	—	81	34	1	116
Overseas sector	1	5	5	1	6	15	35	18	40	276	83	108	313	112	168	593
Nominee companies	67	23	9	276	89	35	1,743	1,041	482	2,097	2,342	1,305	4,183	3,495	1,831	9,509
Corporate trustees	6	1	—	36	4	—	230	55	28	464	384	239	736	444	267	1,447
Total	160	66	26	591	219	103	5,154	2,826	1,218	9,197	8,550	5,395	15,102	11,661	6,742	33,505
Number of issues in population	48			117			616			1,708			2,489			

(1) As well as non-voting share issues, excludes miscellaneous share issues with voting or other rights that differ from the main ordinary share issues of their companies.

(2) The strata relate to the market values of the share issues on 1 July 1975, the date of the sampling frame used for the survey.

TABLE A5.2

The largest registered shareholdings in each voting issue⁽¹⁾ analysed by category of shareholder, by stratum for size of share issue⁽²⁾ and percentage of holding: 31 December 1975

Category of registered shareholder	Market value of share issue (£ million)															Number
	Over 130			Over 40 to 130			Over 4 to 40			4 and under			All			
	Percentage of registered shareholding															
	1 and under 5	5 and under 25	25 and over	1 and under 5	5 and under 25	25 and over	1 and under 5	5 and under 25	25 and over	1 and under 5	5 and under 25	25 and over	1 and under 5	5 and under 25	25 and over	All, 1 and over
Persons	—	—	—	2	—	—	15	15	15	26	465	129	43	480	144	667
Charities and other non-profit-making bodies serving persons	—	—	1	—	—	—	—	—	—	—	—	—	—	—	1	1
Stockbrokers and jobbers	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Banks	1	5	—	2	—	4	—	—	—	—	8	—	3	13	4	20
Insurance companies	20	3	—	33	14	—	31	141	—	—	59	—	84	217	—	301
Pension funds	1	—	—	—	—	—	8	15	—	—	8	—	9	23	—	32
Investment trust companies	—	—	—	—	2	—	20	10	—	—	8	—	20	20	—	40
Unit trusts	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other financial companies	—	1	—	—	2	2	—	23	18	—	77	71	—	103	91	194
Industrial and commercial companies	—	—	—	—	8	5	8	23	33	—	128	174	8	159	212	379
Public sector	—	—	1	—	—	—	—	—	—	—	—	—	—	—	1	1
Overseas sector	1	3	1	2	6	3	—	8	20	—	51	31	3	68	55	126
Nominee companies	6	2	2	10	18	2	64	124	25	26	189	199	106	333	228	667
Corporate trustees	—	—	—	2	—	—	—	—	—	—	—	59	2	—	59	61
Total	29	14	5	51	50	16	146	359	111	52	993	663	278	1,416	795	2,489
Number of issues in population	48			117			616			1,708			2,489			

⁽¹⁾ As well as non-voting share issues, excludes miscellaneous share issues with voting or other rights that differ from the main ordinary share issues of their companies.

⁽²⁾ The strata relate to the market values of the share issues on 1 July 1975, the date of the sampling frame used for the survey.

TABLE A5.3

Ordinary voting share issues⁽¹⁾ analysed by percentage of issue held in registered shareholdings that were each of 1 per cent or more of the issue and the number of such holdings: 31 December 1975

Percentage of share issue registered in holdings that were each of 1 per cent or more of the issue	Number of registered shareholdings of 1 per cent or more of the share issue								Number
	0	1 to 5	6 to 10	11 to 15	16 to 20	21 to 25	26 to 30	Over 30	Total
	0 to 5	—	6	—	—	—	—	—	—
Over 5 to 10	—	28	7	—	—	—	—	—	35
Over 10 to 15	—	10	35	—	—	—	—	—	45
Over 15 to 20	—	2	51	4	—	—	—	—	57
Over 20 to 25	—	2	38	51	—	—	—	—	91
Over 25 to 30	—	2	2	20	8	—	—	—	32
Over 30 to 40	—	10	84	52	41	—	—	—	187
Over 40 to 50	—	4	43	104	39	15	8	—	213
Over 50 to 60	—	28	123	112	107	63	15	—	448
Over 60 to 70	—	13	129	193	77	119	61	—	592
Over 70 to 80	—	29	155	76	134	77	—	—	471
Over 80 to 90	—	48	89	50	51	—	35	—	273
Over 90 to 100	—	5	26	—	—	8	—	—	39
Total	—	187	782	662	457	282	119	—	2,489

⁽¹⁾ As well as non-voting share issues, excludes miscellaneous share issues with voting and other rights that differ from the main ordinary share issues of their companies.

APPENDIX 6

REGISTRATION METHODS

A6.1 This appendix is a brief summary of the various registration methods encountered in the course of the survey. Anyone setting out to collect a large quantity of data from the share registers kept in company transfer offices needs to take account of the wide range of register sizes and the variety of methods by which they are kept and presented. Maintaining the share register, which is a sizeable operation for a large company, constitutes an important part of a company's administration and in recent years there have been developments in the methods employed, particularly in the extent to which it is done by computer.

Size of share registers

A6.2 The wide variation in the market values of the share issues covered by the survey mentioned in Chapter 7 was reflected in the range of share register sizes. Table A6.1 analyses the issues of listed ordinary shares covered by the survey by the number of their registered shareholdings (i.e. by the number of register entries) on 31 December 1975. These estimates were obtained by grossing up the data for numbers of registered holdings in the sample share issues according to the sampling fractions for issues. The table shows that over one-fifth of the issues had 500 registered holdings or less and over half had 1,000 or less. At the other end of the scale, there were relatively few really large registers; less than one-tenth had more than 10,000 registered holdings and only about one in 50 had more than 100,000. The largest register was that for the ordinary stock of Imperial Chemical Industries, which had about 530,000 registered holdings.

Agency or self-registration

A6.3 Only about 380 companies, of the 2,300 or so covered by the survey, undertook registration them-

selves. The remainder employed agents to do the work for them. The agents' advantages are essentially those of economies of scale. In particular, the larger agencies can employ specialist staff full-time on registration work and their own specialised computer facilities. A large proportion of the agencies, however, were fairly small. Table A6.2 is an analysis for 31 December 1975 of the agencies by the number of share issues they each handled. These data were obtained from the sampling frame list of share issues provided by Extel Communications, which included information about who acted as registrar for each issue. There were about 260 agencies altogether, but less than 20 handled more than 25 issues each, while nearly 200 handled five issues or less. The nine largest agencies each with over 50 issues handled about 1,100 issues between them. The largest single agency, with nearly 250 issues, was operated by National Westminster Bank and most of the major banks operated substantial registration agency departments. Some of the other very large agencies were firms that specialised exclusively in this field. On the other hand, most of the very small agencies were, for example, accounting firms that carried out registration work as a sideline.

Registration methods

A6.4 Table A6.3 analyses the main ordinary voting share issues covered in the survey by broad method of registration (i.e. between agency or self-registration and between computer or manual operation) within stratum for market value of share issue. This analysis was obtained by grossing the findings for the sample share issues by the sampling fractions for issues, adjusting the results to allow for the fact that some of the issues in the original random sample had been replaced (some of which were self-registration issues that had been deliberately replaced by agency issues in order to reduce field work). Because most of the companies had only one main voting issue, the table is close to being an analysis of the registration methods employed by the companies covered in the survey.

A6.5 The table shows that the employment of registration agencies was widespread for all sizes of share issue and particularly for the medium and small

issues. For the largest issues, where the size of the task tends to justify employment of specialist staff and computer facilities within the company, the balance between agency and self-registration was rather more even, especially bearing in mind that the major banks in the top stratum all operated agencies and their own share issues are included in the agency figure. The line between agency and self-registration is not altogether clear cut because some companies undertake their own registration but employ an agency, for example, to print dividend warrants or to carry out other tasks at times of peak workload. Such cases are included in Table A6.3 against self-registration.

A6.6 Equally prominent in Table A6.3 is the widespread use of registration by computer. None of the very largest issues was handled manually and only two out of the 117 in the next largest market value band. Only among the very smallest share issues were manual systems more usual than computer systems. However, there were a few quite sizeable issues that were registered manually and even some of the largest computer based agencies employed manual registration for very small share issues.

Methods of register display

A6.7 Table A6.4 analyses the figures in Table A6.3 according to the main methods by which the registers were displayed in the transfer offices. The manual registers were kept either on cards or in ledgers. The card registers were usually kept in trays with one or more card per shareholder, depending on the length of the account. The ledgers were usually loose-leaf with one or more pages per shareholder. Among the computer systems, those for self-registration companies also mostly took the form of cards or ledgers, though some used print-out and one large company had a specialised microfiche system. The agency computer systems made much more use of the more specialised forms of display such as microfiche and video screen.

A6.8 Registers on cards or ledger sheets can be up-dated holding by holding. Registers on print-out were usually up-dated by separately listing holdings that had changed, between periodical full listings once a month, say, or once a quarter. In some cases print-out registers were annotated in manuscript to show changes between periodical full listings. Some microfiche registers were also up-dated by separately listing the changes between periodical full listings but since microfiche is compact and relatively cheap to produce some microfiche registers were up-dated by means of a full listing once a week or once a fortnight, bringing in all the changes at the same time.

A6.9 The computer systems with card, video screen, or microfiche displays all had facilities for producing print-out registers to be deposited annually at the Companies Registration Office (though since 1 March 1977 the Companies Registration Office for England and Wales has been accepting deposited registers with more than 300 pages in the form of microfilm). For those kept manually, the deposited register often took the form of an addressograph list of shareholders annotated in manuscript with their holdings.

A6.10 For the purposes of the survey, the registers that were easiest to use were those in the form of print-out or similar listing. The readily discernable pattern of that kind of register made for easy sampling of holdings and, where it was necessary, for easy identification of large holdings. Registers on cards or in a ledger were as easy to sample but it was much more difficult to pick out large holdings from them. Microfiche registers were more difficult to sample than print-out, although in principle they had the same kind of layout, because only part of the register could be seen at a time and it was more difficult for the field worker to remain orientated. Video screen displays were very good for checking particular holdings but in general they could not be used for sampling because their response time made them too slow for tracking through the register, particularly if it was a large one. The needs of the survey were rather different, however, from those that the register displays were designed to meet, which were more concerned with providing ready access to the record for a selected holding. Where the register itself was inconvenient for sampling the registrar was often able to provide a special print-out, or perhaps a dividend list, for a date close to 31 December 1975 and the survey greatly benefited from that assistance.

TABLE A6.1

Issues of listed ordinary shares in
United Kingdom companies

Analysis by Number of registered
shareholdings: 31 December 1975

Number of registered shareholdings	Share issues	
	Number	Percentage
Over 100,000	18	0.7
Over 50,000 to 100,000	32	1.2
Over 10,000 to 50,000	155	5.8
Over 5,000 to 10,000	196	7.3
Over 1,000 to 5,000	893	33.1
Over 500 to 1,000	810	30.1
500 or less	591	21.9
All	2,695	100.0

TABLE A6.2

Distribution of share registration agencies
between numbers of share issues⁽¹⁾ handled:
31 December 1975

Number of share issues handled	Registration agencies	
	Number	Percentage
Over 50	9	3.5
26 to 50	9	3.5
11 to 25	23	8.9
6 to 10	22	8.5
5 or less	195	75.6
All	258	100.0

⁽¹⁾ Listed ordinary share issues in United Kingdom companies.

TABLE A6.3

Distribution of ordinary voting share issues⁽¹⁾ between methods of registration within stratum for size
of share issue: 31 December 1975

Method of registration		Market value of share issue (£ million) ⁽²⁾				Number
Responsibility	Manual or computer	Over 130	Over 40 to 130	Over 4 to 40	4 and under	All
Self-registration	Manual	—	—	40	185	225
	Computer	22	15	80	41	158
	All	22	15	120	226	383
Agency	Manual	—	2	48	164	214
	Computer	26	100	448	1,318	1,892
	All	26	102	496	1,482	2,106
All	Manual	—	2	88	349	439
	Computer	48	115	528	1,359	2,050
	All	48	117	616	1,708	2,489

⁽¹⁾ The strata relate to the market values of share issues on 1 July 1975, the date of the sampling frame used for the survey.

⁽²⁾ As well as non-voting share issues, excludes miscellaneous share issues with voting or other rights that differ from those of the main ordinary share issues of their companies.

TABLE A6.4

Distribution of ordinary voting share issues⁽¹⁾ between main methods of register display:
31 December 1975

Method of registration		Main method of display						Number
Responsibility	Manual or computer	Ledger	Cards	Print-out	Micro-fiche	Video screen	Video screen and micro-film	All
Self-registration	Manual	184	41	—	—	—	—	225
	Computer	19	120	18	1	—	—	158
	All	203	161	18	1	—	—	383
Agency	Manual	214	—	—	—	—	—	214
	Computer	—	475	213	485	495	224	1,892
	All	214	475	213	485	495	224	2,106
All	Manual	398	41	—	—	—	—	439
	Computer	19	595	231	486	495	224	2,050
	All	417	636	231	486	495	224	2,489

⁽¹⁾ As well as non-voting share issues, excludes miscellaneous share issues with voting or other rights that differ from those of the main ordinary share issues of their companies.

APPENDIX 7

PREFERENCE SHARES AND LOAN STOCKS

A7.1 There were 3,760 preference share and loan stock issues⁽¹⁾ (including water company securities) listed on the Stock Exchange on 31 December 1975 for United Kingdom companies and they had a market value of £4,721 million. These securities were originally excluded altogether from the survey because of the need to concentrate resources on obtaining reliable information for ordinary shares, which accounted for nearly ten times the market value. An opportunity nevertheless presented itself for making a restricted and very tentative analysis of the distribution of preference shares and loan stocks between categories of holder.

A7.2 As mentioned in Chapter 7, more companies than expected chose to co-operate in the survey of ordinary share registers by sending copies of their registers for central sampling. Some of these included the registers of preference shares and loan stocks. Altogether 32 companies sent such registers covering 112 listed preference shares and loan stocks. In the later stages of the survey, resources were available to sample the holdings in 52 of these issues, spanning 25 companies. Though the results of such a small, non-random study must be treated with caution, they are of some interest, if only because they are the first for nearly 20 years, the ownership of these securities having last been investigated by the Department of Applied Economics, Cambridge University, in a survey for the position on 1 July 1957⁽²⁾.

A7.3 The basic data for the 52 issues were grossed-up in much the same way as the data for ordinary shares in the main survey, as explained later in this appendix, to provide estimates of the distributions between categories of registered holder for all listed preference shares and loan stocks of United Kingdom companies in issue on 31 December 1975.

Results

A7.4 The main results are set out in Table A7.1, which gives the distributions of the market value of these securities between broad categories of registered holder. No investigation was made of the beneficial ownership of the holdings registered to nominees and trustees, the distributions of which

could well differ from that for ordinary shares. In registered terms, there were some noticeable differences between the preference share and loan stock distributions: insurance companies, industrial and commercial companies, and nominee companies held relatively larger percentages of preference shares; persons, charities, and pension funds held relatively larger percentages of loan stocks. However, both distributions differed fairly sharply in common respects from the distribution for ordinary shareholdings, given in Table 2.1, the main differences being that in both preference shares and loan stocks persons and nominee companies held relatively smaller percentages while insurance companies held a relatively larger percentage.

A7.5 Table A7.2 compares the results in broad terms with the results of the Cambridge survey for 1957. In spite of the very tentative basis of this study, the differences for the grouped categories used in this table are large enough to suggest that the distributions probably changed substantially over the period. In preference shares, registered holdings by persons appear to have fallen sharply, with rises in all three other grouped categories. In loan stocks, registered holdings by financial institutions appear to have fallen, with a rise in banks, nominee companies and corporate trustees, and small rises in the other two grouped categories. However, the substantial rises in the percentages registered to banks, nominee companies and corporate trustees obscure the underlying effect on beneficial holdings. The change in ratio of the total market value of preference shares to that of loan stocks is striking: from 1.4 in 1957 to 0.1 in 1975. By 1975, preference shares had become a relatively very small block of financial assets; their market value approximately halved whereas the market value of loan stocks rose approximately five-fold.

Numbers of holdings

A7.6 Table A7.3 shows the estimated numbers of holdings of preference shares and loan stocks that were registered to each category of holder. The figures relate to separate entries in the registers, not to separate holders; several entries in different registers, or even in one register, may be registered

to the same holder. The distributions between categories of holder were similar, about 88 per cent of holdings being registered to persons in both preference shares and loan stocks with no other prominent percentages. Both distributions were very much the same as the distribution of numbers of holdings of ordinary shares between categories of holder given in Table 2.3. But in total there were about five times as many holdings of loan stock as of preference shares, and for several categories the average value of loan stock holdings was substantially higher than for preference shares; only for industrial and commercial companies was the average value of preference share holdings markedly higher than that of loan stock holdings.

Methodology

A7.7 Extel Communications provided a list of preference shares and loan stocks, in order of total market value on 31 December 1975 within type of issue, similar to the list of ordinary share issues used as the sampling frame for the main survey. As for the main survey, the list was confined to issues listed on the Stock Exchange for United Kingdom companies. The list included water company preference shares as a separate type of security, but did not show water company loan stocks separately and with the resources available it was impracticable to separate them. They were therefore included in this study, though they were excluded from the survey of ordinary shares.

A7.8 Table A7.4 gives an analysis of this population of issues compared with the sample of issues. As mentioned earlier, the sample issues were not randomly selected, being merely those for which a register was available and for which there were resources for the holdings to be sampled. As the table shows, the population was concentrated, both in terms of numbers of issues and market value, in

cumulative preference shares, unsecured loan stocks, redeemable debentures, and convertible debentures, which together accounted for 3,343 of the issues and £4,402 million in market value. This concentration was reflected in the sample, only two of its issues being of another type. To this extent the sample was fairly well balanced, the largest omission being any representation of water company shares. This may have somewhat reduced the quality of the results for preference shares, within which water company shares are a major component, but it probably did not have any serious effect on the results for loan stocks, within which they are a relatively small component.

A7.9 The sample was clearly not particularly well balanced in terms of the market value of the issues since the average for the population was £1.2 million per issue compared with £0.8 million per issue for the sample. The possible effect of this was reduced by stratifying by market value of issue, grossing-up separately within each stratum as in the computation for ordinary shares. Type of issue was also employed as a stratification. It was not practicable, using the computer programs already written for the main survey, also to employ stratification by financial/non-financial companies and independent/subsidiary companies, but when compared with the population of issues the sample was fairly well balanced in terms of the numbers of issues for each of these types of company. It therefore seems probable that the main limitation of the study was the small number of sample issues rather than their non-random selection.

A7.10 Within the issues, large and small holdings were sampled separately, as for ordinary shares in the main survey, though many of the issues had only small numbers of holdings so that all of them were included in the sample of holdings. The basic data were coded and punched as for the main survey and grossed-up using the same computer programs. No attempt was made to continue the analysis beyond the registered holdings stage since to do so would have involved too large an undertaking.

Note and reference

(1) Including, throughout the appendix, debenture issues.

(2) J Revell assisted by G Hockley and J P Moyle: *The Wealth of the Nation* (Cambridge University Press, 1967), page 344.

TABLE A7.1

Preference shares and loan stocks

Distribution of market value between categories of registered holder: 31 December 1975

Category of registered holder	Registered holding			
	Preference shares		Loan stocks	
	£ million	Percentage	£ million	Percentage
Persons	105	19.2	1,085	26.0
Charities and other non-profit-making bodies serving persons	—	—	225	5.4
Stockbrokers and jobbers	—	—	—	—
Banks	1	0.1	58	1.4
Insurance companies	217	39.5	1,222	29.3
Pension funds	2	0.4	329	7.9
Investment trust companies	7	1.3	4	0.1
Unit trusts	—	—	—	—
Other financial companies	25	4.5	41	1.0
Industrial and commercial companies	48	8.8	29	0.7
Public sector	—	—	125	3.0
Overseas sector	2	0.4	8	0.2
Nominee companies	98	17.9	663	15.9
Corporate trustees	42	7.7	384	9.2
Not categorised ⁽¹⁾	1	0.1	—	—
Total	548	100.0	4,173	100.0

⁽¹⁾ Comprises bearer warrants.

TABLE A7.2

Preference shares and loan stocks

Distribution of market value between categories of registered holder: comparison between the survey for 1 July 1957 and the available data for 31 December 1975

Category of registered holder	Percentage			
	Preference shares		Loan stocks	
	1957 ⁽¹⁾	1975 ⁽²⁾	1957 ⁽¹⁾	1975 ⁽²⁾
Persons	54.8	19.2	23.9	26.0
Financial institutions ⁽³⁾	28.0	41.2	52.0	37.3
Banks, nominee companies and corporate trustees	13.4	25.7	16.0	26.5
Other	3.7	13.9	8.0	10.3
Total	100.0	100.0	100.0	100.0
Total (£ million)	1,116	548	787	4,173

⁽¹⁾ Source: J Revell assisted by G Hockley and J P Moyle: *The Wealth of the Nation* (Cambridge University Press, 1967), page 344.⁽²⁾ Department of Industry study.⁽³⁾ Insurance companies, pension funds, and investment trust companies.

TABLE A7.3

Preference shares and loan stocks

Distribution of numbers of holdings between categories of registered holder: 31 December 1975

Categories of registered holder	Preference shares			Loan stocks		
	Number of holdings	Percentage	Average market value of holding (£)	Number of holdings	Percentage	Average market value of holding (£)
Persons	450,100	88.6	250	2,215,750	88.4	500
Charities and other non-profit-making bodies serving persons	400	0.1	600	19,900	0.8	11,300
Stockbrokers and jobbers	—	—	—	200	—	—
Banks	1,650	0.3	350	37,100	1.5	1,550
Insurance companies	11,500	2.3	18,800	39,250	1.6	31,150
Pension funds	600	0.1	3,150	17,800	0.7	18,500
Investment trust companies	500	0.1	13,800	300	—	12,050
Unit trusts	—	—	—	—	—	—
Other financial companies	3,650	0.7	6,800	6,350	0.3	6,600
Industrial and commercial companies	7,300	1.4	6,650	16,500	0.7	1,850
Public sector	100	—	50	5,700	0.2	21,700
Overseas sector	17,150	3.4	100	22,650	0.9	300
Nominee companies	9,800	1.9	10,050	56,500	2.3	11,750
Corporate trustees	5,350	1.1	7,950	67,200	2.7	5,700
Not categorised ⁽¹⁾	100	—	6,000	100	—	750
Total	508,150	100.0	1,100	2,505,350	100.0	1,650

⁽¹⁾ Comprises bearer warrants.

TABLE A7.4

Preference shares and loan stocks

Analysis of population and sample⁽¹⁾: 31 December 1975

Type of issue		Population		Sample	
Preference shares or loan stocks	Class	Number of issues	Market value (£ million)	Number of issues	Market value (£ million)
Preference shares	Cumulative	1,181	356	19	7
	Non-cumulative	27	12	2	—
	Participating, cumulative	23	4	—	—
	Participating, non-cumulative	13	17	—	—
	Convertible, cumulative	17	35	—	—
	Convertible, non-cumulative	1	2	—	—
	Water companies	196	122	—	—
	All preference shares	1,458	548	21	7
Loan stocks ⁽²⁾	Unsecured	550	1,270	10	9
	Secured	3	5	—	—
	Redeemable debenture	1,316	1,322	17	17
	Irredeemable debenture	120	23	—	—
	Convertible, unsecured	296	1,454	4	9
	Convertible, secured	11	39	—	—
	Subordinated	6	60	—	—
	All loan stocks ⁽²⁾	2,302	4,173	31	35
All		3,760	4,721	52	42

⁽¹⁾ Not randomly selected.⁽²⁾ Includes water company loan stocks.

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