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press release

Radio Taxis Group: creation of first online closed dealing market

City law firm Field Fisher Waterhouse has advised Radio Taxis Group Limited on its successful reorganisation and listing on ShareMark so as to create the first online closed share dealing market in the UK. This will be of interest to all companies with a large shareholder base who want a cost effective online means of facilitating trading in their shares while at the same time restricting membership to those within a defined group of persons. This new ownership method could be attractive to many mutuals and employee owned businesses.

Dame Pauline Green, Chief Executive, Co-operativesUK , comments:

“This is an interesting and novel transaction, giving the option to raise finance without compromising integrity. We will be interested in exploring this idea further.”

Patrick Burns Chief Executive of the association of employee-owned business, JOL, says:

“This imaginative deal adds a new dimension to employee ownership, and offers other co-owned companies an extra model for meeting the needs of their shareholders.”

The first dealings in Radio Taxis shares took place on 15 October 2004.

Radio Taxis is London’s second largest black cab company. Until recently it was organised as an Industrial and Provident Society wholly owned by 1,400 of the drivers of black cabs on the Radio Taxis circuit. In June 2004, FFW advised the company on its reorganisation into a Companies Act company and associated £3.5 million fund raising.

Prior to the reorganisation, nobody other than an owner of a black cab on the Radio Taxis circuit was entitled to own shares in the company. These shares gave one vote per member at shareholder meetings

Incorporates the equity incentives businesses of **FIELD FISHER WATERHOUSE** and **CAPITAL STRATEGIES**.

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and the right to the return of the amount paid for the share when the member left the Radio Taxis circuit. There was no ability to transfer the shares nor to benefit from any increase in the market value of Radio Taxis.

The reorganisation project was driven by the desire of the company to obtain funds for expansion while at the same time giving members the opportunity to buy and sell shares in the Company. However, there was an equally strong desire to ensure that shares were kept within a defined group of qualifying persons (principally drivers on the Radio Taxis circuit and employees of the company). A special form of closed membership constitution was therefore created for the company.

Following the reorganisation, Radio Taxis turned its attention to creating a share trading facility in which only those connected with Radio Taxis could buy and sell its shares.

Due to Financial Services and Markets Act constraints, the closed market could not be operated by Radio Taxis. The Company approached The Share Centre, who operate ShareMark, and specialise in meeting the needs of small and medium-sized companies requiring a trading platform for their shares. They adapted their existing share trading platform to create the first online closed dealing market for trading shares in the UK.

Special arrangements were devised to dovetail the structure of the dealing market with the provisions of Radio Taxis' articles of association so that:

- only those permitted to hold Radio Taxis shares can buy the shares on ShareMark; and
- Radio Taxis is able to force a sale of shares in the market in the event that a shareholder ceases to be entitled to hold these shares.

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Notes for editors

1. **Radio Taxis** is one of London's leading black cab companies with a fleet of over 2000. It has over 1,400 members who were each given a £1,100 windfall and 1,000 shares when the company demutualised in June 2004. Based in North London, Geoffrey Riesel is the Chairman.
2. **Equity Incentives Limited** is wholly owned by **Field Fisher Waterhouse**. EIL provides a full share plan service to private and quoted companies both in the UK and overseas. It is dedicated to the concept of employee ownership and participation. Clients include John Lewis Partnership together with a variety of other UK organisations with a commitment to wider and long-term employee share ownership.
3. Job Ownership Limited (**JOL**) is the voice of employee owned business.
4. **Co-operativesUK** is the apex organisation for co-operative enterprise in the UK, it promotes co-operative and mutual solutions