

Statistical bulletin

Ownership of UK Quoted Shares: 2012

The value of ordinary shares held in UK incorporated companies listed on the London Stock Exchange by sector of the owner, with a county breakdown for shares owned outside the UK.

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Table of contents

1. [Main points](#)
2. [Holdings of UK quoted shares by sector of beneficial owner](#)
3. [UK stock market](#)
4. [CREST / Multiple ownership](#)
5. [Rest of the world holdings of UK shares](#)
6. [Insurance Companies holdings of UK shares by value](#)
7. [Pension funds holdings of UK shares by value](#)
8. [Individuals holdings of UK shares by value](#)
9. [Unit trusts' holdings of UK shares by value](#)
10. [Other financial institutions' holdings of UK shares by value](#)
11. [Government intervention in financial institutions](#)
12. [Shares held in FTSE100 companies](#)
13. [Geographic analysis of Rest of the World holdings of UK shares](#)
14. [Sector analysis of Rest of the World holdings of UK shares](#)
- . [Background notes](#)

1 . Main points

- The Ownership of UK Quoted Shares Bulletin provides estimates of ordinary shares holdings in quoted companies in the UK by sector of beneficial ownership (the beneficial owner is the underlying owner, the person or body who receives the benefits of holding the shares, for example income through dividends. See Annex A for a more detailed discussion)
- At the end of 2012, the UK stock market was valued at £1,756.3 billion
- Rest of the world investors continue to hold significantly more shares (in terms of value) than any other sector, with the gap between rest of the world ownership and the next highest (individuals) widening in 2012. Rest of the world ownership stood at an estimated 53.2% of the value of the UK stock market at the end of 2012, up from 30.7% in 1998 and 43.4% in 2010
- UK individuals owned an estimated 10.7% by value at the end of 2012, picking up slightly from the record low in 2010 and halting the downward trend seen in recent years
- Unit trusts held an estimated 9.6% by value at the end of 2012, continuing the strong growth seen in recent years
- Other financial institutions held an estimated 6.6% by value at the end of 2012, significantly down on the levels in 2010, following strong growth in earlier years
- Insurance companies held an estimated 6.2% by value at the end of 2012, continuing the fall seen in recent years
- Pension funds held an estimated 4.7% by value at the end of 2012, down from 5.6% in 2010, and significantly lower than the levels seen in recent years
- Shares are increasingly held in multiple-ownership pooled accounts, where the beneficial owner is unknown. These accounted for an estimated 59.4% of the total holdings by value at the end of 2012, up from 44.9% at the end of 2010. Multiple ownership pooled accounts have been allocated to sectors using further analysis of share registers, updating the analysis conducted for the 2010 results
- This Bulletin incorporates some revisions to the 2010 data published in February 2012

2 . Holdings of UK quoted shares by sector of beneficial owner

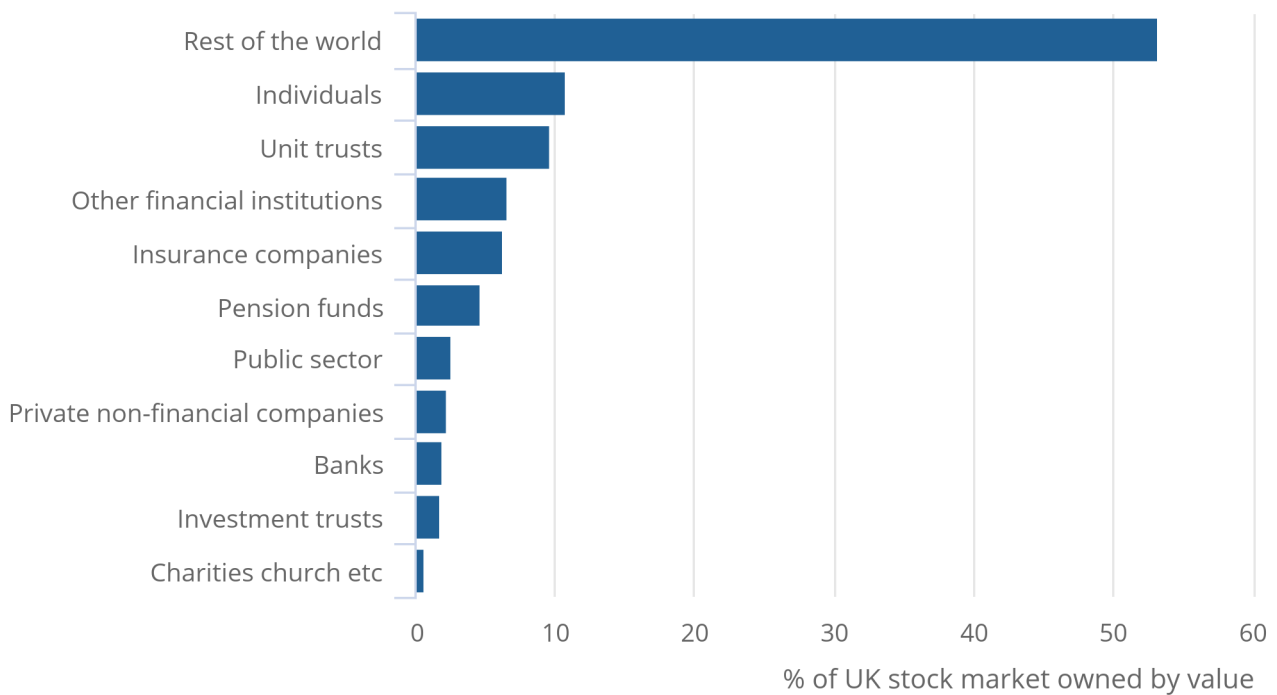
Figure 1 shows how the value of UK quoted shares was distributed between the sectors of beneficial owner at 31 December 2012. Table 1 compares the 2012 estimates with the estimates for 1998 and 2010.

Figure 1: Beneficial Ownership of UK Shares

at 31st December 2012

Figure 1: Beneficial Ownership of UK Shares

at 31st December 2012



Source: Office for National Statistics

Table 1: Beneficial ownership of UK shares by value

At 31 December 1998, 2010 and 2012

	%			£ billion		
	1998	2010	2012	1998	2010	2012
Rest of the world	30.7	43.4	53.2	460.9	760.9	935.1
Insurance companies	21.6	8.8	6.2	325.5	153.8	109.2
Pension funds	21.7	5.6	4.7	325.8	98.7	82.7
Individuals	16.7	10.2	10.7	250.8	179.0	187.2
Unit trusts	2.0	8.8	9.6	30.1	153.8	167.9
Investment trusts	1.3	2.1	1.7	19.2	37.5	30.7
Other financial institutions	2.7	12.3	6.6	40.4	215.0	115.3
Charities, church, etc	1.4	0.8	0.6	20.4	14.9	10.7
Private non-financial companies	1.4	2.3	2.3	20.9	40.1	39.8
Public sector	0.1	3.1	2.5	1.4	54.4	44.1
Banks	0.6	2.5	1.9	8.4	44.3	33.6
Total	100.0	100.0	100.0	1503.7	1752.3	1756.3

Source: Office for National Statistics

Notes:

1. Components may not sum due to rounding

3 . UK stock market

The UK stock market covers the total value of UK shares listed on the London Stock Exchange. Between 1 January 2011 and 31 December 2012 the value of all UK ordinary shares quoted on the [London Stock Exchange](#) increased slightly from £1752.3 billion to £1756.3 billion, an increase in value of 0.2%.

Since the 1980s, UK stock market indicators have generally risen over time. However, from 1995 they show much sharper movements reflecting global events. Figure 2 shows the FTSE 100 index, the most widely used UK stock market indicator, from 1984 to 2012. The first sharp rise in the FTSE 100 between 1996 and 1999 was during the 'dot-com bubble'. When the speculative bubble burst the FTSE 100 index fell over the period 2000 to 2003 by around 50%. After this event, the UK stock market increased until the financial crisis began in late 2007. Subsequently, the FTSE 100 index fell by around 40% before recovering again. The two events of the dot-com bubble and the financial crisis have also meant that the FTSE indices have shown less of an upward trend since 1995.

Figure 2: FTSE 100 index 1984 onwards

Percentage of sector holdings by value

Figure 2: FTSE 100 index 1984 onwards

Percentage of sector holdings by value



Source: London Stock Exchange

Notes:

1. FTSE 100 =1000 at end of Dec 1983

4 . CREST / Multiple ownership

The main source of the data on share ownership is CREST, the electronic settlement system for equity share trading managed by Euroclear. Nearly 90% of all UK shares are recorded on CREST; the remaining shares are still held in certificated form outside the system. Each registered participant in CREST has to specify to which National Accounts category the beneficial owner of the shares belongs (these categories are listed in Table A in the Background Notes and described in more detail at Annex B) and this information can be used to generate the breakdown by sector.

However, the beneficial owners of shares are not necessarily the same as the registered owners. In particular, since the dematerialisation of shares in 1996 there has been a growing trend towards investors using pooled nominee accounts, accounts where the beneficial owners are from two or more of the National Accounts categories.

At the end of 2012, 59.4% of the total value of UK shares was held by multiple ownership pooled nominees and a further 10.4% was held in certificated form. In order to identify the true beneficiary for these holdings, further analysis was conducted by Equiniti and Orient Capital (updating previous work by Equiniti for the 2010 results). The estimates for 2012 incorporate the results of this analysis. See the methods section of the Background Notes for further details on the use of CREST and the analysis of the multiple ownership category.

A number of improvements have been made to the methodology for the 2012 survey. These improvements resulted in discontinuities between the estimates for 2012 and the data published for 2010 - the estimates were not initially directly comparable, in the sense that changes between the two years could not be attributed to changes in share ownership in the real world. The earlier work was therefore revisited with the aim of making the analysis for 2010 more comparable. This has resulted in some revisions to the data for 2010. However, it is possible that the revised 2010 data are not fully on the same basis as the 2012 data. In particular, movements in the rest of the world and other financial institutions data between 2010 and 2012 may in part be due to changes in methodology.

Table 2 below provides a comparison of the data originally published for 2010 and the revised data published elsewhere in this Bulletin. The revisions effectively amount to a reallocation of part of the other financial institutions holdings to unit trusts, the rest of the world and pension funds. In addition to these revisions, estimates for individuals have been revised down to bring the methodology for allocating the certificated holdings into line with the methodology used for the 2012 estimates.

Table 2: Beneficial ownership of UK shares by value

	%	
	2010	
	Old	New
Rest of the World	41.2	43.4
Insurance companies	8.6	8.8
Pension funds	5.1	5.6
Individuals	11.5	10.2
Unit trusts	6.7	8.8
Investment trusts	2.1	2.1
Other financial institutions	16.0	12.3
Charities, church, etc	0.9	0.8
Private non-financial corporations	2.3	2.3
Public sector	3.1	3.1
Banks	2.5	2.5
Total	100.0	100.0

Source: Office for National Statistics

Notes:

1. Components may not sum due to rounding

Figure 3: Revisions to 2010 data

Source: Office for National Statistics

5 . Rest of the world holdings of UK shares

The proportion of UK quoted shares (in terms of value) owned by rest of the world investors has increased substantially since 1963 (See Figure 3 and Table A). By 1998, holdings had increased to 30.7%. There have continued to be increases in recent years, with holdings now at a record 53.2%. The large increases since 1994 partly reflect the growth in international mergers and acquisitions, and the ease of overseas residents to invest in UK shares.

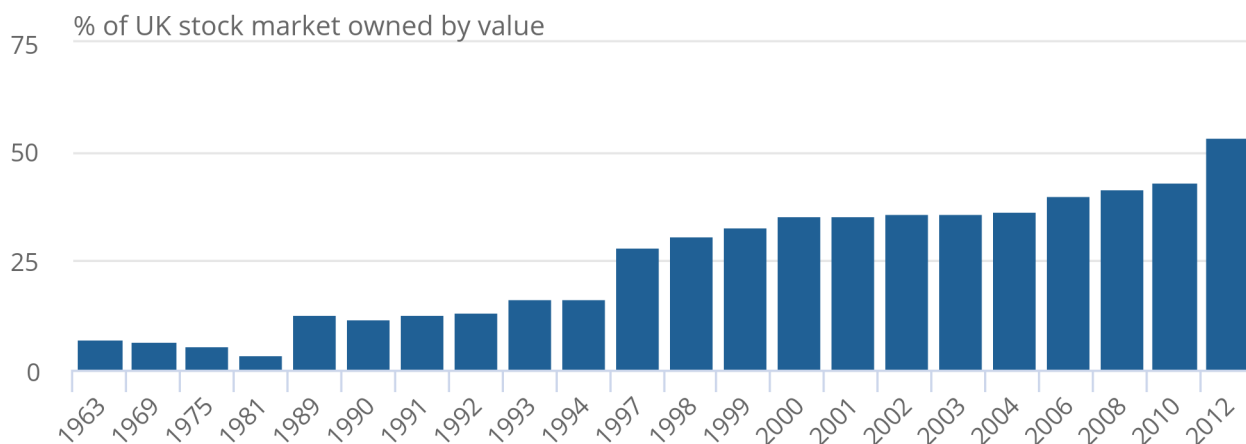
Note that between 1998 and 2008, it was assumed that 20% of the value of shares held by multiple ownership pooled nominee accounts would have underlying ownership by the rest of the world. This was based on analysis of share registers in 1997. An exercise to update the sector allocations in 2010 showed that 57.7% of these holdings were owned by the rest of the world sector. This had a large impact on the results for 2010, given that over 40% of UK quoted shares were held in pooled accounts. Consequently, comparisons in the intermediate years between 1997 and 2010 should be made with caution. It should also be noted, as mentioned earlier in the section on CREST/Multiple ownership, that the growth in the rest of the world data between 2010 and 2012 may in part be due to changes in methodology.

Figure 3: Rest of the world shareholdings

End year position for selected years 1963 to 2012

Figure 3: Rest of the world shareholdings

End year position for selected years 1963 to 2012



Source: Office for National Statistics

Notes:

1. Share Ownership estimates not available for all years
2. N.B. Data between 1998 and 2008 are partially based on analysis conducted in 1997 - see text

6 . Insurance Companies holdings of UK shares by value

The proportion of shares held by insurance companies (Figure 4 and Table A) grew from 10.0% in 1963 to a high of 23.6% in 1997. Since this time, insurance companies' holdings have fallen, reaching 6.2% in 2012. This is the lowest recorded percentage of holdings by insurance companies. The fall could reflect insurance companies switching from UK equities to alternative investments.

Note that between 1998 and 2008, it was assumed that 20% of the value of shares held by multiple ownership pooled nominee accounts would have underlying ownership by insurance companies. This was based on analysis of share registers in 1997. An exercise to update the sector allocations in 2010 suggested that only 4.0% of these holdings were owned by insurance companies. This had a large impact on the results for 2010, given that over 40% of UK quoted shares were held in pooled accounts. Consequently, comparisons in the intermediate years between 1997 and 2010 should be made with caution.

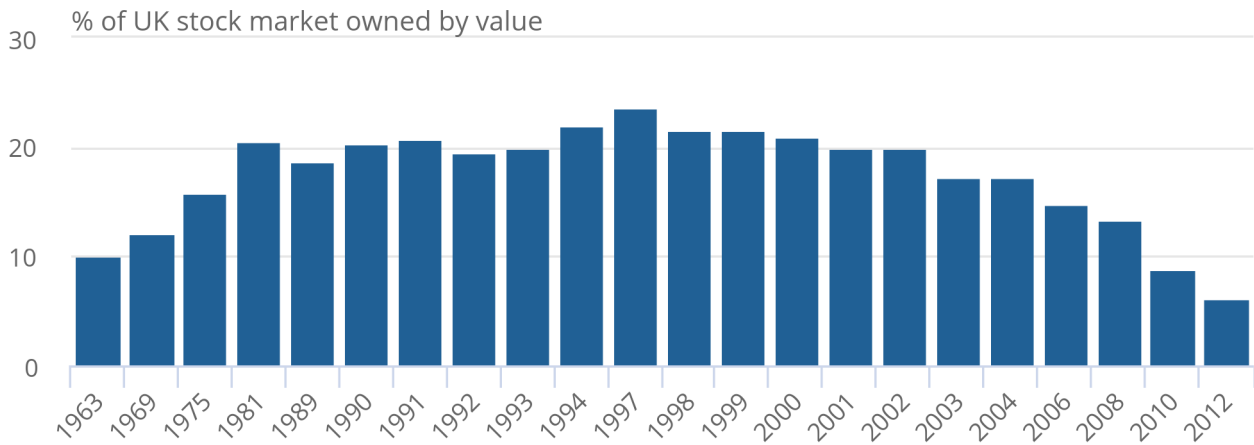
The ONS statistical bulletin [MQ5: Investment by Insurance Companies, Pension Funds and Trusts](#) also reports investment in UK quoted shares by insurance companies. The numbers can sometimes differ significantly from the figures reported here. The difference could in part be attributed to funds and other investment instruments run by insurance companies, which the 2012 share ownership categorises as other financial institutions. In addition, the analysis of share registers to identify the true ownership of pooled nominee accounts classifies pension funds run by insurance companies as pension funds.

Figure 4: Insurance companies shareholdings

End year position for selected years 1963 to 2012

Figure 4: Insurance companies shareholdings

End year position for selected years 1963 to 2012



Source: Office for National Statistics

Notes:

1. Share ownership estimates not available for all years
2. N.B. Data between 1998 and 2008 are partially based on analysis conducted in 1997 - see text

7 . Pension funds holdings of UK shares by value

The proportion of shares held by pension funds (Figure 5 and Table A) grew from 10.0% in 1963 to a high of 32.4 in 1992. Since this time, pension funds' holdings have fallen, reaching 4.7% in 2012. This is the lowest recorded percentage of holdings by pension funds. The fall could reflect fund managers broadening their portfolios to seek higher returns and to spread risk.

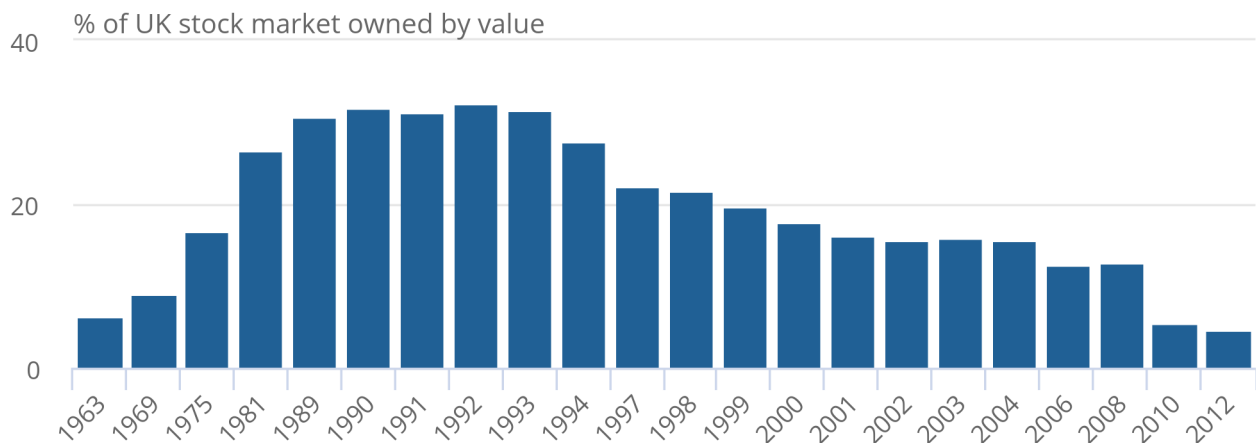
Note that between 1998 and 2008, it was assumed that 50% of the value of shares held by multiple ownership pooled nominee accounts would have underlying ownership by pension funds. This was based on analysis of share registers in 1997. An exercise to update the sector allocations in 2010 suggested that only 7.8% of these holdings were owned by pension funds. This had a large impact on the results for 2010, given that over 40% of UK quoted shares were held in pooled accounts. Consequently, comparisons in the intermediate years between 1997 and 2010 should be made with caution.

Figure 5: Pension funds shareholdings

End year position for selected years 1963 to 2012

Figure 5: Pension funds shareholdings

End year position for selected years 1963 to 2012



Source: Office for National statistics

Notes:

1. Share ownership estimates not available for all years
2. N.B. Data between 1998 and 2008 are partially based on analysis conducted in 1997 - see text

8 . Individuals holdings of UK shares by value

The proportion of shares held by individuals (Figure 6 and Table A) has declined since 1963 when individuals owned 54.0% of UK quoted shares in terms of total value. Their percentage holdings reached a record low of 10.2% in 2010 but picked up slightly to 10.7% in 2012.

Note that between 1998 and 2008, it was assumed that 1% of the value of shares held by multiple ownership pooled nominee accounts would have underlying ownership by individuals. This was based on analysis of share registers in 1997. An exercise to update the sector allocations in 2010 suggested that 5.5% of these holdings were owned by individuals. This had a large impact on the results for 2010, given that over 40% of UK quoted shares were held in pooled accounts. Consequently, comparisons in the intermediate years between 1997 and 2010 should be made with caution.

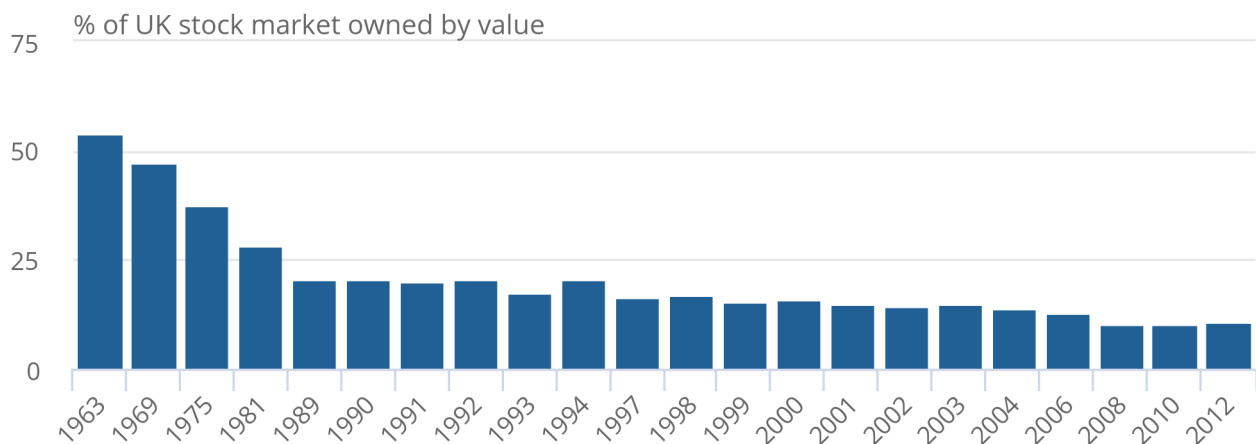
Included in individual ownership are shares owned by company directors and those in privatised and demutualised building societies, which are still owned by individuals. Many individuals also make investments in ordinary shares through unit trusts. However, holdings via unit trusts that are not quoted companies are not included.

Figure 6: Individuals shareholdings, 1963 - 2012

Percentage of UK stock market owned by value

Figure 6: Individuals shareholdings, 1963 - 2012

Percentage of UK stock market owned by value



Source: Office for National Statistics

Notes:

1. Share ownership data not available for all years
2. N.B. Data between 1998 and 2008 are partially based on analysis conducted in 1997 - see text

9 . Unit trusts' holdings of UK shares by value

Unit trust holdings were relatively low and declining through the latter part of the 1990s (Figure 7 and Table A) but have increased in recent years, to 8.8% in 2010 and 9.6% in 2012.

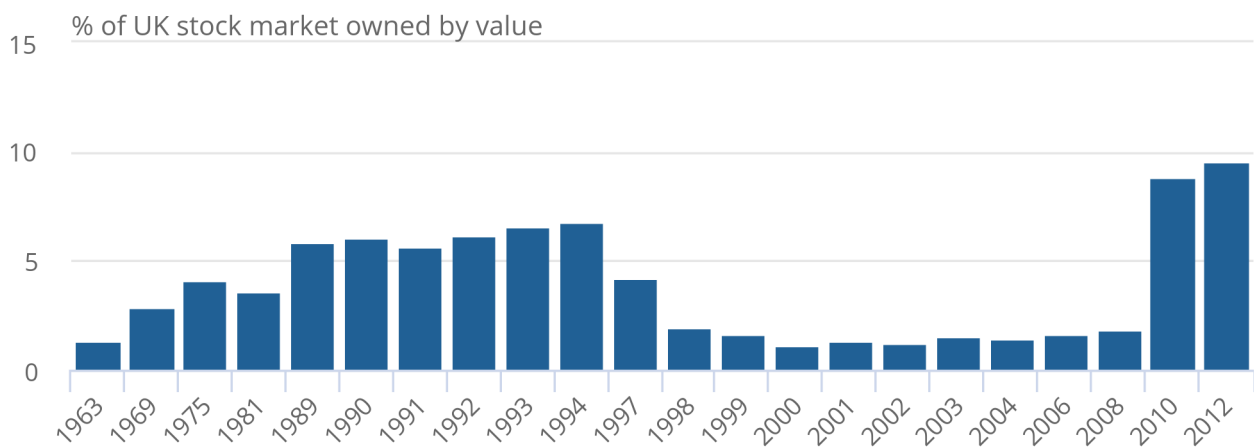
Note that between 1998 and 2008, it was assumed that 3% of the value of shares held by multiple ownership pooled nominee accounts would have underlying ownership by unit trusts. This was based on analysis of share registers in 1997. An exercise to update the sector allocations in 2010 suggested that 13.2% of these holdings were owned by unit trusts. This had a large impact on the results for 2010, given that over 40% of UK quoted shares were held in pooled accounts. Consequently, comparisons in the intermediate years between 1997 and 2010 should be made with caution.

Figure 7: Unit Trusts shareholdings

End year position for selected years 1963 to 2012

Figure 7: Unit Trusts shareholdings

End year position for selected years 1963 to 2012



Source: Office for National Statistics

Notes:

1. Share Ownership estimates not available for all years
2. N.B. Data between 1998 and 2008 are partially based on analysis conducted in 1997 - see text

10 . Other financial institutions' holdings of UK shares by value

In the 1990s, other financial institutions held a relatively small percentage of UK quoted shares by value (Figure 8 and Table A). The holdings continued to increase throughout the last decade, reaching a peak of 12.3% in 2010, but they fell to 6.6% in 2012.

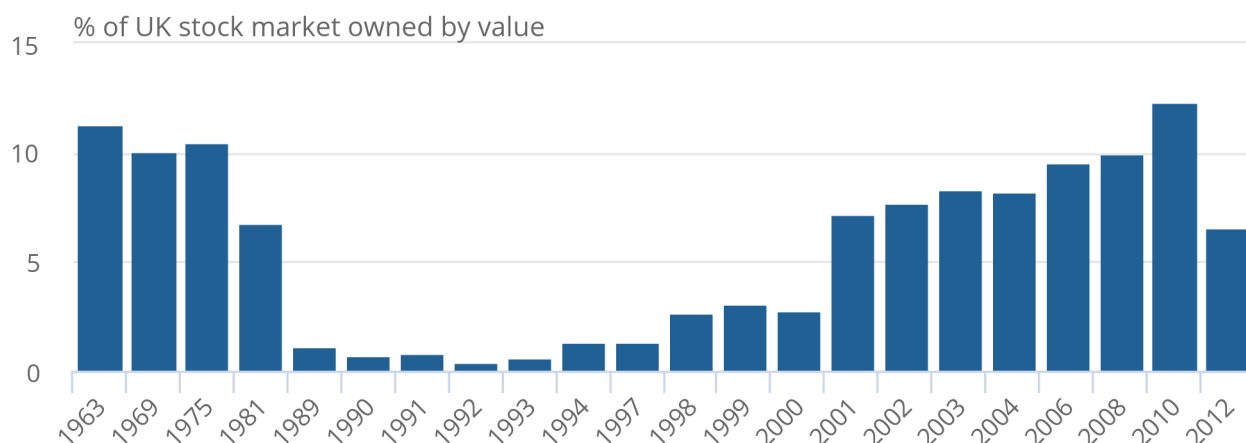
Note that between 1998 and 2008, it was assumed that 3% of the value of shares held by multiple ownership pooled nominee accounts would have underlying ownership by other financial institutions. This was based on analysis of share registers in 1997. An exercise to update the sector allocations in 2010 suggested that 9.9% of the holdings were owned by other financial institutions. This had a large impact on the results for 2010, given that over 40% of UK quoted shares were held in pooled accounts. Consequently, comparisons in the intermediate years between 1997 and 2010 should be made with caution. It should be noted, as mentioned earlier in the section on CREST/Multiple ownership, that the fall in the other financial institutions data between 2010 and 2012 may in part be due to changes in methodology.

Figure 8: Other financial institutions shareholdings

End year position for selected years 1963 to 2012

Figure 8: Other financial institutions shareholdings

End year position for selected years 1963 to 2012



Source: Office for National Statistics

Notes:

1. 1963 to 1981 also contains investment trusts
2. Share ownership estimates not available for all years
3. N.B. Data between 1998 and 2008 are partially based on analysis conducted in 1997 - see text

11 . Government intervention in financial institutions

The financial crisis of 2008 led to unprecedented government intervention in the UK financial industry.

There was initial recapitalisation of The Royal Bank of Scotland Group plc (RBS) in November 2008 with a further injection in 2009. The recapitalisations of LloydsTSB Group plc and HBOS plc took place in 2009. Government also participated in two subsequent recapitalisations of Lloyds Banking Group plc in 2009. On 31 December 2012, these interventions equated to shareholdings valued at £42.6 billion. For further information of the treatment of government interventions see the ONS article [Public Sector interventions in the Financial Crisis](#).

12 . Shares held in FTSE100 companies

The sample for the 2012 share ownership included most companies in the FTSE 100 at 31 December 2012. An analysis of the holdings in these companies has been carried out and used to derive estimates for all FTSE 100 companies. FTSE 100 companies comprised 85.1% of the total value of the stock market at the end of 2012.

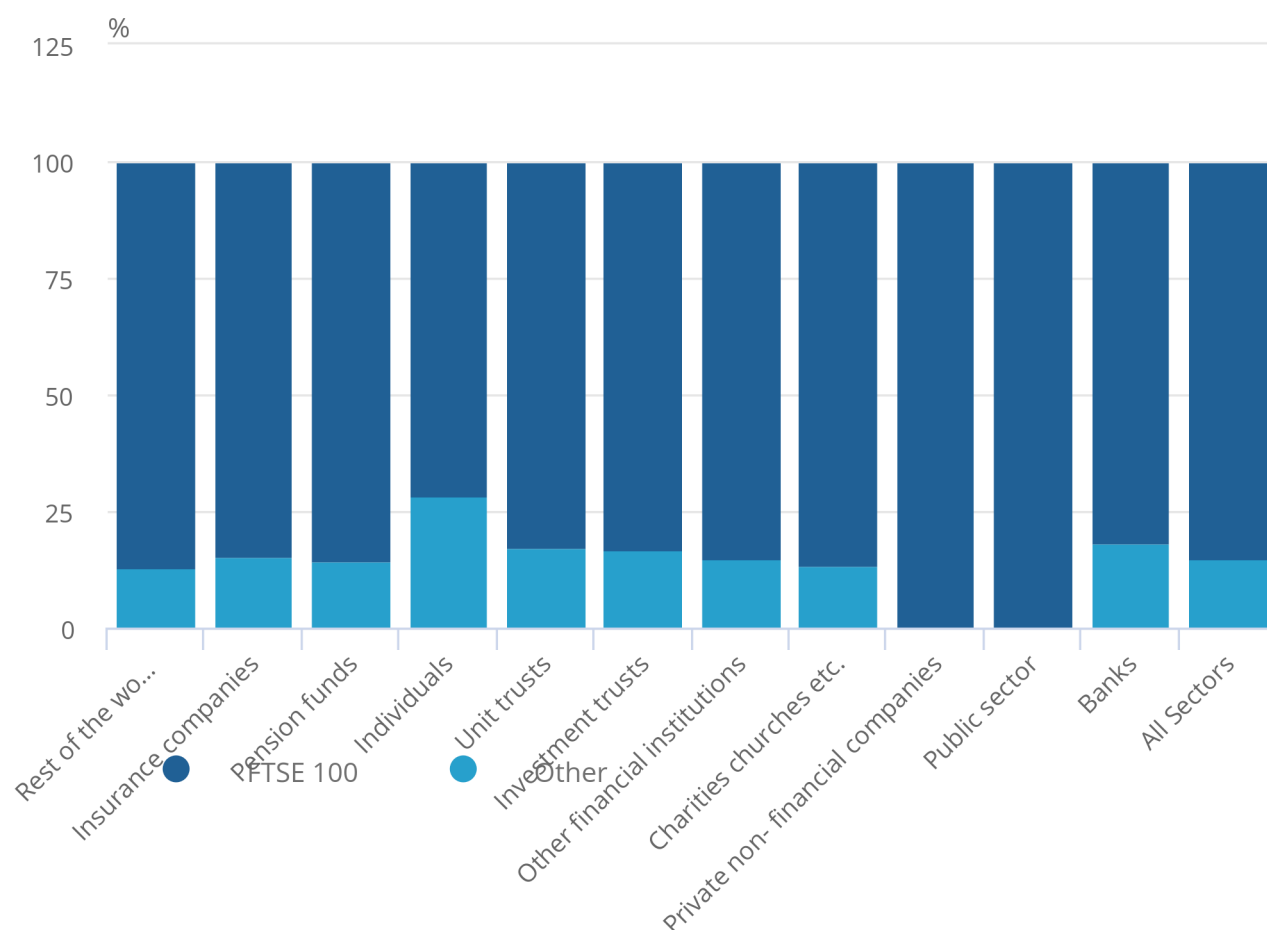
Figure 9 and Table 9 show, as a percentage, the value of funds invested by each beneficial holder split between the FTSE 100 and smaller companies at 31 December 2012. 71.6% of individuals' holdings by value were with FTSE100 companies with the remaining 28.4% in other companies. The UK individuals' holdings in other quoted companies was higher than average because this includes paper holdings by company directors. 87.2% of the rest of the world shareholdings in UK quoted companies were with FTSE100 companies. Overseas investors were likely to be attracted to the biggest companies, many of which have an international presence.

Figure 9: Ownership of FTSE 100 and other UK quoted shares

31 December 2012

Figure 9: Ownership of FTSE 100 and other UK quoted shares

31 December 2012



Source: Office for National Statistics

Private non-financial corporations (PNFCs) include shares held in treasury by some of the largest PNFCs where they buyback their own shares in order to subsequently either distribute to employees or cancel them. This is why 99.5% of the shares held by PNFCs, in terms of value, were within the FTSE 100.

Nearly 100% of public sector holdings are with FTSE 100 companies. This is due to the government interventions in Lloyds Banking Group and Royal Bank of Scotland group, the value of which dwarf any other central government, local government or public corporation share holdings.

Estimates of the shareholdings by industry of issuing company are provided in Table C.

13 . Geographic analysis of Rest of the World holdings of UK shares

On 31 December 2012, the value of all UK quoted ordinary shares was £1,756.3 billion. Of this, the rest of the world held 53.2% (£935.1 billion).

Table 3 below shows the percentage breakdown of the total rest of the world shareholdings in UK shares by value. The analysis here is based on work by Equiniti and Orient Capital on both the pooled and non-pooled accounts in the sample.

North America held 48.3% of the total £935.1 billion rest of the world holdings of UK shares. North American investors increasingly invest directly in the ordinary shares of UK companies listed on the London Stock Exchange. Several UK companies also have American Depositary Receipt (ADR) programmes established for North American investors to trade foreign shares and receive paid dividends in US dollars.

European holdings of UK shares at 31 December 2012 stood at 25.8%. Asian holdings of UK shares were 10.1%.

Table 3: Geographical analysis by Region

Geographical Analysis: Region

	%	£ billion
Europe	25.8	241.3
North America	48.3	451.9
Offshore UK	0.1	0.9
South America, Central America and the Caribbean	2.5	23.8
Middle East	4.1	38.4
Asia	10.1	94.8
Africa	7.2	67.8
Australia and Oceania	1.7	16.2
Total	100.0	935.1

Source: Office for National Statistics

Figure 10: Geographic Analysis - Rest of the World by Region

% Breakdown

14 . Sector analysis of Rest of the World holdings of UK shares

In previous publications, the regional breakdown shown in the previous section was the only analysis provided of shareholdings outside of the UK. Table 4 below is a new table showing the percentage breakdown of the rest of the world shareholdings by sector. Again, this analysis is based on work by Equiniti and Orient Capital on both the pooled and non-pooled accounts in the sample.

Unit trusts holdings stood at 34.4%, followed by other financial institutions and pension funds, with holdings at 22.6% and 18.0% respectively.

Table 4: Geographical Analysis by Beneficial Owner

	%	£ billion
Banks	7.4	68.9
Charities	0.5	4.5
Individuals	1.4	12.7
Insurance companies	1.0	9.3
Investment trusts	0.0	0.0
Other financial institutions	22.6	211.7
Pension funds	18.0	168.0
Private non-financial companies	3.7	34.7
Public Sector	11.1	103.7
Unit Trusts	34.4	321.6
Total	100.0	935.1

Source: Office for National Statistics

Figure 11: Geographical Analysis - Rest of the World by Beneficial Owner

% Breakdown

. Background notes

1. What's new?

User Feedback Survey

Accompanying the release is an opportunity to comment on the Ownership of UK quoted shares 2012 by completing the [user feedback survey](#).

2. Code of Practice for Official Statistics

National Statistics are produced to high professional standards set out in the [Code of Practice for Official Statistics](#). They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference.

3. Understanding the data

Interpreting the data

This statistical bulletin, produced by the Office for National Statistics every two years, shows the ownership of ordinary shares in quoted companies in the UK at 31 December 2012.

Share ownership is measured using data from Euroclear (CREST), the electronic settlement system for equity share trading, and further analysis of share registers. Tables 1, 3, 6, 7 and 10 accompanying this statistical bulletin show the market value of UK quoted shares by beneficial owner, with multiple ownership and excluded shares in paper form shown separately.

In order to identify the true beneficiary of multiple ownership pooled accounts, a sample of these accounts from company share registers were analysed. The analysis is further described in the methods section of the background notes. Tables 2, 4, 5, 8, 9, 11, A and B show the sector of beneficial owner after the multiple ownership pooled nominee accounts and excluded shares in paper form have been allocated to a category of beneficial owner.

Care should be taken when making comparisons between years. In 1998 the survey switched to using data from the Euroclear (CREST) system, which led to discontinuities. The largest impact was that some companies previously classified to unit trusts and investment trusts are now classified as other financial institutions. This makes long-term trends in these sectors hard to identify. Note also that the analysis of pooled nominee accounts was not updated between 1998 and 2008. For each of these years the 1997 analysis was used to compile the results.

Note that the share ownership analysis has not been carried out at uniform intervals and care should be taken when interpreting figures 3 to 7 and tables A and B.

4. Uses of the data

The key purpose of the share ownership estimates is to populate the financial accounts. The data are used to derive the asset breakdown for the transaction line 'Quoted Shares' in the financial accounts and, in the absence of any other information, the transaction line 'Unquoted Shares'.

The main use of the data externally is to provide definitive or benchmark data on the ownership of shares in UK companies. Individual companies need to know who own their shares but there is also an interest in ownership more widely and the implications for policy in, for example, growing overseas ownership or declining ownership by individuals. The ONS data provides this benchmark every two years. ONS regularly engages with users to gain feedback on the data. A Share Ownership User Group was set up in 2012 to take key users and stakeholders through the methodology used to produce the results. A further meeting of the Group will be held on 2 October 2013. ONS has also regularly consulted with users on a bilateral basis.

External users' main concerns with the data reflect the extent to which the published data differ from the industry view or outside analysis. The differences in view may in part be due to differences in definition (for example, the difference between the beneficial owner and the registered owner) but they may also be due to sample size. ONS continues to liaise with users to ensure that any differences in view are fully explored and reconciled.

There is also some concern over the extent to which the data are comparable over time. As noted elsewhere, the analysis of pooled nominee accounts conducted in 1997 was not updated until 2010. This means that there are issues of comparability with the data for 1998 to 2008. ONS have given more emphasis to this issue in the presentation of Figures 3 to 7 in the main part of the Bulletin. ONS have also tried to ensure that the 2010 and 2012 data are comparable and may revisit earlier year's data when resources are available.

Finally, given their growth in recent years, there is an interest in additional detail on the Rest of the World holdings. ONS have tried to meet some of these needs with a new table (Table 4) providing a sector breakdown.

Definitions and explanations

American Depositary Receipt (ADR) programme: An ADR is a negotiable certificate denominated in U.S. Dollars issued by a U.S. bank representing a specified number of shares in a foreign stock traded on a U.S. exchange or Over-The-Counter (OTC) market.

Beneficial Owner: The true underlying owner of the share who receives the benefits of holding the share, for example income through dividends.

Buyback: The repurchase of shares by the issuing company in order to reduce the number of shares on the market.

Dematerialisation: Shares that are dematerialised are held in electronic form, rather than in paper form.

Excluded shares: These are shareholdings not held on the electronic share register but held instead in paper form, such as some share holdings of company directors.

FTSE 100: The FTSE 100 index is the most widely used UK stock market indicator. It tracks the performance of the top 100 companies, representing around 80% of the total market capitalisation of the London Stock Exchange. The index has a base level of 1000 on 3 January 1984.

Held in treasury: The portion of shares that a company keeps in their own treasury. Treasury stock may have come from a repurchase or buyback from shareholders or it may never have been issued in the first place.

Market Capitalisation: Total value of a listed company's shares in issue, calculated as the number of shares multiplied by share price.

Multiple ownership pooled nominee accounts: One entry on the share register representing many beneficial owners from at least two different sectors. Therefore the electronic share register cannot give the complete breakdown of beneficial ownership sector.

Ordinary shares: An ordinary share gives the right to its owner to share the profits of the company (dividends) and to vote at general meetings of the company. They are the most common form of shares in the UK.

Quoted shares: Shares that are quoted on the London Stock Exchange. The definition of a quoted company then follows from this.

5. Methods

Sampling methodology

Share Ownership is measured using the share ownership survey. For each share ownership survey, a sample of companies is taken from a database supplied by the London Stock Exchange. The typical sample size is around 200, with the top 85 or so largest companies in terms of market capitalisation automatically selected and the remaining companies drawn with their probability of selection proportional to their capitalisation. This sample design ensures a large coverage in terms of market capitalisation and reduces the need for a larger sample, which would add to the cost of doing the survey. Thus, for 2012 for example, 200 companies were selected, representing 83% of total UK market capitalisation. The sample comprised the 85 largest companies, each with market capitalisation greater than £2.2 billion, and 115 smaller listed companies.

For these sampled companies, the beneficial owners are obtained. Since 1998 data are acquired from Euroclear (CREST), the electronic settlement system for equity share trading. Each registered participant in CREST has to specify to which National Accounts category the beneficial holder of the shares belongs. This information is used to estimate the value of UK quoted shares by sector of beneficial owner on a particular date.

The table below lists these sector categories, which follow [UK National Accounts](#), in line with [European System of Accounts 1995 \(ESA95\)](#).

Euroclear (CREST) categories of beneficial owner

Individuals Charities, churches etc Insurance companies Pension funds Investment trusts Unit trusts Banks
Other financial institutions Non-financial companies Central Government Local Government Public
Corporations Non-resident: owner in EU Non-resident: owner outside EU Multiple ownership: pooled
nominees

Annex B provides more detail on the composition of each of the categories. The multiple ownership category covers all those accounts where the beneficial owners are from two or more of the categories listed in Table 1.1, and are referred to as pooled nominee accounts.

Additionally, there are excluded shares not held on CREST. These are shareholdings in material form, such as some shareholdings of company directors. This value is calculated as the difference between the total shares in issue on the London Stock Exchange and those held on CREST. These excluded shares are still required, and the Waterlow Stock Exchange Yearbook is used to identify any major shareholdings, which are then assigned to the correct beneficial ownership sector. Within the excluded shares are the Central Government shareholdings as a result of the Government interventions in the financial sector. The value of these shareholdings is obtained from administrative data and is consistent with data published separately in the UK National Accounts.

The remaining excluded shares are allocated to two sectors – Individuals (88.4%) and the Rest of the World (11.6%). These percentages are based on analysis by Equiniti and Orient Capital for the 2012 results.

Work on Multiple ownership for the 2010 results

Up to and including the release of the Share Ownership 2008 publication, multiple sector ownership holdings (and any remaining unidentified excluded shareholdings) were apportioned across the sectors using fixed percentages, derived in 1997. Following a review in 2011, ONS tendered for a specialist company to update the analysis. The company chosen, Equiniti, had 42 of the FTSE 100 businesses as Registrar clients. This meant a large proportion of total pooled nominee holdings by market value could be analysed. The results of this work were published in the 2010 publication.

Work on Multiple ownership for the 2012 results

The work undertaken for the 2010 survey was updated for the 2012 results. Equiniti and Orient Capital successfully tendered for the work and introduced a number of further improvements to the methodology:

- The sample size was increased. The coverage of the pooled nominee holdings was increased from £288 billion in the 2010 survey to nearly £500 billion
- The analysis was extended to single as well as pooled nominee accounts. The total size of the holdings analysed was over £760 billion, over one half of the total shares on the Stock Exchange (in terms of market capitalisation)
- The sample was made more representative in terms of the relationship between the distribution by sector in the sample and the distribution in the population

More details on the methodology can be found in [Share Ownership Methodology](#), published in July 2013.

ONS would like to thank Equiniti and Orient Capital for their work on the 2012 results.

6. Quality

The Quality and Measurement Information Report for Share Ownership will be made available in due course on the National Statistics website.

There have been a number of improvements to the quality of the share ownership results in recent years. The two main improvements – the work on multiple ownership by Equiniti for the 2010 results and the work on multiple ownership by Equiniti and Orient Capital for the 2012 results - are described in more detail in the previous section. The quality of the share ownership results for 2012 is likely to be high. The sample is representative and provides a high coverage, steps have been taken to reduce the main source of non-sampling errors and there has been significant input to the work by Equiniti and Orient Capital, who are recognised experts in the field.

As noted in the section on Uses, external users' main concerns with the data reflect the extent to which the published data differ from the industry view or outside analysis. This will be discussed further at the User Group meeting arranged for 2 October.

Sampling error

Sampling errors will arise when estimates are based on a sample rather than the whole population. In 2012, the Share Ownership Survey collected data from a sample of 200 companies, representing 83% of total market capitalisation. The sample comprised the 85 largest companies and 115 small companies (the largest companies comprise about 77% of total market capitalisation). Errors in the estimates may arise to the extent that the 115 small companies were unrepresentative of smaller companies in total, for example in the proportion of beneficial owners classified to the insurance sector.

Non-sampling error

Non-sampling error can arise due to errors in measurement and process. The primary data source for the Share Ownership Survey is CREST. Each registered participant in CREST has to specify, when setting up their account, to which National Accounts category the beneficial owners of the shares belongs. This information drives the allocation of the results and it is important that it is accurate and regularly maintained : a joint letter from Euroclear and ONS was sent to CREST clients in November 2012 emphasising the importance of the sector allocation on CREST and asking them to review their member account categorisation.

Non-sampling errors may also arise in the analysis of share registers. Identifying the true beneficial owners is a specialised undertaking and in recent years this task has been undertaken by Equiniti (2010) and Equiniti/Orient Capital (2012).

Revisions

There are some revisions to the previously published estimates for 2010. These are described in the main part of the Bulletin.

7. Relevant Links

[MQ5: Investment by Insurance Companies, Pension Funds and Trusts](#)

[Public Sector interventions in the Financial Crisis](#)

[London Stock Exchange](#)

[Euroclear](#)

8. Publication policy

Details of the policy governing the release of new data are available from the [Media Relations Office](#).

9. Accessing data

The complete run of data in the tables of this statistical bulletin is available to view and download in electronic format through [ONS Time Series Data](#). Users can download the complete bulletin in a choice of zipped formats, or view and download their own selections of individual series.

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12. Annex A: Beneficial ownership

The share ownership data are used to improve the sector breakdown of the ownership of shares in the National Accounts and to assign the dividends received to the correct sector of ownership. This use essentially defines the concept of beneficial ownership – the beneficial owner is the person or organisation who benefits from the dividends or increases in the share price.

The beneficial owner is not necessarily the person or organisation managing the shares or the registered owner whose name appears on the share register and on CREST. In particular, since the dematerialisation of shares in 1996 there has been a growing trend towards investors using pooled nominee accounts: at the end of 2012, 59.4% of the total value of UK shares was held by multiple ownership pooled nominees. In these cases, in order to identify the true beneficiary, further analysis needs to be conducted on the accounts.

The difficulties in identifying the beneficial owner can lead to differences between different outputs even where they are trying to measure the same thing (this is over and above any differences that might result from factors such as differing sample sizes). There are a number of holdings which are difficult to analyse conclusively and judgements sometimes need to be made based on the information available. This is why it is important to use the services of a specialist company in this area.

Other outputs can sometimes be measuring something different eg economic exposure or interest. The ONS statistical bulletin MQ5: Investment by Insurance Companies, Pension Funds and Trusts also reports investment in UK quoted shares by insurance companies. The numbers can sometimes differ significantly from the figures reported here. The difference could in part be attributed to funds and other investment instruments run by insurance companies, which the 2012 share ownership categorises as other financial institutions. In addition, the analysis of share registers to identify the true ownership of pooled nominee accounts classifies pension funds run by insurance companies as pension funds.

The analysis published in this Bulletin is also a snapshot, taken at 31 December. At any one point in time shares might have been lent or sold but CREST may not have been updated in time for the snapshot; or CREST might have been updated where the change of ownership, although real, is only temporary. The following examples illustrate some of the difficulties in identifying or defining ownership:

- If a bank holds shares as a depository for an insurance company, then they should still be classified to the insurance sector as ownership will not have changed
- Shares are regularly lent between sectors. In principle, these should be recorded under the sector borrowing the shares as ownership has changed. In practice, some depositaries disclose lent shares and it may not be possible to identify which shares have been lent. There is the further issue that if shares on loan are recorded with the new owner, shares that move in the other direction should be treated in the same way; however, there may be an interest in recording the gross position, representing economic exposure or interest rather than ownership
- If the insurance sector puts up shares for collateral for a financial transaction it may not be clear who owns the shares. An example is where an open derivative position is held and the shares are used as collateral. The shares may be reregistered and then classified as other financial institutions but the beneficial ownership remains with the party that has lodged the collateral

13. Annex B: Beneficial Ownership Categories

Accounts should be classified according to the category of beneficial owner of the securities. Institutions or individuals that are not resident in the UK are classified to one of the two 'overseas' categories. For the purposes of this coding only, residents in Ireland, the Channel Islands and the Isle of Man are classed as 'overseas'.

Pooled nominee accounts where the beneficial owners all fall into one of the categories listed below should be classified to that category. Otherwise, they should be classified to 'multiple ownership: pooled nominees'.

The categories:

- **Individuals:** Includes holdings owned by individual persons resident in the UK (whether registered in their own name, through a PEP/ISA, or as clients of a stockbroker or fund management group); shares held for employee share ownership schemes; and shares held in trusts with named individual beneficiaries
- **Charities, churches etc.:** Includes all private non-profit making bodies, including private trusts set up for charitable purposes, charities and holdings by universities and the church commissioners
- **Insurance companies:** These are active in both life insurance and non-life (general) insurance
- **Pension funds:** This includes local authority, public corporation and private pension funds. Pooled pension funds managed by insurance companies are now classified here rather than insurance companies
- **Investment trusts:** Comprises authorised investment trusts and authorised closed-ended investment companies incorporated in the UK, including PEP/ISAs run by them
- **Unit trusts:** Comprises authorised unit trusts, including PEP/ISAs run by unit trusts. Open-ended investment companies (OEICs) are now included in this category, rather than investment trusts as both unit trust and OEICs are open ended funds
- **Banks:** Comprises institutions authorised as deposit takers by the Bank of England
- **Other financial institutions:** This includes market participating holdings such as clearing accounts, market makers, stock lending and collateral accounts. This also includes funds such as index funds, exchange traded funds, hedge funds, socially responsible and ethical funds
- **Non-financial companies:** Includes private limited companies (Ltd's), public limited companies (PLC's) and unincorporated partnerships, such as firms of accountants and solicitors. Corporations owned by central government or local authorities should be classified to public corporations
- **Central Government:** Includes government departments, government agencies and the Bank of England (including its issue department and banking department)
- **Local Government:** Includes holdings held directly by local authorities. Securities owned by local authority superannuation funds should be classified to pension funds

- **Public Corporations:** Comprises corporations which, although owned by central government or local authorities, have substantial freedom to conduct their affairs on ordinary business lines. Securities owned by public corporation superannuation funds should be classified to pension funds
- **Non-resident: owner in EU:** All institutions or individuals resident in countries of the European Union other than the UK
- **Non-resident: owner outside EU:** All institutions or individuals resident in countries outside of the European Union. Also includes beneficial owners who are known to be resident abroad, but where the country of residence is not known precisely, and pooled nominee accounts where the beneficial owners are all non-residents but the split between EU and non-EU residents is not known

14. Details of the policy governing the release of new data are available by visiting www.statisticsauthority.gov.uk/assessment/code-of-practice/index.html or from the Media Relations Office email: media.relations@ons.gov.uk

These National Statistics are produced to high professional standards and released according to the arrangements approved by the UK Statistics Authority.