



17 June 2008

Merchant Securities plc ("Merchant Securities" or the "Company")

Company statement re FSA settlement

It was announced today that Merchant Securities Group Limited, ("MSGSL" or the "Firm") the stockbroking subsidiary of the Company, has entered into an agreement with the FSA to settle an investigation by the FSA of the Firm's systems and controls for the protection of customer information. The settlement has resulted in MSGSL being fined £77,000. The FSA found no evidence of any theft or compromise of customer information.

MSGSL has listened to the FSA's concerns and has undertaken a thorough review of all its systems and controls for the protection of customer data to ensure that they are now robust. Changes implemented since October 2007 mean that MSGSL is confident that the shortcomings in its systems and controls identified by the FSA have been fully resolved.

Patrick Claridge, acting Chief Executive, Merchant Securities says:

"Our subsidiary, MSGSL, is a traditional private client business servicing a client base of long-standing clients and we value the personal relationships that we have with them. We have taken steps to improve our systems and security for our clients' benefit and will continue to do all we can to protect their interests in the future."

Ends

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