

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take you are recommended to seek your own independent financial advice from a person authorised under the Financial Services and Markets Act 2000 (“FSMA”) who specialises in advising on the acquisition of shares and other securities before taking any action. You should read the entire document.

If you have sold or transferred all of your Existing Ordinary Shares, please pass this document together with the accompanying Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee if you have sold or transferred only part of your holding of Existing Ordinary Shares you should retain this document.



Merchant Securities plc

(Incorporated in England and Wales under the Companies Act 1985 with registered number 5347651)

Proposed Change of Name to Merchant Securities Group plc

and

Notice of General Meeting

A notice convening a general meeting of the Company to be held at the offices of Merchant John East Securities Limited, 10 Finsbury Square, London EC2A 1AD on 30 June 2010 at 10.00 a.m. is set out on pages 7 to 8 of this document. **To be valid, the Form of Proxy should be completed and returned to the Company’s registrars, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to arrive no later than 10.00 a.m. on 28 June 2010.** The completion and return of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting should you wish to do so.

If you hold Ordinary Shares in CREST you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Capita Registrars (CREST Participant ID RA10) so that it is received no later than 10.00 a.m. on 28 June 2010. The completion and return of a CREST Proxy Instruction will not preclude Shareholders who hold their Ordinary Shares in CREST from attending and voting in person at the General Meeting, or any adjournment thereof, should you wish to do so.

Contents

	<i>Page</i>
Definitions	3
Expected timetable of events	4
Letter from the chairman	5
Introduction	5
Change of name	5
Action to be taken by Shareholders	5
Recommendation	6
Notice of General Meeting	7

Definitions

The following definitions apply throughout this document unless the context requires otherwise:

“Capita Registrars”	the trading name of Capita Registrars Limited
“Company” or “Merchant Securities”	Merchant Securities plc
“CREST”	the system for paperless settlement of trades and the holding of uncertificated shares administered through Euroclear UK & Ireland Limited
“Directors” or “Board”	the directors of the Company as set out on page 5 of this document
“Form of Proxy” or “Proxy Form”	the form of proxy accompanying this document for use in connection with the GM
“GM” or “General Meeting”	the general meeting of the Company convened for 10.00 a.m. on 30 June 2010, notice of which is set out on pages 7 to 8 of this document
“Group”	Merchant Securities plc and its subsidiaries
“MJES”	Merchant John East Securities Limited
“Ordinary Shares”	the ordinary shares of 1p each in the capital of the Company
“Resolution”	the resolution set out in the notice of the General Meeting on pages 7 to 8 of this document
“Shareholders”	holders of Ordinary Shares

Expected timetable of events

Despatch of this document	7 June 2010
Latest time for receipt of Forms of Proxy for the General Meeting	10.00 a.m. on 28 June 2010
General Meeting	10.00 a.m. on 30 June 2010
Change of Name effective	9 July 2010

LETTER FROM THE CHAIRMAN

Merchant Securities plc

(Incorporated in England and Wales with registered number 5347651)

Directors

John Louis Green *(Non-executive Chairman)*
Patrick Timothy Claridge *(Chief Executive)*
John Foster-Powell FCCA, ACIB, AMCT *(Chief Financial Officer)*
John Richard Alan East *(Executive director)*
Charles Beaufort Price *(Non-executive director)*

Registered Office

John Stow House
18 Bevis Marks
London
EC3A 7JB

7 June 2010

To Shareholders and, for information purposes only, to the holders of options over ordinary shares in the Company.

Dear Shareholder,

Introduction

As most of you will know, your company completed the corporate integration of Merchant Securities Group Limited and John East & Partners Limited in October 2009. Since then, the operating subsidiary carrying out all the Group's activities (except for the wealth management activities carried out by Merchant Cavendish Young) has been trading as MJES.

In July this year, the integration process will be completed, as all the London based activities come under one roof in new offices in Gresham Street in the City of London. We are in the process of assigning the lease on our premises at John Stow House and the lease on our Finsbury Square office expires on 30 September 2010. When we move premises, which is currently expected to take place over the weekend of 10 July 2010, we will change the name of MJES to Merchant Securities Limited, so that all the Group's activities, other than wealth management, are carried on under the Merchant Securities brand name. However, as it is not possible to have a plc and a private company using the same name, this necessitates a change of name of the parent company to avoid this clash.

Change of Name

It is proposed, accordingly, to change the name of the Company to Merchant Securities Group plc at a General Meeting convened for this purpose. The GM will be held on 30 June 2010 at 10.00 a.m. at the offices of MJES, 10 Finsbury Square, London EC2A 1AD and the notice convening the meeting, together with the Resolution to change the name of the Company, is set out on pages 7 to 8 of this document. If the Resolution is passed, the change of name is expected to become effective on Friday 9 July 2010 and MJES will have changed its name to Merchant Securities Limited before the start of business on Monday 12 July 2010.

Action to be taken by Shareholders

Shareholders will find enclosed with this document a Form of Proxy for use at the GM. The Form of Proxy should be completed and returned in accordance with the instructions printed on it so as to arrive at the Company's registrars, Capita Registrars, **PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU** as soon as possible and, in any event not later than 10.00 a.m. on 28 June 2010. Alternatively, CREST members who wish to appoint a proxy or proxies via CREST may do so in accordance with the procedures set out in the notice of GM and the Form of Proxy. Completion and return of the Form of Proxy or appointment of a proxy via CREST will not prevent Shareholders from attending and voting at the GM, or any adjournment thereof should they so wish.

Recommendation

The Directors believe that the change of name is in the best interests of the Company and its Shareholders. They recommend that Shareholders vote in favour of the Resolution as they intend to do in respect of their aggregate shareholdings of 8,384,468 Ordinary Shares, equivalent to 17.88 per cent of the existing ordinary share capital of the Company.

Yours faithfully

John Green
Chairman

Merchant Securities plc

(Incorporated in England and Wales with registered number 5347651)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of Merchant Securities plc will be held at the offices of Merchant John East Securities Limited at 10 Finsbury Square, London EC2A 1AD on 30 June 2010, at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution:

THAT the name of the Company be changed to “Merchant Securities Group plc”.

By order of the Board

Rose Marie Sexton
Company secretary

Registered office
John Stow House
18 Bevis Marks
London
EC3A 7JB

7 June 2010

NOTES

Entitlement to attend and vote

- 1 In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those shareholders entered on the relevant register of members (the “**Register**”) for certificated or uncertificated shares of the Company (as the case may be) at 6.00 p.m. on 28 June 2010 (the “**Specified Time**”) will be entitled to attend or vote at the General Meeting in respect of the number of shares registered in their name at the time. Changes to entries on the Register after the Specified Time will be disregarded in determining the rights of any person to attend or vote at the General Meeting. Should the General Meeting be adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned General Meeting. Should the General Meeting be adjourned for a longer period, then to be so entitled, members must be entered on the Register at the time which is 48 hours before the time fixed for the adjourned General Meeting or, if the Company gives notice of the adjourned General Meeting, at the time specified in the notice.

Appointment of proxies

- 2 As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a Proxy Form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the Proxy Form.
- 3 A proxy does not need to be a member of the Company but must attend the meeting to represent you. Details of how to appoint the Chairman of the meeting or another person as your proxy using the Proxy Form or via CREST are set out in the notes to the Proxy Form. If you wish your proxy to speak on your behalf at the meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
- 4 If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

Appointment of proxy using hard copy Proxy Form

- 5 The notes to the Proxy Form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the Proxy Form, the form must be:

- completed and signed;
- sent or delivered to Capita Registrars, PSX, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
- received by Capita Registrars no later than 10.00 a.m. on 28 June 2010.

In the case of a member which is a company, the Proxy Form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the Proxy Form is signed (or a duly certified copy of such power or authority) must be included with the Proxy Form.

Appointment of proxy via CREST

- 6 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (formerly CRESTCo's) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must in order to be valid, be transmitted so as to be received by Capita Registrars (ID RA10) by no later than 10.00 a.m. on 28 June 2010. No such message received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxy by joint members

- 7 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Register in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

- 8 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy Proxy Form and would like to change the instructions using another hard-copy Proxy Form, please contact Capita Registrars on 0871 664 0300 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0300 number cost 10 pence per minute plus network extras. Lines are open 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

- 9 In order to revoke a proxy instruction (other than a CREST Proxy instruction) you will need to inform Capita Registrars by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars, PSX, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Capita Registrars no later than 10.00 a.m. on 28 June 2010.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

Communication

- 10 Except as provided above, members who have general queries about the meeting should contact Capita Registrars on 0871 664 0300 from within the UK or on + 44 20 8639 3399 if calling from outside the UK. Calls to the 0871 664 0300 number cost 10 pence per minute plus network extras. Lines are open 8.30 a.m. to 5.30 p.m. (London time) Monday to Friday (except UK public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Proposals nor give any financial, legal or tax advice.

You may not use any electronic address provided either:

- in this notice of General Meeting; or
- any related documents (including the Proxy Form),

to communicate with the Company for any purposes other than those expressly stated.