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IF YOU HAVE SOLD OR TRANSFERRED ALL OF YOUR ORDINARY SHARES YOU SHOULD SEND THIS DOCUMENT AT ONCE, TOGETHER WITH THE ACCOMPANYING FORM OF PROXY, TO THE PURCHASER OR TRANSFEREE OR THE STOCKBROKER OR OTHER AGENT THROUGH WHOM THE SALE OR TRANSFER WAS EFFECTED, FOR TRANSMISSION TO THE PURCHASER OR TRANSFEREE. IF YOU HAVE SOLD ANY PART OF YOUR HOLDING OF ORDINARY SHARES, PLEASE CONTACT YOUR STOCKBROKER OR OTHER AGENT THROUGH WHOM THE SALE OR TRANSFER WAS EFFECTED IMMEDIATELY.



DANIEL STEWART SECURITIES Plc

(Incorporated and registered in England and Wales under the Companies Act 1985, Registered No. 3899545)

Circular to Shareholders

Proposed Section 95 Disapplication and Notice of General Meeting

A notice convening a General Meeting of the Company to be held at the offices of the Company at Becket House, 36 Old Jewry, London EC2R 8DD on Wednesday 14 January 2009 at 10.00 a.m. is set out at the end of this document. A Form of Proxy for use in connection with the General Meeting is enclosed with this document and should be completed, signed and returned in accordance with the instructions thereon as soon as possible but, in any event, so as to be received by the Company's Registrar, Capita Registrars, The Registry, 34 Beckenham Road, Kent BR3 4TU no later than 10.00 a.m. on Monday 12 January 2009.

The Directors of the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>Date</i>
Latest time and date for receipt of Forms of Proxy for the General Meeting of Daniel Stewart Securities Plc	10.00 a.m. on Monday 12 January 2009
General Meeting of Daniel Stewart Securities Plc	10.00 a.m. on Wednesday 14 January 2009

**LETTER FROM THE CHAIRMAN OF
DANIEL STEWART SECURITIES Plc**

(Incorporated and registered in England and Wales under the Companies Act 1985, Registered No. 3899545)

Registered Office

Becket House
36 Old Jewry
London
EC2R 8DD

22 December 2008

*To the holders of Existing Shares and, for information only, to the holders of options
in respect of Ordinary Shares*

Dear Sir/Madam,

1. Introduction

It has been announced today that the Company has conditionally placed 25 million new ordinary shares of 0.25 pence each at a price of 2 pence per Ordinary Share, raising gross funds of £500,000 for the Company. In order to effect the Placing and to give the Directors authority to allot the new Ordinary Shares to the Placees and to allot further new Ordinary Shares other than on a pre-emptive basis subject to certain limitations, the approval of Shareholders is required for the Disapplication. The Placing is therefore conditional on the passing of the Resolution by Shareholders.

The purpose of this document is:

- (i) to set out the reasons for, and details of, the Placing; and
- (ii) to seek Shareholder approval for the Disapplication.

This document also contains the Directors' recommendation that Shareholders vote in favour of the Resolution to be proposed at the GM convened for 10.00 a.m. on Wednesday 14 January 2009, notice of which is set out at the end of this document.

Notice of the General Meeting and a form of proxy for use at the General Meeting are enclosed with this document.

2. Information on Daniel Stewart

Daniel Stewart was incorporated in 1989 and, following a reverse takeover, was listed on AIM in October 2004. It offers a comprehensive range of services focusing on equity capital markets including corporate finance, equity research, corporate broking and sales. The main focus of the Group is on small and mid cap stocks, principally on AIM, though the Group does act as broker or joint broker to a number of companies on the Official List. Daniel Stewart's client base has grown from 26 corporate clients in September 2004 to 53 as at December 2008.

3. Reason for the Placing

Earlier this month, a group of investors indicated an interest in taking an equity position in Daniel Stewart, which gives the Company the opportunity to raise cash for the business and strengthen its shareholder base, without excessive dilution. The Company and Directors welcomed their interest in investing in the Company and moreover believe it prudent to raise funds, in view of market conditions which remain challenging and are likely to remain so for some time.

The Group, along with most other market participants, has seen a significant fall-off in transactional work; however it has an excellent base of retained corporate clients and, following the Placing, will have net cash balances of approximately £2 million, which gives the Company confidence that it will be in a good position to benefit when normal market conditions return. In the meantime, the Group has reduced its recurring cost base by over 20 per cent. since the middle of this year.

Looking forward, the Group will continue to strengthen its existing presence in North America and, over time, will consider establishing a presence in other major financial centres. The Directors believe that this will significantly enhance the Group's distribution capability and improve access to capital for its clients.

4. General Meeting

You will find at the end of this document a notice convening a General Meeting of the Company, to be held at 10.00 a.m. on Wednesday 14 January 2009 at the Company's offices at Becket House, 36 Old Jewry, London EC2R 8DD, at which the Resolution will be proposed.

5. Action to be taken

Whether or not you propose to attend the GM in person, you are asked to complete the Proxy Form appended to this Circular and to return it in the enclosed pre-paid envelope to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive as soon as possible but in any event no later than 10.00 a.m. on Monday 12 January 2009. Completion and return of the Proxy Form will not preclude you from attending the GM and voting in person should you so wish.

6. Recommendation

The Directors consider that the Placing is in the best interests of the Company and its Shareholders as a whole and recommend that you vote in favour of the Resolution, as they intend to do in respect of their own beneficial holdings, amounting in aggregate to 52,090,531 Ordinary Shares, which represents approximately 22.1 per cent. of the Company's issued ordinary share capital.

Yours faithfully

Peter Dicks
Chairman

DEFINITIONS

In this document, the following expressions shall have the following meanings, unless the context otherwise requires:

“Act” or “Companies Act”	the Companies Act 1985 (as amended) and/or the Companies Act 2006 (to the extent the same is in force);
“AIM”	the market operated by the London Stock Exchange;
“AIM Rules for Companies”	the rules for AIM companies as issued by the London Stock Exchange, from time to time;
“certificated” or “in certificated form”	recorded on the relevant register as being held in certificated form and title to which may be transferred by means of a stock transfer form;
“Company” or “Daniel Stewart”	Daniel Stewart Securities Plc;
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which being Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755);
“Directors” or “Board”	the directors of the Company;
“Disapplication”	the proposed disapplication of section 95 of the Companies Act in relation to the allotment of certain Ordinary Shares, to be proposed at the General Meeting and detailed in the Resolution (set out in the attached notice of the General Meeting);
“Existing Shares”	235,311,066 Ordinary Shares in issue as at the date of this document;
“Financial Services Authority” or “FSA”	the Financial Services authority of the UK in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of the admission to the Official List otherwise in accordance with Part VI of FSMA;
“Form of Proxy”	the form of proxy for use by holders of issued Ordinary Shares accompanying this document for use in connection with the GM;
“FSMA”	the Financial Services and Markets Act 2000 (as amended);
“General Meeting” or “GM”	the general meeting of the Company to be held at 10.00 a.m. on Wednesday 14 January 2009, or any adjournment thereof, notice of which is contained at the end of this document;
“London Stock Exchange”	London Stock Exchange plc or any recognised investment exchange for the purposes of FSMA which may take over the functions of London Stock Exchange plc;
“Official List”	the official list of the UKLA;
“Ordinary Shares”	ordinary shares of 0.25p each in the capital of the Company;
“Placees”	the investors with whom the 25 million new Ordinary Shares have been conditionally placed at a subscription price of 2 pence per share pursuant to the Placing;

“Placing”	the conditional placing of 25 million new ordinary shares of 0.25 pence each at a price of 2 pence per Ordinary Share, raising £500,000 for the Company;
“Record Date”	means 12 January 2009;
“Resolution”	the special resolution to be proposed at the General Meeting as set out in the notice of General Meeting accompanying this document;
“Shareholders”	the persons who are registered as holders of Ordinary Shares at the Record Date;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland; and
“UKLA” or “UK Listing Authority”	United Kingdom Listing Authority, being the FSA acting in its capacity as the competent authority of the purposes of Part VII and FSMA.

Daniel Stewart Securities Plc
(the “Company”)

(Registered in England and Wales under No. 3899545)

Notice of General Meeting

Notice is hereby given that a General Meeting of the Company will be held on Wednesday 14 January 2009 at 10.00 a.m. at the Company’s offices at Becket House, 36 Old Jewry, London EC2R 8DD, for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution:

Special Resolution

THAT the directors of the Company be and are hereby empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities in connection with any offer or invitation, including a rights issue, open offer or equivalent offer made to the holders of ordinary shares in the capital of the Company and such other equity securities of the Company as the directors of the Company may determine, to subscribe in the same proportions (as nearly as may be) to their respective holdings or in accordance with the rights attached thereto or arrangements agreed in respect thereto, the terms of which may contain such exclusions or other arrangements as the directors of the Company consider necessary or expedient to deal with fractional entitlements that would otherwise arise or in connection with either legal or practical problems arising under the laws of any territory or the requirements of any applicable regulatory body or stock exchange in any territory;
- (b) otherwise than pursuant to sub-paragraph (a) above, the allotment of equity securities up to an aggregate nominal amount of £165,000, to such person or persons and on such terms as they think fit;

provided that this authority shall expire on the earlier of fifteen months from the date of passing of this resolution and the next annual general meeting of the Company, save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

By order of the Board

Filex Services Limited
Company Secretary

22 December 2008

Registered Office
Becket House
36 Old Jewry
London EC2R 8DD

Notes to the Notice of General Meeting

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members a 10.00 a.m. on 12 January 2009 or, if this General Meeting is adjourned, at 10.00 a.m. on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at General Meeting.
2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the General Meeting and you should have received a Form of Proxy with this notice of General Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.
3. A proxy does not need to be a member of the Company but must attend the General Meeting to represent you. Details of how to appoint the Chairman of the General Meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy.
4. 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 Company's register of members in respect of the joint holding (the first-named being the most senior).
5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Ordinary Shares. You may not appoint more than one proxy to exercise rights attached to any one Ordinary Share. To appoint more than one proxy, you should contact Capita Registrars at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
6. The notes to the Form of Proxy explain how to direct your proxy to vote on the resolution or withhold their vote. To appoint a proxy the form must be completed and signed sent or delivered to Capital Registrars at the Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and received by Capita Registrars no later than 10.00 a.m. on 12 January 2009.
7. In the case of a member which is a company, the Form of Proxy 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 Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.
8. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a 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.
9. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (RA10) by 10.00 a.m. on 12 January 2009. 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 issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. 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.
11. To change your proxy instructions or to revoke a proxy instruction you will need to comply with the terms set out in the notes to the Form of Proxy.
12. In order to facilitate voting by corporate representatives at the General Meeting, arrangements will be put in place at the Meeting as further described in the notes to the Form of Proxy.
13. Except as provided above, members who have general queries about the General Meeting should telephone Lindsay Mair on 020 7776 6550 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting or any related documents (including the Chief Executive's letter and Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.