



# Prevention of Fraud (Investments) Act 1958

## 1958 CHAPTER 45

### *Exemptions*

#### **15 Stock exchanges and associations of dealers in securities**

- (1) The Board of Trade may by order declare any body of persons carrying on in Great Britain the business of dealing in securities to be a recognised stock exchange or recognised association of dealers in securities for the purposes of this Act.
- (2) Any order under this section may be varied or revoked by a subsequent order of the Board of Trade ; but an order by virtue of which any body ceases to be a recognised stock exchange or a recognised association of dealers in securities shall not take effect until the expiration of the period of three months beginning with the day on which the order is made.
- (3) It shall be the duty of every recognised stock exchange or recognised association of dealers in securities to furnish to the Board of Trade, so often as may be prescribed (which shall be not less often than once a year) a list showing with respect to each person who, at the date on which the list is furnished, is a member of the stock exchange or of the association, as the case may be, his name and business address and the style under which he carries on business, and, if the member is a corporation, the name of each of the directors thereof; and as soon as may be after receiving any list furnished to them under this subsection, the Board shall cause the list to be published in such manner as they think proper.
- (4) It shall be the duty of every recognised stock exchange or recognised association of dealers in securities whenever required by the Board so to do to furnish to the Board, with respect to any specified member of the stock exchange or association, as the case may be, a list of the persons who are for the time being authorised by that member to deal in securities on his behalf.

---

*Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.*

---

## 16 Exemption of certain dealers

- (1) The Board of Trade may by order declare any person to be an exempted dealer for the purposes of this Act, subject to the following conditions' being fulfilled so long as the order is in force, that is to say:—
- (a) the main business of that person must consist of one or more of the following activities:—
    - (i) carrying on some business other than the business of dealing in securities, and
    - (ii) dealing in securities in one or more of the ways mentioned in the next following subsection ; and
  - (b) the greater part of any business of dealing in securities done by him in Great Britain otherwise than in one of the ways referred to in sub-paragraph (ii) of paragraph (a) of this subsection must be effected with, or through the agency of, one or more of the following persons, that is to say:—
    - (i) a member of any recognised stock exchange or recognised association of dealers in securities,
    - (ii) the Bank of England, a statutory corporation, a municipal corporation or an exempted dealer,
    - (iii) a person acting in the capacity of manager or trustee under an authorised unit trust scheme,
    - (iv) a person acting on behalf of such a person as is mentioned in sub-paragraph (i), sub-paragraph (ii) or sub-paragraph (iii) of this paragraph, and
    - (v) the holder of a licence,
 or effected, with the consent of the Board of Trade, through the agency of a member of a stock exchange outside Great Britain.
- (2) The ways of dealing in securities referred to in sub-paragraph (ii) of paragraph (a) of the preceding subsection are as follows, that is to say:—
- (a) issuing any document which is, or is to be deemed to be, a prospectus within the meaning of the Companies Act, 1948 ;
  - (b) making or offering to make with any person an agreement for, or with a view to, the underwriting of securities;
  - (c) making any invitation to persons to subscribe for securities, or to purchase securities on the first sale thereof;
  - (d) making any invitation to persons to subscribe for, or purchase, securities of the Government of the United Kingdom or of Northern Ireland or the Government of any country or territory outside the United Kingdom, or securities of any statutory corporation or municipal corporation;
  - (e) effecting any transaction with a person whose business involves the acquisition and disposal, or the holding, of securities, being a transaction with that person as a principal:

Provided that a person shall not, by reason only of his having made such an invitation as is mentioned in paragraph (c) of this subsection, be taken to have dealt in securities in one of the ways referred to in sub-paragraph (ii) of paragraph (a) of the preceding subsection, if permission to deal in such securities as were the subject of the invitation has not been granted by the Stock Exchange, London, within the period of three months beginning with the date on which the invitation was made, or within such longer period (if any) beginning with that date as the Board of Trade think fit.

---

*Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.*

---

(3) If, with respect to any exempted dealer, the Board of Trade consider that the order declaring him to be an exempted dealer ought to be revoked on either of the following grounds, that is to say.—

- (a) that the conditions subject to which the order was made have not been fulfilled in his case, and
- (b) that the circumstances relevant to the making of the order have materially changed since the making thereof,

the Board may serve on the exempted dealer a written notice that they are considering the revocation of the order on that ground, specifying particulars of the non-fulfilment of the said conditions or of the change of the said circumstances, as the case, may be, and inviting the exempted dealer to make to the Board, within the period of one month from the date of the service of the notice, any representations which he desires to make with respect to the proposed revocation of the order; and the Board may revoke the order after the expiration of the said period, but, before deciding whether or not to revoke the order, shall take into consideration any representations so made by the exempted dealer and, if he so requests, afford him an opportunity of being heard by the Board within that period.

(4) The Board of Trade shall cause to be published, at such times and in such manner as they think proper, the names and addresses of all persons who are for the time being exempted dealers so, however, that the said information shall be published not less often than once a year.

## 17 Authorised unit trust schemes

(1) The Board of Trade may by order declare to be an authorised unit trust scheme for the purposes of this Act any unit trust scheme in relation to which the Board are satisfied that the following conditions are fulfilled, that is to say:—

- (a) that each of the persons who are respectively the manager and the trustee under the scheme is a corporation incorporated under the law of some part of the United Kingdom, and having a place of business in Great Britain at which notices and other documents are received on behalf of the corporation, and
- (b) that the scheme is such that the effective control over the affairs of the corporation which is the manager under the scheme is and will be exercised independently of the corporation which is the trustee under the scheme, and
- (c) that the scheme is such as to secure that any trust created in pursuance of the scheme is expressed in a deed providing, to the satisfaction of the Board, for the matters specified in the First Schedule to this Act, and
- (d) as respects the corporation being the trustee, either—
  - (i) that the corporation has a capital (in stock or shares) for the time being issued of not less than five hundred thousand pounds, of which an amount of not less than two hundred and fifty thousand pounds has been paid up, and that the assets of the corporation are sufficient to meet its liabilities (including liabilities in respect of the repayment of its capital), or
  - (ii) that more than four-fifths of the said capital of the corporation is held by another corporation being a corporation in relation to which the conditions as to capital and assets specified in sub-paragraph (i) of this paragraph are fulfilled:

---

*Status: This is the original version (as it was originally enacted). This item of legislation is currently only available in its original format.*

---

Provided that, if with respect to any trust the Board of Trade are satisfied that, by reason of the special circumstances of the trust, the fulfilment in relation thereto of the condition specified in paragraph (c) of this subsection is impracticable, the Board may dispense with the fulfilment of that condition in relation to that trust, so far as it appears to them that they can properly do so without prejudicing the interests of the beneficiaries.

- (2) If, with respect to any authorised unit trust scheme, the Board of Trade consider that the order declaring the scheme to be an authorised unit trust scheme ought to be revoked on either of the following grounds, that is to say—
- (a) that the conditions specified in paragraphs (a) to (d) of the preceding subsection are no longer fulfilled in the case of that scheme, or
  - (b) that the circumstances relevant to the making of an order have materially changed since the making thereof,

the Board may serve on the manager under the scheme and on the trustee under the scheme a written notice that they are considering the revocation of the order on that ground, specifying the respect in which the said conditions are no longer fulfilled or the said circumstances have changed, as the case may be, and inviting the manager and the trustee to make to the Board, within the period of one month from the date of the service of the notice, any representations which they desire to make with respect to the proposed revocation of the order; and the Board may revoke the order after the expiration of the said period, but, before deciding whether or not to revoke the order, shall take into consideration any representations so made by the manager or trustee and, if he so requests, afford him an opportunity of being heard by the Board within that period.

- (3) The Board of Trade shall, not less often than once a year, cause particulars of every unit trust scheme which is for the time being an authorised unit trust scheme, to be published in such manner as they think proper.