

SCHEDULES

SCHEDULE 13

OWNERSHIP OF LICENSED BODIES

PART 3

APPROVAL OF RESTRICTED INTERESTS AFTER LICENCE IS ISSUED

Powers of licensing authority in relation to change of interests

Continuing notification requirements

- 21 (1) This paragraph applies where a non-authorized person (“the investor”)—
- (a) proposes to take a step which would result in the investor acquiring a restricted interest in a licensed body (or, if the investor already has one or more kinds of restricted interest, acquiring an additional kind of restricted interest), or
 - (b) acquires such an interest in a licensed body without taking such a step.
- (2) In a case within sub-paragraph (1)(a) the investor must notify the licensed body and the relevant licensing authority of the proposal.
- (3) In a case within sub-paragraph (1)(b) the investor must notify the licensed body and the relevant licensing authority of the acquisition within such period, after the investor becomes aware of it, as may be specified by order made by the Lord Chancellor on the recommendation of the Board.
- (4) In this Part of this Schedule—
- (a) references to “the investor” are to be construed in accordance with this paragraph, and
 - (b) references to a notifiable interest are to the restricted interest which the investor will have as a result of the step the investor proposes to take (or has as a result of the acquisition which has taken place).

Offences in connection with paragraph 21

- 22 (1) It is an offence for a person to fail to comply with a requirement imposed by—
- (a) paragraph 21(2), or
 - (b) paragraph 21(3).
- (2) A person who is guilty of an offence under sub-paragraph (1) is liable on summary conviction to a fine not exceeding level 5 on the standard scale.

Status: This is the original version (as it was originally enacted).

- (3) It is a defence for a person charged with an offence under sub-paragraph (1)(a) to show that at the time of the alleged offence the person had no knowledge of the facts by virtue of which the duty to notify arose.
- 23 (1) This paragraph applies if a person under the duty to notify imposed by paragraph 21(2)—
- (a) had no knowledge of the facts by virtue of which that duty arose, but
 - (b) subsequently becomes aware of those facts.
- (2) The person must give the licensed body and the licensing authority the required notification within such period, after the person becomes so aware, as may be specified by order made by the Lord Chancellor on the recommendation of the Board.
- (3) A person who fails to comply with the duty to notify imposed by sub-paragraph (2) is guilty of an offence.
- (4) A person who is guilty of an offence under sub-paragraph (3) is liable on summary conviction to a fine not exceeding level 5 on the standard scale.
- 24 (1) It is an offence for a non-authorised person, who under paragraph 21(2) is required to notify the licensed body and the relevant licensing authority of a proposal to take a step, to take the step, unless the relevant licensing authority has approved the investor's holding of the notifiable interest under paragraph 27 or 28.
- (2) If paragraph 22(3) applies, the reference in sub-paragraph (1) to paragraph 21(2) is to be read as a reference to paragraph 23(2).
- (3) A person who is guilty of an offence under sub-paragraph (1) is liable—
- (a) on summary conviction, to a fine not exceeding the statutory maximum, and
 - (b) on conviction on indictment, to a term of imprisonment not exceeding 2 years or a fine (or both).

Duty of licensing authority following notification etc.

- 25 (1) The relevant licensing authority must—
- (a) following receipt of a notification under paragraph 21(2) or (3) or 23(2), or
 - (b) if the licensing authority becomes aware that an investor has failed to comply with a notification requirement imposed by paragraph 21(2) or (3) or 23(2), determine which of the steps in sub-paragraph (3) to take.
- (2) The licensing authority must make the determination within such period as may be prescribed.
- (3) The steps are—
- (a) to approve the investor's holding of the notifiable interest unconditionally under paragraph 27,
 - (b) to warn the investor under paragraph 28(3) that it proposes to approve the investor's holding of the notifiable interest subject to conditions,
 - (c) to approve under paragraph 28(4) the investor's holding of the notifiable interest subject to conditions,
 - (d) to warn the investor under paragraph 31(2) that it proposes to object to the investor's holding of the notifiable interest, or

- (e) to object under paragraph 31(3) to the investor's holding of the notifiable interest.

Licensing authority's power to require information

- 26
- (1) A licensing authority may require the investor to provide it with such documents and information as it may require.
 - (2) It is an offence for a person who is required to provide information or documents under sub-paragraph (1) knowingly to provide false or misleading information or documents.
 - (3) A person who is guilty of an offence under sub-paragraph (2) is liable—
 - (a) on summary conviction, to a fine not exceeding the statutory maximum, and
 - (b) on conviction on indictment, to a term of imprisonment not exceeding 2 years or a fine (or both).

Unconditional approval of notifiable interest

- 27
- (1) If the licensing authority is satisfied that the approval requirements are met in relation to the investor's holding of the notifiable interest, it must approve the investor's holding of that interest without conditions.
 - (2) If the licensing authority approves the investor's holding of the notifiable interest without conditions, it must notify the investor and the licensed body of its approval as soon as reasonably practicable.

Conditional approval of notifiable interest

- 28
- (1) If the licensing authority is not satisfied that the approval requirements are met in relation to the investor's holding of the notifiable interest, it may approve the investor's holding of that interest subject to conditions.
 - (2) It may do so only if it considers that, if the conditions are complied with, it will be appropriate for the investor to hold the notifiable interest without the approval requirements being met.
 - (3) If the licensing authority proposes to approve the investor's holding of the notifiable interest subject to conditions it must give the investor and the licensed body a warning notice.
 - (4) But the licensing authority may approve the investor's holding of the notifiable interest subject to conditions without giving a warning notice if it considers it necessary or desirable to do so for the purpose of protecting any of the regulatory objectives.
 - (5) The warning notice must—
 - (a) specify the nature of the conditions proposed and the reasons for their imposition, and
 - (b) state that representations may be made to the licensing authority within the prescribed period.
 - (6) The licensing authority must consider any representations made within the prescribed period.

Status: This is the original version (as it was originally enacted).

- (7) If the licensing authority approves the investor's holding of the notifiable interest subject to conditions, it must notify the investor and the licensed body of its approval as soon as reasonably practicable.
- (8) The notice must—
- (a) specify the reasons for the imposition of the conditions and (if the investor already holds the notifiable interest) the time from which they have effect, and
 - (b) explain the effect of Part 5 of this Schedule.
- 29 (1) The investor and the licensed body may before the end of the prescribed period appeal to the relevant appellate body against the imposition of any or all the conditions.
- (2) The relevant appellate body may dismiss the appeal, or allow the appeal and—
- (a) order the licensing authority to approve the investor's holding of the notifiable interest without conditions, or subject to such conditions as may be specified in the order, or
 - (b) remit the matter to the licensing authority.
- (3) A party to the appeal may before the end of the prescribed period appeal to the High Court on a point of law arising from the decision of the relevant appellate body, but only with the permission of the High Court.
- (4) The High Court may make such order as it thinks fit.
- (5) If the investor's holding of the notifiable interest is subject to conditions as a result of an order made on an appeal under this paragraph, for the purposes of this Schedule the conditions are to be treated as having been imposed under paragraph 28.

Duration of unconditional or conditional approval

- 30 In a case within paragraph 21(1)(a), the licensing authority's approval under paragraph 27 or 28 remains effective only if the investor acquires the notifiable interest—
- (a) before the end of such period as may be specified in the notice under paragraph 27(2) or 28(7), or
 - (b) if no such period is specified, before the end of the period of one year beginning with the date of that notice.

Objection to acquisition of notifiable interest

- 31 (1) If the licensing authority is not satisfied that the approval requirements are met in relation to the investor's holding of the notifiable interest, it may object to the investor's holding of that interest.
- (2) If the licensing authority proposes to object to the investor's holding of the notifiable interest, it must give the investor and the licensed body a warning notice.
- (3) But the licensing authority may object to the investor's holding of the notifiable interest without giving a warning notice if it considers it necessary or desirable to do so for the purpose of protecting any of the regulatory objectives.
- (4) The warning notice must—
- (a) specify the reasons for the proposed objection, and

Status: This is the original version (as it was originally enacted).

- (b) state that representations may be made to the licensing authority within the prescribed period.
 - (5) The licensing authority must consider any representations made within the prescribed period.
 - (6) If the licensing authority objects to the investor's holding of the notifiable interest, it must notify the investor and the licensed body of its objection as soon as reasonably practicable.
 - (7) The notice must—
 - (a) specify the reasons for the objection, and
 - (b) explain the effect of Part 5 of this Schedule.
- 32 (1) The investor and the licensed body may before the end of the prescribed period appeal to the relevant appellate body against the objection.
- (2) The relevant appellate body may dismiss the appeal, or allow the appeal and—
 - (a) order the licensing authority to approve the investor's holding of the notifiable interest without conditions, or subject to such conditions as may be specified in the order, or
 - (b) remit the matter to the licensing authority.
 - (3) A party to the appeal may before the end of the prescribed period appeal to the High Court on a point of law arising from the decision of the relevant appellant body, but only with the permission of the High Court.
 - (4) The High Court may make such order as it thinks fit.
 - (5) If the investor's holding of the notifiable interest is subject to conditions as a result of an order made on an appeal under this paragraph, for the purposes of this Schedule the conditions are to be treated as having been imposed under paragraph 28.

Powers of licensing authority where no change of interests

Imposition of conditions (or further conditions) on existing restricted interest

- 33 (1) The relevant licensing authority may impose conditions (or further conditions) on a person's holding of a restricted interest in a licensed body (or a restricted interest of a particular kind) if—
- (a) it is not satisfied that the approval requirements are met in relation to the person's holding of that interest, or
 - (b) it is satisfied that a condition imposed under paragraph 17 or 28 or this paragraph on the person's holding of that interest has not been, or is not being, complied with.
- (2) The licensing authority may act under sub-paragraph (1) only—
- (a) if it considers that, if the conditions are complied with, it will be appropriate for the investor to hold the restricted interest without the approval requirements being met, and
 - (b) before the end of such period (beginning with the time when the licensing authority becomes aware of the matters in question) as may be prescribed.

Status: This is the original version (as it was originally enacted).

- (3) If the licensing authority proposes to impose conditions (or further conditions) on the person's holding of the restricted interest, it must give the person and the licensed body a warning notice.
 - (4) But the licensing authority may impose conditions (or further conditions) on the person's holding of the restricted interest without giving a warning notice if it considers it necessary or desirable to do so for the purpose of protecting any of the regulatory objectives.
 - (5) The warning notice must—
 - (a) specify the nature of the conditions proposed and the reasons for their imposition, and
 - (b) state that representations may be made to the licensing authority within the prescribed period.
 - (6) The licensing authority must consider any representations made within the prescribed period.
 - (7) If the licensing authority imposes conditions (or further conditions) on the person's holding of the restricted interest, it must notify the person and the licensed body as soon as reasonably practicable.
 - (8) The notice must—
 - (a) specify the reasons for the imposition of the conditions, and the time from which they are to take effect, and
 - (b) explain the effect of Part 5 of this Schedule.
- 34
- (1) The person and the licensed body may before the end of the prescribed period appeal to the relevant appellate body against any or all of the conditions (or further conditions).
 - (2) The relevant appellate body may dismiss the appeal, or allow the appeal and—
 - (a) modify or quash the conditions imposed by the licensing authority under paragraph 33, or
 - (b) remit the matter to the licensing authority.
 - (3) A party to the appeal may before the end of the prescribed period appeal to the High Court on a point of law arising from the decision of the relevant appellate body, but only with the permission of the High Court.
 - (4) The High Court may make such order as it thinks fit.
 - (5) If the person's holding of the restricted interest is subject to any conditions as a result of an order made on an appeal under this paragraph, for the purposes of this Schedule those conditions are to be treated as having been imposed under paragraph 33.

Variation and cancellation of conditions

- 35
- (1) A person whose holding of a restricted interest in a licensed body is subject to a condition imposed under paragraph 17, 28 or 33 may apply to the relevant licensing authority—
 - (a) for the condition to be varied, or
 - (b) for the condition to be cancelled.

- (2) The licensing authority may, on its own initiative, cancel a condition imposed under one of those paragraphs.
- (3) If the licensing authority varies or cancels a condition under this paragraph, it must notify the person and the licensed body as soon as reasonably practicable.

Objection to existing restricted interest

- 36
- (1) The relevant licensing authority may object to a person's holding of a restricted interest in a licensed body (or a restricted interest of a particular kind) if—
 - (a) it is not satisfied that the approval requirements are met in relation to the person's holding of that interest, or
 - (b) it is satisfied that a condition imposed under paragraph 17, 28 or 33 on the person's holding of the interest has not been, or is not being, complied with.
 - (2) The licensing authority may act under sub-paragraph (1) only before the end of such period (beginning with the time when the licensing authority becomes aware of the matters in question) as may be prescribed.
 - (3) If the licensing authority proposes to object to a person's holding of the restricted interest, it must give the person and the licensed body a warning notice.
 - (4) But the licensing authority may object to the person's holding of the restricted interest without giving a warning notice if it considers it necessary or desirable to do so for the purpose of protecting any of the regulatory objectives.
 - (5) The warning notice must—
 - (a) specify the reasons for the proposed objection, and
 - (b) state that representations may be made to the licensing authority within the prescribed period.
 - (6) The licensing authority must consider any representations made within the prescribed period.
 - (7) If the licensing authority objects to the person's holding of the restricted interest, it must notify the person and the licensed body of its objection as soon as reasonably practicable.
 - (8) The notice must—
 - (a) specify the reasons for the objection, and
 - (b) explain the effect of Part 5 of this Schedule.
- 37
- (1) The person and the licensed body may before the end of the prescribed period appeal to the relevant appellate body against the objection.
 - (2) The relevant appellate body may dismiss or allow the appeal.
 - (3) If the relevant appellate body allows the appeal it may also—
 - (a) order the licensing authority to impose under paragraph 33 such conditions on the person's holding of the restricted interest as may be specified in the order, or
 - (b) remit the matter to the licensing authority.

Status: This is the original version (as it was originally enacted).

- (4) A party to the appeal may before the end of the prescribed period appeal to the High Court on a point of law arising from the decision of the relevant appellant body, but only with the permission of the High Court.
- (5) The High Court may make such order as it thinks fit.
- (6) If the person's holding of the restricted interest is subject to conditions as a result of an order made on an appeal under this paragraph, for the purposes of this Schedule the conditions are to be treated as having been imposed under paragraph 33.