

## SCHEDULES

### SCHEDULE 4

#### ABOLITION OF SHARE WARRANTS TO BEARER

##### PART 1

###### ARRANGEMENTS FOR CONVERSION AND CANCELLATION OF EXISTING SHARE WARRANTS

###### *Right of surrender during surrender period*

- 1 (1) This paragraph applies in relation to a company which has issued a share warrant which has not been surrendered for cancellation before the day on which section 84 comes into force (the “commencement date”).
- (2) During the period of 9 months beginning with the commencement date (the “surrender period”) the bearer of the share warrant has a right of surrender in relation to the warrant.
- (3) For the purposes of this Schedule, if the bearer of a share warrant has a right of surrender in relation to the warrant, the bearer is entitled on surrendering the warrant for cancellation—
  - (a) to have the bearer’s name entered as a member in the register of members of the company concerned, or
  - (b) where an election is in force under section 128B of the Companies Act 2006 (option to keep membership information on central register) in respect of the company, to have the bearer’s name and other particulars delivered to the registrar, and the document containing that information registered by the registrar and the date recorded, as if the information were information required to be delivered under section 128E of that Act.
- (4) A company must, as soon as reasonably practicable and in any event before the end of the period of 2 months beginning with the day on which a share warrant is surrendered for cancellation pursuant to a right of surrender, complete and have ready for delivery the certificates of the shares specified in the warrant.
- (5) If a company fails to comply with sub-paragraph (4) an offence is committed by every officer of the company who is in default.
- 2 (1) A company must, as soon as reasonably practicable and in any event before the end of the period of 1 month beginning with the commencement date, give notice to the bearer of a share warrant issued by the company of—
  - (a) the bearer’s right of surrender,
  - (b) the consequences of not exercising that right before the end of the period of 7 months beginning with the commencement date (see paragraph 3),
  - (c) the fact that the right will cease to be exercisable at the end of the surrender period, and

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- (d) the consequences of not exercising the right before the end of that period (see in particular paragraphs 5, 6 and 9 to 12).
- (2) If a company fails to comply with this paragraph an offence is committed by every officer of the company who is in default.

*Consequences of failure to surrender during first 7 months of surrender period*

- 3
- (1) This paragraph applies in relation to a share warrant of a company which has not been surrendered by the bearer for cancellation before the end of the period of 7 months beginning with the commencement date.
  - (2) Any transfer of, or agreement to transfer, the share warrant made after the end of that period is void.
  - (3) With effect from the end of that period, all rights which are attached to the shares specified in the warrant are suspended (including any voting rights and any right to receive a dividend or other distribution).
  - (4) The company must pay into a separate bank account that complies with sub-paragraph (5) any dividend or other distribution which the bearer of the share warrant would, but for the suspension, have been entitled to receive.
  - (5) A bank account complies with this sub-paragraph if the balance of the account—
    - (a) bears interest at an appropriate rate, and
    - (b) can be withdrawn by such notice (if any) as is appropriate.
  - (6) If the share warrant is subsequently surrendered in accordance with this Schedule—
    - (a) the suspension ceases to have effect on surrender, and
    - (b) the suspension period amount must be paid to the bearer by the company.
  - (7) The “suspension period amount”, in relation to a share warrant, is—
    - (a) the aggregate amount of any dividends or other distributions which the bearer of the warrant would, but for the suspension, have been entitled to receive, plus
    - (b) any interest accrued on that amount.

*Second notice of right to surrender*

- 4
- (1) A company must, before the end of the period of 8 months beginning with the commencement date, give further notice to the bearer of a share warrant of the company of—
    - (a) the bearer’s right of surrender,
    - (b) the consequences of not having exercised the right of surrender before the end of the period of 7 months beginning with the commencement date (see paragraph 3), and
    - (c) the matters referred to in paragraph 2(1)(c) and (d).
  - (2) If a company fails to comply with this paragraph an offence is committed by every officer of the company who is in default.

*Expiry of right to surrender and applications for cancellation of outstanding share warrants*

- 5
- (1) This paragraph applies in relation to a company which has issued a share warrant which has not been surrendered for cancellation before the end of the surrender period.
  - (2) The company must, as soon as reasonably practicable and in any event before the end of the period of 3 months beginning with the day after the end of the surrender period, apply to the court for an order (referred to in this Schedule as a “cancellation order”) cancelling with effect from the date of the order—
    - (a) the share warrant, and
    - (b) the shares specified in it.
  - (3) The company must give notice to the bearer of the share warrant of the fact that an application has been made under this paragraph before the end of the period of 14 days beginning with the day on which it is made; and the notice must include a copy of the application.
  - (4) If a company fails to comply with sub-paragraph (2) or (3) an offence is committed by every officer of the company who is in default.
  - (5) A company must, on making an application for a cancellation order, immediately give notice to the registrar.
  - (6) If a company fails to comply with sub-paragraph (5) an offence is committed by—
    - (a) the company, and
    - (b) every officer of the company who is in default.

*Cancellation orders and suspended cancellation orders*

- 6
- (1) The court must make a cancellation order in respect of a share warrant if, on an application under paragraph 5, it is satisfied that—
    - (a) the company has given notice to the bearer of the share warrant as required by paragraphs 2 and 4, or
    - (b) the bearer had actual notice by other means of the matters mentioned in paragraph 2(1).
  - (2) If, on such an application, the court is not so satisfied, it must instead make a suspended cancellation order in respect of the share warrant.
  - (3) A “suspended cancellation order” is an order—
    - (a) requiring the company to give notice to the bearer of the share warrant containing the information set out in sub-paragraph (4) before the end of the period of 5 working days beginning with the day the order is made,
    - (b) providing that the bearer of the share warrant has a right of surrender during the period of 2 months beginning with the day the order is made (referred to in this Schedule as “the grace period”), and
    - (c) if the share warrant is not so surrendered, cancelling it and the shares specified in it with effect from the end of the grace period.
  - (4) A notice required to be given by a suspended cancellation order must—
    - (a) inform the bearer of the share warrant of the fact that the bearer has a right of surrender during the grace period,

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- (b) inform the bearer of the consequences of not having exercised that right before the end of the period of 7 months beginning with the commencement date (see paragraph 3), and
  - (c) explain that the share warrant will be cancelled with effect from the end of the grace period if it is not surrendered before then.
- (5) Where a share warrant is cancelled by an order under this paragraph, the company concerned must, as soon as reasonably practicable—
- (a) enter the cancellation date in its register of members, or
  - (b) where an election is in force under section 128B of the Companies Act 2006 (option to keep membership information on central register) in respect of the company, deliver that information to the registrar as if it were information required to be delivered under section 128E of that Act.
- (6) In this Schedule “the cancellation date”, in relation to a share warrant, means the day its cancellation by a cancellation order or suspended cancellation order takes effect.

#### *Registration of reduction of share capital*

- 7 (1) This paragraph applies in relation to a company if a share warrant of the company and the shares specified in it are cancelled by a cancellation order or a suspended cancellation order.
- (2) The company must, before the end of the period of 15 days beginning with the cancellation date, deliver to the registrar—
- (a) a copy of the order,
  - (b) in the case of a suspended cancellation order, a statement confirming that the share warrant and the shares specified in it have been cancelled by the order with effect from the cancellation date, and
  - (c) a statement of capital.
- (3) The statement of capital must state with respect to the company’s share capital as reduced by the cancellation of the share warrant and the shares specified in it—
- (a) the total number of shares of the company,
  - (b) the aggregate nominal value of those shares,
  - (c) the aggregate amount (if any) unpaid on those shares (whether on account of their nominal value or by way of premium), and
  - (d) for each class of shares—
    - (i) such particulars of the rights attached to the shares as are prescribed by the Secretary of State under section 644(2)(c)(i) of the Companies Act 2006,
    - (ii) the total number of shares of that class, and
    - (iii) the aggregate nominal value of shares of that class.
- (4) If the company fails to comply with this paragraph an offence is committed by—
- (a) the company, and
  - (b) every officer of the company who is in default.
- (5) In the case of a public company, a statement of capital delivered under this paragraph is to be treated as a document subject to the Directive disclosure requirements for the purposes of the Companies Act 2006 (see section 1078 of that Act).

*Reduction of share capital below authorised minimum in case of public company*

- 8 (1) This paragraph applies where the court makes a cancellation order or a suspended cancellation order in relation to a public company and—
- (a) in the case of a cancellation order, the order has the effect of bringing the nominal value of its allotted share capital below the authorised minimum, or
  - (b) in the case of a suspended cancellation order, the order may have that effect from the end of the grace period.
- (2) The registrar must not register the cancellation order or (as the case may be) the suspended cancellation order if it has that effect from the end of the grace period unless—
- (a) the court so directs in the order concerned, or
  - (b) the company is first re-registered as a private company.
- (3) The expedited procedure for re-registration provided by section 651 of the Companies Act 2006 applies for the purposes of this paragraph as it applies for the purposes of section 650 of that Act.
- (4) Where the court makes an order under section 651 of that Act in connection with a suspended cancellation order, the order under section 651 must be conditional on the suspended cancellation order having the effect mentioned in sub-paragraph (1)
- (b) from the end of the grace period.

*Payment into court in connection with cancellation*

- 9 (1) Where a share warrant is cancelled by a cancellation order or suspended cancellation order, the company concerned must, before the end of the period of 14 days beginning with the cancellation date, make a payment into court of an amount equal to—
- (a) the aggregate nominal value of the shares specified in the warrant and the whole of any premium paid on them, plus
  - (b) the suspension period amount.
- (2) If a company fails to comply with sub-paragraph (1) an offence is committed by every officer of the company who is in default.
- 10 (1) A person who, at the end of the period of 7 months beginning with the commencement date, was the bearer of a share warrant which has been cancelled by a cancellation order or a suspended cancellation order may apply to the court for the sum paid into court under paragraph 9(1) in respect of the shares specified in the warrant to be paid to that person.
- (2) Such an application may only be made during the period—
- (a) beginning with the day which is 6 months after the cancellation date, and
  - (b) ending with the day which is 3 years after the cancellation date.
- (3) The court may grant an application under sub-paragraph (1) only if it is satisfied that there are exceptional circumstances justifying the failure of the bearer of the share warrant to exercise the right of surrender—
- (a) in the case of a warrant cancelled by a cancellation order, before the end of the surrender period, or
  - (b) in the case of a warrant cancelled by a suspended cancellation order, before the end of the grace period.

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- 11 (1) This paragraph applies in relation to a company in respect of which a cancellation order or suspended cancellation order has been made if any of the following is appointed in relation to the company after the cancellation date—
- (a) an administrator;
  - (b) an administrative receiver;
  - (c) a liquidator;
- and that person is referred to in this paragraph as the “office-holder”.
- (2) The office-holder may apply to the court for the sum paid into court under paragraph 9(1)(a) to be paid to the office-holder by way of a contribution to the company’s assets.
- (3) Such an application may only be made during the period—
- (a) beginning with the cancellation date, and
  - (b) ending with the day which is 3 years after that date.
- 12 (1) Anything left of a sum paid into court under paragraph 9(1) immediately after the end of the period mentioned in paragraph 11(3) must be paid into the Consolidated Fund.
- (2) Sub-paragraph (1) does not apply to any amount in respect of which an application under paragraph 10(1) or 11(2) has been made but not yet determined before the end of that period unless and until the application is dismissed and either—
- (a) the period for bringing an appeal against the dismissal has expired, or
  - (b) in a case where an appeal is brought before the end of that period, the appeal is dismissed, abandoned or otherwise ceases to have effect.

*Company with outstanding share warrants: prohibition on striking off*

- 13 (1) An application under section 1003 of the Companies Act 2006 (application for voluntary striking off) on behalf of a company must not be made at a time when there is a share warrant issued by the company.
- (2) It is an offence for a person to make an application in contravention of this section.
- (3) In proceedings for such an offence it is a defence for the accused to prove that the accused did not know, and could not reasonably have known, of the existence of the share warrant.

*Notices*

- 14 (1) A notice required by virtue of any provision of this Schedule to be given to the bearer of a share warrant must be—
- (a) published in the Gazette,
  - (b) communicated to that person in the same way (if any) as the company concerned normally communicates with that person for other purposes relating to the shares specified in the warrant, and
  - (c) made available in a prominent position on the company’s website (if it has one) during the period mentioned in sub-paragraph (2) (and see sub-paragraph (3)).
- (2) That period is the period beginning with the day on which the notice is published in the Gazette and ending with—

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- (a) in the case of a notice required by paragraph 2, the day on which a notice required by paragraph 4 is made available on the company’s website;
  - (b) in the case of a notice required by paragraph 4, the day on which a notice required by paragraph 5(3) is made available on the company’s website;
  - (c) in the case of a notice required by paragraph 5(3), the day on which the court makes a cancellation order or (as the case may be) suspended cancellation order in respect of the share warrant;
  - (d) in the case of a notice required by virtue of paragraph 6(3)(a), the end of the grace period.
- (3) Nothing in this paragraph requires a notice to be made available on the company’s website after the day on which the last of the share warrants issued by the company to be surrendered is surrendered.
- (4) Sections 1143 to 1148 of the Companies Act 2006 (company communications provisions) apply for the purposes of this Part of this Schedule as they apply for the purposes of the Companies Acts.

#### *Company filings: language requirements*

- 15 Sections 1103, 1104 and 1107 of the Companies Act 2006 (language requirements) apply to all documents required to be delivered to the registrar under this Part of this Schedule.

#### *Application of sections 1112 and 1113 of the Companies Act 2006*

- 16 Sections 1112 (general false statement offence) and 1113 (enforcement of company’s filing obligations) of the Companies Act 2006 apply for the purposes of this Part of this Schedule as they apply for the purposes of the Companies Acts.

#### *Offences*

- 17 For the purposes of any offence under this Part of this Schedule a shadow director is treated as an officer of the company.
- 18 (1) A person guilty of an offence under paragraph 1(5) of this Schedule is liable on summary conviction to a fine not exceeding level 3 on the standard scale and, for continued contravention, a daily default fine not exceeding one-tenth of level 3 on the standard scale.
- (2) A person guilty of an offence under any other provision of this Schedule is liable—
- (a) on conviction on indictment, to a fine;
  - (b) on summary conviction—
    - (i) in England and Wales, to a fine;
    - (ii) in Scotland or Northern Ireland, to a fine not exceeding the statutory maximum.
- 19 The following sections of the Companies Act 2006 apply for the purposes of this Part of this Schedule as they apply for the purposes of the Companies Acts—
- (a) sections 1121 and 1122 (liability of officer in default);
  - (b) section 1125 (meaning of “daily default fine”);
  - (c) sections 1127 and 1128 (general provision about summary proceedings);
  - (d) section 1129 (legal professional privilege);

- (e) section 1132 (production and inspection of documents).

### *Interpretation*

- 20 (1) In this Part of this Schedule—
- “cancellation date” has the meaning given by paragraph 6(6);
  - “cancellation order” has the meaning given by paragraph 5(2);
  - “commencement date” has the meaning given by paragraph 1(1);
  - “Companies Acts” has the same meaning as in the Companies Act 2006 (see section 2 of that Act);
  - “grace period” has the meaning given by paragraph 6(3)(b);
  - “surrender period” has the meaning given by paragraph 1(2);
  - “suspended cancellation order” has the meaning given by paragraph 6(3);
  - “suspension period amount” has the meaning given by paragraph 3(7);
  - “right of surrender” has the meaning given by paragraph 1(3).
- (2) Expressions defined for the purposes of the Companies Acts have the same meaning in this Part of this Schedule as in those Acts.

### *Transitory provision*

- 21 (1) Until section 94 (option to keep information on central register) comes into force, this Schedule has effect as if, in each of paragraphs 1(3) and 6(5), paragraph (b) (and the “or” preceding it) were omitted.
- (2) Until section 97 (contents of statements of capital) comes into force, paragraph 7(3) of this Schedule has effect as if—
- (a) paragraph (c) were omitted, and
  - (b) after paragraph (d) there were inserted “, and
  - (e) the amount paid up and the amount (if any) unpaid on each share (whether on account of the nominal value of the share or by way of premium).”