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STATUTORY INSTRUMENTS

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**1992 No. 225**

**The Uncertificated Securities Regulations 1992**

PART VI

UNCERTIFICATED SECURITIES

CHAPTER IV

Restrictions Avoiding Transfer

**Restrictions avoiding the transfer of title to securities arising from an enactment**

53.—(1) This regulation applies where there exists a restriction (other than a restriction resulting from the winding up of the company which has issued the security concerned) on the transfer of the title to a unit of an uncertificated security (“the restricted unit”) held by an account holder (“the affected holder”) arising by virtue of the provisions of any enactment (including any enactment relating to insolvency), or an Order of a court of competent jurisdiction, to the extent that it has the effect of avoiding (whether *ab initio* or subsequently) a transfer of a unit of a security not in accordance with the terms of the restriction.

(2) Nothing in these Regulations shall be construed as rendering valid a transfer of a restricted unit which has been so avoided and the enactment or Order shall, where a transfer has been so avoided, in addition have the effect of prohibiting an entitlement held for the affected holder being held for another person where this would have the effect of causing the registration of a person other than the affected holder in respect of a restricted unit.

(3) Subject to the following provisions of this regulation, upon receiving actual notice that a unit of an uncertificated security is a restricted unit, it is the duty of the Operator and the controller which instructed the registration of the affected holder as holder of the restricted unit (“the registering controller”) to take such steps as may be appropriate and practicable (to take precedence, in the case of a controller, over any other duty of his or its under these Regulations) to prevent any act prohibited under paragraph (2).

(4) Without prejudice to regulation 73, where the registering controller is unable to continue to issue a proper instruction to register an affected holder in respect of a restricted unit, or is or was required to cancel a standing instruction to register to that effect, as a result of a transfer of an entitlement, any transferee of that entitlement shall, upon receiving actual notice of the circumstances, be under a duty (notwithstanding any other provision of these Regulations) to hold the entitlement for the effected holder or issue a notification of a transaction whereby the entitlement is transferred back to the registering controller to be held for the affected holder.

(5) A registering controller shall, once he or it has received actual notice of the circumstances, be deemed to hold an entitlement held by him or it to a restricted unit for the affected holder, notwithstanding any instructions which the controller has received under regulation 33, even if he or it has acted upon the instruction by expressly re-allocating the entitlement to another.

(6) Notwithstanding that a proper instruction to register may not be effective to transfer the title to a unit of a security by reason of an enactment or Order to which this regulation applies, a company shall be entitled and bound to act upon a proper instruction to register a person as holder of a unit of

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a security, unless the company has actual notice that the entitlement concerned is to a restricted unit and an identified person other than the affected holder is the subject of the instruction.

Where a company has acted on a proper instruction to register under this paragraph, it shall not be liable in any civil or criminal proceedings solely by reason of the fact that it treated a person registered by it as the holder of the unit of a security concerned (and, in the case of shares, as a member) unless the company had, at the relevant time, actual notice that the entitlement concerned was to a restricted unit.

(7) Where instructions have been received by a controller from an account holder prior to the controller receiving actual notice that an entitlement concerned is to a restricted unit, the controller may, notwithstanding any provision of this regulation, act on those instructions if, as a result of the manner in which communications received by the controller are processed, it is not practicable for the controller to halt the processing of the instruction; this paragraph is otherwise without prejudice to paragraphs (4) and (5).