
STATUTORY INSTRUMENTS

2001 No. 3755

The Uncertificated Securities Regulations 2001

PART 3

PARTICIPATING SECURITIES

PARTICIPATION BY ISSUERS

Participation in respect of shares

14. Where—

- (a) an Operator permits title to shares of a class in relation to which regulation 15 applies, or in relation to which a directors' resolution passed in accordance with regulation 16 is effective, to be transferred by means of a relevant system; and
- (b) the company in question permits the holding of shares of that class in uncertificated form and the transfer of title to any such shares by means of a relevant system,

title to shares of that class which are recorded on an Operator register of members may be transferred by means of that relevant system.

15. This regulation applies to a class of shares if a company's articles of association are in all respects consistent with—

- (a) the holding of shares of that class in uncertificated form;
- (b) the transfer of title to shares of that class by means of a relevant system; and
- (c) these Regulations.

16.—(1) This regulation applies to a class of shares if a company's articles of association in any respect are inconsistent with—

- (a) the holding of shares of that class in uncertificated form;
- (b) the transfer of title to shares of that class by means of a relevant system; or
- (c) any provision of these Regulations.

(2) A company may resolve, subject to paragraph (6)(a), by resolution of its directors (in this Part referred to as a "directors' resolution") that title to shares of a class issued or to be issued by it may be transferred by means of a relevant system.

(3) Upon a directors' resolution becoming effective in accordance with its terms, and for as long as it is in force, the articles of association in relation to the class of shares which were the subject of the directors' resolution shall not apply to any uncertificated shares of that class to the extent that they are inconsistent with—

- (a) the holding of shares of that class in uncertificated form;
- (b) the transfer of title to shares of that class by means of a relevant system; or
- (c) any provision of these Regulations.

(4) Unless a company has given notice to every member of the company in accordance with its articles of association of its intention to pass a directors' resolution before the passing of such a resolution, it shall give such notice within 60 days of the passing of the resolution.

(5) Notice given by the company before the coming into force of these Regulations of its intention to pass a directors' resolution which, if it had been given after the coming into force of these Regulations would have satisfied the requirements of paragraph (4), shall be taken to satisfy the requirements of that paragraph.

(6) In respect of a class of shares, the members of a company may by ordinary resolution—

- (a) if a directors' resolution has not been passed, resolve that the directors of the company shall not pass a directors' resolution;
- (b) if a directors' resolution has been passed but not yet come into effect in accordance with its terms, resolve that it shall not come into effect;
- (c) if a directors' resolution has been passed and is effective in accordance with its terms but the class of shares has not yet been permitted by the Operator to be a participating security, resolve that the directors' resolution shall cease to have effect; or
- (d) if a directors' resolution has been passed and is effective in accordance with its terms and the class of shares has been permitted by the Operator to be a participating security, resolve that the directors shall take the necessary steps to ensure that title to shares of the class that was the subject of the directors' resolution shall cease to be transferable by means of a relevant system and that the directors' resolution shall cease to have effect,

and the directors shall be bound by the terms of any such ordinary resolution.

(7) Such sanctions as apply to a company and its officers in the event of a default in complying with section 376 of the 1985 Act shall apply to a participating issuer and his officers in the event of a default in complying with paragraph (4).

(8) A company shall not permit the holding of shares in such a class as is referred to in paragraph (1) in uncertificated form, or the transfer of title to shares in such a class by means of a relevant system, unless in relation to that class of shares a directors' resolution is effective.

(9) This regulation shall not be taken to exclude the right of the members of a company to amend the articles of association of the company, in accordance with the articles, to allow the holding of any class of its shares in uncertificated form and the transfer of title to shares in such a class by means of a relevant system.

17.—(1) A class of shares in relation to which, immediately before the coming into force of these Regulations—

- (a) regulation 15 of the 1995 Regulations applied; or
- (b) a directors' resolution passed in accordance with regulation 16 of the 1995 Regulations was effective,

shall be taken to be a class of shares in relation to which regulation 15 of these Regulations applies or, as the case may be, a directors' resolution passed in accordance with regulation 16 is effective.

(2) On the coming into force of these Regulations a company's articles of association in relation to any such class of shares, and the terms of issue of any such class of shares, shall cease to apply to the extent that they are inconsistent with any provision of these Regulations.

Interpretation of regulations 15, 16 and 17

18. For the purposes of regulations 15, 16 and 17 any shares with respect to which share warrants to bearer are issued under section 188 of the 1985 Act shall be regarded as forming a separate class of shares.

Participation in respect of securities other than shares

19.—(1) Subject to paragraph (2), where—

- (a) an Operator permits title to a security other than a share to be transferred by means of a relevant system; and
- (b) the issuer permits the holding of units of that security in uncertificated form and the transfer of title to units of that security by means of a relevant system,

title to units of that security which are recorded on an Operator register of securities may be transferred by means of that relevant system.

(2) In relation to any security other than a share, if the law under which it is constituted is not the law of England and Wales, Northern Ireland or Scotland, or if the current terms of its issue are in any respect inconsistent with—

- (a) the holding of title to units of that security in uncertificated form;
- (b) the transfer of title to units of that security by means of a relevant system; or
- (c) subject to paragraph (3), these Regulations,

the issuer shall not permit the holding of units of that security in uncertificated form, or the transfer of title to units of that security by means of a relevant system.

(3) On the coming into force of these Regulations the current terms of issue of a relevant participating security shall cease to apply to the extent that they are inconsistent with any provision of these Regulations.

(4) For the purposes of this regulation—

- (a) a relevant participating security is a participating security (other than a share) the terms of issue of which, immediately before the coming into force of these Regulations, were in all respects consistent with the 1995 Regulations; and
- (b) the terms of issue of a security shall be taken to include the terms prescribed by the issuer on which units of the security are held and title to them is transferred.