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STATUTORY INSTRUMENTS

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**1995 No. 3272**

**The Uncertificated Securities Regulations 1995**

**PART III**

**PARTICIPATING ISSUERS**

*Participation by issuers*

**Participation in respect of shares**

**14.**—(1) Where an Operator permits a class of shares 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 a participating security, title to shares of that class which are recorded on a register of members as being held in uncertificated form may be transferred by means of the relevant system to which the permission relates.

(2) In paragraph (1) the reference to a register of members shall not include an overseas branch register.

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

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

(2) A company may permit the holding of shares in a class to which this regulation applies in uncertificated form, and the transfer of title to any such shares by means of a relevant system.

**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 in that class in uncertificated form;
- (b) the transfer of title to shares in 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; and

(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; or
- (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; or
- (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 11 and the directors shall be bound by the terms of any such ordinary resolution. 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.

### **Interpretation of regulations 15 and 16**

**17.** For the purposes of regulations 15 and 16 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**

**18.—(1)** Subject to paragraph (2), where an Operator permits a security other than a share to be a participating security, title to units of that security which are recorded in a register of securities as being held in uncertificated form may be transferred by means of a relevant system.

(2) In relation to any security (other than a share), if the law under which it is constituted is not a law of England and Wales, Northern Ireland or Scotland, or if a current term of its issue is 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) 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) In this regulation 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.