

---

## EXPLANATORY NOTE

*(This note is not part of the Regulations.)*

These Regulations further implement the provisions of Article 24a of Second Council Directive [77/91/EEC](#) (O.J. No. L26, 31.1.77, p. 1), on the co-ordination of safeguards in respect of the formation of public limited liability companies and maintenance and alteration of their capital. Article 24a was inserted by Council Directive [92/101/EEC](#) (O.J. No. L347, 28.11.92, p. 64). Those Community provisions extend to the EEA by virtue of Annex XXII to the EEA Agreement and Decision No. 7/94 of the EEA Joint Committee.

The Regulations alter the scope of the exemption contained in Article 33(3) of the Companies (Northern Ireland) Order 1986, which excludes certain kinds of dealings in securities from the prohibition (laid down by Article 33(1) of the Order) on the ownership by a body corporate of shares in its holding company. The exemption for the benefit of market makers is replaced by an exemption for the benefit of intermediaries, defined as a certain class of dealers in securities. Excluded from that definition are persons who carry on various categories of excluded business, which correspond to those contained in section 80A(5) and section 88A(5) of the Finance Act 1986. Provision is also made for the consequences of a breach of the prohibition where the shares are subsequently acquired by a purchaser without notice of the breach. The amendments provided for by these Regulations are made following changes in the system of trading on certain regulated securities markets.