
DRAFT STATUTORY INSTRUMENTS

2017 No.

The Risk Transformation Regulations 2017

PART 4

Protected Cell Companies

CHAPTER 9

Shares and shareholders

SECTION 2

Issue, allotment and alteration of share capital

Consequences of unlawful acquisition or redemption

108.—(1) This regulation applies to an acquisition or redemption of a share issued on behalf of a part of a protected cell company which—

- (a) is funded by the protected cell company from assets held on behalf of a part (“part A”) of the protected cell company (which may either be the part on behalf of which the share was issued or another part); and
- (b) is in contravention of regulation 106 or 107.

(2) If at the time of the acquisition or redemption the person holding the share knew or had reasonable grounds for believing that it was acquired or redeemed in contravention of regulation 106 or 107, the person is liable—

- (a) to repay the amount for which the share was acquired or redeemed; or
- (b) in the case of an acquisition or redemption made otherwise than in cash, to pay the protected cell company a sum equal to the value of assets provided by the protected cell company for the acquisition or redemption at that time.

(3) This regulation is without prejudice to any obligation imposed apart from this regulation on a person to repay an amount to the protected cell company in respect of an acquisition or redemption which was made unlawfully.

(4) A payment made to a protected cell company in accordance with paragraph (2) must be held by the protected cell company on behalf of part A.

(5) Where a person satisfies in full an obligation to make a payment to the protected cell company under paragraph (2) then—

- (a) any cancellation of the share under regulation 106(5) or 107(3) is deemed to have no effect; and
- (b) the person is deemed to hold the share which was acquired or redeemed as if no acquisition or redemption took place.