



British Steel Act 1988

1988 CHAPTER 35

Provisions relating to Government holdings in the successor company

3 Initial Government holding in the successor company

- (1) As a consequence of the vesting in the successor company by virtue of section 1 of property, rights and liabilities of the Corporation, the successor company shall issue such securities of the company as the Secretary of State may from time to time direct; and any such securities shall, as the Secretary of State may so direct—
 - (a) be issued to the Treasury or the Secretary of State, or
 - (b) be allotted to the Treasury or the Secretary of State and subsequently issued to the persons for the time being entitled to be issued with them (who may include the Treasury or the Secretary of State).
- (2) The Secretary of State shall not give a direction under subsection (1) at a time when the successor company has ceased to be wholly owned by the Crown.
- (3) Securities to be issued or allotted in pursuance of this section shall be issued or allotted at such time or times, and (subject to subsection (4)) on such terms, as the Secretary of State may direct.
- (4) Any shares issued in pursuance of this section—
 - (a) shall be of such nominal value as the Secretary of State may direct; and
 - (b) shall be issued as fully paid and treated for the purposes of the Companies Act 1985 as if they had been paid up by virtue of the payment to the successor company of their nominal value in cash.
- (5) The Secretary of State may not exercise any power conferred on him by this section, or dispose of any securities issued or of any rights to securities initially allotted to him in pursuance of this section, without the consent of the Treasury.
- (6) Any dividends or other sums received by the Treasury or the Secretary of State in right of, or on the disposal of, any securities or rights acquired by virtue of this section shall be paid into the Consolidated Fund.

4 Government investment in securities of the successor company

- (1) Subject to section 6(5), the Treasury or, with the consent of the Treasury, the Secretary of State may at any time acquire—
 - (a) securities of the successor company; or
 - (b) rights to subscribe for any such securities.
- (2) The Secretary of State may not dispose of any securities or rights acquired by him by virtue of this section without the consent of the Treasury.
- (3) Any expenses incurred by the Treasury or the Secretary of State in consequence of the provisions of this section shall be paid out of money provided by Parliament.
- (4) Any dividends or other sums received by the Treasury or the Secretary of State in right of, or on the disposal of, any securities or rights acquired by virtue of this section shall be paid into the Consolidated Fund.

5 Exercise of functions through nominees

- (1) The Treasury or, with the consent of the Treasury, the Secretary of State may, for the purposes of section 3 or 4, appoint any person to act as the nominee, or one of the nominees, of the Treasury or the Secretary of State; and—
 - (a) securities of the successor company may be issued or allotted in pursuance of section 3 to any nominee of the Treasury or the Secretary of State appointed for the purposes of that section and may be issued to any person entitled to be issued with the securities following their initial allotment to any such nominee, and
 - (b) any such nominee appointed for the purposes of section 4 may acquire securities or rights under that section,in accordance with directions given from time to time by the Treasury or, with the consent of the Treasury, by the Secretary of State.
- (2) Any person holding any securities or rights as a nominee of the Treasury or the Secretary of State by virtue of subsection (1) shall hold and deal with them (or any of them) on such terms and in such manner as the Treasury or, with the consent of the Treasury, the Secretary of State may direct.

6 Target investment limit for Government shareholding

- (1) As soon after the date when the successor company ceases to be wholly owned by the Crown as he considers expedient, and in any case not later than six months after that date, the Secretary of State shall by order fix a target investment limit in relation to the shares for the time being held in the successor company by virtue of any provision of this Act by the Treasury and their nominees and by the Secretary of State and his nominees (“the Government shareholding”).
- (2) The target investment limit shall be expressed as a proportion of the voting rights which are exercisable in all circumstances at general meetings of the successor company (“the ordinary voting rights”).
- (3) The first target investment limit fixed under this section shall be equal to the proportion of the ordinary voting rights which is carried by the Government shareholding at the time when the order fixing the limit is made.

- (4) The Secretary of State may from time to time by order fix a new target investment limit in place of the one previously in force under this section; but—
 - (a) any new limit must be lower than the one it replaces; and
 - (b) an order under this section may only be revoked by an order fixing a new limit.
- (5) It shall be the duty of the Treasury and of the Secretary of State so to exercise—
 - (a) their powers under section 4 and any power to dispose of any shares held by virtue of any provision of this Act, and
 - (b) their power to give directions to their respective nominees,as to secure that the Government shareholding does not carry a proportion of the ordinary voting rights exceeding any target investment limit for the time being in force under this section.
- (6) Notwithstanding subsection (5), the Treasury or the Secretary of State may take up, or direct any of their respective nominees to take up, any rights for the time being available to them or him, or to that nominee, as an existing holder of shares or other securities of the successor company; but if, as a result, the proportion of the ordinary voting rights carried by the Government shareholding at any time exceeds the target investment limit, it shall be the duty of the Treasury or (as the case may be) the Secretary of State to comply with subsection (5) as soon after that time as is reasonably practicable.
- (7) For the purposes of this section the temporary suspension of any of the ordinary voting rights shall be disregarded.