



# Railways Act 1993

## 1993 CHAPTER 43

### PART II

#### RE-ORGANISATION OF THE RAILWAYS

##### *Ownership of successor companies*

#### **98 Initial share holding in successor companies.**

- (1) This section applies where any property, rights or liabilities are vested in accordance with a transfer scheme in a successor company which at the time of the vesting is either—
  - (a) a wholly owned subsidiary of the Board; or
  - (b) Government owned.
- (2) Where this section applies, the successor company shall, as a consequence of the vesting referred to in subsection (1) above, issue to the appropriate person such securities of that company as may from time to time be directed—
  - (a) by the Secretary of State, if the transfer scheme was made in pursuance of a direction given by him; or
  - (b) in any other case, by the Board with the consent of the Secretary of State.
- (3) The “appropriate person” for the purposes of subsection (2) above is—
  - (a) the Board, in a case where the direction under that subsection is given at a time when the successor company is a wholly owned subsidiary of the Board; or
  - (b) the Secretary of State, in a case where the direction under that subsection is given at a time when the successor company is Government owned.
- (4) No direction shall be given under subsection (2) above to the successor company at any time after that company—
  - (a) has ceased to be Government owned, or
  - (b) has ceased to be a wholly owned subsidiary of the Board,

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unless, in a case where paragraph (b) above would otherwise apply, the cessation mentioned in that paragraph occurs in consequence of the successor company's becoming Government owned pursuant to a direction under section 88(6) above, in which case directions under subsection (2) above may continue to be given until the company ceases to be Government owned.

- (5) Securities required to be issued in pursuance of a direction under subsection (2) above shall be issued or allotted at such time or times, and on such terms, as may be specified in the direction.
- (6) Shares of the successor company which are issued in pursuance of a direction under subsection (2) above—
  - (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 <sup>M1</sup>Companies Act 1985 as if they had been paid up by virtue of the payment to that company of their nominal value in cash.
- (7) Any dividends or other sums received by the Treasury or the Secretary of State in right of, or on the disposal of, any securities acquired by virtue of this section shall be paid into the Consolidated Fund.
- (8) In this section, "Government owned", in relation to any successor company, means wholly owned by the Crown, but not wholly owned by the Franchising Director.

**Marginal Citations**

M1 1985 c. 6.

**99 Government investment in securities of successor companies.**

- (1) The Treasury or, with the approval of the Treasury, the Secretary of State may at any time acquire securities of a successor company which at that time is—
  - (a) a wholly owned subsidiary of the Board; or
  - (b) wholly owned by the Crown.
- (2) The Secretary of State shall not dispose of any securities acquired under this section without the approval 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 acquired under this section shall be paid into the Consolidated Fund.

**100 Exercise of functions through nominees.**

- (1) The Treasury or, with the approval of the Treasury, the Secretary of State may, for the purposes of section 98 or 99 above or section 106 below, 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 a successor company may be issued under section 98 above or section 106 below to any nominee of the Treasury or the Secretary of State appointed for the purposes of that section, and

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(b) any such nominee appointed for the purposes of section 99 above may acquire securities 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 as a nominee of the Treasury or the Secretary of State by virtue of subsection (1) above 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.

### **101 Target investment limit for Government shareholding in certain successor companies.**

(1) As soon as he considers expedient and, in any case, not later than six months after any operating company ceases to be a public sector railway company, the Secretary of State shall by order fix a target investment limit in relation to the shares for the time being held in that company by virtue of any provision of this Part by the Treasury and their nominees and by the Secretary of State and his nominees (in this section referred to as “the Government shareholding”).

(2) The target investment limit for the Government shareholding in an operating company shall be expressed as a proportion of the voting rights which are exercisable in all circumstances at general meetings of the company (in this section referred to as “the ordinary voting rights”).

(3) The first target investment limit fixed under this section for the Government shareholding in a particular company shall not exceed, by more than 0.5 per cent. of the ordinary voting rights, the proportion of those rights which is in fact carried by the Government shareholding in that company 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 for the Government shareholding in an operating company 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 99 above and any power to dispose of any shares held by virtue of any provision of this Part, and
- (b) their power to give directions to their respective nominees,

as to secure in relation to each operating company that the Government shareholding in that company does not carry a proportion of the ordinary voting rights exceeding any target investment limit for the time being in force under this section in relation to that company.

(6) Notwithstanding subsection (5) above but subject to subsection (7) below, the Treasury or the Secretary of State may take up, or direct any nominee of the Treasury or of the Secretary of State to take up, any rights which are for the time being available to them or him, or to the nominee, either—

- (a) as an existing holder of shares or other securities of an operating company; or
- (b) by reason of the rescission of any contracts for the sale of such shares or securities.

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- (7) If, as a result of anything done under subsection (6) above, the proportion of the ordinary voting rights carried by the Government shareholding in an operating company at any time exceeds the target investment limit for the time being in force under this section in relation to that company, it shall be the duty of the Treasury or, as the case may be, the Secretary of State to comply with subsection (5) above as soon after that time as is reasonably practicable.
- (8) For the purposes of this section the temporary suspension of any of the ordinary voting rights shall be disregarded.
- (9) The Secretary of State shall not exercise any power conferred on him by this section except with the consent of the Treasury.
- (10) In this section—
- “operating company” means a successor company—
- (a) which is a company limited by shares and formed and registered under the <sup>M2</sup>Companies Act 1985 (or the former Companies Acts, as defined in section 735(1)(c) of that Act);
  - (b) which was a public sector railway company at the time when any property, rights or liabilities of another public sector railway company were vested in it by a transfer scheme;
  - (c) which has since ceased to be a public sector railway company; and
  - (d) which at the time of the vesting referred to in paragraph (b) above was not, and at no time since has been, a franchise company;
- “public sector railway company” means—
- (a) the Board;
  - (b) any wholly owned subsidiary of the Board; or
  - (c) any publicly owned railway company.

**Marginal Citations**

M2 1985 c. 6.

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