

## SCHEDULES

### SCHEDULE 3

#### QUALIFYING SCHEME

#### PART 4

##### SCHEMES INVOLVING HYBRID EFFECT AND CONNECTED PERSONS

###### *Schemes involving hybrid effect and connected persons*

9 A scheme falls within this Part if it satisfies the requirements of paragraph 10 or 11.

###### *Scheme including issue of shares not conferring a qualifying beneficial entitlement*

- 10 (1) A scheme satisfies the requirements of this paragraph if it includes the issue by a company to a person connected with the company of shares other than shares falling within sub-paragraph (2).
- (2) Shares issued by a company fall within this sub-paragraph if—
- (a) on their issue, they are ordinary shares that are fully paid-up,
  - (b) at all times in the accounting period of the company in which the issue takes place, the shares confer a qualifying beneficial entitlement, and
  - (c) when the issue takes place, there is no arrangement or understanding under which the rights attaching to the shares may be amended.
- (3) A share in a company confers a qualifying beneficial entitlement if it confers a beneficial entitlement to the relevant proportion of—
- (a) any profits available for distribution to equity holders of the company, and
  - (b) any assets of the company available for distribution to its equity holders on a winding-up.
- (4) For the purposes of sub-paragraph (3) the relevant proportion, in relation to a share, is the same as the proportion of the issued share capital represented by that share.
- (5) Schedule 18 to ICTA (equity holders and profits or assets available for distribution) applies for the purposes of sub-paragraph (3) as it applies for the purposes of section 403C of ICTA.

###### *Scheme including transfer of rights under a security*

- 11 (1) A scheme satisfies the requirements of this paragraph if it includes a transaction or a series of transactions under which a person (“the transferor”)—
- (a) transfers rights to receive a payment under a relevant security to one or more other persons, or
  - (b) otherwise secures that one or more other persons are similarly benefited,

---

*Status: This is the original version (as it was originally enacted).*

---

and sub-paragraphs (3) and (4) are satisfied.

- (2) A person is similarly benefited for these purposes if he receives a payment which would, but for the transaction or series of transactions, have arisen to the transferor.
- (3) This sub-paragraph is satisfied if—
- (a) the transferor, and
  - (b) at least one of the persons to whom a transfer of rights is made or a similar benefit is secured,
- are connected with each other.
- (4) This sub-paragraph is satisfied if following the transfer of rights or the securing of the similar benefit—
- (a) two or more persons either hold rights to receive a payment under the security or enjoy a similar benefit, and
  - (b) the rights held and benefits enjoyed by such of those persons as are connected have, taken together, a value equal to or greater than the value of any other rights to receive a payment under the security and of any other similar benefits, taken together.
- (5) In sub-paragraph (4)(b) references to the value of rights to receive a payment under a relevant security are references to the market value of those rights; and references to the value of similar benefits are to be construed accordingly.
- (6) In this paragraph a relevant security is—
- (a) a security (within the meaning of Part 6 of ICTA), or
  - (b) any agreement under which a person receives an annuity or other annual payment (whether it is payable annually or at shorter or longer intervals) for a term which is not contingent on the duration of a human life or lives.

### *Interpretation*

12 Section 839 of ICTA has effect for the purposes of this Part.