

*Changes to legislation:* There are currently no known outstanding effects for the National Security and Investment Act 2021, SCHEDULE 1. (See end of Document for details)

## SCHEDULES

### SCHEDULE 1 **U.K.**

Section 10

#### TRIGGER EVENTS: HOLDING OF INTERESTS AND RIGHTS

##### *Joint interests*

- 1 If two or more persons each hold an interest or right jointly, each of them is treated as holding that interest or right.

##### **Commencement Information**

**II** Sch. 1 para. 1 in force at 4.1.2022 by S.I. 2021/1465, regs. 2, 3 (with regs. 4, 5)

##### *Joint arrangements*

- 2 (1) If interests or rights held by a person and interests or rights held by another person are the subject of a joint arrangement between those persons, each of them is treated as holding the combined interests or rights of both of them.
- (2) A “joint arrangement” is an arrangement between the holders of interests or rights that they will exercise all or substantially all the rights conferred by their respective interests, or their respective rights, jointly in a way that is pre-determined by the arrangement.

##### **Commencement Information**

**I2** Sch. 1 para. 2 in force at 4.1.2022 by S.I. 2021/1465, regs. 2, 3 (with regs. 4, 5)

##### *Indirect holdings*

- 3 (1) An interest or right held indirectly by a person is to be treated as held by the person.
- (2) A person holds an interest or right “indirectly” if the person has a majority stake in an entity and that entity—
- (a) holds the interest or right, or
  - (b) is part of a chain of entities—
    - (i) each of which (other than the last) has a majority stake in the entity immediately below it in the chain, and
    - (ii) the last of which holds the interest or right.
- (3) For these purposes, A has a “majority stake” in B if—
- (a) A holds a majority of voting rights in B,
  - (b) A is a member of B and has the right to appoint or remove a majority of the board of directors of B,

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- (c) A is a member of B and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in B, or
  - (d) A has the right to exercise, or actually exercises, dominant influence or control over B.
- (4) In the application of this paragraph to the right to appoint or remove a majority of the board of directors, an entity is to be treated as having the right to appoint a director if—
- (a) a person's appointment as director follows necessarily from that person's appointment as director of the entity, or
  - (b) the directorship is held by the entity itself.
- (5) In this paragraph—
- (a) the reference to the right to appoint or remove a majority of the board of directors of an entity is to the right to appoint or remove directors holding a majority of the voting rights at meetings of the board on all or substantially all matters,
  - (b) the reference to the board of directors, in the case of an entity that does not have such a board, is to be read as a reference to the equivalent management body of that entity,
  - (c) references to “voting rights” are to be read in accordance with section 8(7).

**Commencement Information**

**I3** Sch. 1 para. 3 in force at 4.1.2022 by S.I. 2021/1465, regs. 2, 3 (with regs. 4, 5)

*Interests held by nominees*

- 4 An interest held by a person as nominee for another is to be treated as held by the other (and not by the nominee).

**Commencement Information**

**I4** Sch. 1 para. 4 in force at 4.1.2022 by S.I. 2021/1465, regs. 2, 3 (with regs. 4, 5)

*Rights treated as held by person who controls their exercise*

- 5 (1) Where a person controls a right, the right is to be treated as held by that person (and not by the person who in fact holds the right, unless that person also controls it).
- (2) A person “controls” a right if, by virtue of any arrangement between that person and others, the right is exercisable only—
- (a) by that person,
  - (b) in accordance with that person's directions or instructions, or
  - (c) with that person's consent or concurrence.

**Commencement Information**

**I5** Sch. 1 para. 5 in force at 4.1.2022 by S.I. 2021/1465, regs. 2, 3 (with regs. 4, 5)

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*Rights exercisable only in certain circumstances etc*

- 6 (1) Rights that are exercisable by a person only in certain circumstances are to be treated as held by the person only—
- (a) when the circumstances have arisen, and for so long as they continue to obtain, or
  - (b) when the circumstances are within the control of the person.
- (2) But rights that are exercisable by an administrator or by creditors while an entity is in relevant insolvency proceedings are not to be regarded as held by the administrator or creditors even while the entity is in those proceedings.
- (3) “Relevant insolvency proceedings” means—
- (a) administration within the meaning of the Insolvency Act 1986,
  - (b) administration within the meaning of the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)), or
  - (c) proceedings under the insolvency law of another country or territory during which an entity's assets and affairs are subject to the control or supervision of a third party or creditor.
- (4) Rights that are normally exercisable but are temporarily incapable of exercise are not for that reason to be treated as not being held.

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**Commencement Information**

**I6** Sch. 1 para. 6 in force at 4.1.2022 by S.I. 2021/1465, regs. 2, 3 (with regs. 4, 5)

*Rights attached to shares held by way of security*

- 7 Rights attached to shares held by way of security provided by a person are to be treated as held by that person—
- (a) where apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in accordance with that person's instructions, and
  - (b) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in that person's interests.

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**Commencement Information**

**I7** Sch. 1 para. 7 in force at 4.1.2022 by S.I. 2021/1465, regs. 2, 3 (with regs. 4, 5)

*Connected persons*

- 8 Two or more persons who are connected with each other (within the meaning given by paragraph 9 or 10) are each to be treated as holding the combined interests or rights of both or all of them.

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**Commencement Information**

**I8** Sch. 1 para. 8 in force at 4.1.2022 by S.I. 2021/1465, regs. 2, 3 (with regs. 4, 5)

- 9 (1) Two or more undertakings are connected if they are group undertakings in respect of each other.
- (2) In sub-paragraph (1), “undertaking” and “group undertaking” have the same meanings as in the Companies Act 2006 (see section 1161 of that Act).

**Commencement Information**

**I9** Sch. 1 para. 9 in force at 4.1.2022 by S.I. 2021/1465, regs. 2, 3 (with regs. 4, 5)

- 10 (1) An individual, A, is connected with another individual, B, if—
- (a) A is B's spouse, civil partner or cohabitee,
  - (b) A is a relative of B,
  - (c) A is the spouse, civil partner or cohabitee of a relative of B,
  - (d) A is a relative of B's spouse, civil partner or cohabitee, or
  - (e) A is the spouse, civil partner or cohabitee of a relative of B's spouse, civil partner or cohabitee.
- (2) For the purposes of sub-paragraph (1)—
- (a) two persons who are living together as if they were a married couple or civil partners are cohabitees,
  - (b) references to a spouse, civil partner or cohabitee include a former spouse, civil partner or cohabitee, and
  - (c) “relative” means a brother, sister, uncle, aunt, nephew, niece, lineal ancestor or descendant (the stepchild of any person, or anyone adopted by a person, whether legally or otherwise, as their child, being regarded as a relative or taken into account to trace a relationship in the same way as that person's child).

**Commencement Information**

**I10** Sch. 1 para. 10 in force at 4.1.2022 by S.I. 2021/1465, regs. 2, 3 (with regs. 4, 5)

*Common purpose*

- 11 (1) Two or more persons who share a common purpose in relation to an asset or entity are each to be treated as holding the combined interests or rights of both or all of them.
- (2) The cases in which persons share a common purpose in relation to an entity include (but are not limited to) cases in which the persons co-ordinate their influence on the activities, operations, governance or strategy of the entity.
- (3) The cases in which persons share a common purpose in relation to an asset include (but are not limited to) cases in which the persons co-ordinate their influence on the way in which the asset is used, and section 9(2) applies for the purposes of this sub-paragraph.

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**Commencement Information**

**I11** Sch. 1 para. 11 in force at 4.1.2022 by S.I. 2021/1465, regs. 2, 3 (with regs. 4, 5)

*Arrangements*

- 12 (1) In this Schedule “arrangement” includes—
- (a) any scheme, agreement or understanding, whether or not it is legally enforceable, and
  - (b) any convention, custom or practice of any kind.
- (2) But something does not count as an arrangement unless there is at least some degree of stability about it (whether by its nature or terms, the time it has been in existence or otherwise).

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**Commencement Information**

**I12** Sch. 1 para. 12 in force at 4.1.2022 by S.I. 2021/1465, regs. 2, 3 (with regs. 4, 5)

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