



Dormant Assets Act 2022

2022 CHAPTER 5

PART 1

THE DORMANT ASSETS SCHEME

Securities assets

14 Transfer of eligible proceeds or distribution to reclaim fund

- (1) This section applies where—
- (a) a traded public company transfers to an authorised reclaim fund any dormant eligible proceeds or distribution relating to a share in the company registered in the name of an individual, and
 - (b) the reclaim fund consents to the transfer.
- (2) On the transfer of the eligible proceeds or distribution—
- (a) a person to whom the proceeds or distribution is payable immediately before the transfer—
 - (i) ceases to have any right against the company to payment of the proceeds or distribution, or
 - (ii) if the person is not the registered shareholder, has no right against the shareholder to payment of the proceeds or distribution, but
 - (b) that person acquires against the reclaim fund whatever right to payment of the proceeds or distribution the person would have had if the transfer had not happened.
- (3) In this section and sections 15 and 16—
- “share” has the meaning given by section 540 of the Companies Act 2006;
 - “traded public company” is a public company (within the meaning of section 4(2) of the Companies Act 2006) whose shares are traded on a UK regulated market or a UK multilateral trading facility.

Status: This is the original version (as it was originally enacted).

- (4) In subsection (3) “UK multilateral trading facility” and “UK regulated market” have the meanings given by paragraph 1 of article 2 of the [Regulation \(EU\) No 600/2014](#) of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending [Regulation \(EU\) No 648/2012](#).

15 “Eligible proceeds or distribution”

- (1) In this Act “eligible proceeds or distribution”, in relation to a share in a traded public company registered in the name of an individual, means (subject to subsection (2)) any of the following amounts owing to a person—
- (a) an amount owing by virtue of a share in the company being converted into a right to payment of the price of the share at the time it was converted,
 - (b) an amount owing as a cash distribution attributable to the share, or
 - (c) an amount owing by virtue of a corporate action in relation to the share for which the company is notified of the consideration,
- after the appropriate adjustments have been made for such things as interest due and fees and charges payable.
- (2) An amount held in a Lifetime ISA is excluded from subsection (1) if its transfer to an authorised reclaim fund would result in liability to pay a withdrawal charge to HMRC.
- (3) In subsection (1)(a) the reference to conversion of a share into a right to payment is a reference to conversion in accordance with—
- (a) the company’s articles of association,
 - (b) any contractual term applicable in relation to the share, or
 - (c) any other applicable provision authorising or requiring conversion of the share.
- (4) In relation to a time after a transfer has been made as mentioned in section 14(1)(a), the adjustments referred to in subsection (1) include those that would fall to be made but for the transfer.
- (5) In this section “distribution”, so far as relating to a share in a traded public company, has the meaning given by section 829 of the Companies Act 2006.

16 Meaning of “dormant” in relation to eligible proceeds or distribution

- (1) This section sets out the meaning for the purposes of this Act of “dormant” in relation to the different kinds of eligible proceeds or distribution.
- (2) Eligible share conversion proceeds are, or an eligible distribution is, “dormant” at a particular time if, at that time, the traded public company concerned regards the relevant individual as having been gone-away throughout the preceding 12 years.
- (3) For the purposes of subsection (2)—
- (a) the relevant individual is the individual in whose name the share was registered immediately before its conversion, and
 - (b) a company may regard an individual as “gone-away” throughout a period if it has received no communication from the individual (or any person acting on behalf of that individual) during that period.
- (4) Eligible corporate action proceeds are “dormant” after a period of at least 12 years—

- (a) beginning with the day on which the traded public company concerned is notified of the consideration in relation to the corporate action, and
 - (b) during which the proceeds have remained unclaimed.
- (5) Eligible corporate action proceeds relating to a share may also be treated as “dormant” at any time if they become money owing to a person after the transfer to an authorised reclaim fund as mentioned in section 14(1)(a) of eligible share conversion proceeds from the same share.
- (6) In this section, in relation to a share in a traded public company—
 - “eligible corporate action proceeds” means an amount owing by virtue of a corporate action, as mentioned in section 15(1)(c),
 - “eligible distribution” means an amount owing as a distribution as mentioned in section 15(1)(b), and
 - “eligible share conversion proceeds” means an amount owing by virtue of the conversion of the share as mentioned in section 15(1)(a).