



Coal industry Act 1994

1994 CHAPTER 21

PART I

RE-ORGANISATION OF COAL INDUSTRY

The Corporation's successors

15 Financial structure of successor companies

Schedule 3 to this Act (which makes provision as to the financial structure of the companies and related matters) shall have effect in relation to successor companies.

16 Target investment limit for Government holding in successor companies

- (1) The following provisions of this section shall apply separately in relation to every successor company which is limited by shares.
- (2) As soon as he considers it expedient, and in any case not later than six months after the date when the company ceases to be wholly owned by the Crown, the Secretary of State shall by order fix a target investment limit in relation to the aggregate of the shares in the company which are for the time being held by any of the following, that is to say, the Treasury, the Secretary of State or any nominee of the Treasury or the Secretary of State ("the Government shareholding").
- (3) The target investment limit for the Government shareholding in the company shall be expressed as a proportion of the voting rights which are exercisable in all circumstances at general meetings of that company ("the ordinary voting rights").
- (4) The first target investment limit fixed under this section for the Government shareholding in the company shall not exceed, by more than one half of one per cent. of the ordinary voting rights, the proportion of those rights which is carried by the Government shareholding in the company at the time when the order fixing the limit is made.

Status: This is the original version (as it was originally enacted).

- (5) The Secretary of State may from time to time by order fix a new target investment limit for the Government shareholding in the 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 be revoked only by an order fixing a new limit.
- (6) It shall be the duty of the Treasury and of the Secretary of State so to exercise—
- (a) their powers under paragraph 3 of Schedule 3 to this Act and any power to dispose of any shares in the company held by either of them, and
 - (b) their power to give directions to their respective nominees,
- as to secure that the Government shareholding in the 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.
- (7) Notwithstanding subsection (6) above but subject to subsection (8) below, 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—
- (a) as an existing holder of shares in or other securities of the company; or
 - (b) by reason of the rescission of any contracts of sale of any such shares or securities.
- (8) If, as a result of anything done under subsection (7) above, 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 (6) above as soon after that time as is reasonably practicable.
- (9) For the purposes of this section the temporary suspension of any of the ordinary voting rights shall be disregarded.
- (10) The consent of the Treasury shall be required for the exercise by the Secretary of State of any power conferred on him by this section; and the power to make an order under this section shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of either House of Parliament.