



# Commonwealth Development Corporation Act 1999

## 1999 CHAPTER 20

### *Miscellaneous*

#### **16 Requirement to issue securities**

- (1) This section applies while the Corporation is wholly owned by the Crown.
- (2) If the Corporation or a company associated with the Corporation is directed to do so by the Secretary of State, it shall issue such securities as are specified in the direction—
  - (a) to the Secretary of State, or
  - (b) if the direction so requires, to a person nominated by the Secretary of State.
- (3) Securities issued pursuant to a direction under subsection (2) shall be issued at such times, and on such terms, as may be specified in the direction.
- (4) A direction under subsection (2) requiring the issue of shares shall specify the nominal value of the shares to be issued; and the shares—
  - (a) shall be issued as fully paid,
  - (b) shall be treated for the purposes of the Companies Act 1985 as having been paid up by virtue of payment of their nominal value in cash, and
  - (c) shall be treated for the purposes of the Corporation Tax Acts as if they had been issued wholly in consideration of a subscription of an amount equal to their nominal value.
- (5) A debenture issued in accordance with a direction under subsection (2) shall be treated for the purposes of the Corporation Tax Acts as if it had been issued wholly in consideration of a loan of an amount equal to the principal sum payable under the debenture.
- (6) The Secretary of State shall consult the Corporation before making a direction under subsection (2).

**17 Acquisition of securities**

- (1) The Secretary of State may acquire or arrange for a nominated person to acquire—
  - (a) securities of the Corporation or a company associated with the Corporation;
  - (b) rights to subscribe for such securities.
- (2) Expenditure of the Secretary of State under subsection (1) shall be paid out of money provided by Parliament.

**18 Minimum Crown shareholding**

- (1) The Secretary of State shall ensure that the Crown—
  - (a) holds at least 25 per cent of the Corporation's issued ordinary share capital, and
  - (b) continues to hold any special share provided for under the Corporation's articles of association.
- (2) For the purposes of this Act a special share is a share which can be held only by the Crown and which gives the shareholder the right to prevent certain events by withholding consent.
- (3) The Secretary of State shall not consent to any alteration of the Corporation's articles of association which requires his consent as special shareholder unless a statement of the intended consent has been laid before and approved by resolution of each House of Parliament.
- (4) Where a person enters into a transaction relating to shares issued by the Corporation—
  - (a) he shall not be concerned to enquire whether the transaction results in a contravention of subsection (1), and
  - (b) his rights in relation to the shares shall not be questioned on the grounds of, or affected by, a contravention of subsection (1).
- (5) The Secretary of State may by order made by statutory instrument amend or repeal this section; but no order shall be made unless a draft has been laid before and approved by resolution of each House of Parliament.

**19 Securities held by or for Crown**

- (1) Any dividends or other sums received by the Secretary of State or a nominee of his in right of, or on the disposal of, shares, other securities or rights—
  - (a) held by virtue of section 6 or 16, or
  - (b) acquired in accordance with section 17,shall be paid into the Consolidated Fund.
- (2) A person who—
  - (a) holds shares by virtue of section 6,
  - (b) holds shares or securities by virtue of section 16 on the Secretary of State's behalf, or
  - (c) holds securities or rights acquired in accordance with section 17,shall hold and deal with them as the Secretary of State directs.

## **20 Tax**

Schedule 20 shall have effect.

## **21 Trustee Investments Act 1961**

- (1) The Corporation shall be deemed to have satisfied the requirement for the payment of dividends for the purpose of paragraph 3(b) of Part IV of Schedule 1 to the Trustee Investments Act 1961 (manner of investment: companies which have not paid dividends) in any calendar year—
  - (a) before registration, or
  - (b) during all or part of which the Corporation was wholly owned by the Crown.
- (2) The first reference in subsection (1) to the Corporation includes a reference to a company which—
  - (a) is designated by an order under section 25(4) of this Act as a company associated with the Corporation, and
  - (b) is designated by that order for the purposes of this subsection.

## **22 Treasury consent**

- (1) Before taking any of the following actions the Secretary of State shall obtain the consent of the Treasury—
  - (a) making an order under section 1(3),
  - (b) varying a direction in accordance with section 8(2),
  - (c) making a loan under section 9(1),
  - (d) making a determination under section 9(3), 10(6) or 15(3),
  - (e) giving a guarantee under section 10(3),
  - (f) entering into arrangements under section 10(7),
  - (g) extinguishing a liability under section 14(2),
  - (h) giving a direction under section 16 or 19,
  - (i) arranging for a disposal of securities acquired by virtue of section 6, 16 or 17, or
  - (j) arranging for an acquisition of securities or rights under section 17.
- (2) The Treasury's consent—
  - (a) may be general or specific, and
  - (b) may be conditional or unconditional.

## **23 House of Commons Disqualification, &c**

- (1) The entries relating to the Corporation in Part II of Schedule 1 to the House of Commons Disqualification Act 1975 and Part II of Schedule 1 to the Northern Ireland Assembly Disqualification Act 1975 (bodies of which all members are disqualified) shall cease to have effect on registration.
- (2) In Part III of Schedule 1 to each of those Acts (other disqualifying offices) there shall be added at the appropriate place—

“Director of the Commonwealth Development Corporation nominated or appointed by the Secretary of State.”.

(3) Subsection (2) comes into force on registration.

## **24 Powers and duties of Corporation before registration**

(1) The following shall be inserted after section 2(3) of the Commonwealth Development Corporation Act 1978 (powers)—

“(3A) The Corporation shall have power to do anything which it considers necessary or expedient for the purposes of, or for purposes related to—

- (a) the provisions of the Commonwealth Development Corporation Act 1999,
- (b) the operation of the Corporation after registration, or
- (c) the listing, sale or issue of securities after registration by the Corporation or a company associated with it.

(3B) Expressions used in subsection (3A) and in the 1999 Act have the same meaning in that subsection as in that Act.”.

(2) The following shall be added at the end of section 6 of the 1978 Act (annual report, information, &c.)—

“(4) The Corporation shall so far as is reasonably practicable comply with any request from the Secretary of State to provide him with information or assistance for a purpose related to—

- (a) the exercise of any function of the Secretary of State or the Treasury under this Act or the Commonwealth Development Corporation Act 1999, or
- (b) the listing, sale or issue of securities after registration by the Corporation or a company associated with it.

(5) Expressions used in subsection (4) and in the 1999 Act have the same meaning in that subsection as in that Act.”.