

## SCHEDULES

### SCHEDULE 13

#### OWNERSHIP OF LICENSED BODIES

##### PART 4

##### ADDITIONAL RESTRICTIONS

##### *Power to impose share limit, voting limit etc*

- 38 (1) Licensing rules may provide that—
- (a) a non-authorised person may not have a shareholding in a licensed body, or in a parent undertaking of a licensed body, which exceeds a limit specified in the rules (“the share limit”);
  - (b) a non-authorised person may not have an entitlement to exercise, or control the exercise of, voting rights in a licensable body, or a parent undertaking of a licensable body, which exceeds a limit specified in the rules (“the voting limit”);
  - (c) the total proportion of shares in a licensed body, or a parent undertaking of a licensed body, held by non-authorised persons may not exceed a limit specified in the rules;
  - (d) the total proportion of voting rights in a licensed body, or a parent undertaking of a licensed body, which non-authorised persons are entitled to exercise or control the exercise of, may not exceed a limit specified in the rules.
- (2) Rules made under any paragraph of sub-paragraph (1) in relation to a licensed body and a parent undertaking may specify different limits in relation to the licensed body and the parent undertaking.
- (3) Licensing rules made under sub-paragraph (1)(a) or (b) may provide that references in those rules to a person, in relation to a person’s shareholding or entitlement to exercise or control the exercise of voting rights, are to—
- (a) the person,
  - (b) any of the person’s associates, or
  - (c) the person and any of the person’s associates taken together.
- (4) In relation to a licensed body which is a partnership, for the purposes of section 34 of the Partnership Act 1890 (c. 39) (dissolution by illegality) a breach of licensing rules made under sub-paragraph (1) does not make it unlawful for the business of the partnership to be carried on, or for the partners to carry it on in partnership.

*Obligation to notify where share limit or voting limit exceeded*

- 39 (1) This paragraph applies in relation to a licensed body, or a parent undertaking of a licensed body, if licensing rules made by the relevant licensing authority make the provision mentioned in paragraph 38(1)(a) or (b) in relation to the body.
- (2) Any non-authorised person who acquires—
- (a) a shareholding in the body which exceeds the share limit, or
  - (b) an entitlement to exercise, or control the exercise of, voting rights in the body which exceeds the voting limit,
- must notify the body (and, if the body is a parent undertaking of a licensed body, the licensed body) and the licensing authority of the acquisition within such period, after the person becomes aware of it, as may be specified by order made by the Lord Chancellor on the recommendation of the Board.
- (3) It is an offence for a person to fail to comply with a requirement imposed by sub-paragraph (2).
- (4) A person who is guilty of an offence under sub-paragraph (3) is liable on summary conviction to a fine not exceeding level 5 on the standard scale.
- (5) It is a defence for a person charged with an offence under sub-paragraph (3) to show that at the time of the alleged offence the person had no knowledge of the facts by virtue of which the duty to notify arose.
- 40 (1) This paragraph applies if a person under the duty to notify imposed by paragraph 39(2)—
- (a) had no knowledge of the facts by virtue of which that duty arose, but
  - (b) subsequently becomes aware of those facts.
- (2) The person must give the body (and, if the body is a parent undertaking of a licensed body, the licensed body) and the licensing authority the required notification within such period, after the person becomes so aware, as may be specified by order made by the Lord Chancellor on the recommendation of the Board.
- (3) A person who fails to comply with the duty to notify imposed by sub-paragraph (2) is guilty of an offence.
- (4) A person who is guilty of an offence under sub-paragraph (3) is liable on summary conviction to a fine not exceeding level 5 on the standard scale.