

1975 No. 1674

COUNTER-INFLATION

**The Counter-Inflation (Dividends) (Amendment) (No. 3)
Order 1975**

Made - - - - 17th October 1975

Laid before Parliament 20th October 1975

Coming into Operation 21st October 1975

The Treasury, in exercise of the powers conferred on them by section 10 of, and paragraph 1(1), (4) and (6) of Schedule 3 to, the Counter-Inflation Act 1973^(a) and of all other powers enabling them in that behalf, hereby make the following Order:—

1.—(1) This Order may be cited as the Counter-Inflation (Dividends) (Amendment) (No. 3) Order 1975 and shall come into operation on 21st October 1975.

(2) The Interpretation Act 1889^(b) shall apply for the interpretation of this Order as it applies for the interpretation of an Act of Parliament.

2. The Counter-Inflation (Dividends) Order 1973^(c), as amended^(d), is hereby further amended in article 4 by the insertion, next after paragraph (2), of the following paragraphs:—

“(2A) Notwithstanding anything in paragraph (2) above, where the issued equity share capital of a company is increased by the issue, for a monetary consideration and in pursuance of an offer made on or after 21st October 1975 to existing holders of any part of the company’s share capital, of

- (i) additional shares of the same class as existing shares in the company, at a price less than 75 per cent. of the market price of the existing shares, or
- (ii) additional shares of a class different from that of any existing shares in the company, at whatever price,

no part of the amount or value of the consideration received for the issue or on payment up of the additional shares shall be added under paragraph (2)(a) above.

(a) 1973 c. 9.

(b) 1889 c. 63.

(c) S.I. 1973/659 (1973 I, p. 2135).

(d) S.I. 1973/1801; 1975/615, 1081 (1973 III, p. 5525; 1975 I, p. 2212; II, p. 3765).

(2B) For the purposes of paragraph (2A) above, 'market price of the existing shares' means the average of the two figures shown in respect of existing shares in the company of the same class as the additional shares under the heading 'Quotations' in the publication known as the Stock Exchange Daily Official List published by and under the authority of the Council of The Stock Exchange in respect of the last business day before the day on which the terms of the issue of the additional shares are announced to the Exchange."

James A. Dunn,

T. Pendry,

Two of the Lords Commissioners
of Her Majesty's Treasury.

17th October 1975.

EXPLANATORY NOTE

(This Note is not part of the Order.)

The Counter-Inflation (Dividends) Order 1973 in general restricts the declaration by certain companies, without Treasury consent, of ordinary dividends to an amount not exceeding the amount declared in the preceding financial year by more than the percentage prescribed in the Order, but permits the latter amount to be adjusted automatically where the equity share capital has been increased. This Order prevents such an automatic adjustment where the increase results from the issue, in pursuance of an offer to existing holders of shares in the company, of equity shares at a price substantially below the market price in the case of shares of the same class as those already issued or, in the case of a new class, at whatever price.

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