
STATUTORY INSTRUMENTS

1987 No. 2128

INCOME TAX

The Personal Equity Plan (Amendment) Regulations 1987

Made - - - - *9th December 1987*
Laid before the House of
Commons - - - - *10th December 1987*
Coming into force - - *1st January 1988*

The Treasury, in exercise of the powers conferred on them by Schedule 8 to the Finance Act 1986(1), hereby make the following regulations:

Citation and commencement

1. These Regulations may be cited as the Personal Equity Plan (Amendment) Regulations 1987 and shall come into force on 1st January 1988.

Interpretation

2. In these Regulations, “the Principal Regulations” means the Personal Equity Plan Regulations 1986(2)(b) and “Regulation” means a Regulation of the Principal Regulations.

Amendments to the Principal Regulations

3. In Regulation 4(3)(d) after the words “the plan manager shall” there shall be inserted “, if the plan investor so elects,”.

4. In Regulation 5 for paragraph (2) there shall be substituted—

“(2) Investments, or rights in respect of investments, may not at any time—

- (a) be purchased or made otherwise than out of cash which a plan manager holds (and is entitled under the provisions of these Regulations to hold) under a plan at that time; or
- (b) be purchased from—
 - (i) a plan investor, or
 - (ii) the spouse of a plan investor,

(1) 1986 c. 41.
(2) S.I.1986/1948.

so as to become plan investments under a plan to which the plan investor subscribes or has subscribed.”

5. In Regulation 7(3) for the words “28 days” there shall be substituted “31 days”.

6.—(1) In Regulation 4(1)(c) before the words “the individual’s cash subscription” there shall be inserted “subject to regulation 13A,”.

(2) In Regulation 4(1)(d) before the words “the individual may not subscribe” there shall be inserted “subject to Regulation 13A,”.

(3) In Regulation 7(1) after the words “the provisions of this Regulation” there shall be inserted “and of Regulation 13A”.

(4) In Regulation 12(1) for the words “This Regulation” there shall be substituted “Subject to Regulation 13A, this Regulation”.

(5) In Regulation 13(1) for the words “This Regulation” there shall be substituted “Subject to Regulation 13A, this Regulation”.

(6) After Regulation 13 there shall be inserted—

“Rights issues—relaxation of provisions of Regulations 4, 12, 7 and 13 and disap- plication of Regulation 14

13A

(1) This Regulation prescribes the circumstances in which—

- (a) notwithstanding Regulation 4(1)(c) an individual’s cash subscription may exceed £2,400 in any year,
- (b) notwithstanding Regulation 4(1)(d) an individual may subscribe further to a plan after the end of the year in which his subscription to that plan began,
- (c) notwithstanding Regulation 7 a plan manager may hold cash as a plan investment in excess of the cash investment limit (to which that Regulation refers) for a period in excess of 31 days,
- (d) notwithstanding Regulation 12(3) the minimum period specified in paragraph (1) of Regulation 12 may begin earlier than the date of payment of a first instalment,
- (e) notwithstanding Regulation 13 the maximum amount of investment which may be made under a plan may exceed the total of the amounts specified in paragraphs (2) and (3) of that Regulation, and
- (f) notwithstanding Regulation 14 a plan investor may withdraw a sum of cash before the end of the minimum holding period so as to comply with paragraph (3)(b)(iii) of this Regulation and so that, in such circumstances, Regulation 14 shall not apply.

(2) The prescribed circumstances are circumstances in which—

- (a) on the occasion of a new issue of shares a plan manager is entitled, by virtue of a plan investor’s beneficial ownership of shares which are plan investments (in this Regulation referred to as “original shares”), to subscribe for shares (in this Regulation referred to as “new shares”) (being qualifying investments) which are offered to shareholders in proportion to (or as nearly as may be in proportion to) their shareholdings; and
- (b) the conditions contained in paragraph (3) are fulfilled.

(3) The conditions to which paragraph (2) refers are—

- (a) that the plan investor—

- (i) was the beneficial owner of the original shares at the end of the day immediately before that on which the right to subscribe for the new shares was announced; and
 - (ii) subscribes cash not exceeding the total sum payable to acquire the new shares (in this Regulation referred to as “the rights subscription”); and
- (b) that the rights subscription shall—
- (i) be treated as a subscription to the plan under which the original shares are held,
 - (ii) be expanded only on a subscription for new shares to which paragraph (2) refers, and
 - (iii) to the extent that it is not so expanded, be transferred to the plan investor together with interest (if any) thereon within 14 days after the date by which the rights subscription is payable by the plan manager under the terms of the offer to subscribe for the new shares.”.
7. In Regulation 29 after paragraph (1) there shall be inserted—
- “(1A) where under the terms of a plan a plan manager has discretion to purchase or sell investments he shall give to the plan investor once in every period of 6 months a statement in writing of his reasons for—
- (a) making a purchase or sale within, and
 - (b) retaining any investment throughout,
- the period.”.

9th December

David Lightbown
Michael Neubert
Two of the Lords Commissioners of Her
Majesty’s Treasury

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which come into force on 1st January 1988, amend the Personal Equity Plan Regulations 1986 (“the Principal Regulations”).

Regulation 1 provides for the citation and commencement of the Regulations and regulation 2 contains definitions.

Regulation 3 amends Regulation 4 of the Principal Regulations to provide that a plan manager will be required to arrange for a plan investor to receive a copy of certain annual reports and accounts only if the plan investor so elects.

Regulation 4 amends Regulation 5 of the Principal Regulations. The effect of the amendment is to preclude a plan manager from purchasing from a plan investor, or the spouse of a plan investor, investments, or rights in respect of investments, for inclusion in the plan investor’s plan.

Regulation 5 amends Regulation 7 of the Principal Regulations so that a plan manager may retain cash in excess of the cash investment limit for 31 days instead of 28 days.

Regulation 6 inserts a new Regulation, Regulation 13A, in the Principal Regulations and makes minor consequential amendments to Regulations 4, 7, 12, 13 and 14 of those Regulations. The effect of the amendments is that in prescribed circumstances the cash investment and maximum investment limits may be exceeded where by virtue of a plan investor’s ownership of shares as plan investments the plan manager is entitled to subscribe for an issue of shares.

Regulation 7 amends Regulation 29 of the Principal Regulations so as to require a plan manager who, under the plan, may buy or sell investments at his own discretion to give to the plan investor once in every period of six months a written statement of his reasons for making a purchase or sale and for retaining an investment.