
STATUTORY INSTRUMENTS

1988 No. 717

FINANCIAL SERVICES

The Financial Services Act 1986 (Stabilisation) Order 1988

Made - - - - *5th April 1988*

Coming into force - - *6th April 1988*

Whereas a draft of this Order has been approved by a resolution of each House of Parliament pursuant to section 48(9) of the Financial Services Act 1986(1);

Now, therefore, the Secretary of State, in exercise of the powers conferred on him by section 48(8) of the Financial Services Act 1986 hereby makes the following Order:—

Citation and commencement

1. This Order may be cited as the Financial Services Act 1986 (Stabilisation) Order 1988 and shall come into force on the day after the day on which it is made.

Amendment of section 48(7) of the Financial Services Act 1986

2. Subsection (7) of section 48 of the Financial Services Act 1986 shall be amended by—

- (a) inserting “(i)” after “(a)”;
- (b) substituting “(ii)” for “(b)”;
- (c) adding at the end of the subsection—

“or

(b) (i) in respect of such investments as are mentioned in subparagraph (a)(i) above: and

(ii) during a period starting with the date of the first public announcement of an offer of those investments which states the price or the minimum price at which the investments are to be sold and ending on the 30th day after the closing date specified in the announcement for acceptances of such offer.”

- (d) adding a new subsection after the subsection—

“(7A) For the purposes of subparagraph (b)(ii) of subsection (7) above “an offer” means an offer for cash (other than in relation to the issue of the investments in question) where either—

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- (a) the investments have been admitted to dealing on a recognised investment exchange or any other exchange of repute outside the United Kingdom; or
- (b) the offer is on the occasion of such admission or conditional on such admission: and the total cost of the investments subject to the offer at the price stated in the first public announcement mentioned in subsection (7) above is at least ~~±~~15,000,000 (or the equivalent in the currency or unit of account in which the price is stated on the date of the announcement).”

5th April 1988

Francis Maude
Parliamentary Under Secretary of State,
Department of Trade and Industry

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends section 48(7) of the Financial Services Act 1986 so as to extend the scope of the exception to the offence in section 47(2) of that Act concerning market manipulation. As a result of the amendment, anything done for the purpose of stabilising the price of investments will not be a contravention of section 47(2) if it is done in conformity with rules made under section 48 of that Act, is in respect of an investment of the kind specified and is done during the specified period before or after an offer of those investments which is of the kind specified.

By virtue of section 6(2) of the Company Securities (Insider Dealing) Act 1985 (c. 8) (which applies orders made under section 48(8) of the Financial Services Act 1986 in relation to section 6(1) of the former Act), the Order has the effect in Great Britain of extending the exception to the prohibitions under the former Act contained in section 6(1) of that Act.