

## SCHEDULE 1

### MEANING OF “CLOSELY LINKED”: MODIFICATIONS OF COMPANIES ACT PROVISIONS

#### Ability to appoint majority of directors

2.—(1) After subsection (2) of section 258 the insertion of the following subsection—

“(2A) An undertaking is also a parent undertaking in relation to another undertaking, a subsidiary undertaking, if—

- (a) it is a member of the undertaking and, at all times since the beginning of the undertaking’s immediately preceding financial year, a majority of the undertaking’s board of directors have been directors who were appointed solely as a result of the exercise of its voting rights, and
- (b) no other person is the undertaking’s parent undertaking by virtue of paragraph (a), (b) or (c) of subsection (2).”

(2) In subsection (3) of that section, after the words “subsection (2)” the insertion of the words “or (2A)”.