

SCHEDULE 1

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

Participation without control

3.—(1) After subsection (3) of section 258 the insertion of the following subsections—

“(3A) Subject to subsection (3B) below, an undertaking is also a parent undertaking in relation to another undertaking, a subsidiary undertaking, if it has a participating interest in the undertaking which—

- (a) entitles it to 20 per cent or more of the voting rights in the undertaking, or
- (b) comprises 20 per cent or more of the shares of the undertaking.

(3B) For the purpose of determining whether a person has a participating interest in an undertaking which is a building society (within the meaning of the Building Societies Act 1986), subsection (3A) above shall have effect as if the reference in paragraph (b) to shares were a reference to deferred shares (within the meaning of that Act).”

(2) After subsection (5) of that section the insertion of the following subsection—

“(5A) An undertaking (“A”) shall not be treated as a parent undertaking of an undertaking (“B”) by reason only that another undertaking which is A’s subsidiary undertaking by virtue of subsection (3A) is a parent undertaking of B.”

(3) After subsection (4) of section 259 the insertion of the following subsection—

“(4A) Two subsidiary undertakings of the same parent undertaking shall not be fellow subsidiary undertakings if either of them is a subsidiary undertaking by virtue of section 258(3A).”

(4) In subsection (5) of section 260, for the words “section 258(4)” the substitution of the words “section 258(3A) or (4)”.

(5) In paragraph 2(1) of Schedule 10A, after the words “section 258(2)(a) and (d)” the insertion of the words “and (3A)(a)”.