



# Citibank International Act 1993

## 1993 CHAPTER xvii

### 7 Compensation for minority shareholders of The Diners Club Limited

(1) In this section—

“the audited accounts” means the individual and group accounts of the company in respect of its last financial year required to be prepared and delivered to the registrar of companies by the Companies Act 1985 and on which its auditors have made a report in accordance with section 235 of that Act that in their opinion such accounts have been properly prepared in accordance with that Act and that a true and fair view is given of the matters set out in subsection (2) of that section;

“cheque” has the same meaning as in section 73 of the Bills of Exchange Act 1882;

“the company” means The Diners Club Limited;

“liabilities” includes any amount retained as reasonably necessary for the purpose of providing for any liability or loss which is either likely to be incurred, or certain to be incurred but uncertain as to amount or as to the date on which it will arise;

“the minority shareholders” means the members of the company on the appointed day other than CIL or its nominees and a reference to “a minority shareholder” is a reference to one of the minority shareholders or, where shares in the company are held by two or more of the minority shareholders jointly, is a reference to those joint shareholders;

“net assets” means the aggregate of the assets of the company less the aggregate of its liabilities (taking the amount of both assets and liabilities to be as stated in the audited accounts).

(2) The minority shareholders shall be entitled to the payment of compensation by Citibank International for the loss caused to them by reason of the transfer of the business, property and liabilities of the company to Citibank International by virtue of this Act and any compensation paid to a minority shareholder under this section shall be in full satisfaction of all rights, powers and remedies vested in or available to him arising directly or indirectly out of such transfer.

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- (3) The amount of compensation payable to a minority shareholder under subsection (2) above shall, subject to the provisions of subsection (4) below, be a sum equal in value to the greater of—
- (a) the nominal value of the shares in the company held by that shareholder; and
  - (b) that proportion of the net assets which the number of shares held by that shareholder bears to all the shares in the company.
- (4) (a) On the appointed day Citibank International shall notify each of the minority shareholders in writing of the contents of this section and the amount of compensation to which he is, subject to paragraph (b) below, entitled in accordance with the provisions of subsection (3) above.
- (b) If a minority shareholder believes that the compensation to which minority shareholders are entitled in accordance with the provisions of subsection (3) above does not represent fair compensation for the loss caused to them by reason of the transfer of the business, property and liabilities to Citibank International, he may, by notice in writing given to Citibank International at its registered address before the expiration of the period of 21 days beginning with the appointed day, require that the issue of the amount of compensation to be paid to him be referred to and determined by a single arbitrator in accordance with paragraph (c) below, and the arbitrator shall make his award on the basis of what he determines to be fair compensation.
- (c) Where notice is given to Citibank International by one or more minority shareholders under paragraph (b) above, within the period thereby provided, Citibank International and the minority shareholder or shareholders shall, on the expiration of that period, seek to agree who is to be the arbitrator and failing agreement within a further period of 21 days the arbitrator may be appointed on the application of one of the parties, after notice in writing to the other or others, by the President of the Institute of Chartered Accountants in England and Wales (to the intent that where more than one minority shareholder has given notice under paragraph (b) above all such minority shareholders shall be parties to the same arbitration).
- (5) (a) Where compensation is payable to a minority shareholder in accordance with the provisions of subsection (3) above he shall be paid by Citibank International before the expiration of the period of one month beginning with the appointed day.
- (b) Where compensation is payable to a minority shareholder in accordance with the award of an arbitrator under subsection (4) above he shall be paid by Citibank International before the expiration of the period of one month beginning with the making of the award.
- (6) (a) Notification to a minority shareholder, pursuant to subsection (4) (a) above, of his entitlement to compensation shall unless otherwise agreed between him and Citibank International be sent to him by post at the address for him in the register of members of the company or, where shares in the company are held by two or more minority shareholders jointly, to the shareholder whose name is entered first in the register at the address for him in it.
- (b) Payment of compensation to a minority shareholder under this section shall unless otherwise agreed between him and Citibank International be made by cheque payable to the shareholder and sent by post in the manner described in paragraph (a) above and payment of the cheque shall discharge Citibank International from its obligations to that shareholder under this section.

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- (7) Save where awarded in an arbitration under subsection (4) above, a minority shareholder shall not be entitled to receive interest on any amount of compensation due to him under this section.
- (8) Where a cheque in payment of compensation, sent to a minority shareholder pursuant to subsection (5) above, is not presented for payment within 12 years from the appointed day, the entitlement of that shareholder to compensation shall be forfeited and Citibank International shall cease to be under any obligation to pay it.