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SCHEDULES :

SCHEDULE 8

SHARE OPTION AND SHARE INCENTIVE SCHEMES

PART II

SAVINGS-RELATED SHARE INCENTIVE SCHEMES

Application of Part II

- 10 This Part of this Schedule applies to any share incentive scheme under which directors or employees pay for part of the shares or interests acquired by them under the scheme, or repay a loan made to them for the purpose of the acquisition, out of repayments made to them under a certified contractual savings scheme within the meaning of section 415 of the Taxes Act, and for this purpose a repayment may be taken as either including or as not including a bonus or interest.
- 11 In relation to a scheme to which this Part of this Schedule applies the principal Schedule shall have effect subject to the following provisions of this Part of this Schedule.

Participants

- 12 Paragraph 6 of Part II of the principal Schedule shall have effect as if at the end there were added the words " and every full-time employee of that company who is chargeable to tax in respect of his employment under Case I of Schedule E must be entitled to participate in the scheme to a reasonable extent if he is not less than twenty-five years old and has been a full-time employee of that company for a continuous period of not less than five years ".

Issue of shares

- 13 Paragraph 5 of Part II of the principal Schedule (limitation on issue of shares) shall not apply and any shares issued under a scheme to which this Part of this Schedule applies shall be treated for the purposes of that paragraph as issued otherwise than under a scheme approved under that Schedule.

Limitation of rights

- 14 Paragraph 15 below shall apply in lieu of paragraphs 1 to 3 of Part IV of the principal Schedule.
- 15 The acquisition by any person of shares or interests in shares under the scheme must be so limited that—

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- (a) not less than 95 per cent, of the consideration for the acquisition either is payable after the acquisition or is paid out of a loan which is repayable after the acquisition ; and
- (b) so much of the consideration for the acquisition as is payable after the acquisition or is payable out of a loan must not exceed the repayment due to that person under the certified contractual savings scheme out of which it is payable, the amount of the repayment being taken as the amount payable at the earliest time at which the maximum bonus is payable under the contractual savings scheme and to include that bonus.

Minimum price of shares

- 16 Paragraph 5(1)(b) of Part IV of the principal Schedule shall have effect as if for " 80 per cent. " there were substituted " 70 per cent. " .

Time limit for special restrictions

- 17 Paragraph 6 of Part IV of the principal Schedule shall have effect as if for the words " seven years ", in both places, there were substituted the words " eight years " .

Further conditions for approval

- 18 The conditions mentioned in paragraph 1 of Part I of the principal Schedule shall be deemed to include the conditions stated in paragraphs 19 and 20 below, and the condition stated in paragraph 4 of Part IV of the principal Schedule shall apply only to the extent that it does not prevent the condition stated in paragraph 20 below from being satisfied.
- 19 Subject to paragraph 20 below the scheme must provide for a participant's contributions under the certified contractual savings scheme to be payable under arrangements made with the company of which he is a director or employee and to be of such amounts as to secure as nearly as may be repayment of the amount required to discharge his obligation to pay the deferred part of the consideration for the shares or interest acquired by him, or, as the case may be, to repay the loan made to him for the purpose of the acquisition, the amount of the repayment under the contractual savings scheme being taken for this purpose as the amount payable at the earliest time at which a bonus or the maximum bonus is payable under it and as either including the bonus or as not including it.
- 20 A person acquiring shares or an interest in shares under the scheme must have the right, at the time payment of the deferred part of the consideration or repayment of the loan is due, to discharge his obligation by surrendering the shares or his interest.

Further condition to be complied with by director or employee

- 21 The conditions specified in Part V of the principal Schedule shall be deemed to include the condition that the director or employee must not, while participating in a scheme to which this Part of this Schedule applies, participate in any share incentive scheme which is approved under the principal Schedule but to which this Part of this Schedule does not apply nor in any share option scheme which is approved under the principal Schedule and to which Part III of this Schedule does not apply.

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Commencement

- 22 This Part of this Schedule shall come into force on such day as the Treasury may by order made by statutory instrument appoint.