

## SCHEDULES

### SCHEDULE 2

#### REGISTRABLE BENEFICIAL OWNERS

#### PART 5

##### SUPPLEMENTARY PROVISION ABOUT INTERPRETATION OF SCHEDULE

###### *Introduction*

- 10 This Part sets out further rules for the interpretation of this Schedule.

###### *Joint interests*

- 11 If two or more persons hold a share or right jointly, each of them is treated for the purposes of this Schedule as holding that share or right.

###### *Joint arrangements*

- 12 (1) If shares or rights held by a person and shares or rights held by another person are the subject of a joint arrangement between those persons, each of them is treated for the purposes of this Schedule as holding the combined shares or rights of both of them.
- (2) A “joint arrangement” is an arrangement between the holders of shares (or rights) that they will exercise all or substantially all the rights conferred by their respective shares (or rights) jointly in a way that is pre-determined by the arrangement.
- (3) “Arrangement” includes—
- (a) any scheme, agreement or understanding, whether or not it is legally enforceable, and
  - (b) any convention, custom or practice of any kind.
- (4) But something does not count as an arrangement unless there is at least some degree of stability about it (whether by its nature or terms, or the time it has been in existence, or otherwise).

###### *Calculating shareholdings*

- 13 (1) In relation to a legal entity that has a share capital, a reference to holding “more than 25% of the shares” in that entity is a reference to holding shares comprised in the issued share capital of that entity of a nominal value exceeding (in aggregate) 25% of that share capital.
- (2) In relation to a legal entity that does not have a share capital—
- (a) a reference to holding shares in that entity is a reference to holding a right to share in the capital or, as the case may be, profits of that entity;

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- (b) a reference to holding “more than 25% of the shares” in that entity is a reference to holding a right or rights to share in more than 25% of the capital or, as the case may be, profits of that entity.

#### *Voting rights*

- 14 (1) A reference to the voting rights in a legal entity is to the rights conferred on shareholders in respect of their shares (or, in the case of an entity not having a share capital, on members) to vote at general meetings of the entity on all or substantially all matters.
- (2) In relation to a legal entity that does not have general meetings at which matters are decided by the exercise of voting rights—
- (a) a reference to exercising voting rights in the entity is to be read as a reference to exercising rights in relation to the entity that are equivalent to those of a person entitled to exercise voting rights in a company registered under the Companies Act 2006;
  - (b) a reference to exercising more than 25% of the voting rights in the entity is to be read as a reference to exercising the right under the constitution of the entity to block changes to the overall policy of the entity or to the terms of its constitution.
- 15 In applying this Schedule, the voting rights in a legal entity are to be reduced by any rights held by the entity itself.

#### *Rights to appoint or remove members of the board*

- 16 A reference to the right to appoint or remove a majority of the board of directors of a legal entity is a reference to the right to appoint or remove directors holding a majority of the voting rights at meetings of the board on all or substantially all matters.
- 17 References to a board of directors, in the case of an entity that does not have such a board, are to be read as references to the equivalent management body of that entity.

#### *Shares or rights held “indirectly”*

- 18 (1) A person holds a share “indirectly” if the person has a majority stake in a legal entity and that entity—
- (a) holds the share in question, or
  - (b) is part of a chain of legal entities—
    - (i) each of which (other than the last) has a majority stake in the entity immediately below it in the chain, and
    - (ii) the last of which holds the share.
- (2) A person holds a right “indirectly” if the person has a majority stake in a legal entity and that entity—
- (a) holds that right, or
  - (b) is part of a chain of legal entities—
    - (i) each of which (other than the last) has a majority stake in the entity immediately below it in the chain, and
    - (ii) the last of which holds that right.

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- (3) For these purposes, A has a “majority stake” in B if—
- (a) A holds a majority of the voting rights in B,
  - (b) A is a member of B and has the right to appoint or remove a majority of the board of directors of B,
  - (c) A is a member of B and controls alone, or pursuant to an agreement with other shareholders or members, a majority of the voting rights in B, or
  - (d) A has the right to exercise, or actually exercises, dominant influence or control over B.
- (4) In the application of this paragraph to the right to appoint or remove a majority of the board of directors, a legal entity is to be treated as having the right to appoint a director if—
- (a) a person’s appointment as director follows necessarily from that person’s appointment as director of the legal entity, or
  - (b) the directorship is held by the legal entity itself.

*Shares held by nominees*

- 19 A share held by a person as nominee for another is to be treated for the purposes of this Schedule as held by the other (and not by the nominee).

*Rights treated as held by a person who controls their exercise*

- 20 (1) Where a person controls a right, the right is to be treated for the purposes of this Schedule as held by that person (and not by the person who in fact holds the right, unless that person also controls it).
- (2) A person “controls” a right if, by virtue of any arrangement between that person and others, the right is exercisable only—
- (a) by that person,
  - (b) in accordance with that person’s directions or instructions, or
  - (c) with that person’s consent or concurrence.
- (3) “Arrangement” has the meaning given in paragraph 12(3) and (4).

*Rights exercisable only in certain circumstances etc*

- 21 (1) Rights that are exercisable only in certain circumstances are to be taken into account only—
- (a) when the circumstances have arisen, and for so long as they continue to obtain, or
  - (b) when the circumstances are within the control of the person having the rights.
- (2) But rights that are exercisable by an administrator or by creditors while a legal entity is in relevant insolvency proceedings are not to be taken into account even while the entity is in those proceedings.
- (3) “Relevant insolvency proceedings” means—
- (a) administration within the meaning of the Insolvency Act 1986,
  - (b) administration within the meaning of the Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19)), or

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- (c) proceedings under the insolvency law of a country or territory outside the United Kingdom during which an entity's assets and affairs are subject to the control or supervision of a third party or creditor.
- (4) Rights that are normally exercisable but are temporarily incapable of exercise are to continue to be taken into account.

*Rights attached to shares held by way of security*

- 22 Rights attached to shares held by way of security provided by a person are to be treated for the purposes of this Schedule as held by that person—
- (a) where apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in accordance with that person's instructions, and
  - (b) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in that person's interests.

*Limited partnerships*

- 23 (1) A person does not meet Condition 1, 2 or 3 of paragraph 6 in relation to an overseas entity by virtue only of being a limited partner.
- (2) A person does not meet Condition 1, 2 or 3 of paragraph 6 in relation to an overseas entity by virtue only of, directly or indirectly—
- (a) holding shares, or
  - (b) holding a right,
- in or in relation to a limited partner.
- (3) Sub-paragraphs (1) and (2) do not apply for the purposes of determining whether the requirement set out in Condition 5(a) of paragraph 6 is met.
- (4) In this paragraph “limited partner” means—
- (a) a limited partner in a limited partnership registered under the Limited Partnerships Act 1907 (other than one who takes part in the management of the partnership business), or
  - (b) a foreign limited partner.
- (5) In this paragraph “foreign limited partner” means an individual who—
- (a) participates in arrangements established under the law of a country or territory outside the United Kingdom, and
  - (b) has the characteristics prescribed by regulations made by the Secretary of State.
- (6) Regulations under this paragraph may, among other things, prescribe characteristics by reference to—
- (a) the nature of arrangements;
  - (b) the nature of an individual's participation in the arrangements.
- (7) Regulations under this paragraph are subject to the affirmative resolution procedure.

*Meaning of “director”*

24 In this Schedule “director” includes any person occupying the position of director, by whatever name called.