
STATUTORY INSTRUMENTS

1992 No. 225

The Uncertificated Securities Regulations 1992

PART IX

CREATION OF UNCERTIFICATED SECURITIES INTRODUCTORY

CHAPTER I

CONVERSION OF CERTIFICATED SECURITIES

Conversion of certificated securities into uncertificated form

75.—(1) Subject to the following provisions of this regulation, conversion of a certificated security into an uncertificated security shall be effected by two directors or a director and the secretary of the company signing a certificate of conversion in the form set out in Schedule 4 (with any necessary modifications).

- (2) Subject to paragraph (7), no such certificate shall be of any effect unless:
- (a) the board of directors or a duly authorised committee of the same have authorised (in a resolution complying with paragraph (6)) the signature of the certificate on or after a specified date and the certificate is signed on or after that date;
 - (b) the Secretary of State has consented to the system commencing operation under regulation 5; and
 - (c) the Operator has agreed to the conversion of the security and any conditions attached to that agreement have been satisfied.
- (3) It is the duty of a company, prior to the conversion of a security, to:
- (a) make adequate preparations and arrangements for the effecting of the conversion of the security (in particular by preparing or causing to be prepared a record of entitlements to take effect from the moment of conversion) and the carrying out of its functions under these Regulations in connection with the security (in particular by making arrangements for the keeping of a record of entitlements); and
 - (b) ensure the requirements set out in paragraph (4) have been complied with.

It is the duty of any company controller appointed with respect to the security to co-operate with the company in making the preparations and arrangements referred to in sub-paragraph (a).

- (4) The requirements referred to in paragraph (3)(b) are:
- (a) the company must at some time have passed an enabling resolution;
 - (b) conversion of the security must have been authorised by a relevant resolution of the holders of the security at least two months prior to the date on which the security is converted, unless the terms on which the security has been issued authorise the conversion of the security into an uncertificated security or the security is shares of the company in circumstances where the company has only one class of shares and the resolution which constitutes the enabling resolution in addition authorised the conversion of the shares into uncertificated form; and

- (c) the required publicity must have been given to the proposal to convert, unless, the security being a security in relation to which certificates are in issue, the company has collected in, or received indemnities in respect of, all certificates in issue with respect to the security.
- (5) For the purposes of paragraph (4):
- (a) a relevant resolution is:
 - (i) where the security concerned is shares, or any class of shares, an extraordinary resolution passed by the holders of the shares or shares of that class;
 - (ii) in any other case: —a resolution passed by the holders of not less than three quarters of the units of the security, or, —in the case of a resolution put at a meeting of the holders at which a poll is not demanded, a resolution passed by not less than three quarters of the holders of the units of the security who (being entitled to do so) vote on the resolution, whether in person or (where permitted) by proxy, provided that no resolution shall be treated as a relevant resolution for this purpose if, in addition to conversion, it deals with any other business;
 - (b) the required publicity is the publication of a notice which includes the relevant statements on at least three occasions prior to the date on which conversion of the security is effected in such manner and on such occasions as the Operator may direct.

For the purposes of sub-paragraph (b), the relevant statements are:

- (i) where the notice is published prior to the passing of any resolution required by paragraph (4) (b), a statement that it is proposed that the security (identifying it) of the company (naming it) be converted into an uncertificated security to which these Regulations will apply and that a resolution will shortly be put to the holders of the security for their approval of the conversion;
- (ii) where the notice is published after the passing of that resolution, or no resolution is required, a statement that it is proposed that the security (identifying it) of the company (naming it) will shortly be converted into an uncertificated security to which these Regulations will apply and that persons holding by way of security certificates to units of the security concerned should as soon as possible take steps to preserve their security under the provisions of these Regulations; the date for last receipt of instruments of transfer under paragraph (6) shall also be stated if known; and
- (iii) (in either case) if the notice is to be the final notice of conversion, a statement of that fact.

Also for the purposes of sub-paragraph (b), a notice is none the less published by a company if it is published by the Operator, including where it is included in a notice published by the Operator relating to a number of companies.

(6) A resolution of the directors, or a duly authorised committee of the same, authorising signature of a certificate with respect to a security under paragraph (2)(a) shall specify a date (referred to below as the “relevant date”) after which no further proper instruments of transfer received with respect to the security will be acted upon prior to conversion, being a date not less than 3 working days and not more than 10 working days before the date specified in the resolution as the date on or after which the certificate of conversion may be signed.

Subject to paragraph (8) or to any direction issued by the Operator, no proper instrument of transfer with respect to the security which is to be converted received by the company after the relevant date may be registered by the company in the appropriate register (paragraph 1 of Part I of Schedule 5 applies to such instruments).

(7) The commencement of the operation of a record of entitlements with respect to a security by the Operator shall be conclusive evidence that the conditions set out in paragraph (2)(a) and (c) have been complied with with respect to that security (except in any proceedings for damages against any person for breach of a duty imposed by this regulation).

(8) If the certificate of conversion has not been signed within three working days of the date specified in the resolution of the directors under paragraph (2)(a), the resolution shall lapse and the prohibition on registration of transfers under paragraph (6) shall cease. The directors may pass such further resolutions under paragraph (2)(a) as are required until conversion is effected.

Duties of Operator with respect to conversion

76.—(1) It is the duty of the Operator not to agree to the conversion of any security unless the Operator is reasonably satisfied that the company has made adequate arrangements and preparations with respect to the conversion and for the carrying out of its functions under these Regulations in respect of that security.

(2) The Operator may make its agreement subject to conditions.

Delivery of conversion certificate to registrar of companies

77.—(1) The company shall deliver to the registrar of companies for registration a certified copy of the certificate signed under regulation 75(1) by which conversion of any security was effected, within 7 working days of the date on which it was signed.

(2) Section 380(6) of the 1985 Act applies to a failure to comply with the provisions of this regulation as it does to a failure to comply with section 380(2) or (3) of that Act.

(3) In this regulation “certified copy” means a copy certified as a true copy by a notary, notary public or other person authorised by law, in the jurisdiction where the company is incorporated, to administer oaths or authenticate documents.