

---

STATUTORY INSTRUMENTS

---

**2001 No. 3755**

**The Uncertificated Securities Regulations 2001**

**PART 3**

**PARTICIPATING SECURITIES**

*CONVERSIONS AND NEW ISSUES*

**Conversion of securities into uncertificated form**

**33.**—(1) A unit of a participating security shall not be converted from certificated form into uncertificated form unless the participating issuer notifies the Operator by means of an issuer-instruction that any of the circumstances specified in paragraph (2) have arisen; and in this regulation such an issuer-instruction is referred to as a “dematerialisation notice”.

(2) The circumstances referred to in paragraph (1) are—

(a) where the unit of the participating security is held by a system-member, that the participating issuer has received—

(i) a request in writing from the system-member in the form required by the Operator’s conversion rules that the unit be converted from certificated form to uncertificated form; and

(ii) subject to paragraph (4), the certificate relating to that unit; or

(b) where the unit of the participating security is to be registered on an Operator register of securities in the name of a system-member following a transfer of the unit to him, that the participating issuer—

(i) subject to paragraph (3), has received (by means of the Operator-system unless the Operator’s conversion rules permit otherwise) a proper instrument of transfer in favour of the system-member relating to the unit to be transferred;

(ii) subject to paragraph (4), has received (by means of the Operator-system unless the Operator’s conversion rules permit otherwise) the certificate relating to that unit; and

(iii) may accept by virtue of the Operator’s conversion rules that the system-member to whom the unit is to be transferred wishes to hold it in uncertificated form.

(3) The requirement in paragraph (2)(b)(i) that the participating issuer shall have received an instrument of transfer relating to the unit of the participating security shall not apply in a case where for a transfer of a unit of that security no instrument of transfer is required.

(4) The requirements in paragraphs (2)(a)(ii) and (2)(b)(ii) that the participating issuer shall have received a certificate relating to the unit of the participating security shall not apply in a case where the system-member or transferor (as the case may be) does not have a certificate in respect of the unit to be converted into uncertificated form because no certificate has yet been issued to him or is due to be issued to him in accordance with the terms of issue of the relevant participating security.

(5) Subject to paragraphs (3) and (4), a participating issuer shall not give a dematerialisation notice except in the circumstances specified in paragraph (2).

(6) Upon giving a dematerialisation notice, a participating issuer shall delete any entry in any issuer register of securities which evidences title to the unit or units of the participating security in question.

(7) Following receipt of a dematerialisation notice, an Operator shall enter the name of the relevant system-member on an Operator register of securities as the holder of the relevant unit or units of the participating security in question, provided that this obligation shall be subject to regulation 27 if the notice was given in the circumstances specified in paragraph (2)(b).

(8) When a dematerialisation notice is given, the relevant system-member, or the transferor of the unit or units of the security in question, as the case may be, shall (without prejudice to any equitable interest which the transferee may have acquired in the unit or units in question)—

(a) retain title to the units of the security specified in the dematerialisation notice notwithstanding the deletion of any entry in any issuer register of securities required to be made by paragraph (6); and

(b) where those units are shares, be deemed to continue to be a member of the company.

(9) Where a dematerialisation notice is given in the circumstances specified in paragraph (2)(b), such title shall be retained, and (where appropriate) such membership shall be deemed to continue, until the time at which the Operator enters the name of the relevant system-member on an Operator register of securities in accordance with paragraph (7).

(10) Within 2 months of receiving a dematerialisation notice, an Operator shall generate an Operator-instruction informing the participating issuer whether an entry has been made in an Operator register of securities in response to the dematerialisation notice.

(11) Such sanctions as apply to a company and its officers in the event of a default in complying with subsection (5) of section 183 of the 1985 Act shall apply—

(a) to a participating issuer and his officers in the event of a default in complying with paragraph (6); and

(b) to an Operator and his officers in the event of a default in complying with paragraph (7) or (10).