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STATUTORY INSTRUMENTS

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**2006 No. 964**

**The Authorised Investment Funds (Tax) Regulations 2006**

[<sup>F1</sup>PART 4A

PROPERTY AIFS

CHAPTER 2

ENTRY INTO AND MEMBERSHIP OF THE PROPERTY AIF REGIME

*The corporate ownership condition*

[<sup>F1</sup>The corporate ownership condition

**69K.**—(1) The corporate ownership condition is that the open-ended investment company must meet conditions A to C and (if applicable) condition D at the time that this Part begins to apply to the company and throughout the accounting period.

This is subject to regulation 69L(1).

(2) Condition A is that no body corporate is beneficially entitled (directly or indirectly) to 10% or more of the net asset value of the fund.

(3) Condition A is treated as met if—

- (a) the company has taken reasonable steps to prevent a body corporate from acquiring a holding of 10% or more of the net asset value of the fund,
- (b) a body corporate has nevertheless acquired such a holding,
- (c) immediately upon becoming aware of the situation, the company has taken steps to ensure that the holding is reduced below 10% of the net asset value of the fund, and
- (d) the company has continued, with all reasonable speed, to take steps to ensure that the holding is so reduced.

(4) Condition B is that the company's instrument of incorporation and its prospectus include provisions under which any body corporate which becomes a [<sup>F2</sup>participant] in the company—

- (a) must undertake not to acquire 10% or more of the share capital of the company, and
- (b) must undertake, on becoming aware that it has acquired 10% or more of the share capital of the company, to reduce its holding of that share capital below 10%.

(5) Condition C is that the company's instrument of incorporation and its prospectus include provisions under which a body corporate acquiring shares in the company must give a certificate in accordance with paragraph (6) or (7).

(6) The certificate is a certificate that the body corporate acquiring shares holds the shares as beneficial owner.

(7) The certificate is a certificate that the body corporate acquiring shares holds some or all of those shares otherwise than as a beneficial owner, but that the body corporate—

- (a) holds less than 10% of the share capital of the company on behalf of itself or any one other corporate beneficial owner, and
- (b) has obtained the undertakings in the terms specified in sub-paragraphs (a) and (b) of paragraph (4) from every other body corporate on whose behalf it owns shares in the company otherwise than as a beneficial owner.

(8) Condition D is that, in a case in which the body corporate acquiring shares in the company gives a certificate in accordance with paragraph (7), the body corporate acquiring the shares has undertaken to disclose the following information to the manager of the company if the manager so requires—

- (a) the names of any body corporate on whose behalf the body corporate owns shares in the company otherwise than as a beneficial owner, and
- (b) the extent of the holding of that body corporate in the company.]

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**Textual Amendments**

- F1** Pt. 4A inserted (6.4.2008) by [The Authorised Investment Funds \(Tax\) \(Amendment\) Regulations 2008 \(S.I. 2008/705\)](#), regs. 1, **5**
- F2** Word in reg. 69K(4) substituted (1.1.2009) by [The Authorised Investment Funds \(Tax\) \(Amendment No. 3\) Regulations 2008 \(S.I. 2008/3159\)](#), regs. 1(1), **21**

**Changes to legislation:**

There are currently no known outstanding effects for the The Authorised Investment Funds (Tax) Regulations 2006, Section 69K.