
STATUTORY INSTRUMENTS

2008 No. 432

The Northern Rock plc Transfer Order 2008

PART 2

**TRANSFER AND REGISTRATION OF SHARES
AND EXTINGUISHMENT OF RIGHTS ETC**

Transfers

2.—(1) By virtue of this Order, the shares in Northern Rock are transferred to the Treasury Solicitor as nominee of the Treasury.

(2) The transfer of shares effected under paragraph (1) shall vest title in the Treasury Solicitor—

- (a) free from all trusts, liabilities and incumbrances; and
- (b) together with all rights, benefits or privileges which attach or accrue to or arise from such shares on or after the effective time.

(3) The transfer under paragraph (1) takes place at the effective time.

Registration of shares and issue of certificates

3.—(1) The Treasury Solicitor is entitled with effect from the effective time to be entered in the register of members of Northern Rock as holder of the shares transferred by virtue of this Order without the need for delivery of any instrument of transfer or other instrument or document and notwithstanding—

- (a) the absence of any required consent or concurrence to or with the transfer; and
- (b) any other restriction relating to the transfer.

(2) The Operator of a relevant system in which any shares transferred by virtue of this Order (“relevant shares”) are held immediately prior to the effective time shall forthwith after the effective time—

- (a) withdraw his permission for title to the relevant shares to be transferred by means of the relevant system with effect from the effective time; and
- (b) inform all the system-members and Northern Rock’s registrar of the date and time the relevant shares ceased to be securities participating in the system.

(3) Northern Rock shall procure that Northern Rock’s registrar shall forthwith after the effective time—

- (a) take such action as the Operator of a relevant system may require to convert any relevant shares held in such system immediately prior to the effective time into certificated form;
- (b) register in Northern Rock’s register of members (including its issuer register of members) the Treasury Solicitor as the holder of shares in Northern Rock.

(4) The Operator of a relevant system in which any relevant shares are held immediately prior to the effective time, Northern Rock and Northern Rock’s registrar shall each—

- (a) provide each other with such information as shall be necessary to comply with this article; and
 - (b) co-operate to ensure that the issuer register of members of Northern Rock reconciles with the Operator register of members of Northern Rock immediately prior to the effective time.
- (5) From the effective time and until the Treasury Solicitor is entered in Northern Rock’s register of members (including its issuer register of members) —
- (a) he is deemed for all purposes (including for the purposes of the 1985 Act and, when the relevant provisions of the 2006 Act come into force, the purposes of that Act and the USRs) to be—
 - (i) the sole member of Northern Rock; and
 - (ii) entered as holder on the Operator register of members of Northern Rock; and
 - (b) no other person may exercise or purport to exercise in respect of Northern Rock any right deriving from any shares in Northern Rock.
- (6) The Treasury Solicitor is entitled from the effective time to all the rights and advantages of a member of Northern Rock to the exclusion of all other persons, notwithstanding that he is not entered in either Northern Rock’s register of members (including its issuer register of members) or the Operator register of members of Northern Rock.
- (7) Section 185(1) of the 1985 Act (duty of company as to issue of certificates) applies to Northern Rock with the following modifications—
- (a) the transfer by virtue of this Order is deemed to be a transfer of the first-mentioned type referred to in subsection (2) which is lodged with Northern Rock at the effective time;
 - (b) subsections (3) to (4D) do not apply.
- (8) The corresponding provision of the 2006 Act to that referred to in paragraph (7) shall have effect, when it comes into force, subject to modification to similar effect as referred to in that paragraph.
- (9) In paragraph (8), “corresponding provision” has the same meaning as in section 1297 of the 2006 Act (continuity of the law).
- (10) In this article “certificated”, “issuer register of members”, “Operator”, “Operator register of members”, “relevant system” and “system-member” have the meanings given in the USRs.

Extinguishment of rights in relation to shares

- 4.—(1) By virtue of this Order any right or other entitlement granted by—
- (a) a relevant undertaking; or
 - (b) a person not within sub-paragraph (a), by reason of or in connection with—
 - (i) any individual’s office or employment with a relevant undertaking; or
 - (ii) the services provided by any individual to a relevant undertaking,
- to receive shares in Northern Rock (whether by subscription, conversion or otherwise) is extinguished with effect from the effective time.
- (2) This article shall not apply to any right or entitlement to which article 5 applies.

Interest payments in relation to Tier 1 notes

- 5.—(1) This article applies if, while Northern Rock is wholly owned by the Treasury, Northern Rock would, but for this article, be obliged under the terms of any Tier 1 notes or arrangements

(1) Subsections (4) to (4D) were substituted for subsection (4) by S.I. 2001/3649.

relating to Tier 1 notes to issue ordinary shares in Northern Rock to satisfy entitlements to interest payments.

(2) The Treasury may give notice to Northern Rock and the trustee for the holders of Tier 1 notes (“the trustee”) that they—

- (a) intend to settle interest payments in respect of any Tier 1 notes in cash pursuant to paragraph (3); or
- (b) require Northern Rock to settle interest payments in respect of any Tier 1 notes by Northern Rock issuing further Tier 1 notes to the trustee pursuant to paragraph (4).

(3) Upon the giving of the notice referred to in paragraph (2)(a), unless and until the Treasury specify otherwise—

- (a) any obligation of Northern Rock to issue ordinary shares to the trustee is replaced by an obligation of Northern Rock to issue ordinary shares or, if so specified in the notice, further Tier 1 notes, to the Treasury Solicitor;
- (b) on each date when, but for this article, Northern Rock would be required to satisfy an entitlement referred to in paragraph (1) the Treasury shall pay an amount equal to the interest payments to or to the order of the trustee; and
- (c) Northern Rock shall have no further obligation in respect of the interest payments.

(4) Upon the giving of the notice referred to in paragraph (2)(b), unless and until the Treasury specify otherwise—

- (a) any obligation of Northern Rock to issue ordinary shares to the trustee shall be replaced by an obligation of Northern Rock to issue further Tier 1 notes to the trustee;
- (b) Northern Rock shall issue that number of further Tier 1 notes which is necessary to cover the entitlement of the holders of relevant Tier 1 notes in respect of the interest payments; and
- (c) Northern Rock shall have no further obligation in respect of the interest payments.

(5) In this article—

“further Tier 1 notes” means further Tier 1 notes which are on the same terms as the Tier 1 notes, subject to any modifications specified in the notice given by the Treasury under paragraph (2) (b) which the Treasury may consider appropriate, whether to ensure the inclusion of such notes in Northern Rock’s innovative tier one capital resources or otherwise;

“Tier 1 notes” means—

- (a) the £200,000,000 7.053 per cent callable perpetual core tier one notes of Northern Rock constituted by a trust deed dated 21st August 2002, and
- (b) the £300,000,000 8.399 per cent, step-up callable perpetual reserve capital instruments of Northern Rock constituted by a trust deed dated 21 September 2000 as supplemented by a supplemental trust deed dated 24th May 2001;

“innovative tier one capital resources” has the meaning given in the Glossary to the Authority’s Handbook;

“Handbook” means the handbook containing provisions made by the Authority under Part 10 of FSMA 2000.

Conversion of foundation shares into ordinary shares etc.

6.—(1) Immediately after the effective time, each foundation share issued by Northern Rock shall, by virtue of this Order, convert into and be redesignated as one ordinary share in Northern Rock notwithstanding any provision in the articles of association of Northern Rock and without the need for approval of any person.

(2) Northern Rock's company secretary shall within one month after the effective time notify the registrar of companies of the alteration of the share capital of Northern Rock in accordance with section 122 of the 1985 Act (notice to registrar of alteration).

(3) The conversion and redesignation of the foundation shares by virtue of this Order shall be treated as having been carried out by Northern Rock under and in accordance with article 8.6 of its articles of association (save that article 8.22 shall not apply) and the Deed of Covenant made on 30th September 1997 between Northern Rock and the Northern Rock Foundation shall terminate immediately after such conversion and redesignation.

Minimum membership for carrying on business

7.—(1) While Northern Rock is wholly owned by the Treasury, section 24 of the 1985 Act (minimum membership for carrying on business) shall not apply in relation to Northern Rock or any member of Northern Rock.

(2) No petition shall be presented for the winding up of Northern Rock on the ground that the number of its members is less than the number required by law, nor shall any person be liable on that ground as a member of the company for the payment of any of its debts.