

Definition of “investment company” and construction of references to nominal value of shares, etc.

1386. (1) In this Part “investment company” means a company (not being a company to which the UCITS Regulations apply) that is—

(a) a public limited company, the sole object of which is stated in its memorandum to be the collective investment of its funds in property with the aim of spreading investment risk and giving members of the company the benefit of the results of the management of its funds; and

(b) the articles or memorandum of which provide—

(i) that the actual value of the paid up share capital of the company shall at all times be equal to the value of the assets of any kind of the company after the deduction of its liabilities; and

(ii) subject to subsection (2), that the shares of the company shall, at the request of any of the holders thereof, be purchased by the company directly or indirectly out of the company's assets.

(2) To the extent as may be approved and subject to such conditions as may be applied by the Central Bank, a company that otherwise falls within subsection (1) shall be regarded as an investment company within the meaning of this Part notwithstanding that the articles or memorandum of it do not provide for the matters referred to in subsection (1)(b)(ii).

(3) For the purposes of subsection (1)(b)(ii), action taken by an investment company to ensure that the stock exchange value of its shares does not deviate from its net asset value by more than a percentage specified in its articles (which deviation shall not be so specified as greater than 5 per cent) shall be regarded as the equivalent of purchase of its shares by the investment company.

(4) The memorandum or articles of an investment company shall be regarded as providing for the matters referred to in paragraphs (a) and (b) of subsection (1) notwithstanding the inclusion in the memorandum or articles with respect thereto of incidental or supplementary provisions.

(5) A reference in any provision of this Act to the nominal value of an issued or allotted share in, or of the issued or allotted share capital of, a company shall, in the case of an investment company, be read as a reference to the value of the consideration for which the share or share capital (as the case may be) has been issued or allotted.