

## Interpretation and supplemental provisions in relation to section 1022

1023. (1) In section 1022 and this section—

“equity security”, in relation to a PLC, means a relevant share in the PLC (other than a share shown in the memorandum to have been taken by a subscriber thereto or a bonus share) or a right to subscribe for, or to convert any securities into, relevant shares in the PLC, and references to the allotment of equity securities or of equity securities consisting of relevant shares of a particular class include references to the grant of a right to subscribe for, or to convert any securities into, relevant shares in the company or, as the case may be, relevant shares of a particular class, but does not include references to the allotment of any relevant shares pursuant to such a right;

“relevant employee shares”, in relation to a PLC, means shares of the PLC which would be relevant shares in the PLC but for the fact that they are held by a person who acquired them in pursuance of an employees' share scheme;

“relevant shares”, in relation to a PLC, means shares in the PLC other than—

(a) shares which as respects dividends and capital carry a right to participate only up to a specified amount in a distribution, and

(b) shares which are held by a person who acquired them in pursuance of an employees' share scheme, or, in the case of shares which have not been allotted, are to be allotted in pursuance of such a scheme.

(2) Any reference in section 1022 or this section to a class of shares shall be read as a reference to shares to which the same rights are attached as to voting and as to participation, both as respects dividends and as respects capital, in a distribution.

(3) Where the directors of a PLC are generally authorised for the purposes of section 1021, they may be given power by the articles or by a special resolution of the PLC to allot equity securities pursuant to that authority as if—

(a) subsection (1) of section 1022 did not apply to the allotment; or

(b) that subsection applied to the allotment with such modifications as the directors may determine;

and where the directors make an allotment under this subsection, section 1022 shall have effect accordingly.

(4) Where the directors of a PLC are authorised for the purposes of section 1021 (whether generally or otherwise), the PLC may by special resolution resolve either—

(a) that subsection (1) of section 1022 shall not apply to a specified allotment of equity securities to

be made pursuant to that authority; or

(b) that that subsection shall apply to the allotment with such modifications as may be specified in the resolution;

and where such a resolution is passed section 1022 shall have effect accordingly.

(5) A power conferred by virtue of subsection (3) or a special resolution under subsection (4) shall cease to have effect when the authority to which it relates is revoked or would, if not renewed, expire, but if that authority is renewed, the power or, as the case may be, the resolution may also be renewed, for a period not longer than that for which the authority is renewed, by a special resolution of the company.

(6) Notwithstanding that any such power or resolution has expired, the directors may allot equity securities in pursuance of an offer or agreement previously made by the PLC, if the power or resolution enabled the PLC to make an offer or agreement which would or might require equity securities to be allotted after it expired.

(7) A special resolution under subsection (4), or a special resolution to renew such a resolution, shall not be proposed unless it is recommended by the directors and there has been circulated, with the notice of the meeting at which the resolution is proposed, to the members entitled to have that notice a written statement by the directors setting out—

(a) their reasons for making the recommendation;

(b) the amount to be paid to the PLC in respect of the equity securities to be allotted; and

(c) the directors' justification of that amount.

(8) A person who authorises or permits the inclusion in a statement circulated under subsection (7) of any matter which is false or misleading in a material particular knowing it to be so false or misleading or being reckless as to whether it is so false or misleading shall be guilty of a category 3 offence.