

## CHAPTER 3 Share capital

Provisions as to shares transferable by delivery (general prohibition and provision for certain letters of allotment)

1019. (1) The provisions of this section shall, in relation to a PLC, have effect in place of subsections (8) to (10) of section 66.

(2) In this section—

“bearer instrument” means an instrument, in relation to shares of a PLC, which entitles or purports to entitle the bearer thereof to transfer the shares that are specified in the instrument by delivery of the instrument, and includes a share warrant as that expression was defined by section 88 of the Act of 1963;

“expiry date”, in relation to a permissible letter of allotment, means a date no later than 30 days after the date of the instrument;

“permissible letter of allotment” means a letter of allotment by a PLC to a member of it of—

(a) bonus shares of the PLC, credited as fully paid;

(b) shares of the PLC, in lieu of a dividend, credited as fully paid; or

(c) shares of the PLC allotted provisionally, on which no amount has been paid or which are shares partly paid up, where the shares are allotted in connection with a rights issue or open offer in favour of members and the shares are issued proportionately (or as nearly as may be) to the respective number of shares held by the members of the PLC, there being disregarded for this purpose any exceptions to such proportionality, or arrangements for a deviation from such proportionality, as the directors of the PLC may deem necessary or expedient to make for the purposes of dealing with—

(i) fractional entitlements; or

(ii) problems of a legal or practical nature arising under the laws of any territory or requirements imposed by any recognised regulatory body in any territory,

which letter is expressed to be transferable by delivery during a period expiring on its expiry date.

(3) Save as provided by this section, a PLC shall not have power to issue any bearer instrument.

(4) If a PLC purports to issue a bearer instrument in contravention of subsection (3), the shares that are specified in the instrument shall be deemed not to have been allotted or issued, and the amount subscribed therefor (and in the case of a non-cash asset subscribed therefor, the cash value of that asset) shall be due as a debt of the PLC to the purported subscriber thereof.

(5) Subsection (3) shall not apply to an instrument falling within the definition of “permissible letter of allotment” in this section.

(6) Shares comprised in a permissible letter of allotment shall, until its expiry date, be transferable by renunciation and delivery of the letter, but subject to compliance with such conditions (if any) as may be specified in the letter.

(7) Where, on the commencement of this section, a PLC has in issue a bearer instrument in relation to shares of the PLC, other than a permissible letter of allotment—

(a) the PLC shall procure the entry in its register of members of the name of the holder or holders of those shares no later than the expiry of 18 months after that commencement;

(b) if and to the extent that paragraph (a) is not complied with, the PLC shall enter in its register of members the Minister for Finance as the person entitled to the share or shares concerned and thereupon the Minister for Finance shall become and be the full beneficial owner of that share or those shares.

(8) Subject to subsection (7), where on the commencement of this section a person has or is entitled to possession of a bearer instrument (other than a permissible letter of allotment), whether as owner or as encumbrancer, nothing in this section shall affect any rights which such person has by virtue of such entitlement or possession, provided that any right to transfer the shares that are specified in it by delivery of the instrument shall cease 21 days before the expiry of the period referred to in subsection (7)(a).