

Growth and Infrastructure Bill

LORDS DISAGREEMENT AND AMENDMENTS IN LIEU

[The page and line references are to HL Bill 72, the bill as first printed for the Lords.]

Clause 27

25 Leave out Clause 27

COMMONS DISAGREEMENT AND REASON

The Commons disagree to Lords Amendment No. 25 for the following Reason –

25A *Because the new status of employee shareholder should be made available.*

LORDS INSISTENCE AND REASON

The Lords insist on their Amendment No. 25 for the following Reason –

25B *Because it is inappropriate for employees to be exempted from statutory employment rights in this manner.*

COMMONS INSISTENCE AND AMENDMENTS TO WORDS SO RESTORED TO THE BILL

The Commons insist on their disagreement to Lords Amendment No. 25 but propose the following amendments to the words restored to the Bill by that disagreement –

25C Page 34, line 13, after “£2,000,” insert –

“(ca) the company gives the individual a written statement of the particulars of the status of employee shareholder and of the rights which attach to the shares referred to in paragraph (b) (“the employee shares”) (see subsection (4A)),”

25D Page 34, line 38, at end insert –

“(4A) The statement referred to in subsection (1)(ca) must –

(a) state that, as an employee shareholder, the individual would not have the rights specified in subsection (2),

- (b) specify the notice periods that would apply in the individual's case as a result of subsections (3) and (4),
- (c) state whether any voting rights attach to the employee shares,
- (d) state whether the employee shares carry any rights to dividends,
- (e) state whether the employee shares would, if the company were wound up, confer any rights to participate in the distribution of any surplus assets,
- (f) if the company has more than one class of shares and any of the rights referred to in paragraphs (c) to (e) attach to the employee shares, explain how those rights differ from the equivalent rights that attach to the shares in the largest class (or next largest class if the class which includes the employee shares is the largest),
- (g) state whether the employee shares are redeemable and, if they are, at whose option,
- (h) state whether there are any restrictions on the transferability of the employee shares and, if there are, what those restrictions are,
- (i) state whether any of the requirements of sections 561 and 562 of the Companies Act 2006 are excluded in the case of the employee shares (existing shareholders' right of pre-emption), and
- (j) state whether the employee shares are subject to drag-along rights or tag-along rights and, if they are, explain the effect of the shares being so subject."

25E Page 34, line 38, at end insert –

“() Where a company makes an offer to an individual for the individual to become an employee shareholder, an acceptance by the individual of the offer is of no effect unless seven days have passed since the day on which the offer was made.”

25F Page 35, line 23, at end insert –

““drag-along rights”, in relation to shares in a company, means the right of the holders of a majority of the shares, where they are selling their shares, to require the holders of the minority to sell theirs;”

25G Page 35, line 25, at end insert –

““tag-along rights”, in relation to shares in a company, means the right of the holders of a minority of the shares to sell their shares, where the holders of the majority are selling theirs, on the same terms as those on which the holders of the majority are doing so”

LORDS DISAGREEMENT AND AMENDMENTS IN LIEU

The Lords disagree to Commons Amendment No. 25E but do propose the following amendments in lieu –

25H rev Page 34, line 38, at end insert –

- “() Agreement between a company and an individual that the individual is to become an employee shareholder is of no effect unless, before the agreement is made –
 - (a) the individual, having been given the statement referred to in subsection (1)(ca), receives advice from a relevant

independent adviser as to the terms and effect of the proposed agreement, and

(b) seven days have passed since the day on which the individual receives the advice.

() Any reasonable costs incurred by the individual in obtaining the advice (whether or not the individual becomes an employee shareholder) which would, but for this subsection, have to be met by the individual are instead to be met by the company.”

25J Page 35, line 25, at end insert –

““relevant independent adviser” has the meaning that it has for the purposes of section 203(3)(c);”

LORDS DISAGREEMENT AND
AMENDMENTS IN LIEU TO THE
GROWTH AND INFRASTRUCTURE
BILL

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