
THE VICTREX PLC SHARE INCENTIVE PLAN
HMRC REFERENCE: A1477

Renewal approved by shareholders at the Annual General Meeting on [10 February 2023]

Expiry date: [10 February 2033]

Adopted by the Board on 5 December 2022

Contents

Rule	Page
Part 1 General Requirements	
1. Definitions And Interpretation	1
2. All-Employee Nature Of Scheme.....	3
3. Eligibility Of Individuals	3
4. The Employment Requirement	3
5. Eligibility Date	4
6. The "No Material Interest" Requirement	4
7. The "Requirement Of Non-Participation" In Other Relevant Share Schemes	4
8. Limits	5
9. Issue Of Shares.....	6
10. Alterations	6
11. Miscellaneous.....	6
Part 2 Free Shares	
12. Issue Of Invitations And Maximum Annual Award	9
13. Participation On The Same Terms	9
14. Performance Allowances: General.....	9
15. Performance Allowances: Method One	10
16. Performance Allowances: Method Two.....	11
17. The Holding Period	11
18. Holding Period: Power To Authorise Trustees To Accept General Offers Etc.....	11
Part 3 Partnership Shares	
19. Partnership Share Agreements	13
20. Deductions From Salary	13
21. Maximum Amount Of Deductions.....	13
22. Minimum Amount Of Deductions	14
23. Notice Of Possible Effect Of Deductions On Benefit Entitlement	14
24. Partnership Share Money Held For Participant.....	14
25. No Accumulation Period.....	15
26. Scheme With Accumulation Period	15
27. Restriction Imposed On Number Of Shares Awarded	16
28. Stopping, Varying And Re-Starting Deductions	17
29. Withdrawal From Partnership Share Agreement	17
30. Repayment Of Partnership Share Money On Withdrawal Of Scheme Approval Or Termination Of Scheme	18
31. Access To Partnership Shares	18
32. Meaning Of "Salary"	19
Part 4 Matching Shares	
33. General Requirements For Matching Shares.....	20
34. Ratio Of Matching Shares To Partnership Shares	20
35. Application Of Provisions Relating To Holding Period Etc.	20
Part 5 Reinvestment Of Cash Dividends	
36. Reinvestment.....	21
37. Limit On Amount Reinvested	21
38. General Requirements For Dividend Shares	21

39. Acquisition Of Dividend Shares.....21

40. Holding Period For Dividend Shares22

41. Certain Amounts Not Reinvested To Be Carried Forward22

Part 6 Provision For Forfeiture And Ceasing To Be In Relevant Employment

42. Permitted Restrictions: Provision For Forfeiture23

Part 7 The Trustees

43. Duties Of Trustees.....24

44. Meeting PAYE Obligations24

45. Rights Issues.....24

46. Fractional Entitlements25

47. Capital Receipts And Other Amounts25

Part 8 Company Reconstructions

48. Company Reconstructions.....26

THE VICTREX PLC SHARE INCENTIVE PLAN**PART 1
GENERAL REQUIREMENTS****1. DEFINITIONS AND INTERPRETATION**

1.1 In this Scheme, unless the context otherwise requires:

"**the Board**" means the board of directors of the Company or a committee appointed by them or a duly authorised person;

"**the Company**" means Victrex plc (registered in England and Wales No. 2793780);

"**CTA**" means the Corporation Taxes Act 2010;

"**Dealing Day**" means a day on which the London Stock Exchange is open for the transaction of business;

"**Free Shares**" means shares to be appropriated to Participants without payment;

"**HMRC**" means HM Revenue & Customs;

"**ITA**" means the Income Tax Act 2007;

"**ITEPA**" means the Income Tax (Earnings and Pensions) Act 2003;

"**the London Stock Exchange**" means the London Stock Exchange plc or any successor to that company;

"**Market Value**" means

- (a) on any day, where shares are acquired on the market of the London Stock Exchange by the Trustees over five or fewer consecutive Dealing Days ending on the date of award or appropriation of Partnership Shares, Free Shares or Matching Shares or for dividend shares, the price at which such shares were purchased and, where shares were purchased at different times and at different prices, the average cost per share of making that acquisition; or
- (b) on any day, if the shares to be awarded on that day were not purchased by the Trustees in accordance with paragraph (a) above, the lower of the two prices shown in the Daily Official List of the London Stock Exchange as the closing price for the Shares on either that day or the immediately preceding Dealing Day, plus half the difference between these prices (or if the Exchange is closed on that day, the value on the latest previous day that the Exchange was open) or the average of such values over the five (5) consecutive Dealing Days ending on either that day or the immediately preceding Dealing Day, except where, in consequence of special circumstances, the closing price is not by itself a proper measure of the market value of the Shares; or
- (c) if the shares have not been admitted to the Daily Official List of the London Stock Exchange, the market value of a share determined in accordance with the provisions of

Part VIII of the Taxation of Chargeable Gains Act 1992 and agreed for the purposes of the Scheme with HMRC Shares and Assets Valuation on or before that day;

"**Matching Shares**" means shares to be appropriated to Participants without payment in proportion to the Partnership Shares acquired by them;

"**Participant**" means an individual to whom Free Shares or Matching Shares have been appropriated, or on whose behalf Partnership Shares have been acquired, under the Scheme;

"**Participating Company**" means the Company or any Subsidiary to which the Board has resolved that this Scheme shall from time to time be extended;

"**Partnership Shares**" means shares to be acquired on behalf of Participants out of sums deducted from their salary;

"**PAYE**" means the requirements of Pay As You Earn as prescribed by Part 11 of ITEPA or PAYE regulations under section 684 of ITEPA;

"**Qualifying Company**" has the same meaning as in paragraph 17 of Schedule 2;

"**Restriction**" means any contract, agreement, arrangement or condition which falls within section 423(1)(a) ITEPA;

"**Schedule 2**" means Schedule 2 to ITEPA;

"**Schedule 2 SIP**" a share incentive plan in relation to which the requirements of Parts 2 to 9 of Schedule 2 are (and are being) met;

"**the Scheme**" means the Victrex plc Share Incentive Plan (formerly known as the Victrex plc All Employee Share Ownership Scheme) as amended from time to time;

"**Subsidiary**" means a company of which the Company has control (within the meaning of section 719 of ITEPA);

"**the Trust Deed**" means the trust instrument made between the Company and the Trustees in connection with the operation of this Scheme;

"**the Trustees**" means the trustees or trustee for the time being of the Trust Deed; and expressions not otherwise defined herein have the same meanings as they have in Schedule 2.

- 1.2 Any reference in this Scheme to shares shall be a reference to shares that satisfy paragraphs 25 to 29 inclusive of Schedule 2 and any reference in this Scheme to Scheme shares shall be construed in accordance with the definition of "plan shares" in paragraph 99 (1) of Schedule 2.
- 1.3 Any reference in this Scheme to any enactment includes a reference to that enactment as from time to time modified, extended or re-enacted.
- 1.4 Expressions in italics, headings and any footnotes are for guidance only and do not form part of this Scheme.

2. ALL-EMPLOYEE NATURE OF SCHEME

2.1 Whenever the Board decides to invite individuals to participate in the Scheme, it must invite every employee of a Participating Company who:

2.1.1 meets the requirements mentioned in Rule 3 below; and

2.1.2 is chargeable to tax under Section 15(1) of ITEPA in respect of the employment by reference to which he satisfies the condition in Rule 3 below.

2.2 Subject to Rules 13, 14 and 15 every employee who is invited to participate in this Scheme shall be invited to participate on the same terms and those who do participate shall do so on the same terms (as defined in paragraph 9 of Schedule 2).

2.3 Participating Companies shall not be selected so that the Scheme has or is likely to have the effect of conferring benefits wholly or mainly:

2.3.1 on directors; or

2.3.2 on employees receiving higher levels of remuneration.

3. ELIGIBILITY OF INDIVIDUALS

3.1 Subject to Rules 3.2 and 7 an individual may only participate in an award of shares under this Scheme if (and only if):

3.1.1 he is at the relevant time an employee of a Participating Company and he satisfies both conditions specified in Rule 4.1 below; or

3.1.2 he is at the relevant time an employee of a Participating Company, he satisfies the condition in Rule 4.1.1 below and he is nominated by the Board for this purpose even if he is not a UK resident taxpayer.

3.2 Notwithstanding any other Rule, an individual should not be eligible to have Free or Matching Shares appropriated to him or to acquire Partnership Shares if he has been given notice of dismissal for misconduct from employment by virtue of which he would, but for this Rule 3.2, be eligible to participate in the Scheme (or has given notice of resignation from such employment in order to avoid such dismissal).

4. THE EMPLOYMENT REQUIREMENT

4.1 The conditions referred to in Rule 3.1.1 above are that the individual:

4.1.1 shall (if a qualifying period has been specified for the purposes of the award in question) at all times during the qualifying period have been an employee of a Qualifying Company; and

4.1.2 was at the relevant time chargeable to tax in respect of his employment under Section 15(1) of ITEPA.

5. ELIGIBILITY DATE

5.1 For the purposes of Rule 4:

5.1.1 **the relevant time** is, in the case of Free Shares, the time such shares are appropriated and, in the case of Matching Shares or Partnership Shares, the time the partnership share money relating to such shares is deducted or first deducted (and, in the case of Matching Shares, the deduction of partnership share money "relating" to such shares is the deduction relating to the Partnership Shares to which the Matching Shares relate);

5.1.2 **the qualifying period** is, in the case of Free Shares, the period of 18 months ending at the relevant time; in the case of Partnership and Matching Shares where no accumulation period has been specified under Rule 26 below, the period of 18 months ending with the relevant time; in the case of Partnership and Matching Shares where an accumulation period is so specified, a period of 6 months ending with the start of that period; or (in all cases) such other period (if any) as the Board may determine which satisfies the requirements of paragraph 16 of Schedule 2; and

5.1.3 Chapter I of Part XIV of the Employment Rights Act 1996 shall have effect, with any necessary changes, for ascertaining the length of the period during which an individual shall have been an employee and whether he shall be an employee at all times during the period.

6. THE "NO MATERIAL INTEREST" REQUIREMENT

[DELETED]

7. THE "REQUIREMENT OF NON-PARTICIPATION" IN OTHER RELEVANT SHARE SCHEMES

7.1 An individual shall not be able to participate in an award of Partnership Shares or Matching Shares or to have Free Shares appropriated to him under the Scheme in any tax year if he is at the same time to participate in an award of shares under another Schedule 2 SIP established by the Company or a connected company.

7.2 If an individual is to have Free Shares appropriated to him under the Scheme in any tax year in which he has already had Free Shares appropriated to him under one or more other Schedule 2 SIPs established by the Company or a connected company then Rule 12 (*Maximum annual award of free shares*) shall apply as if the Scheme and the other plan or plans were a single plan.

7.3 If an individual participates in an award of Partnership Shares under the Scheme in any tax year in which he has already participated in any award of Partnership Shares under one or more other Schedule 2 SIPs established by the Company or a connected company then Rule 21 (*Maximum amount of deductions*) shall apply as if the Scheme and the other plan or plans were a single plan.

7.4 For the purposes of this Rule 7, an individual is treated as having participated in an award of free shares under a share incentive plan if he would have participated in that award but for his failure to obtain a performance allowance.

7.5 In this Rule 7 "connected company" shall have the meaning ascribed to that term in paragraph 18(3) of Schedule 2.

8. LIMITS

8.1 No shares shall be issued to the Trustees under this Scheme in any calendar year which would, at the time they are issued, cause the number of shares allocated (as defined in Rule 8.2) in the period of 10 calendar years ending with that calendar year under the Scheme and any other employee share plan adopted by the Company to exceed such number as represents 10 per cent of the ordinary share capital of the company in issue at that time.

8.2 For the purposes of Rule 8.1 (*10 per cent in 10 years limit*):

- a. shares are allocated:
 - i. when an option, award or other contractual right to acquire unissued shares or treasury shares is granted;
 - ii. where shares are issued or treasury shares are transferred otherwise than pursuant to an option, award or other contractual right to acquire shares, when those shares are issued or treasury shares transferred;
- b. any shares which have been issued or which may be issued (or any shares transferred out of treasury or which may be transferred out of treasury) to any trustees to satisfy the exercise of any option, award or other contractual right shall be treated as "allocated" unless they are already treated as allocated under this Rule; and
- c. for the avoidance of doubt, existing shares other than treasury shares that are transferred or over which options, awards or other contractual rights are granted shall not count as "allocated".

8.3 For the purposes of Rule 8.2 (*Meaning of "allocated"*) where:

- a. any option, award or other contractual right to acquire unissued shares or treasury shares is released or lapses (whether in whole or in part); or
- b. after the grant of an option, award or other contractual right the Board determines that:
 - i. it shall be satisfied by the payment of cash equal to the gain made on its vesting or exercise; or
 - ii. it shall be satisfied by the transfer of existing shares (other than shares transferred out of treasury)

the unissued shares or treasury shares which consequently cease to be subject to the option, award or other contractual right shall not count as "allocated".

The number of shares allocated in respect of an option, award or other contractual right shall be such number as the Board shall reasonably determine from time to time.

Treasury shares shall cease to count as "allocated" for the purposes of Rule 8.2 (*Meaning of "allocated"*) if institutional investor guidelines cease to require such shares to be so counted.

9. ISSUE OF SHARES

- 9.1 All shares allotted under this Scheme shall rank equally in all respects with shares of the same class then in issue except for any rights attaching to such shares by reference to a record date prior to the date of the allotment.
- 9.2 Where the shares to be the subject of awards on any date do not all carry the same rights, the Trustees shall so far as possible ensure that the number of shares carrying any particular rights which are so awarded to any individual on that day bears to the number of shares so awarded to him on that date the same proportion as the total number of shares carrying those rights which are so awarded on that day bears to the total number of shares so awarded on that day.

10. ALTERATIONS

- 10.1 Subject to Rule 10.2, the Board may (with the prior approval of the Trustees) at any time alter this Scheme in any respect.
- 10.2 Subject to Rule 10.3 below, no alteration to the advantage of the persons who may participate in this Scheme shall be made under Rule 10.1 above to the provisions concerning eligibility, the individual limits on participation, the overall limits on the issue of shares or the transfer of treasury shares under the Scheme, the basis for determining a Participant's entitlement to and the terms of, shares provided under the Scheme, and the adjustments that may be made following a rights issue or any other variation of capital, without the prior approval by ordinary resolution of the members of the Company in general meeting.
- 10.3 Rule 10.2 shall not apply to any minor alteration to benefit the administration of this Scheme, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants, any Participating Company or the Trustees.

11. MISCELLANEOUS

- 11.1 The rights and obligations of any individual under the terms of his office or employment with the Company or a Subsidiary shall not be affected by his participation in this Scheme or any right which he may have to participate in it, and an individual who participates in it shall in doing so waive all and any rights to compensation or damages in consequence of the termination of his employment for any reason whatsoever (and regardless of whether such termination is lawful or unlawful) insofar as those rights arise or may arise from his ceasing to have rights under this Scheme as a result of such termination. Participation in the Scheme shall not confer a right to continued employment upon any individual who participates in it. The making of an award does not imply that any further awards will be made or that any individual has a right to receive an award.
- 11.2 Except where required by law, no money or money's worth received by any individual under this Scheme shall form part of his remuneration for any purpose whatsoever.

- 11.3 In the event of any dispute or disagreement as to the interpretation of this Scheme, or as to any question or right arising from or related to this Scheme, the decision of the Board shall be final and binding upon all persons.
- 11.4 Any notice or other communication under or in connection with this Scheme may be given by personal delivery, electronic communication (including but not limited to email, intranet and text message) or by sending the same by post, in the case of a company to its registered office, and in the case of an individual to his last known address, or, where he is an employee of the Company or a Subsidiary, either to his last known address or to the address of the place of business at which he performs the whole or substantially the whole of the duties of his employment or to his allocated corporate email intranet, text message or other electronic address. Unless otherwise stated in these Rules, where any such notice or other communication is given by a qualifying employee or Participant to the Company or the Trustees, it shall be effective only on receipt by the Company or, as the case may be, the Trustees.
- 11.5 The Company may at any time issue a plan termination notice (within the meaning of paragraph 89 of Schedule 2), a copy of such notice to be given to:
- 11.5.1 the Trustees; and
- 11.5.2 each individual:
- 11.5.2.1 on whose behalf the Trustees hold shares under this Scheme; or
- 11.5.2.2 who has returned a partnership share agreement which was in force immediately before the notice was issued.
- For the avoidance of doubt, termination of the Scheme shall not affect the rights and obligations of Participants in respect of awards granted prior to the date of the Scheme's termination.
- 11.6 Invitations to participate in Awards may not be made under this Scheme after 10 February 2033.
- 11.7 The Board shall determine when (if at all) awards shall be made, the type of awards that shall be made at that time, and subject to the rules of the Scheme, the terms of those awards, and nothing in these Rules should be interpreted as conferring any obligation on the Company to make awards on a regular basis or replicate the terms of awards previously made under the Scheme.
- 11.8 If in the consequence of an error or omission it is ascertained following an award having been made that:
- a. a qualifying employee has not been given the opportunity to participate in the Scheme in respect of any type of award to which he should have been entitled under the Scheme; or
- b. the number of Shares expressed to be awarded to any qualifying employee on any occasion is found to be incorrect any award expressed to have been made in respect of more than the correct number of shares shall be void as to the excess, any award expressed to have been made in respect of fewer than the correct number of shares shall relate to the correct number of shares if the Trustees hold unallocated shares that could

otherwise have been used to make that award and the Company and the Trustees may do all acts and things (if required, as may be agreed with HMRC) to rectify such error or omission notwithstanding that such actions may not otherwise be in accordance with the Rules of the Scheme.

- 11.9 No third party has any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Scheme.
- 11.10 The Company and any of its Subsidiaries may collect, hold, process and transfer the Participant's personal information including, sensitive personal data, as set out in the applicable data protection privacy notice. The Company and any of its Subsidiaries may transfer personal data and sensitive personal data outside the European Economic Area in accordance with the applicable data protection privacy notice.
- 11.11 This Scheme shall be governed by and construed in accordance with the laws of England.

PART 2
FREE SHARES

12. ISSUE OF INVITATIONS AND MAXIMUM ANNUAL AWARD

- 12.1 If and when the Board decides to make, or procure the Trustees to make, an award of Free Shares, every qualifying employee shall be invited to enter into an agreement related to Free Shares awarded under the Scheme ("**Free Share Agreement**") with the Company. The Trustees, acting with the prior consent of the Board, may from time to time award Free Shares.
- 12.2 The initial Market Value of the Free Shares awarded to a Participant in any tax year must not exceed £3,600 or such higher limit as may be permitted by Schedule 2 from time to time, and for this purpose:
- 12.2.1 the "**initial Market Value**" of shares means their Market Value on the date on which they are awarded; and
- 12.2.2 the Market Value of shares subject to a Restriction shall be determined as if there were no such Restriction.

13. PARTICIPATION ON THE SAME TERMS

- 13.1 Rule 2.2 (*participation on the same terms*) is infringed by the appropriation of Free Shares by reference to factors other than those mentioned in Rule 13.2.
- 13.2 Subject to Rule 13.3, Free Shares may be awarded by reference to an employee's:
- 13.2.1 remuneration (which may include or exclude overtime payments to such extent as the Board may determine);
- 13.2.2 length of service; or
- 13.2.3 hours worked (which may include or exclude overtime to such extent as the Board may determine).
- 13.3 Where the awarding of Free Shares is by reference to more than one of the factors mentioned in Rule 13.2 then:
- 13.3.1 each factor shall give rise to a separate entitlement related to the level of remuneration, length of service or (as the case may be) hours worked; and
- 13.3.2 the total entitlement shall be the sum of those separate entitlements.

14. PERFORMANCE ALLOWANCES: GENERAL

- 14.1 The Board may in its discretion determine that **performance allowances** shall apply to any award of Free Shares, that is for:
- 14.1.1 whether or not Free Shares will be awarded to an individual; or
- 14.1.2 the number or value of Free Shares awarded,

to be conditional on performance targets being met.

- 14.2 If performance allowances apply to an award of Free Shares such allowances shall apply to all qualifying employees in relation to that award.
- 14.3 Performance measures and performance targets shall:
- 14.3.1 be based on business results or other objective criteria;
 - 14.3.2 be fair and objective measures of the performance of the units to which they are or may be applied; and
 - 14.3.3 be set for performance units comprising one or more employees (provided that an employee shall not be a member of more than one performance unit).
- 14.4 If performance allowances are to be used in relation to an award of Free Shares, the Company shall as soon as reasonably practicable:
- 14.4.1 notify each employee participating in the award of the performance measures which will be used to determine the number or value of Free Shares awarded to him; and
 - 14.4.2 notify all qualifying employees of any Participating Company, in general terms, of the performance measures to be used to determine the number or value of Free Shares to be awarded to each employee participating in the award, provided that the Company may exclude from such notice any information the disclosure of which the Company reasonably considers would prejudice commercial confidentiality.
- 14.5 If performance allowances apply to an award of Free Shares then the requirements of either Rule 15 or Rule 16 must be complied with. For the avoidance of doubt, it is hereby confirmed that the award of Free Shares on the same terms, to all eligible employees, shall not be considered to involve the application of performance allowances, notwithstanding that the number of shares awarded to employees may vary according to the performance of the Company.

15. PERFORMANCE ALLOWANCES: METHOD ONE

- 15.1 Subject to Rule 15.2, the following requirements shall be satisfied in relation to an award of Free Shares:
- 15.1.1 at least 20% of the shares in the award must be awarded without reference to performance;
 - 15.1.2 the remaining shares must be awarded by reference to performance; and
 - 15.1.3 the highest number of shares within Rule 15.1.2 awarded to an individual shall not be more than four times the highest number of shares within Rule 15.1.1 awarded to an individual, and if Free Shares of different classes are awarded, these requirements shall apply separately in relation to each class.
- 15.2 Rule 2.2 shall apply to shares awarded pursuant to Rule 15.1 as follows:

15.2.1 Rule 2.2 shall apply to shares awarded pursuant to Rule 15.1.1 and these shares shall be treated as a separate award of shares for these purposes;

15.2.2 Rule 2.2 shall not apply to shares awarded pursuant to Rule 15.1.2.

16. PERFORMANCE ALLOWANCES: METHOD TWO

16.1 The following requirements shall be satisfied in relation to an award of Free Shares:

16.1.1 some or all of the shares shall be awarded by reference to performance; and

16.1.2 the awarding of shares to qualifying employees who are members of the same performance unit shall meet the requirements of Rule 2.2 and, for these purposes, the Free Shares awarded in respect of each performance unit are treated as a separate award of Free Shares and there is no requirement for awards of Free Shares made to members of different performance units to be on the same terms; And

16.1.3 the performance targets must be consistent targets within the meaning of paragraph 42(3) of Schedule 2.

17. THE HOLDING PERIOD

17.1 The Board shall specify a period ("**the holding period**") during which a Participant is bound by contract with the Company:

17.1.1 to permit his Free Shares to remain in the hands of the Trustees; and

17.1.2 not to assign, charge or otherwise dispose of his beneficial interest in the Free Shares provided that the Participant's obligations with respect to the holding period (which are subject to Rule 18 and paragraph 90 of Schedule 2) shall terminate if during the period he ceases to be in relevant employment.

17.2 The holding period:

17.2.1 must be a period of at least three years, but not more than five years (or such other periods required by paragraph 36 of Schedule 2 from time to time), beginning with the date on which the Free Shares in question are awarded to the Participant; and

17.2.2 must be the same in respect of all shares in the same award.

17.3 The Board may specify different holding periods from time to time provided that the Board may not increase the holding period specified in respect of Free Shares that have been awarded under the Scheme.

17.4 The Board shall notify each Participant to whom Free Shares are awarded of the holding period applicable to those shares.

18. HOLDING PERIOD: POWER TO AUTHORISE TRUSTEES TO ACCEPT GENERAL OFFERS ETC

18.1 A Participant may during the holding period direct the Trustees:

- 18.1.1 to accept an offer for any of his Free Shares ("the original shares") if the acceptance or agreement will result in a new holding being equated with the original shares for the purposes of capital gains tax; or
- 18.1.2 to agree to a transaction affecting his Free Shares or such of them as are of a particular class, if the transaction would be entered into pursuant to a compromise, arrangement or scheme applicable to or affecting:
 - 18.1.2.1 all the ordinary share capital of the Company or, as the case may be, all the shares of the class in question;
 - 18.1.2.2 all the shares, or all the shares of the class in question, which are held by a class of shareholders identified otherwise than by reference to their employment or their participation in a Schedule 2 SIP; or
- 18.1.3 to accept an offer of cash, with or without other assets, for his Free Shares if the offer forms part of a general offer which is made to holders of shares of the same class as his shares or to holders of shares in the same company and which is made in the first instance on a condition such that if it is satisfied the person making the offer will have control of that company, within the meaning of sections 450 and 451 of the CTA; or
- 18.1.4 to accept an offer of a qualifying corporate bond within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992 (whether alone or with other assets or cash or both) for his Free Shares if the offer forms part of such a general offer as is mentioned in Rule 18.1.3; or
- 18.1.5 to exercise a right under section 983 of the Companies Act 2006 to require the offeror to acquire his Free Shares in the case of a takeover offer (within the meaning of section 974 of that Act).

PART 3
PARTNERSHIP SHARES

19. PARTNERSHIP SHARE AGREEMENTS

19.1 On any occasion on which the Board determines to offer Partnership Shares, it shall invite eligible employees (who have not previously been so invited in respect of that offer) to apply to the Company for such shares by entering into an agreement with the Company ("a **partnership share agreement**") in such form (otherwise consistent with the Scheme) as the Board may specify under which:

19.1.1 the employee authorises his employing company to deduct part of his salary for the purchase of Partnership Shares; and

19.1.2 the Company undertakes to arrange for Partnership Shares to be awarded to the employee in accordance with the rules of this Scheme, and any reference to "**salary**" in Rules 19, 20 or 21 shall be construed within the meaning of paragraph 43 of Schedule 2.

19.2 The Board shall allow not less than 14 days following the issue of invitations for employees to submit their applications to the Company, such applications to be effective only on receipt by the Company.

20. DEDUCTIONS FROM SALARY

20.1 Each partnership share agreement will be given effect by deductions from the employee's salary and any amounts so deducted are referred to as "**partnership share money**".

20.2 The partnership share agreement must specify:

20.2.1 what amounts are to be deducted; and

20.2.2 at what intervals,

provided that such amounts and intervals may be varied with the consent of the Company and the employee.

21. MAXIMUM AMOUNT OF DEDUCTIONS

21.1 Subject to Rules 21.2 and 21.3, the amount of partnership share money deducted from an employee's salary must not exceed £1,800 in any tax year (or such maximum amount as may for the time being be permitted by paragraph 46(1) of Schedule 2.

21.2 Subject to Rule 21.3, the amount of partnership share money deducted from an employee's salary for any tax year shall not exceed 10% or such other maximum amount as may for the time being be permitted by paragraph 46(2) of Schedule 2 of the total payments made to the qualifying employee for that tax year.

21.3 The Board may set lower limits than those specified in Rules 21.1 and 21.2.

21.4 A lower limit set by the Board in respect of the limit in Rule 21.2 may be framed:

21.4.1 by substituting a lower percentage than that specified in Rule 21.2; or

21.4.2 by specifying that a particular description of earnings is not to be regarded as forming part of a qualifying employee's salary for the purposes of the limit.

21.5 Any amount deducted in excess of that allowed by Rules 21.1 and 21.2, or any lower limit set by the Board for the purposes of this Scheme, shall be paid over to the employee, subject to both deduction of income tax under PAYE and National Insurance contributions ("NICs") as soon as practicable.

22. MINIMUM AMOUNT OF DEDUCTIONS

22.1 The Board may specify that the amount to be deducted in pursuance of a partnership share agreement on any occasion must not be less than a specified minimum amount.

22.2 The specified minimum amount must not be greater than £10 (or such other minimum amount as may for the time being be permitted by paragraph 47(2) of Schedule 2).

22.3 Rules 22.1 and 22.2 above apply whatever the intervals at which the employee is paid and the minimum amount shall be the same in relation to all partnership share agreements entered into in response to invitations issued on the same occasion.

23. NOTICE OF POSSIBLE EFFECT OF DEDUCTIONS ON BENEFIT ENTITLEMENT

23.1 The Company may not enter into a partnership share agreement with an employee unless the agreement contains a notice in a prescribed form containing prescribed information as to the possible effect of deductions on an employee's entitlement to social security benefits, statutory sick pay and statutory maternity pay, and for these purposes "**prescribed**" means prescribed under paragraph 48 of Schedule 2.

24. PARTNERSHIP SHARE MONEY HELD FOR PARTICIPANT

24.1 Subject to Rules 25.4, 26.9 and 26.10, partnership share money shall be paid to the Trustees as soon as practicable and held by them on behalf of the Participant until such time as it is applied by them in acquiring Partnership Shares on the Participant's behalf.

24.2 References in this Scheme to the Trustees acquiring Partnership Shares on behalf of a Participant include their appropriating to a Participant shares already held by them.

24.3 The Trustees shall keep any money required to be held by them under this Scheme in an account with:

24.3.1 an institution falling within section 991(2)(b) of the ITA;

24.3.2 a building society; or

24.3.3 a European institution falling within section 991(2)(c) of the ITA.

24.4 If the partnership share money held on behalf of a Participant is held in an interest bearing account, the Trustees shall account to the Participant for the interest.

25. NO ACCUMULATION PERIOD

- 25.1 If the Company does not specify an accumulation period under Rule 26, partnership share money must be applied by the Trustees in acquiring Partnership Shares on behalf of the Participant on the acquisition date.
- 25.2 For the purposes of this Rule 25, "**the acquisition date**" means the date set by the Trustees in relation to the award of Partnership Shares, being a date within 30 days after the last date on which the partnership share money to be applied in acquiring the shares was deducted.
- 25.3 The number of shares awarded to each Participant shall be determined in accordance with the Market Value of the shares on that date.
- 25.4 Any surplus partnership share money remaining after the acquisition of shares by the Trustees:
- 25.4.1 may with the agreement of the Participant be carried forward and added to the amount of the next deduction; and
- 25.4.2 in any other case must be paid over to the Participant, subject to both deduction of income tax under PAYE and NICs, as soon as practicable.
- 25.5 This Rule is subject to Rule 27 (*restrictions imposed on number of shares awarded*).

26. SCHEME WITH ACCUMULATION PERIOD

- 26.1 The Board may specify an accumulation period not exceeding twelve months.
- 26.2 If the Board specifies an accumulation period under Rule 26.1 above:
- 26.2.1 the partnership share agreement must specify when each accumulation period begins and ends (the beginning of the period being not later than the date on which the first deduction is made); and
- 26.2.2 the accumulation period which applies in relation to each award of Partnership Shares must be the same for all individuals who are eligible to participate in the award.
- 26.3 Subject to Rule 26.2.2, the partnership share agreement may specify that an accumulation period comes to an end on the occurrence of a specified event.
- 26.4 If, during an accumulation period, a transaction occurs in relation to any of the shares ("**the original holding**") to be acquired under a partnership share agreement which results in a new holding of shares being equated with the original holding for the purposes of capital gains tax, then the partnership share agreement shall have effect after the time of that transaction as if it were an agreement for the purchase of shares comprised in the new holding, provided the Participant gives his consent for these purposes.
- 26.5 If the Board specifies one or more accumulation periods then, subject to Rules 26.10 and 26.11, partnership share money deducted in each period shall be applied by the Trustees in acquiring Partnership Shares on behalf of the Participant on the acquisition date.

- 26.6 For the purposes of this Rule 26, "**the acquisition date**" means the date set by the Trustees in relation to the award of Partnership Shares, being a date within 30 days after the end of the accumulation period which applies in relation to the award.
- 26.7 The number of shares awarded to each Participant shall be determined by reference to:
- 26.7.1 the lower of:
- a. the Market Value of the shares at the beginning of the accumulation period; and
 - b. the Market Value of the shares on the acquisition date; or
- 26.7.2 the Market Value of the shares at the beginning of the accumulation period; or
- 26.7.3 the Market Value of the shares at the end of the accumulation period, such determination to be set out in the partnership share agreement for the purposes of that agreement.
- 26.8 Any surplus partnership share money remaining after the acquisition of shares by the Trustees:
- 26.8.1 may with the agreement of the Participant be carried forward to the next accumulation period; and
- 26.8.2 in any other case must be paid over to the Participant, subject to both deduction of income tax under PAYE and NICs, as soon as practicable.
- 26.9 Where partnership share money has been deducted in an accumulation period and the employee ceases to be in relevant employment during that period then the partnership share money shall be paid over to the individual, subject to both deduction of income tax under PAYE and NICs, as soon as practicable.
- 26.10 The partnership share agreement may provide that, where an accumulation period comes to an end on the occurrence of a specified event, the partnership share money deducted in that period must be paid over to the individual, subject to both deduction of income tax under PAYE and NICs, as soon as practicable instead of being applied in acquiring shares.
- 26.11 This Rule 26 is subject to Rule 27 (restriction imposed on number of shares awarded).

27. RESTRICTION IMPOSED ON NUMBER OF SHARES AWARDED

- 27.1 Subject to Rule 27.2, the Board may specify the maximum number of shares ("**the award maximum**") to be included in, or the maximum amount of individual salary deductions relating to, an award of Partnership Shares and, for these purposes, a different number may be specified in relation to different awards.
- 27.2 Where Rule 27.1 applies:
- 27.2.1 partnership share agreements shall contain an undertaking by the Company to notify the Participant of any restriction on the number of shares to be included in an award; and

27.2.2 such undertaking shall be given, if there is no accumulation period, before the deduction of the partnership share money related to the award and, if there is an accumulation period, before the beginning of the accumulation period relating to the award.

27.3 Where the award maximum in respect of an award of Partnership Shares is smaller than the number of shares which would otherwise be included in the award, then the number of Partnership Shares included in each individual award under Rules 25.1 or 26.5 shall be reduced proportionately, applying the reduction either to the total number of shares (but subject to a minimum number being included in order to comply with the minimum deduction from pay requirement in these Rules) or to the number of shares included in the award which exceed that corresponding to the minimum pay deduction.

The Board may use other methods of scaling down but these must result in a proportionate reduction and must otherwise conform to the requirements of the SIP Code (as defined in section 488(3) ITEPA). Each application shall be deemed to have been modified or withdrawn in accordance with the foregoing provisions, and each employee who has applied for Partnership Shares shall be notified of the change.

28. STOPPING, VARYING AND RE-STARTING DEDUCTIONS

28.1 A Participant may at any time give notice to the Company to stop deductions in pursuance of a partnership share agreement. An employee may vary his deductions under the partnership share agreement with the agreement of the Company.

28.2 A Participant who has stopped deductions may subsequently give notice in writing to the Company to re-start deductions in pursuance of a partnership share agreement, but may not make up deductions that have been missed. On receipt of a re-start notice, the Company shall ensure that deductions are restarted under the partnership share agreement no later than the re-start date within the meaning of paragraph 54(6) of Schedule 2.

28.3 Where there are one or more accumulation periods, the Company may prohibit an employee from re-starting deductions more than once in any accumulation period provided that all employees to whom a particular accumulation period is applicable shall be treated equally for this purpose.

28.4 Unless a later date is specified in the notice:

28.4.1 the Company must within 30 days of receiving a notice within Rule 28.1 ensure that no further deductions are made by it or that such variation of deductions shall take effect under the partnership share agreement; and

28.4.2 the Company must on receiving a notice within Rule 28.2 re-start deductions under the partnership share agreement not later than the re-start date and, for the purposes of Rule 28.4.2, "**the re-start date**" is the date of the first deduction due under the partnership share agreement more than 30 days after receipt of the notice within Rule 28.2.

29. WITHDRAWAL FROM PARTNERSHIP SHARE AGREEMENT

29.1 A Participant may withdraw from a partnership share agreement at any time by notice in writing to the Company.

29.2 Unless a later date is specified in the notice, a notice of withdrawal takes effect 30 days after it is received by the Company.

29.3 Where a Participant withdraws from a partnership share agreement, any partnership share money held on the Participant's behalf shall be paid over to him as soon as practicable.

30. REPAYMENT OF PARTNERSHIP SHARE MONEY ON WITHDRAWAL OF SCHEME APPROVAL OR TERMINATION OF SCHEME

30.1 Any partnership share money held on behalf of a Participant shall be paid over to him in accordance with Rule 30.2 where:

30.1.1 the Scheme is not to be a Schedule 2 SIP by virtue of:

- a. paragraph 81H of Schedule 2; or
- b. paragraph 81I of Schedule 2; or

30.1.2 a plan termination notice is issued in respect of the Scheme under paragraph 89 of Schedule 2.

30.2 The payment shall be made:

30.2.1 in a case within Rule 30.1.1a., as soon as practicable after:

- a. the last day of the period in which notice of an appeal under paragraph 81K(2)(a) may be given, or
- b. if notice of such an appeal is given, the day on which the appeal is determined or withdrawn; and

30.2.2 in a case within Rule 30.1.1b., as soon as practicable after:

- a. the last day of the period in which notice of an appeal under paragraph 81K(3) may be given, or
- b. if notice of such an appeal is given, the day on which the appeal is determined or withdrawn; and

30.2.3 in a case within Rule 30.1.2, as soon as practicable after the plan termination notice is notified to the Trustees under paragraph 89(2) of Schedule 2, subject to both deduction of income tax under PAYE and NICs.

31. ACCESS TO PARTNERSHIP SHARES

31.1 When Partnership Shares have been awarded to a Participant, the Participant may at any time withdraw any or all of the Partnership Shares from the Scheme, subject to deduction of both income tax under PAYE and NICs where required.

31.2 Partnership Shares shall not be subject to any provision under which they may be forfeited, except where permitted by paragraphs 43(2B) and 43(2C) of Schedule 2.

32. MEANING OF "SALARY"

32.1 References to a Participant's "**salary**" has the same meaning as in paragraph 43 of Schedule 2.

PART 4
MATCHING SHARES

33. GENERAL REQUIREMENTS FOR MATCHING SHARES

33.1 The Matching Shares:

33.1.1 must be shares of the same class and carrying the same rights as the Partnership Shares to which they relate;

33.1.2 subject to Rule 34.4, must be awarded on the same day as the Partnership Shares to which they relate are awarded; and

33.1.3 must be awarded to all Participants on exactly the same basis.

33.2 Rule 33.1 is subject to Rule 42 (*permitted restrictions: provisions for forfeiture*).

34. RATIO OF MATCHING SHARES TO PARTNERSHIP SHARES

34.1 The partnership share agreement must specify:

34.1.1 the ratio of Matching Shares to Partnership Shares for the time being offered by the Company; and

34.1.2 the circumstances and manner in which the ratio may be changed by the Company.

34.2 The ratio must not exceed 2:1 (or such other ratio as may for the time being be permitted by paragraph 60 of Schedule 2) and must be applied by reference to the number of shares. The Board may vary the ratio before Partnership Shares are acquired.

34.3 A Participant who has entered into a partnership share agreement must be informed by the Company if the ratio offered by the Company changes before Partnership Shares are acquired under the agreement.

34.4 If the Partnership Shares on the day on which they are awarded under the partnership share agreement do not produce a whole number of Matching Shares, only the rounded down whole number of Matching Shares shall be awarded at that time and the unmatched number of Matching Shares shall be carried forward until further Partnership Shares have been acquired.

35. APPLICATION OF PROVISIONS RELATING TO HOLDING PERIOD ETC.

35.1 The provisions of Rules 17 and 18 of Part 2 of this Scheme as to the holding period and related matters apply in relation to Matching Shares as they apply to Free Shares.

PART 5
REINVESTMENT OF CASH DIVIDENDS

36. REINVESTMENT

36.1 Subject to Rule 37, where the Board so directs:

36.1.1 some or all of the cash dividends in respect of Scheme shares held on behalf of Participants must be applied in acquiring further shares on their behalf; or

36.1.2 some or all of the cash dividends in respect of Scheme shares held on behalf of Participants who elect to reinvest their dividends must be applied in acquiring further shares on their behalf,

in both cases referred to in Part 5 of this Scheme as "**reinvestment**", and the further Scheme shares so acquired are referred to in Parts 5, 6 and 7 of this Scheme as "**dividend shares**".

36.2 The Board may modify or revoke a direction made under Rule 36.1.

36.3 Where the Board does not make a direction in accordance with Rule 36.1 then the dividends shall be paid over to Participants as soon as practicable.

37. LIMIT ON AMOUNT REINVESTED

37.1 The amount of the cash dividends to be applied by the Trustees in acquiring dividend shares may be determined by the Board from time to time. In making such determination, the Board must specify how that amount shall be determined, which may include no limit at all (which shall be the case if the Board makes no determination under this Rule 37.1), imposing a fixed amount or specifying a percentage of cash dividends which may be applied in acquiring dividend shares.

37.2 If the amounts received by the Trustees exceed any limit determined under Rule 37.1 the balance must be paid over to the Participant as soon as practicable.

38. GENERAL REQUIREMENTS FOR DIVIDEND SHARES

38.1 Dividend shares must be shares:

38.1.1 of the same class and carrying the same rights as the shares in respect of which the dividend is paid; and

38.1.2 which are not subject to any provision for forfeiture, except where permitted by paragraphs 65(2) and 65(3) of Schedule 2.

39. ACQUISITION OF DIVIDEND SHARES

39.1 In exercising their powers in relation to the acquisition of dividend shares:

39.1.1 the Trustees shall treat Participants fairly and equally;

39.1.2 the Trustees shall apply the relevant amount of cash dividend in acquiring further shares on behalf of Participants on the acquisition date; and

39.1.3 the number of dividend shares acquired on behalf of each Participant shall be determined in accordance with the Market Value of the shares on the acquisition date.

39.2 For the purposes of Rule 39.1.2, "**the acquisition date**" means the date set by the Trustees in relation to the acquisition of dividend shares, being a date within 30 days after the dividend is received by them.

39.3 References to the Trustees acquiring dividend shares on behalf of a Participant include the Trustees appropriating to a Participant shares already held by the Trustees.

40. HOLDING PERIOD FOR DIVIDEND SHARES

40.1 The provisions of Rules 17 and 18 of Part 2 of this Scheme (*holding period and related matters*) apply in relation to dividend shares as they apply to Free Shares, except that the holding period must be three years.

41. CERTAIN AMOUNTS NOT REINVESTED TO BE CARRIED FORWARD

41.1 Subject to Rule 37.2, any amount that is not reinvested because the amount of the cash dividend to which the Participant is entitled is not sufficient to acquire a share may be retained by the Trustees and carried forward to be added to the amount of the next cash dividend to be reinvested, but shall be held by them so as to be separately identifiable for the purposes of Rules 41.2 and 41.3.

41.2 Any amount retained under this paragraph shall be paid over to the Participant as soon as practicable:

41.2.1 if during that period the Participant ceases to be in relevant employment (within the meaning given by Schedule 2), or

41.2.2 if during that period a plan termination notice is issued in respect of the Scheme.

On making such a payment, the Participant shall be provided with the information specified in sections 1105 to 1108 of the CTA as if it were a payment to which subsection 1105(1)(b) applies.

41.3 Any cash dividends so far as they are not required to be reinvested under the Scheme in respect of the Scheme shares held on behalf of a Participant must be paid over to the Participant as soon as possible.

PART 6

PROVISION FOR FORFEITURE AND CEASING TO BE IN RELEVANT EMPLOYMENT

42. PERMITTED RESTRICTIONS: PROVISION FOR FORFEITURE

42.1 If the Company so specifies when an award is made (such determination to apply to all awards made at the same time), a Participant shall, to such extent as the Company shall have specified when making its determination, cease to be beneficially entitled to some or all of the Free Shares or Matching Shares appropriated to that Participant:

42.1.1 on the Participant ceasing to be in relevant employment at any time in the forfeiture period,

42.1.2 on the Participant whilst in relevant employment withdrawing, or attempting to withdraw, his Free Shares from the Scheme at any time in the forfeiture period other than following, and by reason of, the occurrence of an event referred to in Rule 18,

42.1.3 in the case of Matching Shares, on the participant withdrawing, or attempting to withdraw, the Partnership Shares in respect of which these shares were awarded from the Scheme within the forfeiture period other than following, and by reason of, the occurrence of an event referred to in Rule 18, or

42.1.4 in such other circumstances as the Board may specify otherwise than for a permitted reason.

For the purpose of this Rule 42.1, a "**permitted reason**" means:

- a. injury or disability;
- b. redundancy;
- c. a transfer to which the Transfer of Undertakings (Protection of Employment) Regulations 2006 apply (or would apply if the transfer took place in the UK);
- d. the company by which the Participant is employed ceasing to be an associated company of the Company;
- e. retirement; or
- f. death.

For this purpose the extent of forfeiture determined by the Board may vary according to the period from when the award is made until the forfeiture occurs.

42.2 In Rule 42.1 "**the forfeiture period**" means the forfeiture period specified by the Board beginning with the date on which the shares were awarded to the Participant and ending at such time (if any) as the Board may determine. Unless the Board determines otherwise, the forfeiture period shall be three years.

42.3 The same provision for forfeiture must apply in relation to all Free or Matching Shares included in the same award under the Scheme.

PART 7
THE TRUSTEES

43. DUTIES OF TRUSTEES

43.1 The Trustees shall be resident in the United Kingdom and shall:

43.1.1 in the case of Free or Matching Shares, acquire shares and appropriate them to employees in accordance with the Scheme;

43.1.2 in the case of Partnership Shares, apply partnership share money in acquiring shares on behalf of employees in accordance with the Scheme; and

43.1.3 in the case of dividend shares, apply cash dividends in acquiring shares on behalf of participants in accordance with the Scheme.

44. MEETING PAYE OBLIGATIONS

44.1 Where a PAYE obligation is imposed on the Trustees as a result of any of a Participant's Scheme shares ceasing to be subject to the Scheme, the Trustees shall meet that obligation:

44.1.1 by disposing of any of those shares or any of the Participant's remaining Scheme shares (if any); or

44.1.2 by virtue of the Participant paying to the Trustees a sum equal to the amount required to discharge the obligation.

44.2 In Rule 44.1 the reference to a PAYE obligation includes an obligation under any of sections 510 to 512 ITEPA (*PAYE: shares ceasing to be subject to the plan*) and in Rule 44.1.1 the reference to disposing of shares includes the acquisition of the shares by the Trustees for the purposes of the trust.

44.3 The Trustees shall maintain records necessary to enable them to carry out their PAYE obligations, and the PAYE obligations of the employer company so far as they relate to the Scheme.

44.4 The Trustees shall maintain records of Participants who have participated in one or more Schedule 2 SIPs established by the Company or a connected company.

44.5 Where the Participant becomes liable to income tax pursuant to the Scheme under ITEPA or Chapters 3 or 4 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 (*dividends from UK resident and non resident companies*), the Trustees shall inform the Participant of any facts which are relevant to determining that liability.

45. RIGHTS ISSUES

45.1 Any shares or securities allotted under clause 3.9 of the Trust Deed shall be treated as identical to the shares in respect of which the rights were conferred. They shall be treated as if they were awarded to or acquired on behalf of the Participant under the Scheme in the same way and at the same time as those shares.

45.2 Rule 45.1 does not apply:

45.2.1 to shares and securities allotted as the result of taking up a rights issue where the funds to exercise those rights were obtained otherwise than by virtue of the Trustees disposing of rights in accordance with this Rule; or

45.2.2 where the rights to a share issue attributed to shares held under the Scheme are different from the rights attributed to other shares of the Company.

46. FRACTIONAL ENTITLEMENTS

46.1 Where following any rights issue the Trustees receive rights or securities they will allocate such rights or securities among the relevant Participants on a proportionate basis, rounding down if necessary. The Trustees will then add the fractions not allocated and shall then sell the unallocated rights and securities. The Trustees will then deduct all expenses of sale and applicable taxation from the proceeds of sale and will then distribute the net proceeds of sale proportionately among the Participants whose allocation was rounded down, save that the Trustees will have no obligation to distribute to any Participant any sum less than £3 which shall be retained by the Trustees.

47. CAPITAL RECEIPTS AND OTHER AMOUNTS

47.1 When the Trustees receive money which is a capital receipt (within the meaning of Section 502 of ITEPA) or the proceeds of any disposal in respect of which a Participant is chargeable to income tax as employment income, they will transfer the sum to the Participant after complying with their PAYE obligations, save that the Trustees will have no obligation to distribute to any Participant any sum less than £3 which shall be retained by the Trustees.

47.2 Where shares held under the Scheme cease to be subject to the Scheme in circumstances where the employer has a consequent PAYE obligation, the Trustees shall pay to the employer a sum which is sufficient to enable the employer to discharge that obligation unless the participant makes a payment to the employer as referred to in section 510(4) of ITEPA (*PAYE: shares ceasing to be subject to the plan*).

PART 8 COMPANY RECONSTRUCTIONS

48. COMPANY RECONSTRUCTIONS

- 48.1 The following provisions of this Rule 48 apply if there occurs in relation to any of a Participant's Scheme shares (referred to in this Rule 48 as "**the Original Holding**"):
- 48.1.1 a transaction which results in a new holding (referred to in this Rule 48 as "**the New Holding**") being equated with the Original Holding for the purposes of capital gains tax; or
- 48.1.2 a transaction which would have that result but for the fact that what would be the new holding consists of or includes a Qualifying Corporate Bond.
- 48.2 If an issue of shares of any of the following description (in respect of which a charge to income tax arises) is made as part of a company reconstruction, those shares shall be treated for the purposes of this Rule as not forming part of the New Holding:
- 48.2.1 redeemable shares or securities issued as mentioned in paragraph C or D in section 1000(1) of CTA 2010 (*distributions*);
- 48.2.2 share capital issued in circumstances such that section 1022(3) of CTA 2010 (*bonus issues*) applies; or
- 48.2.3 share capital to which section 410 of ITTOIA (*stock dividends*) applies that is issued in a case where section 410(2) or (3) of ITTOIA applies.
- 48.3 In this Rule 48:
- "**Corresponding Shares**" in relation to any New Shares, means the shares in respect of which the New Shares are issued or which the New Shares otherwise represent; and
- "**New Shares**" means shares comprised in the New Holding which were issued in respect of, or otherwise represent, shares comprised in the Original Holding.
- 48.4 Subject to the following provisions of this Rule 48, references in the Scheme to a Participant's Scheme shares shall be respectively construed, after the time of the company reconstruction, as being or, as the case may be, as including references to any New Shares.
- 48.5 For the purposes of the Scheme:
- 48.5.1 a company reconstruction shall be treated as not involving a disposal of shares comprised in the Original Holding; and
- 48.5.2 the date on which any New Shares are to be treated as having been appropriated to or acquired on behalf of the Participant shall be that on which Corresponding Shares were so appropriated or acquired.
- 48.6 In the context of a New Holding, any reference in this Rule 48 to shares includes securities and rights of any description which form part of the New Holding for the purposes of Chapter II of Part IV of the Taxation of Chargeable Gains Act 1992.