Draft Regulations laid before Parliament under section 429(2) of the Financial Services and Markets Act 2000, for approval by a resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2005 No.

FINANCIAL SERVICES AND MARKETS

The Open-Ended Investment Companies (Amendment) Regulations 2005

Made - - - -	*2005*
Coming into force - -	*6 April 2005*

A draft of these Regulations has been approved by a resolution of each House of Parliament pursuant to section 429(2) of the Financial Services and Markets Act 2000(**1**);

The Treasury, in exercise of the powers conferred upon them by section 262 of that Act, hereby make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Open-Ended Investment Companies (Amendment) Regulations 2005 and come into force on 6 April 2005.

Amendment of the Open-Ended Investment Companies Regulations 2001

2.—(1) The Open-Ended Investment Companies Regulations 2001(**2**) are amended as follows.

(2) In paragraph (5) of regulation 22 (procedure when refusing approval of proposed change), for "decision" substitute "written".

(3) In regulation 34 (directors), for paragraph (2) substitute—

> "(2) Subject to regulations 21 and 26, any subsequent appointment as a director of a company must be made by the company in general meeting or by the directors of the company.".

(4) After regulation 34, insert—

(**1**) 2000 c.8.
(**2**) S.I. 2001/1228, amended by S.I. 2001/3755 and S.I. 2003/2066.

"**Removal of certain directors by ordinary resolution**

34A.—(1) The directors of an open-ended investment company must, on a members' requisition, forthwith proceed duly to convene an extraordinary general meeting of the company and this applies notwithstanding anything in the company's instrument of incorporation.

(2) A members' requisition is a requisition—

(a) by members of the company holding at the date of the deposit of the requisition not less than one-tenth in value of all the shares in the company then in issue;

(b) which states as the object of the meeting the removal of one or more directors appointed in accordance with regulation 34(2); and

(c) which must be signed by the requisitionists and deposited at the registered office of the company.

(3) A company may by ordinary resolution at an extraordinary general meeting convened in accordance with paragraph (1) remove any director or directors appointed in accordance with regulation 34(2).

(4) This regulation is not to be treated as depriving a person removed under it of compensation or damages payable to him in respect of the termination of his appointment as director or as derogating from any power to remove a director which exists apart from this regulation.".

(5) In regulation 36 (inspection of directors' service contracts), for paragraph (6) substitute—

"(6) Every copy and memorandum required to be kept by paragraph (1) must be made available by the company at the company's annual general meeting for inspection or, if the company does not hold annual general meetings, sent to any shareholder at his request within ten days of the company's receipt of such request.".

(6) In regulation 37 (general meetings)—

(a) in paragraph (1), after "paragraph (2)" insert "and regulation 37A" and after "company" insert "incorporated before 6 April 2005"; and

(b) in paragraph (3), after "paragraph (2)" insert "and regulation 37A".

(7) After regulation 37, insert—

"**Election to dispense with annual general meetings**

37A.—(1) The directors of an open-ended investment company, whether or not required to hold an annual general meeting pursuant to regulation 37, may elect to dispense with the holding of an annual general meeting by giving sixty days' written notice to all the company's shareholders.

(2) An election has effect for the year in which it is made and subsequent years, but does not affect any liability already incurred by reason of default in holding an annual general meeting.".

(8) Omit regulation 78 (public notice by the Authority of receipt and issue of certain documents).

(9) In paragraph 4 of Schedule 5 (auditors)—

(a) in sub-paragraph (2), for "A company" substitute "Subject to sub-paragraphs (6) and (7), a company";

(b) in sub-paragraph (3), for "The first" substitute "Subject to sub-paragraph (6), the first";

(c) after sub-paragraph (5), insert—

"(6) On the date on which the holding of an annual general meeting is dispensed with in accordance with regulation 37A, any auditor or auditors appointed in accordance