

AUSTRALIAN CAPITAL TERRITORY  
COMPANIES (LIFE INSURANCE HOLDING COMPANIES) ORDINANCE 1970

Explanatory Memorandum

Issued by Authority of the Treasurer

It is provided in section 23 of the Companies (Life Insurance Holding Companies) Ordinance 1968 that where, after the commencement of the Ordinance, a foreign share in a specified company - namely, The M.L.C. Limited or A.P.A. Holdings Limited - is transferred and remains a foreign share, the person who holds that share is not entitled to cast a vote in relation to that share while it remains a foreign share.

One effect of this provision is that where foreign shares are transferred from a nominee shareholder to the beneficial owner, the beneficial owner loses the right to vote in relation to those shares. Another effect is that where a specified company allots newly created shares on a proportionate basis to all shareholders and shares so allotted become foreign shares, holders of the newly created foreign shares lose the right to vote in relation to those shares although the proportion of their ownership of shares in the company has not changed.

These effects are more onerous than is necessary to carry out the purposes of the Ordinance and, following representations from interested shareholders, the Ordinance has been amended to remove the restrictions imposed by section 23 in these two situations.

Under section 40 of the Ordinance, a director of a specified company may be required to show that he took "all reasonable steps" to prevent the commission of an offence.

After consideration by the Senate Standing Committee on Regulations and Ordinances and discussions between Ministers, it was agreed that the word "all" should be deleted from the section. Section 40 has been amended accordingly.

The remaining amendments are necessary to make minor corrections to the Ordinance.