

**THIRD SUPPLEMENT TO THE GIBRALTAR  
GAZETTE**

No. 3529 of 20th April, 2006

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**B. 16/06**

**BILL**

**FOR**

**AN ORDINANCE** to amend the Companies Ordinance.

**ENACTED** by the Legislature of Gibraltar.

**Title.**

1. This Ordinance may be cited as the Companies (Amendment) Ordinance 2006 and comes into operation on the day of publication.

**Amendments to the Companies Ordinance.**

2. The Companies Ordinance is amended—

(a) by inserting the following after section 40(2)—

“ (3) Subject to subsection (4), a company that is or will be a collective investment scheme licensed, authorized or otherwise regulated under the Financial Services Ordinance 1989 or the Financial Services (Collective Investment Schemes) Ordinance 2005 is entitled to be a private company where its articles of association so provide, notwithstanding that it does not comply with subsection (1).

(4) A company that is a private company by virtue of subsection (3) shall comply with subsection (1) until it is licensed, authorized or otherwise regulated as the case may be.”;

(b) by inserting the following after section 59—

**“Exemption for collective investment schemes.**

59A. Sections 52 to 59 shall not apply to a company that is licensed, authorized or otherwise regulated under the Financial Services (Collective Investment Schemes) Ordinance 2005.”,

- (c) in section 41, by inserting after subsection (3) the following subsection—

“ (4) Nothing in this section shall prejudice the application of section 40(3) and (4).”;

- (d) the following is inserted after section 96—

**“Fractional shares.**

96A.(1) A company that is a collective investment scheme licensed, authorized or otherwise regulated under the Financial Services Ordinance 1989 or the Financial Services (Collective Investment Schemes) Ordinance 2005 may issue fractional shares subject to the provisions of its articles of association.

(2) A fractional share issued in accordance with subsection (1) has the corresponding fractional rights, obligations and liabilities of a whole share of the same class.”.

**EXPLANATORY MEMORANDUM**

This Ordinance provides that Collective Investment Schemes licensed or authorised by the Financial Services Commission may be private companies despite the restrictions in section 40, in particular in relation to offering shares to the public. Inter alia, it also removes the necessity of providing a prospectus in the case of Experienced Investor Funds and makes provision for fractional shares.

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