
STATUTORY INSTRUMENTS

2009 No. 2976

**STAMP DUTY
STAMP DUTY RESERVE TAX**

The Stamp Duty and Stamp Duty Reserve Tax (Investment Exchanges and Clearing Houses) Regulations (No. 14) 2009

<i>Made</i>	- - - -	<i>10th November 2009</i>
<i>Laid before the House of Commons</i>	- - - -	<i>11th November 2009</i>
<i>Coming into force</i>	- -	<i>4th December 2009</i>

The Treasury make the following Regulations in exercise of the powers conferred by sections 116 and 117 of the Finance Act 1991⁽¹⁾.

Citation and commencement

1.—(1) These Regulations may be cited as the Stamp Duty and Stamp Duty Reserve Tax (Investment Exchanges and Clearing Houses) Regulations (No. 14) 2009 and shall come into force on 4th December 2009.

(2) These Regulations shall have effect—

- (a) for the purposes of the charge to stamp duty, in relation to instruments executed on or after 4th December 2009;
- (b) for the purposes of the charge to stamp duty reserve tax—
 - (i) in the case of agreements to transfer traded securities which are not conditional, in relation to agreements made on or after 4th December 2009;
 - (ii) in the case of agreements to transfer traded securities which are conditional, in relation to agreements where the condition is satisfied on or after that date.

Interpretation

2. In these Regulations—

(1) 1991 c. 31. Section 116(4) was amended by paragraph 5 of Schedule 20 to the [Financial Services and Markets Act 2000](#) (c. 8) and by paragraph 7 of Schedule 21 to the [Finance Act 2007](#) (c. 11).

“clearing participant” means a member of a Relevant Clearing House who as such is permitted by the Rules of that Relevant Clearing House to clear transactions made on the Facility for a traded security and who may or may not also be a participant in the Facility;

“client” means a person who gives instructions to a non-clearing firm for traded securities to be sold on the Facility;

“EuroCCP” means European Central Counterparty Limited, a company which is a recognised clearing house under the Financial Services and Markets Act 2000(2);

“LCH.Clearnet” means LCH.Clearnet Limited, a company which is a recognised clearing house under the Financial Services and Markets Act 2000;

“NYSE Arca Europe” or “the Facility” means the multilateral trading facility operated by Euronext Amsterdam NV, a market operator which is permitted to operate a trading facility pursuant to the Directive(3);

“Relevant Clearing House” means any of EuroCCP, LCH.Clearnet and X-CLEAR, each in its capacity as a person providing clearing services in connection with a transaction made on the Facility;

“X-CLEAR” means SIX X-CLEAR AG, a company which is a recognised clearing house under the Financial Services and Markets Act 2000;

“nominee” means a person whose business is or includes holding traded securities as a nominee for a Relevant Clearing House acting in its capacity as a person providing clearing services in connection with a transaction made on the Facility, or as a nominee for a clearing participant (as the case may be);

“non-clearing firm” means a participant in the Facility other than a clearing participant;

“traded securities” means stocks and shares which are issued or raised by a body corporate but does not include stocks and shares issued by a body corporate not incorporated in the United Kingdom unless—

- (a) the stocks and shares are registered in a register kept in the United Kingdom by or on behalf of the body corporate; or
- (b) in the case of shares, they are paired, within the meaning of section 99(6A) of the Finance Act 1986(4), with shares issued by a body corporate incorporated in the United Kingdom.

Prescription of recognised investment exchanges and recognised clearing houses

3. For the purpose of sections 116 and 117 of the Finance Act 1991—
 - (a) NYSE Arca Europe is prescribed as a recognised investment exchange;
 - (b) EuroCCP is prescribed as a recognised clearing house;
 - (c) LCH.Clearnet is prescribed as a recognised clearing house; and
 - (d) X-CLEAR is prescribed as a recognised clearing house.

Prescribed circumstances for the purposes of sections 116 and 117

4.—(1) In the circumstances prescribed in this regulation, the charge to stamp duty and the charge to stamp duty reserve tax shall be treated as not arising.

(2) 2000 c. 8

(3) The definition of “the Directive” was inserted by the Finance Act 2007 (c. 11) Schedule 21, paragraph 7(1) and (2) and the expression means Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, as amended from time to time (OJ L 145, 30.4.2004).

(4) 1986 c. 41. Subsection (6A) was inserted by the Finance Act 1988 (c. 39), section 144, and was amended by section 113(2) of the Finance Act 1990 (c. 29). The whole of Part 4 of the 1986 Act is to be repealed from a date to be appointed (see sections 110 and 111(1) of the 1990 Act).

(2) The circumstances prescribed are where, in connection with a transaction made on the Facility conditions A and B are met.

(3) Condition A is that traded securities of a particular kind are transferred, or agreed to be transferred, from—

- (a) a clearing participant or a nominee of a clearing participant to another clearing participant or nominee,
- (b) a non-clearing firm or its client (or a nominee of a non-clearing firm or its client) to a clearing participant or a nominee of a clearing participant,
- (c) a clearing participant or a nominee of a clearing participant to a Relevant Clearing House or to a nominee of that Relevant Clearing House,
- (d) a person other than a clearing participant to a Relevant Clearing House or to a nominee of a Relevant Clearing House, as a result of a failure by a clearing participant to fulfil their obligations in respect of the transaction concerned to transfer traded securities to a Relevant Clearing House or to a nominee of a Relevant Clearing House,
- (e) a Relevant Clearing House or a nominee of a Relevant Clearing House to a clearing participant or a nominee of a clearing participant, or
- (f) a Relevant Clearing House or a nominee of a Relevant Clearing House to another Relevant Clearing House or a nominee of another Relevant Clearing House.

(4) Condition B is that the person to whom those securities are agreed to be transferred under any of the agreements specified in paragraph (3) above (“the relevant agreement”) is required on receipt of those securities to transfer traded securities under a matching agreement to another person or, in the case of an agreement falling within paragraph (3)(d), would have been so required if the failure referred to in that paragraph had not occurred.

(5) In this regulation—

- (a) a “matching agreement” means an agreement under which—
 - (i) the traded securities agreed to be transferred are of the same kind as the traded securities agreed to be transferred under the relevant agreement, and
 - (ii) the number and transfer price of the traded securities agreed to be transferred are identical to the number and transfer price of the traded securities agreed to be transferred under the relevant agreement;
- (b) references to a clearing participant are references to a clearing participant in their capacity as such.

Consequential provision

5.—(1) Traded securities which are the subject of an agreement specified in regulation 4(3) shall be dealt with by a clearing participant who is party to the agreement in a separate designated account, and not otherwise.

(2) In paragraph (1) “designated account” means an account designated by a Relevant Clearing House for a clearing participant in connection with the traded securities concerned.

Revocation of the Stamp Duty and Stamp Duty Reserve Tax (Investment Exchanges and Clearing Houses) Regulations (No.3) 2009 (SI 2009/397)

6. The Stamp Duty and Stamp Duty Reserve Tax (Investment Exchanges and Clearing Houses) Regulations (No.3) 2009 (SI 2009/397)(5) are hereby revoked as respects instruments and agreements referred to in regulation 1(2) of these regulations.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

10th November 2009

Steve McCabe
Tony Cunningham
Two of the Lords Commissioners of Her
Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations exempt from stamp duty and stamp duty reserve tax (“SDRT”) certain transfers of, or agreements to transfer traded securities made in the course of trading in those securities on the NYSE Arca Europe Facility (“the Facility”). The transfers and agreements exempted are those involving EuroCCP and/or LCH.Clearnet and/or X-CLEAR (and nominees of those clearing houses), through whom transactions on the Facility are cleared, or clearing participants in EuroCCP or LCH.Clearnet or X-CLEAR (and their nominees). These Regulations also exempt transactions on the Facility between EuroCCP, LCH.Clearnet and X-CLEAR.

Regulation 1 provides for citation, commencement and effect and regulation 2 contains definitions.

Regulation 3 prescribes the Facility as a recognised investment exchange and EuroCCP, LCH.Clearnet and X-CLEAR as recognised clearing houses for the purpose of the exemption and regulation 4 prescribes the circumstances in which stamp duty and SDRT will not be charged.

Regulation 5 makes consequential provisions requiring traded securities which are agreed to be transferred in the prescribed circumstances to be dealt with in a separate designated account.

Regulation 6 revokes the previously laid Regulations relating to the Facility as respects instruments or agreements in relation to which the present Regulations have effect.

A full Impact Assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.