



Bank of England and Financial Services Act 2016

2016 CHAPTER 14

PART 2

FINANCIAL SERVICES

Transformer vehicles

31 Transformer vehicles

- (1) The Financial Services and Markets Act 2000 is amended as follows.
- (2) After Part 17 insert—

“PART 17A

TRANSFORMER VEHICLES

284A Transformer vehicles

- (1) In this section “transformer vehicle” means an undertaking (“A”) which—
 - (a) is established for the purposes of carrying on the activities mentioned in subsection (2), or
 - (b) carries on those activities.
- (2) The activities referred to in subsection (1) are—
 - (a) assuming risk from another undertaking (“B”), and
 - (b) fully funding A's exposure to that risk by issuing investments where the repayment rights of the investors are subordinated to A's obligations to B in respect of the risk.

Changes to legislation: Bank of England and Financial Services Act 2016, Section 31 is up to date with all changes known to be in force on or before 16 September 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (3) The Treasury may by regulations make provision for facilitating, and provision for regulating—
- (a) the establishment and operation of transformer vehicles;
 - (b) the activities mentioned in subsection (2);
 - (c) the trading of investments issued by transformer vehicles.
- (4) Regulations under subsection (3) may (amongst other things) make provision—
- (a) for the incorporation and registration in the United Kingdom of bodies corporate;
 - (b) for a body incorporated by virtue of the regulations to take such form and name as may be determined in accordance with the regulations;
 - (c) as to the purposes for which such a body may exist and the investments which it may issue;
 - (d) as to the constitution, ownership, management and operation of such a body;
 - (e) for such a body to comprise different parts;
 - (f) for such parts to have legal personality distinct from that of the body;
 - (g) as to the holding and management of the assets and liabilities of such a body, including provision for the segregation of assets and liabilities relating to different risks;
 - (h) as to the powers, duties, rights and liabilities of such a body and of other persons, including—
 - (i) its directors and other officers;
 - (ii) its shareholders, and persons who hold the beneficial title to shares in it without holding the legal title;
 - (iii) its auditor;
 - (iv) any persons holding assets for it;
 - (v) any persons who act or purport to act on its behalf;
 - (i) as to the merger of one or more such bodies and the division of such a body;
 - (j) for the appointment and removal of an auditor for such a body;
 - (k) as to the winding up and dissolution of such a body;
 - (l) enabling the FCA or the PRA to apply to a court for an order removing or replacing any director of, or person holding assets for, such a body;
 - (m) for the carrying out of investigations by persons appointed by the FCA or the PRA.
- (5) If regulations under subsection (3) make the provision mentioned in subsection (4)(e) references in subsection (4) to a body include its constituent parts.
- (6) Regulations under subsection (3) may—
- (a) impose criminal liability;
 - (b) confer functions on the FCA or the PRA (including the functions of making rules and giving directions);
 - (c) authorise the FCA or the PRA to require the Council of Lloyd's to exercise functions on its behalf (including functions conferred otherwise than by the regulations);

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- (d) confer jurisdiction on any court or on the Tribunal;
 - (e) provide for fees to be charged by the FCA or the PRA in connection with the carrying out of any of their functions under the regulations (including fees payable on a periodical basis);
 - (f) modify, exclude or apply (with or without modifications) any primary or subordinate legislation (including any provision of, or made under, this Act);
 - (g) make consequential amendments, repeals and revocations of any such legislation;
 - (h) modify or exclude any rule of law.
- (7) Regulations under subsection (3) may make the provision mentioned in subsection (6)(c) only with the consent of the Council of Lloyd's.
- (8) The provision that may be made by virtue of subsection (6)(f) includes provision extending or adapting any power to make subordinate legislation.
- (9) Regulations under subsection (3) may provide that a reference in the regulations to, or to any provision of, legislation (including an EU instrument and legislation of a country or territory outside the United Kingdom) is to be construed as a reference to that legislation or that provision as amended from time to time.
- (10) In this section—
- “investment” includes any asset, right or interest;
 - “primary legislation” means an Act, an Act of the Scottish Parliament, a Measure or Act of the National Assembly for Wales, or Northern Ireland legislation;
 - “subordinate legislation” means an instrument made under primary legislation.
- (11) If a statutory instrument containing regulations under this section would, apart from this subsection, be treated as a hybrid instrument for the purposes of the Standing Orders of either House of Parliament, it is to proceed in that House as if it were not a hybrid instrument.”
- (3) In section 429(2) (regulations subject to the affirmative procedure), after “262,” insert “284A,”.

Changes to legislation:

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Changes and effects yet to be applied to :

- specified provision(s) amendment to earlier commencing S.I. 2019/1136 by [S.I. 2020/929 reg. 2](#)