

STATUTORY INSTRUMENTS

1985 No. 564

BANKS AND BANKING

**The Banking Act 1979 (Exempt Transactions) (Amendment)
Regulations 1985**

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|-------------------------------|-----------|------------------------|
| <i>Made</i> | - - - - - | <i>2nd April 1985</i> |
| <i>Laid before Parliament</i> | | <i>3rd April 1985</i> |
| <i>Coming into Operation</i> | | <i>24th April 1985</i> |

The Treasury, in exercise of the powers conferred upon them by section 2(1) and (5) of the Banking Act 1979^(a) and of all other powers enabling them in that behalf hereby make the following regulations:—

Citation and commencement

1. These regulations may be cited as the Banking Act 1979 (Exempt Transactions) (Amendment) Regulations 1985, and shall come into operation on 24th April 1985.

Interpretation

2. In these regulations the expression “the principal regulations” means the Banking Act 1979 (Exempt Transactions) Regulations 1983^(b).

Addition to principal regulations of regulation 15

3. The principal regulations shall be amended by the addition, after regulation 14, of the following new regulation:—

“Sterling debt securities

15.—(1) The acceptance by a company of a deposit on terms involving the issue of any sterling debt security is an exempt transaction if—

(a) either

- (i) the company has issued shares which have either been admitted to official listing (and are not the subject of a Council notice cancelling or suspending the listing or suspending dealings) or are dealt in on the Unlisted Securities Market (and are not the subject of a Council notice cancelling or suspending dealings), and the company at the time that it accepts the deposit is in compliance with its obligations in respect of such shares under the Listing Regulations or (as the case may be) under any undertaking given to The Stock Exchange pursuant to which its shares are dealt in on the Unlisted Securities Market,

^(a) 1979 c. 37.

^(b) S.I. 1983/1865.

or

- (ii) the company is a wholly-owned subsidiary of a company which satisfies the condition set out in sub-paragraph (a)(i) of this paragraph and the latter company has guaranteed to the holder of the sterling debt security the repayment of the principal and the payment of any interest or dividends in connection with that sterling debt security;
- (b) the deposit is an amount of not less than £100,000 and in consideration of the deposit a single sterling debt security is issued the whole or any part of which—
 - (i) may not be redeemed for at least one year from the date of issue, and
 - (ii) may be transferred only if the aggregate redemption value of sterling debt securities being transferred is not less than £100,000;
- (c) in respect of any sterling debt security issued on or before 28th August 1985 the first day on which any interest or dividend is payable is not before 28th August 1985 or later than six months from the date of issue; and
- (d) either
 - (i) application has been made for admission of the sterling debt security to official listing in accordance with the Listing Regulations and the Council has approved the applicable listing particulars, and the company at the time that it accepts the deposit is in compliance with its obligations under the Listing Regulations in respect of such security,or
 - (ii) the sterling debt security is offered by a prospectus which contains the information specified in sections 37 and 38(1) of the Companies Act 1948(a), or which, in the case of a company of a kind described in section 417 of that Act, contains the information specified in subsection (1) of that section, or which complies with the requirements of the corresponding Northern Ireland legislation.

(2) In this regulation—

“company” means—

- (a) any company which is a company within the meaning of section 455(1) of the Companies Act 1948(b) other than a company to which section 15 of the Companies Act 1980(c) applies,
- (b) any body corporate to which the prospectus and allotment provisions of the Companies Act 1948 are applied by regulations made under section 435 of that Act,
- (c) any company of a kind described in section 417 of that Act,

(a) 1948 c. 38.

(b) 1948 c. 38.

(c) 1980 c. 22.

(d) any company or body corporate which, by virtue of the application of the corresponding Northern Ireland legislation, corresponds to a company as defined in any of sub-paragraph (a) to (c) above;

“the corresponding Northern Ireland legislation” means, in relation to any of the provisions of the Companies Acts 1948 and 1980 specified in this regulation, the corresponding provisions of the Companies Acts (Northern Ireland) 1960 to 1983;

“the Council” means the Council of The Stock Exchange;

“debt security” includes bonds, notes, debentures and debenture stock;

“the Listing Regulations” means The Stock Exchange (Listing) Regulations 1984(a);

“redemption value”, in relation to any sterling debt security, means the amount of the principal which is payable upon redemption of that security;

“sterling debt security” means a debt security in relation to which the principal, dividends, interest and subscription moneys are payable solely in sterling;

“subsidiary” shall be construed in accordance with section 154(1) of the Companies Act 1948(b).”.

Ian B. Lang,

A. G. Hamilton.

Two of the Lords Commissioners
of Her Majesty's Treasury.

2nd April 1985.

(a) S.I. 1984/716.

(b) 1948 c. 38.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

The Banking Act 1979 (Exempt Transactions) Regulations 1983 ("the principal regulations") prescribe certain transactions ("exempt transactions") to which the prohibition on deposit-taking imposed by section 1 of the Banking Act 1979 does not apply. These regulations add, subject to certain specified conditions, a further category of exempt transaction, namely the acceptance by companies of deposits in consideration of the issue of sterling debt securities. The specified conditions are that the shares of the company issuing the sterling debt securities are already listed on The Stock Exchange or dealt in on the Unlisted Securities Market (subject to listing or dealings not having been cancelled or suspended), or alternatively that the company issuing the sterling debt securities is a wholly-owned subsidiary of such a company and the latter company has guaranteed the repayment of principal and payment of any interest or dividends in connection with the sterling debt securities; that the minimum deposit accepted in respect of each debt security is £100,000, and that the whole or part of each debt security may not be redeemed for at least one year from the date of issue and may be transferred only if the aggregate redemption value of sterling debt securities being transferred is not less than £100,000; that any interest or dividend in respect of any debt securities issued on or before 28 August 1985 is payable not before 28 August 1985 and not later than six months from the date of issue; and that the debt securities in question are themselves admitted to listing on The Stock Exchange, or alternatively are offered only by a prospectus which contains the information specified in those provisions of the Companies Acts which are referred to.

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