
STATUTORY INSTRUMENTS

1996 No. 1469

The Financial Markets and Insolvency Regulations 1996

PART II

SYSTEM-CHARGES

Limitation on disapplication of sections 10(1)(b) and 11(3)(c) of Insolvency Act 1986 in relation to system-charges granted by a system-beneficiary

7.—(1) This regulation applies where an administration order is made in relation to a system-beneficiary.

(2) The disapplication of sections 10(1)(b) and 11(3)(c) of the Insolvency Act 1986 by section 175(1)(a) of the Act shall have effect, in relation to a system-charge granted by a system-beneficiary, only to the extent necessary to enable there to be realised, whether through the sale of interests of a system-beneficiary in relation to uncertificated units of a security or otherwise, the lesser of the two sums specified in paragraphs (3) and (4).

(3) The first of the two sums referred to in paragraph (2) is the net sum of—

(a) all payment obligations discharged by the settlement bank in connection with—

- (i) transfers, to or by the relevant system-beneficiary by means of a relevant system made during the qualifying period, of interests of the system-beneficiary in relation to uncertificated units of a security held by a relevant nominee, where the relevant nominee has continued to hold the units;
- (ii) agreements made during the qualifying period to transfer, to or from the relevant system-beneficiary by means of a relevant system, interests of the system-beneficiary in relation to uncertificated units of a security held by a relevant nominee, where the relevant nominee will continue to hold the units;
- (iii) transfers, during the qualifying period and by means of a relevant system, of uncertificated units of a security, being transfers made to or by a system-member acting on behalf of the relevant system-beneficiary;
- (iv) agreements made during the qualifying period to transfer uncertificated units of a security by means of a relevant system to or from a system-member acting on behalf of the relevant system-beneficiary; and
- (v) issues of uncertificated units of a security made during the qualifying period and by means of a relevant system, being issues to a system-member acting on behalf of the relevant system-beneficiary; less

(b) all payment obligations discharged to the settlement bank in connection with transactions of any kind described in paragraph (3)(a)(i) to (iv).

(4) The second of the two sums referred to in paragraph (2) is the sum (if any) due to the settlement bank from the relevant system-beneficiary by reason of an obligation of the kind described in regulation 5(b)(ii).