
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations prescribe certain transactions as ones to which the prohibition on unauthorised deposit-taking imposed by section 3 of the Banking Act 1987 does not apply. They replace the Banking Act 1987 (Exempt Transactions) Regulations 1988 as amended. In addition to minor and drafting amendments they make the following changes of substance.

Regulations 13 and 14 set out the circumstances in which the acceptance of a deposit involving the issue of a debt security is an exempt transaction. The previous rules for the issue of commercial paper is largely retained, but companies issuing debt securities with a maturity of between one and three years, referred to as “shorter term debt securities”, will no longer need assets of at least £25 million if the debt securities in respect of which the exemption is sought are listed on or are the subject of an application for listing on the Stock Exchange or on an Exchange in another EEA State in respect of which listing particulars or a prospectus have been published and the redemption value of each debt security is not less than £100,000 (or foreign currency equivalent). An exemption will also apply to debt securities with a maturity of over three years without any maximum maturity, referred to as “longer term debt securities”, which are listed on the Stock Exchange or on another EEA Exchange. The issuing company will no longer need assets of at least £25 million if the longer term securities in respect of which the exemption is sought are listed on or are the subject of an application for listing on the the Stock Exchange or on another EEA Exchange in respect of which listing particulars or a prospectus have been published, and in such circumstances there are no restrictions on the redemption value of each debt security. The listing particulars or prospectus concerning shares listed on or relevant debt securities listed or to be listed on another EEA Exchange will need to be filed with the Stock Exchange before debt securities are offered for sale instead of the issuer having to provide detailed special information. Debt securities issued by governments or public authorities outside the UK and traded or listed on the Stock Exchange, another EEA Exchange or an Approved Organisation will continue to be exempt, as will be such debt securities for which an exemption is sought and for which admission to trading or listing has been applied on the Stock Exchange or another EEA Exchange. The issue of relevant debt securities guaranteed by companies whose shares or debt securities have been listed on another EEA Exchange or by governments whose debt securities are traded on or have been listed on the Stock Exchange, another EEA Exchange or an Approved Organisation will also attract exemption. Debt securities may qualify for exemption either on account of the issuer or through a guarantee. The statements to be included in physical securities have been simplified; a factual statement about the debt securities will be included in any selling documents for relevant debt securities and a statement of compliance with listing obligations will be included in any selling documents for issues of listed debt securities intended to be subject to exemption. Selling documents for issues of debt securities listed or to be listed on another EEA Exchange and intended to be subject to exemption will include a statement of compliance with the requirements in the Regulations for lodging relevant information.

The exemption previously given for debt securities issued by unlisted UK incorporated companies and companies the shares or debt securities of which had been admitted to listing on a recognised overseas exchange and which provided specified information to the Stock Exchange has been withdrawn because of the minimal usage of this exemption and the broader scope for exempt issuance under the Regulations.

These Regulations incorporate amendments made to the Co-operative Deposit Protection Scheme at a meeting of Participating Societies on 15th January 1997. Schedule 1 to the Regulations sets out

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

the deed establishing the Co-operative Deposit Protection Scheme dated 29th February 1980 in its amended form.