
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations allow certain profits and losses from loan relationships and derivative contracts to be left out of account, to be brought into account in a different way or to be brought into account at a later date.

Regulation 1 provides for the citation, commencement and effect.

Regulation 2 provides for the interpretation.

Regulation 3 prescribes for exchange gains or losses arising from liabilities hedging shares etc. to be disregarded where the contract is matched with shares, ships or aircraft.

Regulation 4 prescribes for exchange gains or losses arising from derivative contracts hedging shares etc. to be disregarded where the contract is matched with shares, ships or aircraft.

Regulation 5 contains provisions supplementary to regulations 3 and 4.

Regulation 6 introduces, in relation to fair value profits and losses, specific rules which are contained in regulations 7, 8 and 9 and in particular provides for the rules in those regulations to be subject to elections.

Regulation 7 prescribes fair value profits and losses arising from derivative contracts which are currency contracts.

Regulation 8 prescribes bringing fair value profits and losses into account on commodity contracts and debt contracts.

Regulation 9 prescribes profits or losses arising from derivative contracts which are interest rate contracts.

Regulation 10 brings into account profits or losses arising on currency and commodity contracts.

These Regulations do not impose any new costs on business.