
STATUTORY INSTRUMENTS

1997 No. 2429

TAXES

The Stamp Duty and Stamp Duty Reserve Tax (Investment Exchanges and Clearing Houses) Regulations 1997

<i>Made</i>	- - - -	<i>8th October 1997</i>
<i>Laid before the House of Commons</i>	- - - -	<i>9th October 1997</i>
<i>Coming into force</i>	- -	<i>20th October 1997</i>

The Treasury, in exercise of the powers conferred on them by sections 116 and 117 of the Finance Act 1991(1), hereby make the following Regulations:

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Stamp Duty and Stamp Duty Reserve Tax (Investment Exchanges and Clearing Houses) Regulations 1997 and shall come into force on 20th October 1997.

(2) These Regulations shall have effect—

- (a) as respects the charge to stamp duty, in relation to instruments executed on or after 20th October 1997;
- (b) as respects the charge to stamp duty reserve tax—
 - (i) in the case of an agreement to transfer equity securities which is not conditional, where the agreement is made on or after 20th October 1997;
 - (ii) in the case of an agreement to transfer equity securities which is conditional, where the condition is satisfied on or after that date.

Interpretation

2. In these Regulations unless the context otherwise requires—

“the Board of directors” means the Board of directors of LIFFE (A & M);

“clearing member” means a member (as defined by this regulation) who is also a member of The London Clearing House Limited and who as such is permitted by the Board of directors and that clearing house to clear transactions made on LIFFE for an equity security;

“equity securities” means stocks and shares which are issued or raised by a company but does not include stocks and shares issued or raised by a company not incorporated in the United Kingdom unless—

- (a) they are registered in a register kept in the United Kingdom by or on behalf of the company, or
- (b) in the case of shares, they are paired, within the meaning of section 99(6A) of the Finance Act 1986(2), with shares issued by a company incorporated in the United Kingdom;

“LIFFE” means The London International Financial Futures and Options Exchange;

“LIFFE (A & M)” means LIFFE Administration and Management;

“member” means a member of LIFFE (A & M) who is recognised as such by the Board of directors;

“non-clearing member” means a member other than a clearing member;

“option” means an option to buy or sell securities which is listed by and traded on LIFFE.

Prescription of recognised investment exchange and recognised clearing house

3. For the purposes of sections 116 and 117 of the Finance Act 1991—

- (a) LIFFE (A & M) is a recognised investment exchange which is prescribed;
- (b) The London Clearing House Limited is a recognised clearing house which is prescribed.

Transfers of securities to The London Clearing House Limited—prescribed circumstances

4.—(1) In the circumstances prescribed by paragraph (2), a charge to stamp duty or to stamp duty reserve tax shall be treated as not arising.

(2) The circumstances prescribed are where, as a result of the exercise of options, equity securities of a particular kind are transferred or issued or agreed to be transferred or issued—

- (a) to The London Clearing House Limited; or
- (b) to a person whose business is or includes holding such securities as a nominee for The London Clearing House Limited.

(3) References in this regulation and in regulation 5 to The London Clearing House Limited are references to that clearing house in its capacity as a person providing clearing services in connection with a transaction made on LIFFE.

Transfers of securities to or from members of LIFFE—prescribed circumstances

5.—(1) In the circumstances prescribed by paragraph (2), a charge to stamp duty or to stamp duty reserve tax shall be treated as not arising.

(2) The circumstances prescribed are where, in order to meet an obligation to receive securities resulting from the exercise of options, equity securities of a particular kind are transferred or agreed to be transferred—

- (a) from a non-clearing member or a nominee of a non-clearing member to a clearing member or a nominee of a clearing member; or
- (b) from The London Clearing House Limited or a nominee of that clearing house to a clearing member or a nominee of a clearing member.

(2) 1986 c. 41. Subsections (3) to (6A) of section 99 were substituted for subsections (3) to (6) of that section by section 144(2) and (6) of the Finance Act 1988 (c. 39). Part IV of the Finance Act 1986 (comprising sections 86 to 99) was repealed by sections 110 and 111 of, and Part VII of Schedule 19 to, the Finance Act 1990 (c. 29) with effect from a day to be appointed.

(3) References in paragraph (2) to a clearing member are references to a clearing member in his capacity as such.

Revocation of the Stamp Duty and Stamp Duty Reserve Tax (Investment Exchanges and Clearing Houses) Regulations 1992

6. The Stamp Duty and Stamp Duty Reserve Tax (Investment Exchanges and Clearing Houses) Regulations 1992(3) are hereby revoked as respects instruments and agreements referred to in regulation 1(2).

8th October 1997

Jim Dowd
Graham Allen
Two of the Lords Commissioners of Her
Majesty's Treasury

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

EXPLANATORY NOTE

(This note is not part of the Regulations)

With effect from 20th October 1997 (being the day appointed by [S.I. 1997/2428 \(c. 95\)](#)), sections 97, 98, 102 and 103 of the Finance Act [1997 \(c. 16\)](#) introduce new rules conferring relief from stamp duty and stamp duty reserve tax for intermediaries trading in United Kingdom securities, and similar relief in connection with stock borrowing and sale and repurchase arrangements.

The new rules supersede the provisions conferring relief for intermediaries trading on the London International Financial Futures and Options Exchange (“LIFFE”) and contained in the Stamp Duty and Stamp Duty Reserve Tax (Investment Exchanges and Clearing Houses) Regulations 1992 ([S.I. 1992/570](#)) (“the 1992 Regulations”). The present Regulations, which have effect from 20th October 1997, reproduce those provisions of the 1992 Regulations which relate to relief for persons other than intermediaries trading on LIFFE and add a further provision relating to relief for such persons. The Regulations also revoke the 1992 Regulations.

Regulation 1 provides for citation, commencement and effect, and regulation 2 for interpretation.

Regulation 3 prescribes for the purposes of the Regulations—

- LIFFE Administration and Management as a recognised investment exchange
- The London Clearing House Limited as a recognised clearing house.

Regulation 4 exempts from stamp duty or stamp duty reserve tax transfers of securities, or agreements to transfer securities, to The London Clearing House Limited (or its nominee) in its capacity as a clearer of transactions on LIFFE resulting from the exercise of options.

Regulation 5 exempts from stamp duty or stamp duty reserve tax transfers of securities, or agreements to transfer securities, resulting from the exercise of options to receive securities, in cases where the transfer or agreement to transfer is from a member of LIFFE who is not authorised to clear transactions on that exchange, or his nominee, to a member who is so authorised (“clearing member”), or his nominee, or from The London Clearing House Limited (in its capacity as a clearer of transactions on LIFFE) or its nominee to a clearing member or his nominee.

Regulation 6 revokes the 1992 Regulations as respects instruments or agreements in relation to which the present Regulations have effect.