

---

## EXPLANATORY NOTE

*(This note is not part of the Regulations.)*

From 26 June 2017, regulation 48 of the Open-Ended Investment Companies Regulations 2001<sup>(1)</sup> (amended by the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017<sup>(2)</sup>), prohibited most business entities in the UK from issuing bearer certificates. These Regulations prohibit bearer certificates for all collective investment schemes based in the UK. Provision is made for the conversion or cancellation of existing bearer certificates within the year from the Regulations coming into force; the payment of dividends or other distributions during that year; and the giving of notice to those who hold bearer certificates.

The provisions regarding collective investment schemes that are not open-ended investment companies implement the obligations under Article 10(2) of the Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing<sup>(3)</sup> and therefore fall under section 2(2) of the European Communities Act 1972<sup>(4)</sup>. The provisions regarding open-ended investment companies fall under the Financial Services and Markets Act 2000<sup>(5)</sup>.

An impact assessment has not been produced for this instrument as no, or no significant, impact on the costs of business or the voluntary sector is foreseen.

---

(1) [S.I. 2001/1228](#).

(2) [S.I. 2017/692](#).

(3) [Directive \(EU\) 2015/849 L 141/73](#).

(4) [1972 c.68](#).

(5) [2000 c.8](#).