



Finance Act 1986

1986 CHAPTER 41

PART III

STAMP DUTY

Depositary receipts

67 Depositary receipts

- (1) Subject to subsection (9) below, subsection (2) or (3) below (as the case may be) applies where an instrument [^{F1}(other than a bearer instrument)] transfers relevant securities of a company incorporated in the United Kingdom to a person who at the time of the transfer falls within subsection (6), (7) or (8) below.
- [^{F2}(2) If stamp duty is chargeable on the instrument under Part I of Schedule 13 to the Finance Act 1999 (conveyance or transfer on sale), the rate at which that duty is chargeable is 1.5% of the amount or value of the consideration for the sale to which the instrument gives effect.
- (3) [^{F3}In any other case—
 - (a) stamp duty is chargeable on the instrument under this subsection, and
 - (b)] subject to subsection (5), the rate at which that duty is chargeable is 1.5% of the value of the securities at the date the instrument is executed.]
 - (4) ^{F4}
 - (5) In a case where —
 - (a) securities are issued, or securities sold are transferred, and (in either case) they are to be paid for in instalments,
 - (b) the person to whom they are issued or transferred holds them and transfers them to another person when the last instalment is paid,
 - (c) the transfer to the other person is effected by an instrument in the case of which subsection (3) above applies,

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- (d) before the execution of the instrument mentioned in paragraph (c) above an instrument is received by a person falling (at the time of the receipt) within subsection (6), (7) or (8) below,
 - (e) the instrument so received evidences all the rights which (by virtue of the terms under which the securities are issued or sold as mentioned in paragraph (a) above) subsist in respect of them at the time of the receipt, and
 - (f) the instrument mentioned in paragraph (c) above contains a statement that paragraphs (a), (b) and (e) above are fulfilled,
- subsection (3) above shall have effect as if the reference to the value there mentioned were to an amount (if any) equal to the total of the instalments payable, less those paid before the transfer to the other person is effected.
- (6) A person falls within this subsection if his business is exclusively that of holding relevant securities —
 - (a) as nominee or agent for a person whose business is or includes issuing depository receipts for relevant securities, and
 - (b) for the purposes of such part of the business mentioned in paragraph (a) above as consists of issuing such depository receipts (in a case where the business does not consist exclusively of that).
 - (7) A person falls within this subsection if —
 - (a) he is specified for the purposes of this subsection by the Treasury by order made by statutory instrument, and
 - (b) his business is or includes issuing depository receipts for relevant securities.
 - (8) A person falls within this subsection if —
 - (a) he is specified for the purposes of this subsection by the Treasury by order made by statutory instrument,
 - (b) he does not fall within subsection (6) above but his business includes holding relevant securities as nominee or agent for a person who falls within subsection (7)(b) above at the time of the transfer, and
 - (c) he holds relevant securities as nominee or agent for such a person, for the purposes of such part of that person's business as consists of issuing depository receipts for relevant securities (in a case where that business does not consist exclusively of that).
- [^{F5}(8A) Where an instrument transfers shares or stock or marketable securities admitted to trading on a recognised growth market but not listed on any market, subsections (2) to (5) do not apply and stamp duty is not chargeable on the instrument.
- (8B) In subsection (8A) “listed” and “recognised growth market” are to be construed in accordance with section 99A below.]
- (9) Where an instrument transfers relevant securities of a company incorporated in the United Kingdom —
 - (a) to a company which at the time of the transfer falls within subsection (6) above^{F6} . . . , and
 - (b) from a company which at that time falls within that subsection^{F6} . . . ,
 subsections (2) to (5) above shall not apply and [^{F7}stamp duty is not chargeable on the instrument].
- [^{F8}(9A) In this section “bearer instrument” has the meaning given in paragraph 3 of Schedule 15 to the Finance Act 1999.]

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- (10) This section applies to any instrument executed on or after the day on which the rule of The Stock Exchange that prohibits a person from carrying on business as both a broker and a jobber is abolished.

Textual Amendments

- F1** Words in s. 67(1) inserted (with effect in accordance with s. 99(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 32 para. 14\(2\)](#) (with [Sch. 32 para. 23](#))
- F2** S. 67(2)(3) substituted (with effect as mentioned in [s. 112\(6\)](#) of the amending Act) by [Finance Act 1999 \(c. 16\)](#) ss. 112(4), [Sch. 14 para. 12\(2\)](#) (with [s. 122](#))
- F3** Words in s. 67(3) substituted (with effect in accordance with s. 99(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 32 para. 14\(3\)](#) (with [Sch. 32 para. 23](#))
- F4** S. 67(4) repealed (with application as mentioned in [s. 99\(5\)](#) of the amending Act) by [Finance Act 1997 \(c. 16\)](#) ss. 99(1), 113, [Sch. 18 Pt. VII Note 2](#)
- F5** [S. 67\(8A\)\(8B\)](#) inserted (with effect in accordance with [Sch. 24 para. 12\(4\)](#) of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 24 para. 9](#)
- F6** Words in s. 67(9) repealed (with effect as mentioned in [s. 134\(5\)](#) of the amending Act) by [Finance Act 2000 \(c. 17\)](#), ss. 134(3), 156, [Sch. 40 Pt. III Note 2](#)
- F7** Words in s. 67(9) substituted (with effect in accordance with s. 99(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 32 para. 6](#)
- F8** [S. 67\(9A\)](#) inserted (with effect in accordance with s. 99(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 32 para. 14\(4\)](#) (with [Sch. 32 para. 23](#))

68 Depository receipts: notification

- (1) A person whose business is or includes issuing depository receipts for relevant securities of a company incorporated in the United Kingdom shall notify the Commissioners of that fact before the end of the period of one month beginning with the date on which he first issues such depository receipts.
- (2) A person whose business includes (but does not exclusively consist of) holding relevant securities (being securities of a company incorporated in the United Kingdom)—
- (a) as nominee or agent for a person whose business is or includes issuing depository receipts for relevant securities, and
- (b) for the purposes of such part of the business mentioned in paragraph (a) above as consists of issuing such depository receipts (in a case where the business does not consist exclusively of that),
- shall notify the Commissioners of that fact before the end of the period of one month beginning with the date on which he first holds such relevant securities as such a nominee or agent and for such purposes.
- (3) A company which is incorporated in the United Kingdom and becomes aware that any shares in the company are held by a person such as is mentioned in subsection (1) or (2) above shall notify the Commissioners of that fact before the end of the period of one month beginning with the date on which the company first becomes aware of that fact.
- (4) A person who fails to comply with subsection (1) or (2) above shall be liable to a [^{F9}penalty] not exceeding £1,000.
- (5) A company which fails to comply with subsection (3) above shall be liable to a [^{F9}penalty] not exceeding £100.

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(6) ^{F10}

Textual Amendments

- F9** Word in s. 68(4)(5) substituted (with effect as mentioned in s. 114(2) of the amending Act) by Finance Act 1999 (c. 16), s. 114(1), **Sch. 17 para. 8**
- F10** S. 68(6) repealed (with effect as mentioned in Sch. 20 Pt. V(3) Note of the amending Act) by Finance Act 1999 (c. 16), s. 139, **Sch. 20 Pt. V(3)**

69 Depository receipts: supplementary

- (1) For the purposes of sections 67 and 68 above a depository receipt for relevant securities is an instrument acknowledging—
 - (a) that a person holds relevant securities or evidence of the right to receive them, and
 - (b) that another person is entitled to rights, whether expressed as units or otherwise, in or in relation to relevant securities of the same kind, including the right to receive such securities (or evidence of the right to receive them) from the person mentioned in paragraph (a) above,
 except that for those purposes a depository receipt for relevant securities does not include an instrument acknowledging rights in or in relation to securities if they are issued or sold under terms providing for payment in instalments and for the issue of the instrument as evidence that an instalment has been paid.
- (2) The Treasury may by regulations provide that for subsection (1) above (as it has effect for the time being) there shall be substituted a subsection containing a different definition of a depository receipt for the purposes of sections 67 and 68 above.
- (3) References in this section and sections 67 and 68 above to relevant securities, or to relevant securities of a company, are to shares in or stock or marketable securities of any company (which, unless otherwise stated, need not be incorporated in the United Kingdom).
- (4) For the purposes of section 67(3) above the value of securities at the date the instrument is executed shall be taken to be the price they might reasonably be expected to fetch on a sale at that time in the open market.
- (5) ^{F11}
- (6) ^{F12}
- (7) ^{F12}
- (8) ^{F12}
- (9) The power to make regulations or an order under this section shall be exercisable by statutory instrument subject to annulment in pursuance of a resolution of the House of Commons.

Textual Amendments

- F11** S. 69(5) repealed (with effect as mentioned in Sch. 20 Pt. V(1) Notes 1, 2 of the amending Act) by Finance Act 1999 (c. 16), s. 139, **Sch. 20 Pt. V(1)**

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F12 S. 69(6)-(8) repealed (with application as mentioned in s. 99(5) of the amending Act) by Finance Act 1997 (c. 16), ss. 99(2)(b), 113, **Sch. 18 Pt. VII** Note 2

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