

## SCHEDULES

### SCHEDULE 13

#### SALE AND REPURCHASE OF SECURITIES

##### *Charge on lender for finance return in respect of the advance: creditor repos and creditor quasi-repos*

- 10 (1) This paragraph applies if a company (“the lender”) has a creditor repo or a creditor quasi-repo.
- (2) The advance under the creditor repo or creditor quasi-repo is, in the case of the lender, to be treated for the purposes of the loan relationship rules as a money debt which—
- (a) is owed to the lender or, if the lender is a member of a partnership which makes the advance, to the partnership, and
  - (b) is owed by the person who initially sold the securities.
- (3) The arrangement is, in the case of the lender, to be treated for the purposes of those rules as a transaction for the lending of money from which that debt is treated as arising for those purposes.
- (4) Any amount which, in accordance with generally accepted accounting practice, is recorded in—
- (a) the accounts of the lender, or
  - (b) if the lender is a member of a partnership which makes the advance, the accounts of the partnership,
- as a finance return in respect of the advance is to be treated for those purposes as interest receivable under that debt.
- (5) That interest is to be treated for those purposes as received at the earlier of—
- (a) the time when the relevant repurchase takes place, and
  - (b) the time when it becomes apparent that that repurchase will not take place.
- (6) For this purpose “the relevant repurchase” means—
- (a) if the lender has a creditor repo, the subsequent sale of the securities or similar securities, and
  - (b) if the lender has a creditor quasi-repo, the subsequent sale of the securities or other securities by the lender, the receipt of the asset from the lender or (as the case may be) the discharge of the liability to the lender.