



Bank of England and Financial Services Act 2016

2016 CHAPTER 14

PART 2

FINANCIAL SERVICES

Transformer vehicles

31 Transformer vehicles

- (1) The Financial Services and Markets Act 2000 is amended as follows.
- (2) After Part 17 insert—

“PART 17A

TRANSFORMER VEHICLES

284A Transformer vehicles

- (1) In this section “transformer vehicle” means an undertaking (“A”) which—
 - (a) is established for the purposes of carrying on the activities mentioned in subsection (2), or
 - (b) carries on those activities.
- (2) The activities referred to in subsection (1) are—
 - (a) assuming risk from another undertaking (“B”), and
 - (b) fully funding A’s exposure to that risk by issuing investments where the repayment rights of the investors are subordinated to A’s obligations to B in respect of the risk.

Status: This is the original version (as it was originally enacted).

- (3) The Treasury may by regulations make provision for facilitating, and provision for regulating—
- (a) the establishment and operation of transformer vehicles;
 - (b) the activities mentioned in subsection (2);
 - (c) the trading of investments issued by transformer vehicles.
- (4) Regulations under subsection (3) may (amongst other things) make provision—
- (a) for the incorporation and registration in the United Kingdom of bodies corporate;
 - (b) for a body incorporated by virtue of the regulations to take such form and name as may be determined in accordance with the regulations;
 - (c) as to the purposes for which such a body may exist and the investments which it may issue;
 - (d) as to the constitution, ownership, management and operation of such a body;
 - (e) for such a body to comprise different parts;
 - (f) for such parts to have legal personality distinct from that of the body;
 - (g) as to the holding and management of the assets and liabilities of such a body, including provision for the segregation of assets and liabilities relating to different risks;
 - (h) as to the powers, duties, rights and liabilities of such a body and of other persons, including—
 - (i) its directors and other officers;
 - (ii) its shareholders, and persons who hold the beneficial title to shares in it without holding the legal title;
 - (iii) its auditor;
 - (iv) any persons holding assets for it;
 - (v) any persons who act or purport to act on its behalf;
 - (i) as to the merger of one or more such bodies and the division of such a body;
 - (j) for the appointment and removal of an auditor for such a body;
 - (k) as to the winding up and dissolution of such a body;
 - (l) enabling the FCA or the PRA to apply to a court for an order removing or replacing any director of, or person holding assets for, such a body;
 - (m) for the carrying out of investigations by persons appointed by the FCA or the PRA.
- (5) If regulations under subsection (3) make the provision mentioned in subsection (4)(e) references in subsection (4) to a body include its constituent parts.
- (6) Regulations under subsection (3) may—
- (a) impose criminal liability;
 - (b) confer functions on the FCA or the PRA (including the functions of making rules and giving directions);
 - (c) authorise the FCA or the PRA to require the Council of Lloyd’s to exercise functions on its behalf (including functions conferred otherwise than by the regulations);

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- (d) confer jurisdiction on any court or on the Tribunal;
 - (e) provide for fees to be charged by the FCA or the PRA in connection with the carrying out of any of their functions under the regulations (including fees payable on a periodical basis);
 - (f) modify, exclude or apply (with or without modifications) any primary or subordinate legislation (including any provision of, or made under, this Act);
 - (g) make consequential amendments, repeals and revocations of any such legislation;
 - (h) modify or exclude any rule of law.
- (7) Regulations under subsection (3) may make the provision mentioned in subsection (6)(c) only with the consent of the Council of Lloyd’s.
- (8) The provision that may be made by virtue of subsection (6)(f) includes provision extending or adapting any power to make subordinate legislation.
- (9) Regulations under subsection (3) may provide that a reference in the regulations to, or to any provision of, legislation (including an EU instrument and legislation of a country or territory outside the United Kingdom) is to be construed as a reference to that legislation or that provision as amended from time to time.
- (10) In this section—
- “investment” includes any asset, right or interest;
 - “primary legislation” means an Act, an Act of the Scottish Parliament, a Measure or Act of the National Assembly for Wales, or Northern Ireland legislation;
 - “subordinate legislation” means an instrument made under primary legislation.
- (11) If a statutory instrument containing regulations under this section would, apart from this subsection, be treated as a hybrid instrument for the purposes of the Standing Orders of either House of Parliament, it is to proceed in that House as if it were not a hybrid instrument.”
- (3) In section 429(2) (regulations subject to the affirmative procedure), after “262,” insert “284A,”.