
STATUTORY INSTRUMENTS

1993 No. 2003

INCOME TAX

**The Income Tax (Stock Lending)
(Amendment) Regulations 1993**

<i>Made</i>	- - - -	<i>9th August 1993</i>
<i>Laid before the House of Commons</i>	- - - -	<i>9th August 1993</i>
<i>Coming into force</i>	- -	<i>30th September 1993</i>

The Treasury, in exercise of the powers conferred on them by section 129(4) of the Income and Corporation Taxes Act 1988(1), and section 57(5) of the Finance Act 1991(2), hereby make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Income Tax (Stock Lending) (Amendment) Regulations 1993 and shall come into force on 30th September 1993.

Interpretation

2. In these Regulations, “the principal Regulations” means the Income Tax (Stock Lending) Regulations 1989(3) and “regulation” means a regulation of those Regulations.

Amendments to the principal Regulations

3. In regulation 2(1)—

(a) after the definition of “the principal section” there shall be inserted—

““section 57” means section 57 of the Finance Act 1991;”

(b) for the definition of “section 149B(9)” there shall be substituted—

““section 271(9)” means section 271(9) of the Taxation of Chargeable Gains Act 1992;”

(1) 1988 c. 1; section 129 was amended by section 57 of the Finance Act 1991 (c. 31) and paragraph 14(8) of Schedule 10 to the Taxation of Chargeable Gains Act 1992 (c. 12).
(2) 1991 c. 31; section 57 was amended by Schedule 12 to the Taxation of Chargeable Gains Act 1992.
(3) S.I. 1989/1299, amended by S.I. 1990/2552 and 1992/572.

- (c) for the definition of subsections (1) to (3) of section 129 of the Income and Corporation Taxes Act 1988 there shall be substituted—

““subsection (1)”, “subsection (2)”, “subsection (2A)” and “subsection (3)” mean subsection (1), subsection (2), subsection (2A) and subsection (3) of the principal section as the case may be;”.

4. After regulation 3 there shall be inserted—

“Commencement of section 57

3A. The date specified by these Regulations for the purpose of the application of section 57 to transfers made in pursuance of an arrangement mentioned in paragraph (a) of subsection (2A) is 30th September 1993.”

5. For regulation 4 there shall be substituted—

“Application of subsection (3) and section 271(9)

4.—(1) Neither subsection (3) nor section 271(9) shall apply to a transfer, or a disposal and acquisition, made in pursuance of an arrangement mentioned in subsection (1) or (2) unless—

- (a) in relation to an arrangement under which the securities to be transferred are gilt-edged securities, the conditions specified in regulation 5, or
- (b) in relation to an arrangement under which the securities to be transferred are other United Kingdom securities, the conditions specified in regulation 6, or
- (c) in relation to an arrangement under which United Kingdom equity securities are to be transferred to a member, the conditions specified in regulation 6A, or
- (d) in relation to an arrangement under which the securities to be transferred are overseas securities, the conditions specified in regulation 7,

are fulfilled.

(2) Neither subsection (3) nor section 271(9) shall apply to a transfer, or a disposal and acquisition, made in pursuance of an arrangement mentioned in paragraph (a) of subsection (2A) unless the conditions specified in regulation 8 are fulfilled.”

6. In regulation 5—

- (a) for sub-paragraph (b) of paragraph (3) there shall be substituted—

“(b) that the person referred to as C in the principal section is an approved lender, and any person acting for C in connection with the arrangement as an agent or nominee is an approved agent or, as the case may be, an approved nominee;”;

- (b) in paragraph (4)—

- (i) immediately before the definition of “approved borrower” there shall be inserted—

““approved agent” means a person who, at the time when the arrangement is made, is approved as an agent by the Board for the purposes of this regulation;”;

- (ii) after the definition of “approved moneybroker” there shall be inserted—

““approved nominee” means a person who, at the time when the arrangement is made, is approved as a nominee by the Board for the purposes of this regulation;”.

7. In regulation 6—

- (a) for sub-paragraph (b) of paragraph (3) there shall be substituted—
 - “(b) that the person referred to as C in the principal section is an approved lender, and any person acting for C in connection with the arrangement as an agent or nominee is an approved agent or, as the case may be, an approved nominee;”;
 - (b) in paragraph (4) immediately before the definition of “approved borrower” there shall be inserted—
 - ““approved agent” and “approved nominee” have the same meanings as in regulation 5;”.
8. In regulation 6A(4) for sub-paragraph (b) of paragraph (2) there shall be substituted—
 - “(b) that the person referred to as C in the principal section is an approved lender, and any person acting for C in connection with the arrangement as an agent or nominee is an approved agent or, as the case may be, an approved nominee;”.
9. In regulation 6B(5) after the definition of “the appropriate limit” there shall be inserted—
 - ““approved agent” and “approved nominee” have the same meanings as in regulation 5;”.
10. In regulation 7—
- (a) in paragraph (1)—
 - (i) for sub-paragraph (b) there shall be substituted—
 - “(b) that the person referred to as B in the principal section is an approved lender, and any person acting for B in connection with the arrangement as an agent or nominee is an approved agent or, as the case may be, an approved nominee;”;
 - (ii) sub-paragraph (d) shall be omitted;
 - (b) in paragraph (2)—
 - (i) for sub-paragraph (b) there shall be substituted—
 - “(b) that the person referred to as C in the principal section is an approved lender, and any person acting for C in connection with the arrangement as an agent or nominee is an approved agent or, as the case may be, an approved nominee;”;
 - (ii) sub-paragraph (d) shall be omitted;
 - (c) in paragraph (3) immediately before the definition of “approved borrower” there shall be inserted—
 - ““approved agent” and “approved nominee” have the same meanings as in regulation 5;”.
11. After regulation 7 there shall be added—

“Conditions relating to an arrangement mentioned in subsection (2A)

8.—(1) The conditions specified in this regulation in relation to an arrangement mentioned in paragraph (a) of subsection (2A) (in this regulation referred to as an “additional arrangement”) are—

- (a) that the securities to be transferred under any arrangement in the chain of arrangements referred to in subsection (2A) are overseas securities;

(4) Regulation 6A was inserted by S.I. [1992/572](#).

(5) Regulation 6B was inserted by S.I. [1992/572](#)

- (b) that the person referred to as A in the principal section is an approved borrower, and the persons referred to as B and C in the principal section are approved intermediaries;
 - (c) that, subject to sub-paragraph (d), where there is more than one additional arrangement in a chain of arrangements, any person who, in addition to C, is a party to any such arrangement, is an approved intermediary;
 - (d) that the initial lender in the chain is an approved lender, and any person acting for the initial lender in connection with an additional arrangement as an agent or nominee is an approved agent or, as the case may be, an approved nominee;
 - (e) that each arrangement in the chain is approved, or takes a form approved, by the Board.
- (2) In this regulation—
- (a) “approved borrower”, “approved intermediary” and “approved lender” have the same meanings as in regulation 7;
 - (b) “approved agent” and “approved nominee” have the same meanings as in regulation 5.”

9th August 1993

Tim Kirkhope
Tim Wood
Two of the Lords Commissioners of Her
Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations, which come into force on 30th September 1993, amend the Income Tax (Stock Lending) Regulations 1989 (S.I.1989/1299) (previously amended by S.I. 1990/2552 and 1992/572). In addition to minor alterations, the principal changes effected by the amendments are as follows. First, they provide for the application of section 57 of the Finance Act 1991 (“section 57”) to transfers of securities made after 30th September 1993 in pursuance of stock lending arrangements. Section 57 inserts a new subsection (2A) in section 129 of the Income and Corporation Taxes Act 1988 (“the principal section”) which extends the stock lending arrangements eligible for tax relief under the principal section.

Secondly, the amendments introduce the concepts of “approved agent” and “approved nominee” in relation to any person acting for an approved lender as an agent or nominee in connection with a stock lending arrangement.

Thirdly, the amendments specify the conditions which must be fulfilled in order for the reliefs from income tax and capital gains tax conferred by the principal section and section 271(9) of the Taxation of Chargeable Gains Act 1992 to apply to transfers made in pursuance of the extended arrangements referred to in subsection (2A) of the principal section.