

STATUTORY INSTRUMENTS

2003 No. 3226

The Financial Collateral Arrangements (No.2) Regulations 2003

PART 5

Conflict of laws

Standard test regarding the applicable law to book entry securities financial collateral arrangements

19.—(1) This regulation applies to financial collateral arrangements where book entry securities collateral is used as collateral under the arrangement and are held through one or more intermediaries.

(2) Any question relating to the matters specified in paragraph (4) of this regulation which arises in relation to book entry securities collateral which is provided under a financial collateral arrangement shall be governed by the domestic law of the country [^{F1} , or territory, or where appropriate, the law of the part of the country or territory,] in which the relevant account is maintained.

(3) For the purposes of paragraph (2) “domestic law” excludes any rule under which, in deciding the relevant question, reference should be made to the law of another country [^{F2} or territory].

(4) The matters referred to in paragraph (2) are—

- (a) the legal nature and proprietary effects of book entry securities collateral;
- (b) the requirements for perfecting a financial collateral arrangement relating to book entry securities collateral and the transfer or passing of control or possession of book entry securities collateral under such an arrangement;
- (c) the requirements for rendering a financial collateral arrangement which relates to book entry securities collateral effective against third parties;
- (d) whether a person’s title to or interest in such book entry securities collateral is overridden by or subordinated to a competing title or interest; and
- (e) the steps required for the realisation of book entry securities collateral following the occurrence of any enforcement event.

Textual Amendments

- F1** Words in [reg. 19\(2\)](#) inserted (31.12.2020) by [The Financial Markets and Insolvency \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019 \(S.I. 2019/341\)](#), [regs. 1\(3\), 12\(5\)\(a\)](#) (with [reg. 21](#)) (as amended by [S.I. 2020/1301](#), [regs. 1, 3](#), [Sch. para. 23\(b\)](#) and with savings in [S.I. 2019/680](#), [reg. 11](#)); [2020 c. 1](#), [Sch. 5 para. 1\(1\)](#)
- F2** Words in [reg. 19\(3\)](#) inserted (31.12.2020) by [The Financial Markets and Insolvency \(Amendment and Transitional Provision\) \(EU Exit\) Regulations 2019 \(S.I. 2019/341\)](#), [regs. 1\(3\), 12\(5\)\(b\)](#) (with [reg. 21](#)) (as amended by [S.I. 2020/1301](#), [regs. 1, 3](#), [Sch. para. 23\(b\)](#) and with savings in [S.I. 2019/680](#), [reg. 11](#)); [2020 c. 1](#), [Sch. 5 para. 1\(1\)](#)

Changes to legislation:

The Financial Collateral Arrangements (No.2) Regulations 2003, PART 5 is up to date with all changes known to be in force on or before 06 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

[View outstanding changes](#)

Changes and effects yet to be applied to :

- Regulations revoked by [2023 c. 29 Sch. 1 Pt. 2](#)