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STATUTORY INSTRUMENTS

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**2004 No. 2676**

**The Child Trust Funds (Amendment) Regulations 2004**

**Amendments to the Child Trust Funds Regulations 2004**

**15. In the Schedule to the Regulations—**

- (a) in paragraph 2(2)(a) after sub-paragraph (vi) insert—
  - “(via) shares referred to in regulation 12(2)(a) (shares issued by a company wherever incorporated and officially listed on a recognised stock exchange);”;
- (b) in paragraph 2(2)(b)—
  - (i) insert at the beginning “the requirement is fulfilled that”, and omit “must”;
  - (ii) omit “, whether directly or indirectly”;
- (c) after paragraph 2(2)(b) insert—
  - “(ba) interest accrues on investments referred to in regulation 12(2)(k) and (l) (cash deposited in a deposit account or in a share account) on a daily basis at a rate that is not less than the Bank of England base rate minus 1 per cent per annum;
  - (bb) in relation to qualifying investments which are securities (other than in an investment trust) or a depositary interest where the relevant investments (within the meaning in that definition) are such securities, the requirement is fulfilled that—
    - (i) the securities fall within regulation 12(2)(c) or (d), or
    - (ii) where the securities fall within regulation 12(2)(b), (e) or (n), the contract under which the securities are or have been acquired, or any other transaction entered into by the registered contact or any other person, has the effect that the named child is not exposed, or not exposed to a significant extent, to the risk of loss from fluctuations in the value of the securities exceeding 20% of the capital consideration paid or payable for the acquisition of those securities, during the period when the securities in question are held in the account.”;
- (d) in paragraph 2(2)(c), insert at the beginning “the requirement is fulfilled that”, and omit “must”;
- (e) in paragraph 2(3) at the end insert—
  - “For the purposes of this sub-paragraph, those means of payment do not include payments by cash, credit card or debit card or any combination including a payment by cash, credit card or debit card.”;
- (f) in paragraph 3(5)(a) after “stamp duty reserve tax” add “, value added tax” and after “or other charges” add “(including any dilution levy)”;
- (g) after paragraph 3(5)(a) insert—
  - “(aa) where any amount of tax is paid or anticipated to be payable in respect of income received or capital gains realised by the account provider in respect of

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investments held for the purposes of the account, the amount so deducted or anticipated;”.