

**EXPLANATORY MEMORANDUM TO THE
LLOYD'S SOURCEBOOK (AMENDMENT OF THE FINANCE ACT 1993 AND
THE FINANCE ACT 1994) ORDER 2005**

2005 No. 1538

1. This explanatory memorandum has been prepared by the Commissioners for Her Majesty's Revenue and Customs and is laid before the House of Commons by Command of Her Majesty.

2. Description

2.1 The purpose of the Order is to amend the definition of "premium trust fund" in section 184 of the Finance Act ("FA") 1993 and in section 230 of FA 1994, in consequence of amendments made by the Financial Services Authority ("FSA") to its regulatory rules, which apply to Lloyd's.

3. Matters of Special interest to the Select Committee on Statutory Instruments

3.1 None.

4. Legislative Background

4.1 This Order is being made under powers conferred by section 417(1) and 426(1) of the Financial Services and Markets Act 2000.

5. Extent

5.1 The instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

6.1 Not applicable.

7. Policy Background

7.1 Legislation in Chapter 3, Part 2 of FA 1993 governs the taxation of individual members of Lloyd's. Similar legislation in Chapter 5, Part 4 of FA 1994 governs the taxation of corporate members of Lloyd's. Section 184 FA 1993 and section 230 FA 1994 define terms used in the legislation. One of these terms (the "premium trust fund") is in turn based on a definition in the FSA's rules in its "Lloyd's Sourcebook". Section 184 FA 1993 and section 230 FA 1994 refer to the section of this sourcebook in which this definition is found. The FSA has amended the section numbers of its sourcebook, and it is therefore necessary to

amend section 184 FA 1993 and section 230 FA 1994 to reflect the new section number.

7.2 The change is a minor change to the wording of a definition, and there has been no consultation on this.

8. Impact

8.1 A Regulatory Impact Assessment has not been published for this instrument.

8.2 The regulations will have no Exchequer effect.

9. Contact

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