
EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Child Trust Funds Regulations 2004 (S.I.2004/1450). The principal effects of the amendments are to (1) provide that shares or units in non-UCITS retail schemes (a new type of collective investment scheme recognised by the Financial Services Authority) are qualifying investments for CTFs, provided that the shares or units can be redeemed at least twice monthly (2) allow CTF providers to choose which stakeholder product to use when opening Revenue allocated accounts and (3) provide for Alternative Financial Arrangements (described in the Finance Act 2005 and which include Shari'a contracts) to be qualifying investments for CTFs.

Regulation 1 provides for citation and commencement and regulation 2 for amendment of the principal Regulations.

Regulation 3(b) and 5 provide for shares and units in non-UCITS retail schemes to be qualifying investments for CTFs, subject to redemption conditions. Regulation 4 allows CTF providers to choose which stakeholder product to use when opening Revenue allocated accounts. Regulations 5 and 7(a) allow Alternative Financial Arrangements to be qualifying investments for CTFs. The remainder of the Regulations make technical amendments to the principal Regulations.

A Regulatory Impact Assessment has not been prepared for this instrument as it has no impact (exceeding the de minimis limit) on business, charities or voluntary bodies.