

**EXPLANATORY MEMORANDUM TO**  
**THE STAMP DUTY AND STAMP DUTY RESERVE TAX (INVESTMENT**  
**EXCHANGES AND CLEARING HOUSES) REGULATIONS (No. 5) 2010**

**2010 No. 2236**

1. This explanatory memorandum has been prepared by HM Revenue and Customs and is laid before the House of Commons by Command of Her Majesty.
2. **Purpose of the instrument**
  - 2.1 These regulations remove multiple charges to stamp duty and stamp duty reserve tax (“SDRT”) from transactions made on a multilateral trading facility operated by UBS Limited (“UBS MTF”) and which are transferred through certain recognised clearing houses, their members and their nominees. These regulations ensure the stamp charges are only paid once, as intended, by the ultimate purchaser.
  - 2.2 In these regulations the recognised clearing houses are European Central Counterparty Limited (“EuroCCP”), and SIX X-CLEAR AG (“X-CLEAR”).
3. **Matters of special interest to the Select Committee on Statutory Instruments**
  - 3.1 None
4. **Legislative Context**
  - 4.1 When shares in UK companies are traded on the UBS MTF, the use of a central counterparty to clear and settle the transactions will involve a number of transfers of those shares, each of which is potentially chargeable to stamp duty or SDRT.
  - 4.2 Sections 116 and 117 of the Finance Act 1991 permit the Treasury to make regulations to remove such multiple charges in respect of what is essentially a single sale and purchase transaction. These regulations will ensure that multiple charges to stamp duty or SDRT will not arise when shares are transferred between non-clearing and clearing members of EuroCCP, and X-CLEAR and their nominees.
5. **Territorial Extent and Application**
  - 5.1 This instrument applies to all of the United Kingdom.
6. **European Convention on Human Rights**
  - 6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## **7. Policy background**

- *What is being done and why*

7.1 UBS Limited is authorised by the Financial Services Authority to operate a multilateral trading facility. The interposition of clearing houses between the ultimate seller and the ultimate purchaser in share trades result in a chain of transfers of securities each of which potentially attracts a charge to stamp duty or SDRT.

7.2 These regulations will improve liquidity in the securities markets by removing multiple charges to stamp duty and SDRT.

- *Consolidation*

7.3 Not applicable.

## **8. Consultation outcome**

8.1 This instrument followed a request for stamp relief from, and consultation with, representatives from UBS Limited, SIX X-CLEAR AG and European Central Counterparty Limited.

## **9. Guidance**

9.1 No HM Revenue & Customs guidance or other form of publicity is deemed necessary other than publication of the new instrument.

## **10. Impact**

10.1 There is no impact on business, charities or voluntary bodies.

10.2 There is no impact on the public sector.

10.3 An Impact Assessment has not been prepared for this instrument.

## **11. Regulating small business**

11.1 The legislation does not apply to small business.

## **12. Monitoring & review**

12.1 HM Revenue & Customs will continually monitor the practical application of the new regulations.

## **13. Contact**

Simon English at HM Revenue and Customs, Tel: 020 7147 2808 or e-mail: [Simon.English@hmrc.gsi.gov.uk](mailto:Simon.English@hmrc.gsi.gov.uk), can answer any queries regarding the instrument.