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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations amend the Uncertificated Securities Regulations 2001 ([S.I. 2001/3755](#)) (“the 2001 Regulations”). The 2001 Regulations enable title to securities to be transferred without a written instrument and make provision in respect of the approval and regulation of operators of “relevant systems”, i.e. computer-based systems that allow for title for units of securities to be evidenced and transferred without a written instrument.

The purpose of these Regulations is to transfer responsibility for the approval and regulation of operators of relevant systems from the Treasury to the Bank of England. These Regulations also provide the Bank of England with new powers to require reports to be produced by skilled persons in respect of operators of relevant systems and to appoint investigators for the purpose of making inquiries about operators of relevant systems in appropriate cases.

These Regulations also substitute a new Schedule 2 to the 2001 Regulations in order to replace provision regarding the prevention of restrictive practices with provision for the purpose of preventing operators of relevant systems from adopting and maintaining excessive regulatory provision. As a result of the substitution, operators of relevant systems will now be subject to the Competition Act 1998 without exemption and their rules and practices will be subject to the Bank of England’s ongoing scrutiny.

A full impact assessment of the effect that these Regulations will have on the costs of business and the voluntary sector is available from, Her Majesty’s Treasury, 1 Horse Guards Road, London SW1A 2HQ or on <http://www.hm-treasury.gov.uk/> and is published alongside the Regulations on <http://www.legislation.gov.uk/>.