
STATUTORY INSTRUMENTS

1996 No. 1587

FINANCIAL SERVICES

The Financial Services Act 1986 (Exemption) Order 1996

<i>Made</i>	- - - -	<i>19th June 1996</i>
<i>Laid before Parliament</i>		<i>19th June 1996</i>
<i>Coming into force</i>		
<i>Articles 1 and 2</i>		<i>10th July 1996</i>
<i>Article 3</i>		<i>15th July 1996</i>

The Treasury, in exercise of the powers conferred on them by sections 46 and 205A of the Financial Services Act 1986(1), and of all other powers enabling them in that behalf, hereby make the following Order:

Citation, commencement and interpretation

- 1.—(1) This Order may be cited as the Financial Services Act 1986 (Exemption) Order 1996.
- (2) Articles 1 and 2 of this Order shall come into force on 10th July 1996 and article 3 shall come into force on 15th July 1996.
- (3) In this Order—
 - “Operator” means a person approved as such by the Treasury under the Uncertificated Securities Regulations 1995(2);
 - “dematerialised instruction” has the meaning given in the Uncertificated Securities Regulations 1995; and
 - the expression “properly authenticated”, when used to describe a dematerialised instruction shall be construed in accordance with regulation 3(2)(a) of those Regulations.

Exemption of Operator

2. An Operator is an exempted person as respects anything done by him, otherwise than in his capacity as a person providing clearing services for the transaction of investment business, for the purposes of operating a computer-based system and procedures which—

(1) 1986 c. 60. The Secretary of State’s powers under section 46 have been transferred to the Treasury by S.I.1992/1315. Section 205A was inserted by the Companies Act 1989, 1989 c. 40.

(2) S.I. 1995/3272.

- (a) enable title to investments to be evidenced and transferred without a written instrument; and
- (b) facilitate matters supplementary and incidental to those specified in sub-paragraph (a) above.

Exemption of network providers

3. A person who engages in an activity within paragraph 16A of Schedule 1 to the Financial Services Act 1986⁽³⁾ in the course of providing a network, the purpose of which is to carry dematerialised instructions which are at all times properly authenticated, is an exempted person as respects an activity falling within that paragraph of that Schedule in which he engages as a necessary part of his provision of that network.

19th June 1996

Simon Burns
Michael Bates
Two of the Lords Commissioners of Her
Majesty's Treasury

(3) 1986 c. 60. Paragraph 16A of Schedule 1 to the Financial Services Act 1986 was inserted by the Financial Services Act 1986 (Uncertificated Securities) (Extension of Scope of Act) Order 1996 (S.I. 1996/1322).

EXPLANATORY NOTE

(This note is not part of the Order)

The Order provides an exemption from the authorisation requirements of the Financial Services Act 1986 for a person who has been approved under the Uncertificated Securities Regulations 1995 as an Operator. The exemption extends to anything which an Operator does which constitutes the carrying on of investment business where it is done for the purpose of operating a system for transferring title to investments. The Order does not extend to anything which an Operator does in his capacity as a person providing clearing services for the transaction of investment business.

The Order also exempts from the authorisation requirements of the Financial Services Act 1986 persons who engage in certain activities relating to the sending of instructions through a system approved under the Uncertificated Securities Regulations 1995 where the persons in question engage in those activities as a necessary part of their provision of a network the purpose of which is to carry instructions of the kind described in article 3 of the Order.