

2005 No. 1990

STAMP DUTY

STAMP DUTY RESERVE TAX

The Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2005

<i>Made</i> - - - -	<i>20th July 2005</i>
<i>Laid before the House of Commons</i>	<i>21st July 2005</i>
<i>Coming into force</i> - -	<i>11th August 2005</i>

The Treasury, in exercise of the powers conferred upon them by section 50(1) and (4) of the Finance (No.2) Act 2005(a), make the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2005 and shall come into force on 11th August 2005.

Extended application of provisions specified in section 50(2) of the Finance (No.2) Act 2005

2. The application of the provisions specified in section 50(2) of the Finance (No.2) Act 2005 (“the relevant provisions”) is extended to the following markets, which are multilateral trading facilities (or, assuming compliance with the provisions of Title II of the Directive(b) (authorisation and operating conditions), would be such facilities), namely—

- (a) the market known as AIM established under the rules of London Stock Exchange plc,
- (b) the market known as OFEX,
- (c) the market known as POSIT and operated by Investment Technology Group Limited.

The markets specified in sub-paragraphs (a) to (c) are referred to in these Regulations as “prescribed multilateral trading facilities”.

Application of the relevant provisions to prescribed multilateral trading facilities

3.—(1) In their application to prescribed multilateral trading facilities, the relevant provisions as adapted as follows.

(a) 2005 c.22

(b) I.e. Directive 2004/39/EC of the European Parliament and Council of 21 April 2004 on markets in financial instruments (see section 50(3) of the Finance (No. 2) Act 2005).

(2) In the following provisions of these Regulations a reference to a numbered section is a reference to the section of the Finance Act 1986^(a) bearing that number.

Adaptation of section 80A

4.—(1) Section 80A (stamp duty: exceptions for sales to intermediaries) **(b)** is adapted as follows.

(2) In subsection (1)—

- (a) in paragraph (a) for “an EEA exchange, or a recognised foreign exchange,” substitute “a prescribed multilateral trading facility”; and
- (b) in paragraphs (b) and (c) for “the exchange” substitute “the facility”.

(3) In subsection (2)—

- (a) in paragraph (a) for “an EEA exchange, or a recognised foreign options exchange,” substitute “a prescribed multilateral trading facility”;
- (b) in paragraph (b) for “that exchange” substitute “that facility” (in both places);
- (c) in paragraph (c) for “that exchange” substitute “that facility”; and
- (d) in paragraph (d)—
 - (i) for “exchange, or a” substitute “exchange, a”; and
 - (ii) after “foreign exchange” insert “or a prescribed multilateral trading facility”.

(4) In subsection (3)—

- (a) in paragraph (a) for “an EEA exchange, or a recognised foreign options exchange,” substitute “a prescribed multilateral trading facility”; and
- (b) in paragraph (b) for “that exchange” substitute “that facility” (in both places).

(5) In subsection (6) —

- (a) in the words before paragraph (a) for “an exchange” substitute “a prescribed multilateral trading facility”; and
- (b) in paragraphs (a) and (b) for “the exchange” (in each place) substitute “the facility”.

(6) At the end of the section add —

“(8) In this section “prescribed multilateral trading facility” has the meaning given by regulation 2 of the Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2005 (S.I. 2005/1990).”.

Adaptation of section 80C

5.—(1) Section 80C (stamp duty: exceptions for repurchases and stock lending)**(c)** is adapted as follows.

(2) In subsection (3)—

- (a) in paragraph (a) for “an EEA exchange or a recognised foreign exchange” substitute “a prescribed multilateral trading facility”;
- (b) in paragraph (b) for “that exchange” substitute “that facility”.

(3) In subsection (6) —

- (a) in the words before paragraph (a) for “an exchange” substitute “a prescribed multilateral trading facility”; and
- (b) in paragraphs (a) and (b) for “the exchange” (in each place) substitute “the facility”.

(a) 1986 c. 41.

(b) Section 80A was inserted by section 97 of the Finance Act 1997 and is to be repealed by the relevant entry in Part VII of Schedule 18 to that Act upon a date to be appointed.

(c) Section 80C was inserted by section 98 of the Finance Act 1997 and is to be repealed by the relevant entry in Part VII of Schedule 18 to that Act upon a date to be appointed.

(4) For subsection (7) substitute—

“(7) In this section “prescribed multilateral trading facility” has the meaning given by regulation 2 of the Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2005.”.

Adaptation of section 88A

6.—(1) Section 88A (stamp duty reserve tax: exceptions from the principal charge for transactions involving intermediaries)(a) is adapted as follows.

(2) In subsection (1)—

- (a) in paragraph (a) for “an EEA exchange, or a recognised foreign exchange” substitute “a prescribed multilateral trading facility”;
- (b) in paragraphs (b) and (c) for “the exchange” (in each place) substitute “the facility”.

(3) In subsection (2)—

- (a) in paragraph (a) for “an EEA exchange or a recognised foreign options exchange” substitute “a prescribed multilateral trading facility”;
- (b) in paragraphs (b) and (c) for “that exchange” (in each place) substitute “that facility”;
- (c) in paragraph (d)—
 - (i) for “exchange, or a” substitute “exchange, a”; and
 - (ii) after “foreign exchange” insert “, or a prescribed multilateral trading facility”.

(4) In subsection (3)—

- (a) in paragraph (a) for “an EEA exchange, or a recognised foreign options exchange” substitute “a prescribed multilateral trading facility”
- (b) in paragraph (b) for “that exchange” (in each place) substitute “that facility”.

(5) In subsection (6)—

- (a) in the words preceding paragraph (a) for “an exchange” substitute “a facility”; and
- (b) in paragraphs (a) and (b) (in each place) for “the exchange” substitute “the facility”.

(6) At the end of the section add—

“(7) In this section “prescribed multilateral trading facility” has the meaning given by regulation 2 of the Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2005.”.

Adaptation of section 89AA

7.—(1) Section 89AA (stamp duty reserve tax: exceptions from the principal charge for transactions involving repurchase and stock lending) is adapted as follows.

(2) In subsection (3)—

- (a) in paragraph (a) for “on an EEA exchange or a recognised foreign exchange” substitute “a prescribed multilateral trading facility”; and
- (b) in paragraph (b) for “that exchange” substitute “that facility”.

(3) In subsection (5)—

- (a) in the words preceding paragraph (a) for “an exchange” substitute “a facility”; and
- (b) in paragraphs (a) and (b) for “the exchange” (in each place) substitute “the facility”.

(4) For subsection (6) substitute—

(a) Section 88A was inserted by section 102 of the Finance Act 1997.

“(6) In this section “prescribed multilateral trading facility” has the meaning given by regulation 2 of the Stamp Duty and Stamp Duty Reserve Tax (Extension of Exceptions relating to Recognised Exchanges) Regulations 2005.”.

*Gillian Merron
Vernon Coaker*

20th July 2005

Two of the Lords Commissioners of Her Majesty’s Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations extend the stamp duty and stamp duty reserve tax exemptions for sales of stock to intermediaries and for repurchase and stock lending (sections 80A, 80C, 88A and 89AA of the Finance Act 1986 (c.41)) to the multilateral trading facilities known as the Alternative Investment Market, OFEX and POSIT, operated by Investment Technology Ltd.

Regulation 1 provides for citation and commencement

Regulation 2 provides for the extended application of the sections of the Finance Act 1986 mentioned above.

Regulation 3 introduces, and regulations 4 to 7 make, the adaptations to those sections.

These Regulations do not impose any new costs on business.

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