STATUTORY INSTRUMENTS

1985 No. 1845

BANKS AND BANKING

The Banking Act 1979 (Exempt Transactions) (Amendment) (No. 3) Regulations 1985

Made - - - - -	*28th November* 1985
Laid before Parliament	*29th November* 1985
Coming into Operation	*20th December* 1985

The Treasury, in exercise of the powers conferred upon them by section 2(1) and (5) of the Banking Act 1979**(a)** and of all other powers enabling them in that behalf, hereby make the following regulations:—

Citation and commencement

1. These regulations may be cited as the Banking Act 1979 (Exempt Transactions) (Amendment) (No. 3) Regulations 1985, and shall come into operation on 20th December 1985.

Interpretation

2. In these regulations the expression "the principal regulations" means the Banking Act 1979 (Exempt Transactions) Regulations 1983**(b)**.

Amendment of principal regulations

3.—(1) In Regulation 14 of the principal regulations there shall be substituted for paragraphs (1) and (2) the following paragraphs:—

"*Commodity brokers, traded option brokers and clearing houses*

14.—(1) The acceptance by a member of a market organisation listed in Part 1 of Schedule 4 to these Regulations (in this Regulation described as a "commodity broker") or by a member of The Stock Exchange of a deposit from a client is an exempt transaction if the deposit is taken either—

(*a*) as security in respect of any loss which the commodity broker or member of The Stock Exchange may incur as a result of entering into a contract to which this paragraph applies or of the client's failure to perform an obligation under such a contract, or

(*b*) on terms that it will be repaid on demand if it is not applied by the commodity broker or member of The Stock Exchange, as the case may be,

(i) as security as described in sub-paragraph (*a*) above or,

(ii) on behalf of the client, as consideration under a contract to which this paragraph applies.

(a) 1979 c. 37.

(b) S.I. 1983/1865, amended by S.I. 1984/396, 1985/564 and 572.

(2) Paragraph (1) above applies—

(*a*) in the case of a commodity broker, to a contract made by him with or on behalf of a client which is subject to the contract terms or conditions prescribed by, or otherwise subject to the rules of, the London Gold Market, the London Metal Exchange or the London Silver Market or a futures market, whether or not such futures market is regulated by a market organisation listed in Part 1 of Schedule 4 to these regulations, and

(*b*) in the case of a member of The Stock Exchange, to a contract made by him with or on behalf of a client which is subject to the contract terms or conditions prescribed by, or otherwise subject to the rules of, a traded options market, whether or not such market is regulated by The Stock Exchange.".

(2) In Part 1 of Schedule 4 to the principal regulations, the words "The London Gold Futures Market Limited." and "The London and New Zealand Futures Association Limited." shall be omitted.

Donald Thompson,
T. Garel-Jones,
Two of the Lords Commissioners
of Her Majesty's Treasury.

28th November 1985.

EXPLANATORY NOTE

(*This Note is not part of the Regulations.*)

The Banking Act 1979 (Exempt Transactions) Regulations 1983 ("the principal regulations") prescribe certain transactions ("exempt transactions") to which the prohibition on deposit-taking imposed by section 1 of the Banking Act 1979 does not apply. Regulation 14 of the principal regulations prescribes two categories of exempt transaction, one of which is the acceptance, by a member of a market organisation listed in Part 1 of Schedule 4 to those regulations, of a deposit made by a client in specified circumstances in connection with a contract subject to the rules of one of the markets referred to in regulation 14(2). These regulations amend regulation 14 by adding as a further category of exempt transaction the acceptance by a member of The Stock Exchange of a deposit made by a client in specified circumstances in connection with a contract subject to the rules of a traded options market. The regulations also delete the London Gold Futures Market Limited and the London and New Zealand Futures Association Limited from the list of market organisations in Part 1 of Schedule 4. Dealings on these markets closed on 26th June 1985 and 28th June 1985 respectively.

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