STATUTORY INSTRUMENTS

1983 No. 510

BANKS AND BANKING

The Banking Act 1979 (Exempt Transactions) (Amendment) Regulations 1983

Made - - -	30*th March* 1983
Laid before Parliament	5*th April* 1983
Coming into Operation	26*th April* 1983

The Treasury, in exercise of the powers conferred upon them by sections 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.—(1) These Regulations may be cited as the Banking Act 1979 (Exempt Transactions) (Amendment) Regulations 1983 and shall come into operation on 26th April 1983.

Interpretation

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

Addition to principal Regulations of Regulation 14 and Schedule 3

3. The principal Regulations shall be further amended as follows:—

(*a*) after Regulation 13, by the addition of the following Regulation:—

"*Commodity brokers and clearing houses*

14.—(1) The acceptance by a member of a market organisation listed in Part 1 of Schedule 3 to these Regulations (in this Regulation described as a "broker") 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 broker 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 broker:—

(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. 1979/1204; relevant amending instruments are S.I. 1980/345, 346, 1981/112.

(2) Paragraph (1) above applies to a contract made by a broker 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 3 to these Regulations.

(3) In paragraph (1) above the reference to a member of a market organisation listed in Part 1 of Schedule 3 to these Regulations includes:—

(*a*) an institution which is represented on the market by a director or employee of or partner in the institution who is himself a member of the market organisation, and

(*b*) in the case of the London International Financial Futures Exchange Limited, the tenant of a seat on the Exchange.

(4) The acceptance by a body listed in Part 2 of Schedule 3 to these Regulations of a deposit by a member of that body is an exempt transaction.";

(*b*) after Schedule 2, by the addition of the following Schedule:—

"SCHEDULE 3 *Regulation 14*

PART 1

MARKET ORGANISATIONS REFERRED TO IN REGULATION 14(1)

The Coffee Terminal Market Association of London Limited.
The Grain and Feed Trade Association Limited.
The International Petroleum Exchange of London Limited.
The Liverpool Cotton Association Limited.
The London Cocoa Terminal Market Association Limited.
The London Gold Futures Market Limited.
London Gold Market.
The London International Financial Futures Exchange Limited.
The London Metal Exchange.
The London and New Zealand Futures Association Limited.
The London Potato Futures Association Limited.
The London Rubber Terminal Market Association Limited.
London Silver Market.
The London Vegetable Oil Terminal Market Association Limited.
The GAFTA Soya Bean Meal Futures Association Limited.
The United Terminal Sugar Market Association Limited.

PART 2

BODIES REFERRED TO IN REGULATION 14(4)

The Grain and Feed Trade Association Limited.
International Commodities Clearing House Limited."

P. L. Brooke,
Donald Thompson,
Two of the Lords Commissioners
of Her Majesty's Treasury.

30th March 1983.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

The Banking Act 1979 (Exempt Transactions) Regulations 1979 ("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. These Regulations insert in the principal Regulations a new Regulation 14 and Schedule 3, which add as further categories of exempt transactions the acceptance, by a member of a market organisation listed in Part 1 of the new Schedule, of a deposit made in certain specified circumstances by a client and the acceptance by a clearing house listed in Part 2 of the new Schedule, of a deposit made in any circumstances by one of its members.

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