EXPLANATORY MEMORANDUM TO

THE STAMP DUTY AND STAMP DUTY RESERVE TAX (SIX SWISS EXCHANGE AG) (RECOGNISED FOREIGN EXCHANGE) REGULATIONS 2011

2011 No. 1085

1. This explanatory memorandum has been prepared by HM Revenue and Customs and is laid before the House of Commons by Command of Her Majesty.

2. Purpose of the instrument

These regulations prescribe the market known as the SIX Swiss Exchange AG as a recognised foreign exchange for the purposes of stamp duty and stamp duty reserve tax ("SDRT") relief.

3. Matters of special interest to the Select Committee on Statutory Instruments

3.1 None

4. Legislative Context

4.1 When shares in UK companies are traded on the SIX Swiss Exchange AG, this can result in charges to stamp duty or SDRT.

4.2 Sections 80B(3) and 80B(9) of the Finance Act 1986 permit the Treasury to make regulations in respect of a recognised foreign exchange which means a market not in the European Economic Area.

These regulations, in particular, enable members of the Exchange to seek 'recognition' as an intermediary by the Exchange eligible for stamp relief.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- ***What is being done and why***

7.1 The SIX Swiss Exchange AG is an authorised stock exchange in Switzerland and recognised by the Financial Services Authority as a Recognised Overseas Investment Exchange. The transfer of United Kingdom securities which are

listed and traded on the Exchange result in potential charges to stamp duty or SDRT.

7.2 These regulations, in prescribing the market known as the SIX Swiss Exchange AG as a recognised foreign exchange, will improve liquidity on the Exchange by extending stamp duty and SDRT relief for sales of stock or marketable securities, or chargeable securities to intermediaries that are recognised by the Exchange.

- ***Consolidation***

7.3 Not applicable.

8. Consultation outcome

8.1 This instrument followed a request from, and consultation with, the SIX Swiss Exchange AG for recognition as a recognised foreign exchange for the purposes of stamp duty and SDRT relief.

9. Guidance

9.1 No HM Revenue & Customs guidance or other form of publicity is deemed necessary other than publication of the new instrument.

10. Impact

10.1 There is no impact on business, charities or voluntary bodies.

10.2 There is no impact on the public sector.

10.3 A Tax, Information and Impact Note has not been prepared for this instrument.

11. Regulating small business

11.1 The legislation does not apply to small business.

12. Monitoring & review

12.1 HM Revenue & Customs will continually monitor the practical application of the new regulations.

13. Contact

Simon English at HM Revenue and Customs, Tel: 020 7147 2808 or e-mail: Simon.English@hmrc.gsi.gov.uk, can answer any queries regarding the instrument.