STATUTORY RULES OF NORTHERN IRELAND

1996 No. 252

FINANCIAL SERVICES

Financial Markets and Insolvency Regulations (Northern Ireland) 1996

Made - - - -	*25th June 1996*
Coming into operation	*15th July 1996*

The Department of Economic Development, in exercise of the powers conferred on it by Articles 106(1) and (3) and 107(1) of the Companies (No. 2) (Northern Ireland) Order 1990(**1**) and of every other power enabling it in that behalf, hereby makes the following Regulations:

Part I

General

Citation and commencement

1. These Regulations may be cited as the Financial Markets and Insolvency Regulations (Northern Ireland) 1996 and shall come into operation on 15th July 1996.

Interpretation

2.—(1) In these Regulations—

"business day" means any day which is not a Saturday or Sunday, Christmas Day, Good Friday or a bank holiday in any part of the United Kingdom under the Banking and Financial Dealings Act 1971(**2**);

"issue", in relation to an uncertificated unit of a security, means to confer on a person title to a new unit;

"the Order" means the Companies (No. 2) (Northern Ireland) Order 1990;

"register of securities"—

(a) in relation to shares, means a register of members; and

(**1**) S.I. 1990/1504 (N.I. 10)
(**2**) 1971 c. 80

(b) in relation to units of a security other than shares, means a register maintained by the issuer, whether by virtue of the 1995 Regulations or otherwise, of persons holding the units;

"the 1995 Regulations" means the Uncertificated Securities Regulations 1995(**3**);

"relevant nominee" means a system-member who is a subsidiary undertaking of the Operator designated by him as such in accordance with such rules and practices as are mentioned in paragraph 19(*d*) of Schedule 1 to the 1995 Regulations;

"settlement bank" means a person who has contracted with an Operator to make payments in connection with transfers, by means of a relevant system, of title to uncertificated units of a security and of interests of system-beneficiaries in relation to such units;

"system-beneficiary" means a person on whose behalf a system-member or former system-member holds or held uncertificated units of a security;

"system-charge" means a charge of a kind to which regulation 3(2) applies;

"system-member" means a person who is permitted by an Operator to transfer by means of a relevant system title to uncertificated units of a security held by him; and "former system-member" means a person whose participation in the relevant system is terminated or suspended;

"transfer", in relation to title to uncertificated units of a security, means the generation of an Operator-instruction requiring a participating issuer to register a system-member on the relevant register of securities as the holder of those units; and in relation to an interest of a system-beneficiary in relation to uncertificated units of a security, means the transfer of the interest to another system-beneficiary by means of a relevant system;

and other expressions used in these Regulations which are also used in the 1995 Regulations have the same meanings as in those Regulations.

(2) For the purposes of these Regulations, a person holds a unit of security if—

(a) in the case of an uncertificated unit, he is entered on a register of securities in relation to the unit in accordance with regulation 19 of the 1995 Regulations; and

(b) in the case of a certificated unit, he has title to the unit.

Part II

System charges

Application of Part V of the Order in relation to system-charges

3.—(1) Subject to the provisions of these Regulations, Part V of the Order(**4**) shall apply in relation to—

(a) a charge to which paragraph (2) applies ("a system-charge") and any action taken to enforce such a charge; and

(b) any property subject to a system-charge,

in the same way as it applies in relation to a market charge, any action taken to enforce a market charge and any property subject to a market charge.

(**3**) S.I. 1995/3272

(**4**) Part V of the Companies (No. 2) (Northern Ireland) Order 1990 has been amended by the Financial Markets and Insolvency Regulations (Northern Ireland) 1991 (S.R. 1991 No. 443)

(2) This paragraph applies in relation to a charge granted in favour of a settlement bank for the purpose of securing debts or liabilities arising in connection with any of the following—

(a) a transfer of uncertificated units of a security to a system-member by means of a relevant system whether the system-member is acting for himself or on behalf of a system-beneficiary;

(b) a transfer, by one system-beneficiary to another and by means of a relevant system, of his interests in relation to uncertificated units of a security held by a relevant nominee where the relevant nominee will continue to hold the units;

(c) an agreement to make a transfer of the kind specified in sub-paragraph (*a*);

(d) an agreement to make a transfer of the kind specified in sub-paragraph (*b*); and

(e) an issue of uncertificated units of a security to a system-member by means of a relevant system whether the system-member is acting for himself or on behalf of a system-beneficiary.

(3) In its application, by virtue of these Regulations, in relation to a system-charge, Article 95(2) of the Order shall have effect as if the references to "purposes specified" and "specified purposes" were references to any one or more of the purposes specified in paragraph (2).

Circumstances in which Part V of the Order applies in relation to system-charge

4.—(1) Part V of the Order shall apply to a system-charge granted by a system-member and in relation to property subject to such a charge only if—

(a) it is granted to a settlement bank by a system-member for the purpose of securing debts or liabilities arising in connection with any of the transactions specified in regulation 3(2), being debts or liabilities incurred by that system-member or by a system-beneficiary on whose behalf he holds uncertificated units of a security; and

(b) it contains provisions which refer expressly to the relevant system in relation to which the grantor is a system-member.

(2) Part V of the Order shall apply in relation to a system-charge granted by a system-beneficiary and in relation to property subject to such a charge only if—

(a) it is granted to a settlement bank by a system-beneficiary for the purpose of securing debts or liabilities arising in connection with any of the transactions specified in regulation 3(2), incurred by that system-beneficiary or by a system-member who holds uncertificated units of a security on his behalf; and

(b) it contains provisions which refer expressly to the relevant system in relation to which the system-member who holds the uncertificated units of a security in relation to which the system-beneficiary has the interest is a system-member.

Extent to which Part V applies to a system-charge

5. Part V of the Order shall apply in relation to a system-charge only to the extent that—

(a) it is a charge over any one or more of the following—

(i) uncertificated units of a security held by a system-member or a former system-member;

(ii) interests of a kind specified in regulation 25(1)(*a*) of the 1995 Regulations in uncertificated units of a security in favour of a system-member or a former system-member;

(iii) interests of a system-beneficiary in relation to uncertificated units of a security;

(iv) units of a security which are no longer in uncertificated form because the person holding the units has become a former system-member;

(v) sums or other benefits receivable by a system-member or former system-member by reason of his holding uncertificated units of a security, or units which are no longer in uncertificated form because the person holding the units has become a former system-member;

(vi) sums or other benefits receivable by a system-beneficiary by reason of his having an interest in relation to uncertificated units of a security or in relation to units which are no longer in uncertificated form because the person holding the units has become a former system-member;

(vii) sums or other benefits receivable by a system-member or former system-member by way of repayment, bonus, preference, redemption, conversion or accruing or offered in respect of uncertificated units of a security, or units which are no longer in uncertificated form because the person holding the units has become a former system-member;

(viii) sums or other benefits receivable by a system-beneficiary by way of repayment, bonus, preference, redemption, conversion or accruing or offered in respect of uncertificated units of a security in relation to which he has an interest or in respect of units in relation to which the system-beneficiary has an interest and which are no longer in uncertificated form because the person holding the units has become a former system-member;

(ix) sums or other benefits receivable by a system-member or former system-member in respect of the transfer of uncertificated units of a security by or to him by means of a relevant system;

(x) sums or other benefits receivable by a system-member or former system-member in respect of an agreement to transfer uncertificated units of a security by or to him by means of a relevant system;

(xi) sums or other benefits receivable by a system-beneficiary in respect of the transfer of the interest of a system-beneficiary in relation to uncertificated units of a security by or to him by means of a relevant system or in respect of the transfer of uncertificated units of a security by or to a system-member acting on his behalf by means of a relevant system;

(xii) sums or other benefits receivable by a system-beneficiary in respect of an agreement to transfer the interest of a system-beneficiary in relation to uncertificated units of a security by or to him by means of a relevant system, or in respect of an agreement to transfer uncertificated units of a security by or to a system-member acting on his behalf by means of a relevant system; and

(b) it secures—

(i) the obligation of a system-member or former system-member to reimburse a settlement bank, being an obligation which arises in connection with any of the transactions specified in regulation 3(2) and whether the obligation was incurred by the system-member when acting for himself or when acting on behalf of a system-beneficiary; or

(ii) the obligation of a system-beneficiary to reimburse a settlement bank, being an obligation which arises in connection with any of the transactions specified in regulation 3(2) and whether the obligation was incurred by the system-beneficiary when acting for himself or by reason of a system-member acting on his behalf.