



HM Revenue  
& Customs

## Stamp duty and stamp duty reserve tax

### Specifying a market as a recognised foreign exchange and a recognised foreign options exchange

#### Who is likely to be affected?

Members of BX Swiss AG, a stock exchange, often referred to as the BX Berne eXchange.

#### General description of the measure

This measure will specify BX Swiss AG as a 'recognised foreign exchange' and as a 'recognised foreign options exchange' enabling its members to apply for intermediary status and/or options intermediary status and obtain relief from stamp duty and stamp duty reserve tax (SDRT).

#### Policy objective

Transfers of UK securities that are traded on an exchange operating within the European Economic Area (EEA) can be relieved from both stamp duty and SDRT if the 'purchaser' is a member of that exchange and is formally recognised as an intermediary in accordance with arrangements approved by HM Revenue and Customs. A member of a non-EEA exchange can apply to be formally recognised as an intermediary and obtain the relief, provided the exchange is specified in regulations as a 'recognised foreign exchange'.

A member of an exchange can also apply to be formally recognised as an options intermediary in accordance with arrangements approved by HM Revenue and Customs; and obtain relief for options trading in particular circumstances, for instance 'over the counter' transactions provided that the options are listed. A member of a non-EEA exchange can apply to be formally recognised as an options intermediary and obtain relief, provided the exchange is specified in regulations as a 'recognised foreign options exchange'.

BX Swiss AG, a non-EEA exchange is planning to trade UK securities (mainly shares listed on the London Stock Exchange). To facilitate this, it has also requested that it be specified as a 'recognised foreign exchange' and a 'recognised foreign options exchange'. This will enable it to enter into an arrangement with HMRC, allowing its members to apply for intermediary status and/or options intermediary status and obtain relief from stamp duty and SDRT when conditions are met.

The provision of relief for intermediaries is designed to ensure that the taxes do not damage stock market liquidity.

#### Background to the measure

BX Swiss AG, formerly the Berner Börsenverein, was established in 1884 and is one of the two main stock exchanges in Switzerland. It is often referred to as the BX Berne eXchange.

On 20 November 2013, BX Swiss AG launched the trading of foreign securities and is now planning to introduce UK securities. The trading in foreign securities is being facilitated by the German Baader Bank.

BX Swiss AG applied to HMRC, requesting to be specified as a 'recognised foreign exchange' and a 'recognised foreign options exchange'. Following a consultation, BX Swiss AG will enter into arrangements with HMRC to allow its members to apply for intermediary status/options intermediary status and eligibility for the relief from stamp duty and SDRT.

## Detailed proposal

### Operative date

This measure will have effect on and after 2 December 2014.

### Current law

Sections 80A and 88A Finance Act 1986 provides relief from stamp duty and stamp duty reserve tax (SDRT) for members of exchanges in the EEA who are formally recognised as intermediaries and/or options intermediaries. The relief is also available to members of non-EEA exchanges provided the exchange concerned is specified in regulations as a 'recognised foreign exchange' and/or a 'recognised foreign options exchange'.

Sections 80B(3) and 80B(9) Finance Act 1986 permit the Treasury to make regulations to prescribe a non-EEA exchange as a 'recognised foreign exchange'.

Sections 80B(4) and 80B(9) Finance Act 1986 permit the Treasury to make regulations to prescribe a non-EEA exchange as a 'recognised foreign options exchange'.

### Proposed revisions

The Stamp Duty and Stamp Duty Reserve Tax (BX Swiss AG) (Recognised Foreign Exchange and Recognised Foreign Options Exchange) Regulations 2014 will recognise BX Swiss AG as a 'recognised foreign exchange' and a 'recognised foreign options exchange', enabling its members to apply for intermediary status and/or options intermediary status and obtain relief from stamp duty and SDRT.

### Summary of impacts

Exchequer impact (£m)	2014 to 2015	2015 to 2016	2016 to 2017	2017 to 2018	2018 to 2019
	nil	nil	nil	nil	nil
The measure is not expected to have an Exchequer impact.					
<b>Economic impact</b>	This measure is not expected to have any significant economic impacts.				
<b>Impact on individuals, households and families</b>	There is no impact on individuals. The measure is not expected to impact on family formation, stability or breakdown.				
<b>Equalities impacts</b>	No equalities impact is expected.				
<b>Impact on business including civil society organisations</b>	This measure is expected to have a negligible impact on businesses and civil society administrations. Designating a market as a 'recognised foreign exchange' and/or 'a recognised foreign options exchange' and enabling its members apply for relief from stamp duty and SDRT will allow UK companies to access a broader global investor base.				
<b>Operational impact (£m) (HMRC or</b>	This measure is unlikely to have any significant operational impacts.				

<b>other)</b>	
<b>Other impacts</b>	Other impacts have been considered and none have been identified.

### **Monitoring and evaluation**

Regular monitoring will be carried out as part of HMRC stamp duty and stamp duty reserve tax compliance work.

### **Further advice**

If you have any questions about this change, please contact Anne Berriman on Telephone: 03000 585901 (email: [anne.berriman@hmrc.gsi.gov.uk](mailto:anne.berriman@hmrc.gsi.gov.uk)).

### **Declaration**

David Gauke MP, Financial Secretary to the Treasury, has read this Tax Information and Impact Note and is satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impacts of the measure.