HMRC - STSM041280 - Exemptions: Growth Market Shares - SDRT Exemption - Depositary Interests/CREST Depositary Interests

Where a foreign company wants to access UK investors and at the same time offer them the advantages of being able to hold and settle those securities in CREST (the system operated by Euroclear UK & Ireland (EUI) that settles transactions and collects SDRT), a wrapper has to be placed around the shares. The wrapper is a depositary interest (DI) or CREST depositary interest (CDI). The foreign company can apply to a share registrar for a DI or can apply directly to EUI for a CREST depositary interest (CDI).

DIs/CDIs are ‘chargeable securities’ under s99(3)(b) FA 1986 and are, therefore, strictly chargeable to SDRT.

A DI/CDI will be eligible for the growth market exemption upon its transfer, if the underlying security (or the DI/CDI that represents that underlying security) is admitted to trading on a recognised growth market and not listed on a recognised stock exchange.

DIs/CDIs in foreign securities that are listed on a recognised stock exchange may be exempt under SI 1999/2383. Further details are at STSM041180.

All other chargeable securities under s99(3)(b) and s99(3)(c) FA 1986 e.g. other rights; options to acquire, will also be eligible for the growth market exemption if the underlying security is admitted to trading on a recognised growth market and not listed on a recognised stock exchange.

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