HMRC - STSM126010 - Agency Crosses

An agency cross occurs when a broker is able to match a client selling securities with another client who wishes to purchase the same security. The broker can transfer the securities directly between his two clients without having to arrange the sale of the securities to the market for one client and then arranging the purchase of the same securities from the market for the other client.

As in all transactions, the broker is required to obtain the best possible price and execution in agency cross transactions and such transactions are regulated to ensure that brokers do not favour one customer over another.

The broker will collect a commission from each client, just as it would if the orders had executed through the market.

Where securities are held in a nominee account, and a beneficial interest in them is sold to a person using the same nominee (so that the legal title is unchanged), a charge to SDRT will arise. This situation arises frequently within the discretionary nominees operated by many qualified brokers and qualified dealers. They will be accountable for the SDRT on transfers within those nominees (unless written instructions from the vendor to nominee instructing him to hold the shares as nominee for the purchaser constituting a letter of direction has been duly stamped as a conveyance on sale).

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