

# GUIDANCE FOR THE COMPLETION OF THE STOCK TRANSFER FORM FOR UK UNIT TRUSTS AND OPEN-ENDED INVESTMENT COMPANIES

## INTRODUCTION

Historically, the common stock transfer form used to effect a transfer of company shares or stock has also been used for UK unit trusts and open-ended investment companies ("funds"). From 15 December 2007, however, new legislation imposed a requirement on fund managers to verify the identity of all registered holders of their funds as well as any other beneficial owners and controllers. For this reason, it was necessary to introduce a bespoke form for UK investment funds.

These guidance notes relate solely to the *Stock Transfer Form for UK Unit Trusts and Open-Ended Investment Companies*.

## COMPLETION OF THE FORM

### Front

The top section deals with the units/shares as they are registered currently:

Name of Fund/Share Class	<b>Note 1</b>	
ISIN (if known)	<b>Note 2</b>	
Number of units or shares to be transferred. If the entire holding is to be transferred, insert "ALL".	Words: <b>Note 3</b>	Figures: <b>Note 3</b>
Full name(s) of registered unit/share holder(s), address of first registered holder and account designation (if any). If the transfer is not being made by the registered holder(s), insert also the name(s) and capacity (eg. Executor(s)), of the person(s) making the transfer.	1 <sup>st</sup> holder name/address:	2 <sup>nd</sup> holder name:
		3 <sup>rd</sup> holder name:
		4 <sup>th</sup> holder name:
		Account designation:

Note 1: Enter the name of the fund in which the units/shares are held including the name of the class (if applicable), for example:

ABC European Fund, Income Shares; or  
XYZ UK Equity Fund, Class "A" Shares

Note 2: Enter the ISIN code if it is known. "ISIN" stands for International Securities Identification Number and is a unique reference code which is given to each share class of a fund.

Note 3: Enter the number of unit/shares to be transferred in both words and figures. If the entire holding is to be transferred, "All" may be entered in both boxes, instead of an actual number.

Note 4: These boxes should be used to enter the full name(s) and address (including postcode) in which the units/shares are registered currently. If the holding is designated (for example, "ABC Account"), the designation should be entered in the box provided.

The middle section is where the current holders (the transferor(s)) execute the transfer and authorise the units/shares to be re-registered:

<p>I/We hereby transfer the above units/shares out of the name(s) aforesaid to the person(s) named below and request that such entries be made in the register as are necessary to give effect to this transfer.</p> <p><b>Note 6a</b>  <input type="checkbox"/> I/We hereby certify, <u>if the box to the left is ticked</u>, that this transfer is not for consideration in money or money's worth and is exempt from SDRT by virtue of paragraph 6(2) of Schedule 19 to the Finance Act 1999.</p> <p><b>Note 6b</b>  <input type="checkbox"/> I/We hereby certify, <u>if the box to the left is ticked</u>, that this transfer is exempt from SDRT by virtue of paragraphs 6(3) - 6(5) of Schedule 19 to the Finance Act 1999 (charities, intra-group transfers etc.) and attach evidence as to facts of the transfer, which give rise to such exemption.  <b>(Important: see "Stamp Duty Reserve Tax" below).</b></p> <p style="text-align: center;">Signature(s) of transferor(s)</p> <p>1. ....  2. ....  3. ....  4. ....</p> <p style="text-align: center;"><b>Note 5</b></p> <p style="text-align: center;"><small>All transfers must sign. Bodies corporate should execute under their common seal, or otherwise as determined by their Memorandum and Articles of Association.</small></p>	<p>Stamp of the institution lodging this form (if any):</p> <p style="text-align: center;"><b>Note 7</b></p> <p>Date:</p>
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**Note 5:** All current registered holders must sign here. If someone is signing on behalf of a holder, with power of attorney for example, the document appointing them (or a properly certified copy) must be attached if it has not already been lodged with the Registrar.

**Note 6a:** The first box should be ticked if the transfer is exempt from SDRT because no consideration in money or money's worth is given in connection with the surrender of the units/shares. This will be the case, for example, when the units/shares are being transferred as a gift or distributed to the beneficiaries of a trust or deceased estate. It is also likely to be the case when the legal title to units/shares is being transferred to or from a nominee with no change of the underlying beneficial ownership.

**Note 6b:** The second box should be ticked only if the transfer is for consideration in money or money's worth and the transfer is exempt from SDRT by virtue of paragraphs 6(3) – 6(5) of Schedule 19, Finance Act 1999. Where this box is ticked, supplementary evidence will need to be provided to substantiate the entitlement to the exemption. For example, a transfer of units/shares for consideration in money or money's worth to a charity may be exempt under paragraph 6(3) of Schedule 19, Finance Act 1999, but additional evidence must be provided that the transferee is both a charity and one that is tax exempt, in order to support this position.

*Note that only one box should be ticked; usually this will be the first box. Leaving both boxes blank, will indicate that the unit/shares are being transferred to someone that has purchased them from the current holder or they are otherwise being exchanged for something of value in monetary terms and that the transfer therefore gives rise to a liability to SDRT (other than in the limited circumstances mentioned under Note 6b). In these cases, the Manager<sup>1</sup> will calculate any liability to SDRT according to the market price of the units/shares and certain other factors on the date the Registrar<sup>1</sup> receives the transfer, and may require the amount concerned to be sent to them to pay into the fund before they will register the transfer.*

**Note 7:** This box is for the stamp of any firm that is lodging the form with the Registrar on behalf of either the current or new holder(s) and with whom the Registrar or Manager should correspond in the event of a query.

<sup>1</sup> The Registrar and Manager may or may not be the same person.

The bottom section provides spaces for the details of the transferee(s) in whose names the units/shares are to be registered going forward:

<p>Full name(s), date(s) of birth and full postal address(es) (including postcode) of the person(s) to whom the security is transferred*, and any account designation.</p> <p>In each case please state title or salutation (eg. Mr., Mrs., Miss. etc.).</p> <p>Note that only the 1<sup>st</sup> holder's address will appear on the register of title.</p> <p>*Please see "Customer Due Diligence For Anti-Money Laundering Purposes" overleaf.</p>	1 <sup>st</sup> holder name/address:	2 <sup>nd</sup> holder name/address:
	Date of Birth:	Date of Birth:
	3 <sup>rd</sup> holder name/address:	4 <sup>th</sup> holder name/address:
	Date of Birth:	Date of Birth:
Account designation: <b>Note 9</b>		

Note 8: These boxes must contain the full name(s), address(es) (including postcode) and date(s) of birth of the person(s) to whom the units/shares are being transferred. They must be completed in BLOCK CAPITALS.

Note that only the address of the first named holder will usually be entered on the register. The remaining details are required by the Manager in connection with its customer due diligence obligations (see below).

Note 9: Any designation (for example, "ABC Account") that the new holder(s) wish to be included on the register for identification purposes may be added here.

## **Back**

The reverse of the form deals entirely with the Manager's legal obligations to undertake "customer due diligence" measures in relation to the transferee(s) (to whom the shares are being transferred).

The explanation at the top concerns mainly the Manager's obligation to verify the identities of both the transferees and any other beneficial owners or controllers, for which they may require documentary evidence or may undertake searches of electronically-held records. In connection with this, the table below must be completed as necessary and the declaration signed. The table is used to list the names of any beneficial owners or controllers that may exist other than the transferee(s).

What constitutes a beneficial owner for these purposes depends upon whether the units/shares are being transferred to a company or to one or more individuals who may be acting as trustees.

For companies, the beneficial owners that must be listed are any shareholders or other individuals that ultimately own or control more than 25% of the voting rights or are entitled to more than 25% of the company's capital profits. Note that they may not necessarily be the actual shareholders in the company. Directors of a company do not need to be listed unless they fall within this definition. For trusts and other similar arrangements, the beneficial owners are individuals that are nominated to benefit from more than 25% of the trust property, as well as any trustees that may exist in addition to the transferee(s) or others that may exercise control over them.

