

Draft Order laid before Parliament under section 40(2) of the Bank of England Act 1998, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

1998 No.

BANKS AND BANKING

The Cash Ratio Deposits (Value Bands and Ratios) Order 1998

Made - - - - 1998
Coming into force - - 1st June 1998

Whereas a draft of this Order has been approved by a resolution of each House of Parliament pursuant to section 40(2) of the Bank of England Act 1998(1);

Now, therefore, the Treasury, having consulted the Bank of England, such persons as appear to them to be representative of persons likely to be materially affected by the following Order and such other persons as they think fit, and having regard to the financial needs of the Bank of England, in exercise of the powers conferred on them by paragraph 5 of Schedule 2 to that Act, hereby make the following Order:

Citation and commencement

1. This Order may be cited as the Cash Ratio Deposits (Value Bands and Ratios) Order 1998 and shall come into force on 1st June 1998.

Value bands and ratios

2. For the purposes of paragraph 4 of Schedule 2 to the Bank of England Act 1998, the value bands and the ratios applicable to them, expressed as a percentage, are as follows:

<i>Value band</i>	<i>Ratio</i>
£0—£400 million	0%
Over £400 million	0.15%

1998

Two of the Lords Commissioners of Her
Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

Schedule 2 to the Bank of England Act 1998 makes provision concerning the maintenance by certain institutions of cash ratio deposits with the Bank of England (“the Bank”). Institutions which are covered by these arrangements are those authorised under the Banking Act 1987, certain European authorised institutions which have lawfully established branches in the United Kingdom for the purpose of accepting deposits, and building societies authorised under the Building Societies Act 1986. The Bank is enabled to give an institution a written call notice specifying the amount of cash ratio deposit it is expected to have on deposit with the Bank during a specified period. This depositable amount is to be calculated by multiplying so much of an institution’s liability base as falls into different value bands by the ratios applicable to those bands.

This Order specifies the value bands and the ratios applicable to them.

A regulatory appraisal of the cash ratio deposit regime established by the Bank of England Act 1998 and orders made under it, including a compliance cost assessment of the effect of the regime on costs to business, is available from the Public Enquiry Unit, Room 89/2, H M Treasury, Parliament Street, London SW1P 3AG.