

Draft Regulations laid before Parliament under section 214A(9) of the Banking Act 2009, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2017 No.

BANKS AND BANKING, SCOTLAND

**The Scottish Banknote (Designation
of Authorised Bank) Regulations 2017**

Made - - - - *******
Coming into force - - *******

The Treasury make the following Regulations in exercise of the powers conferred by section 214A(1) and (8)(c) of the Banking Act 2009(1).

In accordance with section 214A(6) of the Banking Act 2009, the Bank of England has, following the preparation and publication of the statement required by section 214A(7) of that Act, consented to the designation made by these Regulations.

A draft of this instrument has been laid before Parliament in accordance with section 214A(9) of the Banking Act 2009 and approved by a resolution of each House of Parliament.

Citation and commencement

1. These Regulations may be cited as the Scottish Banknote (Designation of Authorised Bank) Regulations 2017 and come into force on the day after the day on which they are made.

Interpretation

2. In these Regulations—

“the 2009 Act” means the Banking Act 2009;

“designation date” means the date to be determined in accordance with regulation 3;

“New Royal Bank of Scotland” means the public limited company now named Adam & Company plc registered in Scotland under company registration number SC083026 with a registered office at 25 St Andrew Square, Edinburgh, EH2 1AF; and

“Original Royal Bank of Scotland” means the public limited company now named The Royal Bank of Scotland plc and registered in Scotland under company registration number SC090312 with a registered office at 36 St Andrew Square, Edinburgh, EH2 2YB.

(1) 2009 c.1; section 214A was inserted by section 38(5) of the Bank of England and Financial Services Act 2016 (c.14).

Designation date

3.—(1) In accordance with section 214A(4)(b) of the 2009 Act, the Treasury must determine the designation date for the purposes of these Regulations.

(2) Before the designation date, the Treasury must publish in the London Gazette and the Edinburgh Gazette notice of the designation date, stating that—

- (a) it is the designation date for the purposes of these Regulations; and
- (b) from the beginning of the designation date—
 - (i) Original Royal Bank of Scotland will no longer be authorised to issue banknotes in Scotland; and
 - (ii) New Royal Bank of Scotland will be authorised to issue banknotes in Scotland.

Removal of authorisation

4. From the beginning of the designation date, Original Royal Bank of Scotland is no longer an authorised bank for the purposes of Part 6 of the 2009 Act(2).

Designation of authorised bank

5.—(1) For the purposes of Part 6 of the 2009 Act, New Royal Bank of Scotland (a bank within the same group as Original Royal Bank of Scotland) is designated as an authorised bank.

(2) The designation in paragraph (1)—

- (a) applies from the beginning of the designation date; and
- (b) authorises New Royal Bank of Scotland to issue banknotes in Scotland only.

Banknotes in circulation

6.—(1) Any banknote in circulation issued by Original Royal Bank of Scotland prior to the designation date is, from the beginning of the designation date—

- (a) treated as having been issued by New Royal Bank of Scotland; and
- (b) deemed to record an engagement by New Royal Bank of Scotland to pay money to the bearer on demand instead of such an engagement by Original Royal Bank of Scotland.

(2) Any rights and liabilities in relation to any such banknote transfer from Original Royal Bank of Scotland to New Royal Bank of Scotland at the beginning of the designation date.

(3) Anything done by or in relation to Original Royal Bank of Scotland in connection with any such banknote is to be treated as having been done by or in relation to New Royal Bank of Scotland for all purposes from the beginning of the designation date.

(4) Nothing in this regulation affects the validity of any banknotes issued before the designation date by Original Royal Bank of Scotland.

Banknotes not in circulation

7.—(1) From the beginning of the designation date, ownership of any banknote of Original Royal Bank of Scotland not in circulation transfers from Original Royal Bank of Scotland to New Royal Bank of Scotland.

(2) The transfer of ownership of any banknote by virtue of paragraph (1) does not constitute the issuing of that banknote within the meaning of section 209 of the 2009 Act.

(2) Part 6 of the 2009 Act was amended by section 38 of the Bank of England and Financial Services Act 2016.

Disapplication of banknote regulations and rules

8.—(1) From the beginning of the designation date, the Banknote Regulations and Rules no longer apply to Original Royal Bank of Scotland.

(2) In this regulation, the Banknote Regulations and Rules means—

- (a) any regulations made under section 215 of the 2009 Act; or
- (b) any rules made by the Bank of England under any such regulations.

Date

Name
Name
Two of the Lords Commissioners of Her
Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations provide for the transfer of an authorisation to issue banknotes in Scotland from The Royal Bank of Scotland plc to Adam & Company plc.

The Royal Bank of Scotland plc is currently authorised (in addition to other banks) under section 213 of the Banking Act 2009 to issue banknotes in Scotland. Planned restructuring of The Royal Bank of Scotland plc (and other companies in the same group) means that it will be appropriate to transfer the authorisation to issue banknotes to Adam & Company plc (another company within the same group). At the same time as the authorisation transfers, it is intended that Adam & Company plc will change its name to The Royal Bank of Scotland plc. Also on that date, it is intended that the company now named The Royal Bank of Scotland plc will change its name to Natwest Markets plc.

These Regulations provide for the Treasury to determine the date that the authorisation will transfer and set out how the Treasury must publish advance notice of that date.

These Regulations provide for the transfer of all rights and liabilities in relation to banknotes issued by The Royal Bank of Scotland plc prior to the date of transfer of authorisation which remain in circulation to pass to Adam & Company plc. From the date of transfer all such banknotes will be deemed to have been issued by Adam & Company plc.

An impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen and the impact on the public sector is minimal.