

## SCHEDULE 3

### Amendments of the Bank Recovery and Resolution (No.2) Order 2014

#### **Treatment of derivative contracts where bail-in option is applied**

**90.**—(1) Article 158 (liabilities arising from derivative contracts) is amended as follows.

(2) At the end insert—

“(3) Subject to paragraph (4), the Bank may make technical standards specifying—

- (a) appropriate methodologies for the purposes of paragraph (2)(b)(i);
- (b) principles for the purposes of paragraph (2)(b)(ii); or
- (c) appropriate methodologies for the purposes of paragraph (2)(b)(iii).

(4) When exercising its functions under paragraph (3) in relation to derivative contracts that are subject to a netting arrangement, the Bank must take into account the methodology for close-out set out in the netting arrangement.”.