Draft Legislation: This is a draft item of legislation. This draft has since been made as a UK Statutory Instrument: The Bank Recovery and Resolution and Miscellaneous Provisions (Amendment) (EU Exit) Regulations 2018 No. 1394

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."