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## SCHEDULES

### SCHEDULE 2

#### MINIMUM CRITERIA FOR DEPOSIT-TAKING INSTITUTIONS

#### PART II

##### LICENSED INSTITUTIONS

- 7 Every person who is a director, controller or manager of the institution is a fit and proper person to hold that position.
- 8 At least two individuals effectively direct the business of the institution.
- 9 (1) Without prejudice to paragraph 10(1)(a) below but subject to sub-paragraph (2) below, the institution will at the time the licence is granted to it have net assets which amount to not less than £250,000 or such larger sum as the Treasury, after consultation with the Bank, may by order specify.
- (2) This paragraph does not apply to an institution which on 9th November 1978 was carrying on a deposit-taking business in the United Kingdom.
- (3) In sub-paragraph (1) above " net assets ". in relation to a body corporate, means paid-up capital and reserves.
- (4) The power to make an order under sub-paragraph (1) above shall be exercisable by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- 10 (1) The institution conducts or, in the case of an institution which is not yet carrying on a deposit-taking business, will conduct its business in a prudent manner and, in particular.—
- (a) maintains or, as the case may require, will maintain net assets of such amount as, together with other financial resources available to it of such a nature and amount as are considered appropriate by the Bank, is sufficient to safeguard the interests of its depositors, having regard to the factors specified in sub-paragraph (2) below; and
- (b) maintains or, as the case may require, will maintain adequate liquidity having regard to the relationship between its liquid assets and its liabilities and also to the times at which its liabilities fall due and its assets mature ; and
- (c) makes or, as the case may require, will make adequate provision for bad and doubtful debts and obligations of a contingent nature.
- (2) The factors referred to in sub-paragraph (1)(a) above are—
- (a) the scale and nature of the liabilities of the institution and the sources and amounts of deposits accepted by it; and
- (b) the nature of its assets and the degree of risk attached to them.

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- (3) In sub-paragraph (1)(a) above "net assets" in relation to a body corporate, means paid-up capital and reserves.