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SCHEDULES

SCHEDULE 3

Section 3(8).

TRANSITIONAL PROVISIONS

PART I

TRANSITIONAL LICENCES

- 1 (1) A transitional licence to carry on a deposit-taking business may be granted to an institution by the Bank—
 - (a) on an application in that behalf by the institution concerned ; or
 - (b) on an application by that institution for recognition or a full licence.
- (2) The Bank shall not grant a transitional licence to an institution unless—
 - (a) the institution was on the appointed day carrying on a deposit-taking business in the United Kingdom ; and
 - (b) the Bank is satisfied that the criteria in paragraphs 7 and 8 of Schedule 2 above are fulfilled; and
 - (c) it appears to the Bank that, although at the time of the application the remainder of the criteria for the grant of a full licence are not fulfilled, all those criteria will be fulfilled within a reasonable time.
- 2 Section 5 of this Act shall apply in relation to an application for a transitional licence as it applies in relation to an application for a full licence.
- 3 (1) The authority conferred by a transitional licence may be made conditional upon the institution to which it is granted complying with conditions imposed by the Bank and set out in the licence.
 - (2) Where a transitional licence is granted subject to conditions by virtue of sub-paragraph (1) above, subsections (2) and (3) of section 10 of this Act shall apply in relation to the conditions of the licence as they apply in relation to the conditions of a conditional licence.
- 4 (1) Subject to sub-paragraphs (2) and (3) below, a transitional licence held by an institution shall expire at the end of the period of two years beginning on the date on which the licence was granted or, if the institution is granted more than one transitional licence, beginning on the date on which the first of those licences was granted.
 - (2) A transitional licence may be so granted as to expire at a time earlier than it would expire in accordance with sub-paragraph (1) above.
 - (3) A transitional licence—
 - (a) may be surrendered by notice in writing given by the institution concerned to the Bank ; or
 - (b) may be revoked in accordance with the provisions of Part I of this Act.

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- 5 (1) In the case of an institution holding a transitional licence which is granted subject to conditions, a failure to comply with any of those conditions shall be treated for the purposes of this Act as a failure by the institution to comply with such an obligation as is referred to in section 6(1)(h) of this Act.
- (2) It shall be a ground for revoking a transitional licence held by an institution that the Bank proposes to grant a full licence to the institution with effect from the time of the revocation of the transitional licence.
- (3) The power of the Bank to revoke a licence by virtue of subparagraph (2) above shall be exercisable by notice in writing given to the institution concerned.
- 6 (1) In their application to an institution which is the holder of a transitional licence, section 7 of this Act and Schedule 4 below shall have effect as if for paragraph (b) of subsection (1) of that section there were substituted the following paragraph: —
- “(b) revoke the transitional licence held by the institution and grant it a transitional licence subject to conditions or, as the case may require, subject to conditions different from those in the licence which is revoked”.
- (2) In a case where a notice under subsection (3)(a) or subsection (4) of section 7 of this Act is given to an institution which is the holder of a transitional licence, Part I or, as the case may require, Part II of Schedule 4 below shall have effect as if any reference therein to a conditional licence were a reference to a transitional licence.
- 7 (1) In its application to an institution to which a transitional licence has been granted, section 11 of this Act shall have effect as if at the end of paragraph (6) of subsection (1) there were added the words " to grant it a transitional licence on an application for a full licence or, on an application for a transitional licence, to grant such a licence subject to conditions, or ".
- (2) If an institution is granted a transitional licence subject to conditions, then, on an appeal under section 11 of this Act against the decision to grant the transitional licence, the appellant institution may challenge any of the conditions of that licence, whether or not it also challenges the decision itself.

PART II

TRANSITIONAL GRANT OF RECOGNITION

- 8 The provisions of this Part of this Schedule apply to an institution which—
- (a) on 9th November 1978 was, and at the time of its application for recognition continues to be, either a company within the meaning of the Companies Act 1948 or any other body corporate having its place of central management and control in the United Kingdom ; and
- (b) does not, apart from this Part of this Schedule, qualify for the grant of recognition.
- 9 Notwithstanding anything in section 3(3) of this Act, the Bank may grant recognition to an institution to which this Part of this Schedule applies (whether or not it would otherwise qualify for the grant of a licence) if the Bank is satisfied—
- (a) that the institution carries on, and has since 9th November 1978 continuously carried on, a deposit-taking business but that the whole, or

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- substantially the whole of that business is and has been carried on outside the United Kingdom; and
- (b) that, with the exception of the criteria in paragraph 2 of Schedule 2 to this Act, the criteria in Part I of that Schedule are fulfilled with respect to the institution; and
 - (c) that the criteria in paragraph 2 of Schedule 2 to this Act would be fulfilled with respect to the institution if the reference in sub-paragraph (1) of that paragraph to the provision of a wide range of banking services were not limited to the provision of that range of services within the United Kingdom.