

Status: Point in time view as at 01/01/2015.

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Banking Act 2009

2009 CHAPTER 1

PART 1 **U.K.**

SPECIAL RESOLUTION REGIME

Modifications etc. (not altering text)

- C1** Pt. 1 restricted (7.1.2010) by [Banking Act 2009 \(Exclusion of Insurers\) Order 2010 \(S.I. 2010/35\)](#), arts. 1, 2
- C2** Pt. 1: power to amend conferred (1.3.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), ss. 17(3)(f), 148(5); S.I. 2014/377, art. 2(1)(b), Sch. Pt. 2

[^{F1}CHAPTER 1 **U.K.**

INTRODUCTION]

Textual Amendments

- F1** Pt. 1 Ch. 1 formed from ss. 1-3 (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), 3

1 Overview **U.K.**

- (1) The purpose of the special resolution regime for banks is to address the situation where all or part of the business of a bank has encountered, or is likely to encounter, financial difficulties.
- (2) The special resolution regime consists of—
 - (a) the [^{F2}five] stabilisation options,
 - (b) the bank insolvency procedure (provided by Part 2), and
 - (c) the bank administration procedure (provided by Part 3).

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- [^{F3}(3) The [^{F4}five] “stabilisation options” are—
- (a) transfer to a private sector purchaser (section 11),
 - (b) transfer to a bridge bank (section 12),
 - [^{F5}(ba) transfer to an asset management vehicle (section 12ZA),]
 - (c) the bail-in option (section 12A), and
 - (d) transfer to temporary public ownership (section 13).]
- (4) Each of the [^{F6}five] stabilisation options is achieved through the exercise of one or more of the “stabilisation powers”, which are—
- [^{F7}(za) the resolution instrument powers (sections 12A(2) and 48U to 48W),]
 - (a) the share transfer powers (sections 15, 16, 26 to 31 and 85), and
 - (b) the property transfer powers (sections 33[^{F8}, 41A] and 42 to 46).
 - [^{F9}(c) the third country instrument powers (sections 89H to 89J).]
- (5) Each of the following has a role in the operation of the special resolution regime—
- (a) the Bank of England,
 - (b) the Treasury,
 - [^{F10}(c) the Prudential Regulation Authority, and
 - (d) the Financial Conduct Authority.]
- (6) The Table describes the provisions of this Part.

Sections	Topic
Sections 1 to 3	Introduction
[^{F11} Sections 3A and 3B]	[^{F11} Pre-resolution powers]
Sections 4 to 6	Objectives and code
[^{F11} Sections 6A to 6D]	[^{F11} Mandatory write-down, conversion etc of capital instruments]
[^{F11} Section 6E]	[^{F11} Valuation before mandatory write-down or stabilisation action]
Sections 7 to 10	Exercise of powers: general
Sections 11 to 13	The stabilisation options
Sections 14 to 32	Transfer of securities
Sections 33 to [^{F12} 48A]	Transfer of property
[^{F11} Sections 48B to 48W]	[^{F11} Bail-in option]
[^{F11} Sections 48X and 48Y]	[^{F11} Replacement of provisional valuation]
[^{F11} Section 48Z]	[^{F11} Termination rights etc]
Sections 49 to 62	Compensation
[^{F11} Section 62A]	[^{F11} Independent valuer]
[^{F11} Sections 62B to 62E]	[^{F11} Resolution administrator]
Sections 63 to 75	Incidental functions

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Sections 76 to [F13]81A]	Treasury
[F14]Sections 81B to 83]	[F14]Groups]
[F11]Sections 83ZA to 83Z2]	[F11]Information and enforcement]
[F15]Section 83A]	[F15]Banks not regulated by the PRA]
Sections 84 to 89	Building societies, &c.
[F16]Section 89A]	[F16]Investment firms]
[F17]Sections 89B to 89G]	[F18]Recognised central counterparties]
[F11]Sections 89H to 89J]	[F11]Third-country resolution actions]

Textual Amendments

- F2** Word in s. 1(2)(a) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **4(2)**
- F3** S. 1(3) substituted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 2 para. 12(3)**; S.I. 2014/3160, art. 2(1)(b)
- F4** Word in s. 1(3) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **4(3)(a)**
- F5** S. 1(3)(ba) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **4(3)(b)**
- F6** Word in s. 1(4) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **4(4)(a)**
- F7** S. 1(4)(za) inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 2 para. 12(4)(b)**; S.I. 2014/3160, art. 2(1)(b)
- F8** Word in s. 1(4)(b) inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 2 para. 12(4)(c)**; S.I. 2014/3160, art. 2(1)(b)
- F9** S. 1(4)(c) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **4(4)(b)**
- F10** S. 1(5)(c)(d) substituted for s. 1(5)(c) (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), **Sch. 17 para. 2(2)** (with [Sch. 20](#)); S.I. 2013/423, art. 3, [Sch.](#)
- F11** Words in s. 1(6) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **4(5)**
- F12** Word in s. 1(6) substituted (8.4.2010) by [Financial Services Act 2010 \(c. 28\)](#), s. 26(1)(l), **Sch. 2 para. 40**
- F13** Word in s. 1(6) substituted (1.1.2015) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 99(3)**, 122(3) (with [Sch. 20](#)); S.I. 2014/3323, art. 2
- F14** Words in s 1(6) substituted (1.8.2014) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 100(2)**, 122(3) (with [Sch. 20](#)); S.I. 2014/1847, art. 2
- F15** Words in s. 1(6) inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), **Sch. 17 para. 2(3)** (with [Sch. 20](#)); S.I. 2013/423, art. 3, [Sch.](#)
- F16** Words in s 1(6) inserted (1.8.2014) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 101(2)**, 122(3) (with [Sch. 20](#)); S.I. 2014/1847, art. 2
- F17** Words in s 1(6) inserted (1.8.2014) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 102(2)**, 122(3) (with [Sch. 20](#)); S.I. 2014/1847, art. 2
- F18** Words in Act substituted (1.4.2013) by [The Financial Services and Markets Act 2000 \(Over the Counter Derivatives, Central Counterparties and Trade Repositories\) Regulations 2013 \(S.I. 2013/504\)](#), regs. 1(2), **25(2)** (with regs. 52-58)

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Commencement Information

II S. 1 in force at 21.2.2009 by S.I. 2009/296, art. 3, Sch. para. 1

2 Interpretation: “bank” **U.K.**

- (1) In this Part “bank” means a UK institution which has permission under [^{F19}Part 4A] of the Financial Services and Markets Act 2000 to carry on the regulated activity of accepting deposits (within the meaning of section 22 of that Act, taken with Schedule 2 and any order under section 22).
- (2) But “bank” does not include—
 - (a) a building society (within the meaning of section 119 of the Building Societies Act 1986),
 - (b) a credit union within the meaning of section 31 of the Credit Unions Act 1979 [^{F20}or a credit union within the meaning of Article 2(2) of the Credit Unions (Northern Ireland) Order 1985], or
 - (c) any other class of institution excluded by an order made by the Treasury.
- (3) In subsection (1) “UK institution” means an institution which is incorporated in, or formed under the law of any part of, the United Kingdom.
- (4) Where a stabilisation power is exercised in respect of a bank, it does not cease to be a bank for the purposes of this Part if it later loses the permission referred to in subsection (1).
- (5) An order under subsection (2)(c)—
 - (a) shall be made by statutory instrument, and
 - (b) may not be made unless a draft has been laid before and approved by resolution of each House of Parliament.
- (6) Section 84 applies this Part to building societies with modifications.
- (7) Section 89 allows the application of this Part to credit unions.
- [^{F21}(8) Section 89A applies this Part to investment firms with modifications.]
- [^{F22}(9) Section 89B applies this Part to [^{F18}recognised central counterparties] with modifications.]

Textual Amendments

- F18** Words in Act substituted (1.4.2013) by [The Financial Services and Markets Act 2000 \(Over the Counter Derivatives, Central Counterparties and Trade Repositories\) Regulations 2013](#) (S.I. 2013/504), regs. 1(2), **25(2)** (with regs. 52-58)
- F19** Words in s. 2 substituted (1.4.2013) by [Financial Services Act 2012](#) (c. 21), s. 122(3), **Sch. 17 para. 3** (with Sch. 20); S.I. 2013/423, art. 3, Sch.
- F20** Words in s. 2(2)(b) inserted (31.3.2012) by [The Financial Services and Markets Act 2000 \(Permissions, Transitional Provisions and Consequential Amendments\) \(Northern Ireland Credit Unions\) Order 2011](#) (S.I. 2011/2832), arts. 2(c), **12(2)**
- F21** S. 2(8) inserted (1.8.2014) by [Financial Services Act 2012](#) (c. 21), **ss. 101(3)**, 122(3) (with Sch. 20); S.I. 2014/1847, art. 2
- F22** S. 2(9) inserted (1.8.2014) by [Financial Services Act 2012](#) (c. 21), **ss. 102(3)**, 122(3) (with Sch. 20); S.I. 2014/1847, art. 2

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Commencement Information

- I2** S. 2 in force at 17.2.2009 for specified purposes by [S.I. 2009/296, arts. 2, 3, Sch. para. 1](#)
I3 S. 2 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296, arts. 2, 3, Sch. para. 1](#)

3 Interpretation: other expressions **U.K.**

[^{F23}(1)] In this Part—

[^{F24}“Additional Tier 1 instruments” means capital instruments that meet the conditions laid down in Article 52(1) of the capital requirements regulation (or which qualify as Additional Tier 1 instruments by virtue of Chapter 2 of Title I of Part Ten of that regulation),]

[^{F24}“the capital requirements regulation” means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26th June 2013 on prudential requirements for credit institutions and investment firms,]

[^{F25}“client assets” means assets which an institution has undertaken to hold for a client (whether or not on trust, and whether or not the undertaking has been complied with),]

[^{F24}“Common Equity Tier 1 instruments” means capital instruments that meet the conditions laid down in Article 28(1) to (4), 29(1) to (5) or 31(1) of the capital requirements regulation (or which qualify as Common Equity Tier 1 instruments by virtue of Chapter 2 of Title I of Part Ten of that regulation),]

[^{F24}“critical functions”, subject to subsection (2), means activities, services or operations the discontinuance of which is likely in one or more EEA states—

- (a) to lead to the disruption of services that are essential to the economy, or
- (b) to disrupt financial stability,

due to the size, market share, external and internal connectedness, complexity or cross-border activities of a bank or a group which includes a bank (with particular regard to the substitutability of those activities, services or operations),;]

[^{F24}“eligible liabilities”, of an undertaking, means liabilities and capital instruments that—

- (a) do not qualify as Common Equity Tier 1 instruments, Additional Tier 1 instruments or Tier 2 instruments, of the bank, and
- (b) are not excluded liabilities listed in section 48B(8),]

[^{F24}“extraordinary public financial support” has the meaning given in Article 2.1(28) of the recovery and resolution directive;]

[^{F26}“the PRA” means the Prudential Regulation Authority,

“the FCA” means the Financial Conduct Authority, and]

“financial assistance” has the meaning given by section 257.

[^{F24}“own funds” means own funds as defined in Article 4.1(118) of the capital requirements regulation (read with Title I of Part Ten of that regulation),]

[^{F24}“own funds requirements” means the requirements laid down in Articles 92 to 98 of the capital requirements regulation (read with Title I of Part Ten of that regulation),]

[^{F24}“the recovery and resolution directive” means Directive 2014/59/EU of the European Parliament and of the Council of 15th May 2014 establishing

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a framework for the recovery and resolution of credit institutions and investment firms,]

[^{F24}“relevant capital instruments” means Additional Tier 1 instruments and Tier 2 instruments,]

[^{F24}“Tier 2 instruments” means capital instruments or subordinated loans that meet the conditions laid down in Article 63 of the capital requirements regulation (or which qualify as Tier 2 instruments by virtue of Chapter 2 of Title I of Part Ten of that regulation),]

[^{F27}(2) For the purposes of the definition of “critical functions” in subsection (1)—

- (a) a delegated act adopted by virtue of Article 2(2) of the recovery and resolution directive applies as it applies for the purposes of the definition of “critical functions” in Article 2(2) of that directive, and
- (b) “group” means a parent undertaking within the meaning given by Article 4.1(15)(a) of the capital requirements regulation and its subsidiaries within the meaning given by Article 4.1(16) of that regulation.]

Textual Amendments

- F23** S. 3(1): s. 3 renumbered as s. 3(1) (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **5(2)**
- F24** Words in s. 3(1) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **5(2)**
- F25** Words in s. 3 inserted (1.1.2015) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 96(2)**, 122(3) (with [Sch. 20](#)); [S.I. 2014/3323](#), art. 2
- F26** Words in s. 3 substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), **Sch. 17 para. 4** (with [Sch. 20](#)); [S.I. 2013/423](#), art. 3, [Sch.](#)
- F27** S. 3(2) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **5(3)**

Commencement Information

- I4** S. 3 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, **Sch. para. 1**

[^{F28}CHAPTER 2 **U.K.**

PRE-RESOLUTION POWERS OF THE BANK OF ENGLAND

Textual Amendments

- F28** Pt. 1 Ch. 2 inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **6**

3A. Removal of impediments to the exercise of stabilisation powers etc **U.K.**

(1) In this section “relevant person” means—

- (a) an institution authorised for the purpose of the Financial Services and Markets Act 2000 by the PRA or FCA,
- (b) a parent of such an institution which—

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- (i) is a financial holding company or a mixed financial holding company; and
 - (ii) is established in, or formed under the law of any part of, the United Kingdom, or
 - (c) a subsidiary of such an institution or of such a parent which—
 - (i) is a financial institution authorised by the PRA or FCA, and
 - (ii) is established in, or formed under the law of any part of, the United Kingdom.
- (2) The Bank of England may give directions to a relevant person requiring that person to take measures which, in the opinion of the Bank of England, are required to address impediments to—
 - (a) the effective exercise of the stabilisation powers, or
 - (b) the winding up of that person (whether by use of the bank insolvency procedure provided for under Part 2 of this Act or otherwise).
- (3) The power conferred by subsection (2) includes a power to direct a relevant person—
 - (a) to amend a group financial support agreement;
 - (b) where there is no such agreement, to review the need to enter into one;
 - (c) to enter into an agreement for the provision of services relating to the provision of critical functions;
 - (d) to limit that person’s maximum individual and aggregate exposures (with “exposure” for this purpose having the meaning given in the capital requirements regulation);
 - (e) to produce information which is relevant to the exercise of the stabilisation powers, and to provide that information to the Bank of England;
 - (f) to dispose of specified assets;
 - (g) to cease carrying out specified activities, or observe restrictions in relation to the carrying out of specified activities;
 - (h) to cease the development of new or existing business operations, or observe restrictions in relation to the development of such operations;
 - (i) in order to ensure that it is possible for the performance of critical functions to be legally or operationally separated from the performance of other functions—
 - (i) to change its legal or operational structure, or
 - (ii) so far as it is able to do so, to change the legal or operational structure of a subsidiary;
 - (j) to establish a financial holding company which is not a subsidiary of an institution, another financial holding company or a mixed financial holding company.
- (4) The Bank of England may give directions to a relevant person requiring that person—
 - (a) to maintain a minimum requirement for own funds and eligible liabilities expressed as a percentage of the total own funds and liabilities of the relevant person, and
 - (b) for the purposes of paragraph (a), to—
 - (i) maintain particular kinds of eligible liabilities, or
 - (ii) issue particular kinds of eligible liabilities or take other specified steps.

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- (5) Under subsection (4), the Bank may, in particular, direct a relevant person to endeavour to re-negotiate any eligible liability or relevant capital instruments issued by that person, for the purpose of ensuring that any decision by the Bank to write down or convert the liability or instrument concerned would have effect under the law which governs that liability or instrument.
- (6) The Bank may give directions to a relevant MAHC requiring it to establish a separate financial holding company as a parent of an institution for the purpose of—
- (a) facilitating the exercise of the stabilisation powers, or
 - (b) ensuring that the exercise of a stabilisation power does not have an adverse effect on the non-financial part of the group of the relevant MAHC.
- (7) Directions under this section—
- (a) must be in writing, and
 - (b) may be given with general effect or with respect to a particular relevant person or class of relevant persons.
- (8) In this section—
- “financial holding company” has the meaning given by Article 4.1(20) of the capital requirements regulation;
- “financial institution” has the meaning given by Article 4.1(26) of the capital requirements regulation;
- “group” has the meaning given in section 3(2)(b);
- “group financial support agreement” has the meaning given by section 192JB(4) of the Financial Services and Markets Act 2000;
- “institution” (except in the phrase “financial institution”) means a bank or investment firm;
- “mixed financial holding company” has the meaning given by Article 4.1(21) of the capital requirements regulation;
- “parent” means a parent undertaking within the meaning given by section 1162 of the Companies Act 2006;
- “relevant MAHC” means a mixed activity holding company (within the meaning given by Article 4.1(22) of the capital requirements regulation) which has at least one subsidiary which—
- (a) is an institution, and
 - (b) is not a subsidiary of a financial holding company which is also a subsidiary of the mixed activity holding company; and
- “subsidiary” means a subsidiary undertaking within the meaning given by section 1162 of the Companies Act 2006.

3B. Safeguards relating to directions under section 3A U.K.

- (1) A direction given to a relevant person under section 3A must be accompanied by a notice which—
- (a) states when the direction takes effect (see subsections (2) and (3)),
 - (b) gives the Bank of England’s reasons for giving the direction, and,
 - (c) specifies a reasonable period within which the relevant person may make representations to the Bank about the direction.

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- (2) The direction may, if the Bank of England reasonably considers it necessary, take effect—
 - (a) immediately it is given to the relevant person, or
 - (b) on a later date specified in the direction.
- (3) In any other case the direction takes effect when—
 - (a) it has been confirmed by a notice under subsection (5), and
 - (b) the period during which the direction may be referred to the Upper Tribunal (under subsection (6)) has expired and, if the matter was so referred, the reference and any appeal against the Tribunal’s determination, has been finally disposed of.
- (4) Where representations are made by the relevant person within the period specified under subsection (1)(c), the Bank must, within a reasonable period, consider those representations and decide—
 - (a) whether to confirm or revoke the direction, and
 - (b) if the direction is revoked, whether to give a different direction.
- (5) The Bank must—
 - (a) if no representations are made within that specified period, give the relevant person written notice that the direction is confirmed, and
 - (b) if representations are made, give the relevant person written notice of its decision under subsection (4).
- (6) If the relevant person is aggrieved by the confirmation of the direction, that person may refer the matter to the Upper Tribunal.
- (7) A notice under subsection (5)(a) or (b) confirming the direction must—
 - (a) inform the relevant person of the right to refer the matter to the Upper Tribunal, and
 - (b) indicate the procedure on such a reference.
- (8) A notice given under subsection (5)(b) of a decision by the Bank to give a different direction must comply with subsection (1).
- (9) The Bank must prepare one or more statements of its policy with respect to the giving of directions under section 3A.
- (10) No power conferred by section 3A may be exercised before the statement of policy in relation to the exercise of that power has been published.]

[^{F29}CHAPTER 3 U.K.]

SPECIAL RESOLUTION ACTION]

Textual Amendments

F29 Pt. 1 Ch. 3 formed from ss. 4-83 (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), 7

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Objectives and code

4 Special resolution objectives **U.K.**

- (1) This section sets out the special resolution objectives.
- (2) The relevant authorities shall have regard to the special resolution objectives in using, or considering the use of—
 - (a) the stabilisation powers,
 - (b) the bank insolvency procedure, or
 - (c) the bank administration procedure.

- (3) For the purpose of this section the relevant authorities are—
 - (a) the Treasury,
 - ^{F30}(b) the PRA,
 - (ba) the FCA, and]
 - (c) the Bank of England.

^{F31}(3A) Objective 1 is to ensure the continuity of banking services in the United Kingdom and of critical functions.

- (4) Objective 2 is to protect and enhance the stability of the financial system of the United Kingdom, including in particular by—
 - (a) preventing contagion (including contagion to market infrastructures such as investment exchanges, clearing houses and central counterparties authorised in accordance with Article 14, or recognised in accordance with Article 25, of Regulation (EU) 648/2012 of the European Parliament and the Council of 4th July 2012 on OTC derivatives, central counterparties and trade repositories), and
 - (b) maintaining market discipline.

(5) Objective 3 is to protect and enhance public confidence in the stability of the financial system of the United Kingdom.

(6) Objective 4 is to protect public funds, including by minimising reliance on extraordinary public financial support.

- (7) Objective 5 is to protect—
 - (a) investors to the extent that they have investments covered by an investor compensation scheme under [Directive 97/9/EC](#) of the European Parliament and of the Council, and
 - (b) depositors to the extent that they have deposits covered by the Financial Services Compensation Scheme or a deposit guarantee scheme under [Directive 94/19/EC](#) or [Directive 2014/49/EU](#) of the European Parliament and of the Council.

(8) Objective 6, which applies in any case in which client assets may be affected, is to protect those assets.

(9) Objective 7 is to avoid interfering with property rights in contravention of a Convention right (within the meaning of the Human Rights Act 1998).]

(10) The order in which the objectives are listed in this section is not significant; they are to be balanced as appropriate in each case.

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Textual Amendments

- F30** S. 4(3)(b)(ba) substituted for s. 4(3)(b) (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 17 para. 5](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)
- F31** S. 4(3A)-(9) substituted for s. 4(4)-(9) (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\), arts. 1\(2\), 8\(2\)](#)

Commencement Information

- I5** S. 4 in force at 21.2.2009 by [S.I. 2009/296, art. 3, Sch. para. 1](#)

5 Code of practice **U.K.**

- [^{F32}(1) The Treasury shall issue a code of practice about—
- (a) the discharge of the duty imposed by section 6B (mandatory write-down, conversion etc of capital instruments), and
 - (b) the use of—
 - (i) the stabilisation powers,
 - (ii) the bank insolvency procedure, and
 - (iii) the bank administration procedure.]
- (2) The code may, in particular, provide guidance on—
- (a) how the special resolution objectives are to be understood and achieved,
 - (b) the choice between different options,
 - (c) the information to be provided in the course of a consultation under this Part,
 - (d) the giving of advice by one relevant authority to another about whether, when and how the stabilisation powers are to be used,
 - (e) how to determine whether Condition 2 in section 7 is met,
 - (f) how to determine whether [^{F33}tests for the use of the stabilisation powers in sections 8 and 8ZA are] satisfied,
 - (g) sections 63 and 66, and
 - (h) compensation.
- (3) Sections 12[^{F34}, 12ZA] and 13 require the inclusion in the code of certain matters about bridge banks[^{F35}, asset management vehicles] and temporary public ownership.
- (4) The relevant authorities shall have regard to the code.
- (5) For the purpose of this section the relevant authorities are—
- (a) the Treasury,
 - [^{F36}(b) the PRA,
 - (ba) the FCA, and]
 - (c) the Bank of England.

Textual Amendments

- F32** S. 5(1) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\), arts. 1\(2\), 9\(2\)](#)
- F33** Words in s. 5(2)(f) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\), arts. 1\(2\), 9\(3\)](#)

Status: Point in time view as at 01/01/2015.

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- F34** Words in s. 5(3) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **9(4)(a)**
- F35** Words in s. 5(3) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **9(4)(b)**
- F36** S. 5(5)(b)(ba) substituted for s. 5(5)(b) (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), **Sch. 17 para. 6** (with [Sch. 20](#)); [S.I. 2013/423](#), art. 3, Sch.

Commencement Information

- I6** S. 5 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1
- I7** S. 5 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, **Sch. para. 1**

6 Code of practice: procedure **U.K.**

^{F37}(1)

^{F38}(2)

(3) The Treasury may revise and re-issue the code of practice.

^{F39}(4) Before re-issuing the code of practice the Treasury must consult—

- (a) the PRA,
- (b) the FCA,
- (c) the Bank of England, and
- (d) the scheme manager of the Financial Services Compensation Scheme (established under Part 15 of the Financial Services and Markets Act 2000).

(5) As soon as is reasonably practicable after re-issuing the code of practice the Treasury shall lay a copy before Parliament.]

Textual Amendments

- F37** S. 6(1) omitted (1.4.2013) by virtue of [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), **Sch. 17 para. 7(2)** (with [Sch. 20](#)); [S.I. 2013/423](#), art. 3, Sch.
- F38** S. 6(2) omitted (1.4.2013) by virtue of [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), **Sch. 17 para. 7(2)** (with [Sch. 20](#)); [S.I. 2013/423](#), art. 3, Sch.
- F39** S. 6(4)(5) substituted for s. 6(4) (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), **Sch. 17 para. 7(3)** (with [Sch. 20](#)); [S.I. 2013/423](#), art. 3, Sch.

Commencement Information

- I8** S. 6 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1
- I9** S. 6 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, **Sch. para. 1**

^{F40}*Mandatory write-down, conversion etc of capital instruments*

Textual Amendments

- F40** Ss. 6A-6D and cross-heading inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **10**

Status: Point in time view as at 01/01/2015.

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6A. Cases where mandatory write-down, conversion, etc applies U.K.

- (1) Section 6B applies in relation to a bank in the cases set out in subsections (2) to (6).
- (2) Case 1 is where—
 - (a) the conditions imposed by sections 7 to 9 on the exercise of a stabilisation power in respect of the bank are met,
 - (b) the Bank of England or the Treasury (as the case may be) has decided to exercise the power, and
 - (c) section 12AA (mandatory write-down etc in bail-in cases) does not apply.
- (3) Case 2 is where—
 - (a) the PRA is satisfied that Condition 1 in section 7 is met in respect of the bank, and
 - (b) the Bank of England is satisfied that—
 - (i) (ignoring section 6B) Condition 2 in section 7 is met, and
 - (ii) that Condition will continue to be met unless the action required by section 6B is taken in respect of the bank.
- (4) Case 3 is where—
 - (a) the bank is viable,
 - (b) it is a subsidiary,
 - (c) relevant capital instruments issued by it are recognised for the purpose of meeting own funds requirements on an individual basis and on a consolidated basis, and
 - (d) the appropriate authority of the EEA state in which the consolidating supervisor is situated and the Bank of England make a joint determination in accordance with Article 59.3(c) of the recovery and resolution directive that the group of which the bank is a member will not be viable unless the action required by section 6B is taken in relation to those instruments.
- (5) Case 4 is where—
 - (a) the bank is a parent undertaking,
 - (b) relevant capital instruments issued by the bank are recognised for the purposes of meeting own funds requirements on an individual basis at the level of the parent undertaking or on a consolidated basis, and
 - (c) the Bank of England makes a determination that the group will not be viable unless the action required by section 6B is taken in relation to those instruments.
- (6) Case 5 is where—
 - (a) extraordinary public financial support is required by the bank other than in circumstances where subsection (5E) of section 7 applies by virtue of paragraph (c) of that subsection, and
 - (b) the Bank of England is satisfied, on the basis of the valuation carried out in accordance with section 6E, that, in order for the bank to fulfil its own funds requirements, relevant capital instruments of the bank need to be written down or converted into Common Equity Tier 1 instruments (or both).
- (7) For the purposes of Case 3, the bank is viable unless—
 - (a) the PRA is satisfied that the bank is failing or likely to fail (within the meaning of section 7(5C)), and

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- (b) having regard to timing and other relevant circumstances, the Bank of England is satisfied that it is not reasonably likely that (ignoring section 6B and the stabilisation powers) action will be taken by or in respect of the bank that will result in the bank no longer being a bank which is failing or likely to fail.
- (8) For the purposes of Cases 3 and 4 a group is not viable if (and only if)—
- (a) the consolidating supervisor is satisfied that a requirement under the capital requirements regulation that applies, on a consolidated basis, to a bank which is a member of the group is infringed (or will in the near future be infringed) in a way that justifies action by the consolidating supervisor, and
 - (b) having regard to timing and other relevant circumstances (but ignoring section 6B and the stabilisation powers), it is not reasonably likely that action will be taken by or in respect of the bank that will prevent the requirement being infringed.
- (9) In this section—
- “appropriate authority” means the authority authorised, under the law of the EEA state mentioned in paragraph (d) of subsection (4), to enter into the joint determination mentioned in that paragraph,
 - “consolidated basis” has the meaning given by Article 2.1(7) of the recovery and resolution directive,
 - “consolidating supervisor” means a consolidating supervisor as defined in Article 4.1(41) of the capital requirements regulation,
 - “group” has the meaning given in section 3(2)(b),
 - “parent undertaking” has the meaning given by Article 4.1(15)(a) of the capital requirements regulation, and
 - “subsidiary” has the meaning given by Article 4.1(16) of the capital requirements regulation.

6B. Mandatory write-down, conversion, etc of capital instruments U.K.

- (1) In a case where this section applies, the Bank of England must without delay make—
- (a) an instrument in relation to the bank containing the mandatory reduction provision, or
 - (b) two or more instruments which (taken together) contain that provision.

An instrument made under this subsection is a “mandatory reduction instrument”.

- (2) “The mandatory reduction provision” is provision which produces the following results—
- (a) existing Common Equity Tier 1 instruments of the bank are cancelled, transferred or diluted in accordance with the principle that losses should be borne first by the holders of such instruments,
 - (b) the principal amount of Additional Tier 1 instruments of the bank is reduced or such instruments are converted (directly or indirectly) into Common Equity Tier 1 instruments (or both)—
 - (i) to the extent required to achieve the special resolution objectives set out in section 4, or
 - (ii) to the extent of the capacity of the relevant capital instruments, whichever is lower; and

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- (c) the principal amount of Tier 2 instruments is reduced or Tier 2 instruments are converted (directly or indirectly) into Common Equity Tier 1 instruments (or both)—
 - (i) to the extent required to achieve the special resolution objectives set out in section 4 (so far as not achieved under paragraph (b)), or
 - (ii) to the extent of the capacity of the relevant capital instruments, whichever is lower.
- (3) For the purposes of subsection (2), a mandatory reduction instrument may contain—
 - (a) provision cancelling existing Common Equity Tier 1 instruments of the bank,
 - (b) provision transferring (directly or indirectly), to holders of Additional Tier 1 instruments or Tier 2 instruments of the bank, Common Equity Tier 1 instruments of the bank,
 - (c) provision converting relevant capital instruments of the bank (directly or indirectly) into Common Equity Tier 1 instruments of the bank or a parent undertaking of the bank,
 - (d) provision cancelling a liability owed by the bank,
 - (e) provision modifying, or changing the form of, a liability owed by the bank,
 - (f) provision that a contract under which the bank has a liability is to have effect as if a specified right had been exercised under it.
- (4) The following rules apply to the interpretation of subsection (3)—
 - A. The reference to cancelling a liability owed by the bank includes a reference to cancelling a contract under which the bank has a liability.
 - B. The reference to modifying a liability owed by the bank includes a reference to modifying the terms (or the effect of the terms) of a contract under which the bank has a liability.
 - C. The reference to changing the form of a liability owed by the bank includes, for example—
 - (i) converting an instrument under which the bank owed a liability from one form or class to another,
 - (ii) replacing such an instrument with another instrument of a different form or class, or
 - (iii) creating a new security (of any form or class) in connection with the modification of such an instrument.
- (5) Provision made by virtue of subsection (3) may include—
 - (a) provision for securities issued by a specified bank to be transferred to a resolution administrator (see section 62B) or another person;
 - (b) where a previous mandatory reduction instrument (“the original instrument”) has contained provision under paragraph (a), provision for the transfer of—
 - (i) securities which were transferred by the original instrument, or
 - (ii) securities which were issued by the bank after the original instrument was made.
- (6) Provision made in accordance with subsection (5) may relate to—
 - (a) specified securities, or
 - (b) securities of a specified description.
- (7) Where the Bank of England has exercised the power in subsection (5)(a) to transfer securities to a resolution administrator, the Bank must exercise its functions under this

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Part with a view to ensuring that any securities held by that person in the capacity of resolution administrator are so held only for so long as is, in the Bank of England's opinion, appropriate having regard to the special resolution objectives.

- (8) Where Case 1 in section 6A applies, the Bank must comply with subsection (1) before or at the same time as exercising the stabilisation power.
- (9) Where Case 3 in section 6A applies, the principal amount of a relevant capital instrument issued by the bank must not be reduced under this section to a greater extent, or converted on worse terms, than equally ranked capital instruments at the level of any parent undertaking of the bank which are reduced, or converted, pursuant to Article 59 of the recovery and resolution directive or in the course of applying the bail-in tool provided for by that directive.
- (10) In this section “parent undertaking” has the meaning given by Article 4.1(15)(a) of the capital requirements regulation.

6C. Mandatory reduction instruments: implementation of requirements of section 6B U.K.

- (1) Where the principal amount of a relevant capital instrument is reduced under section 6B—
 - (a) the reduction must be permanent, subject to any provision made by virtue of section 48Y(1)(a);
 - (b) no liability to the holder of the relevant capital instrument remains under, or in connection with, so much of the amount of the instrument as constitutes the reduction, except for—
 - (i) any liability already accrued in a case where the principal amount of the instrument is not reduced or converted (or both) to the full extent of its capacity, and
 - (ii) any liability for damages that may arise as a result of any challenge to the legality of the exercise of the power of reduction;
 - (c) no compensation is to be paid to any holder of the relevant capital instrument other than in accordance with subsection (4).
- (2) Nothing in subsection (1)(b) prevents the provision of Common Equity Tier 1 instruments to a holder of relevant capital instruments in accordance with subsection (4).
- (3) In order to effect a conversion of relevant capital instruments under section 6B, the Bank of England may require the bank, or a UK parent undertaking, to issue Common Equity Tier 1 instruments to the holders of the relevant capital instruments.
- (4) The relevant capital instruments may only be so converted if—
 - (a) the Common Equity Tier 1 instruments are issued by the bank, or by a parent undertaking of the bank with the agreement of the resolution authority in respect of that parent undertaking,
 - (b) the Common Equity Tier 1 instruments are issued prior to the issue of any shares by the bank, or by a parent undertaking of the bank, for the purposes of provision of own funds by the State or a government entity,
 - (c) the Common Equity Tier 1 instruments are awarded and transferred without delay following the exercise of the conversion power, and

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- (d) the conversion rate that determines the number of Common Equity Tier 1 instruments that are provided in respect of each relevant capital instrument complies with—
 - (i) the principles set out in Article 50 of the recovery and resolution directive, and
 - (ii) any guidelines issued by the European Banking Authority under Article 50(4) of the resolution and recovery directive, other than any guidelines which the Bank of England has notified the Authority it does not intend to comply with.
- (5) For the purposes of the provision of Common Equity Tier 1 instruments in accordance with subsections (2), (3) and (4), the Bank of England may require the bank or a UK parent undertaking of the bank to maintain at all times the necessary prior authorisation to issue the relevant number of Common Equity Tier 1 instruments.
- (6) Before making a mandatory reduction instrument, the Bank must consult—
 - (a) the PRA,
 - (b) the FCA, and
 - (c) the Treasury.
- (7) In this section—
 - “parent undertaking” has the meaning given by Article 4.1(15)(a) of the capital requirements regulation,
 - “resolution authority” has the meaning given by Article 2.1(18) of the recovery and resolution directive,
 - “UK parent undertaking” means a parent undertaking that is incorporated in, or formed under the law of, any part of the United Kingdom.

6D. Mandatory reduction instruments: supplementary matters **U.K.**

- (1) The following provisions apply in relation to a mandatory reduction instrument as they apply to a resolution instrument—
 - (a) section 48L(3) and (5) (powers relating to securities issued by the bank),
 - (b) section 48O (power to direct directors of the bank),
 - (c) section 48Q (continuity),
 - (d) section 48R (execution and registration of instruments etc),
 - (e) section 48S (general matters), and
 - (f) section 48T (procedure).
- (2) Where the Bank of England makes one or more mandatory reduction instruments in respect of a bank, the Bank must, on request by the Treasury, report to the Chancellor of the Exchequer about—
 - (a) the exercise of the power to make a mandatory reduction instrument,
 - (b) the activities of the bank, and
 - (c) any other matters in relation to the bank that the Treasury may specify.
- (3) In relation to the matters in subsection (2)(a) and (b), the report must comply with any requirements that the Treasury may specify.
- (4) The Chancellor of the Exchequer must lay a copy of each report under subsection (2) before Parliament.]

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F⁴¹ Valuation before mandatory write-down of capital or stabilisation action

Textual Amendments

F41 S. 6E and cross-heading inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **11**

6E. Pre-resolution valuation **U.K.**

- (1) Before the Bank of England makes a mandatory reduction instrument or exercises any stabilisation power in respect of a bank, it must ensure that the assets and liabilities of the bank are valued.
- (2) Unless subsection (3) applies, the Bank of England must arrange for the appointment of an independent valuer in accordance with section 62A to carry out a valuation for the purposes of subsection (1).
- (3) Where the Bank of England considers that the urgency of the case makes it appropriate to make a mandatory reduction instrument, or exercise a stabilisation power, before a valuation can be carried out by a person appointed in accordance with subsection (2), the Bank may carry out a provisional valuation of the assets and liabilities of the bank for the purposes of subsection (1).
- (4) The purpose of a valuation carried out pursuant to subsection (1) is to—
 - (a) inform the decision as to—
 - (i) whether the conditions for the making of a mandatory reduction instrument or the exercise of a stabilisation power is satisfied,
 - (ii) which stabilisation option should be employed,
 - (iii) the extent to which any shares, capital instruments or eligible liabilities should be cancelled, diluted, transferred, written down or converted through the use of a mandatory reduction instrument or a resolution instrument,
 - (iv) what assets, liabilities or securities (if any) are to be transferred by a property transfer instrument or a share transfer instrument, and
 - (v) the value of any consideration to be paid to the bank or the owners of the securities for any assets, liabilities or securities so transferred, and
 - (b) ensure that the full extent of any losses on the assets of that bank is appreciated at the time the Bank of England makes a mandatory reduction instrument or exercises a stabilisation power.
- (5) In carrying out a valuation required under subsection (1), the person carrying out the valuation must—
 - (a) make prudent assumptions as to possible rates of default and the severity of losses suffered by the bank,
 - (b) disregard potential financial assistance which may be provided by the Bank of England or the Treasury after the Bank has made any mandatory reduction instrument or exercised any stabilisation power (except for ordinary market assistance offered by the Bank on its usual terms),
 - (c) take account of the fact that—

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- (i) the Bank of England and the Treasury may recover expenses incurred in connection with the exercise of a stabilisation power under section 58(2)(b),
 - (ii) the Bank of England and the Treasury may charge interest or fees in respect of any loans or guarantees provided to the bank after the Bank has made any mandatory reduction instrument or exercised any stabilisation power in respect of it.
- (6) The valuation carried out under this section must follow the methodology specified in regulatory technical standards adopted by the European Commission under article 36.16 of the recovery and resolution directive.
- (7) A valuation under subsection (1) must be accompanied by—
 - (a) a balance sheet of the bank as at the date of the valuation,
 - (b) a report on the financial position of the bank,
 - (c) an analysis and an estimate of the accounting value of the assets of the bank,
 - (d) a list of the outstanding liabilities of the bank (including any off-balance sheet liabilities), with the creditors subdivided into classes according to the priority their claims would receive in insolvency proceedings, and
 - (e) an estimate of the amount that each class of creditors and shareholders might be expected to receive if the bank went into insolvent liquidation.
- (8) Where appropriate, the information in subsection (7)(c) may be supplemented by an analysis and estimate of the value of the assets and liabilities of the bank on a market value basis in order to inform the decision referred to in paragraph (a)(iv) or (v) of subsection (4).
- (9) Where a provisional valuation is carried out under subsection (3), the Bank need only comply with subsection (7) as far as it is reasonable to do so in the circumstances.
- (10) A provisional valuation carried out under subsection (1) must make provision in respect of additional losses by the bank in accordance with regulatory technical standards adopted by the European Commission under Article 36.16 of the recovery and resolution directive.]

Exercise of powers: general

7 General conditions **U.K.**

- [^{F42}(1) A stabilisation power may be exercised in respect of a bank only if—
- (a) the PRA is satisfied that Condition 1 is met, and
 - (b) the Bank of England is satisfied that Conditions 2, 3 and 4 are met.
- (2) Condition 1 is that the bank is failing or likely to fail.
- (3) Condition 2 is that, having regard to timing and other relevant circumstances, it is not reasonably likely that (ignoring the stabilisation powers) action will be taken by or in respect of the bank that will result in Condition 1 ceasing to be met.
- (4) Condition 3 is that the exercise of the power is necessary having regard to the public interest in the advancement of one or more of the special resolution objectives.
- (5) Condition 4 is that one or more of the special resolution objectives would not be met to the same extent by the winding up of the bank (whether under Part 2 or otherwise).

Status: Point in time view as at 01/01/2015.

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- (5A) The PRA must treat Condition 1 as met if satisfied that it would be met but for financial assistance provided by—
- (a) the Treasury, or
 - (b) the Bank of England,
- disregarding ordinary market assistance offered by the Bank on its usual terms.
- (5B) The Bank of England must treat Condition 2 as met if satisfied that it would be met but for financial assistance of the kind mentioned in subsection (5A).
- (5C) For the purposes of Condition 1, a bank is failing or likely to fail if—
- (a) it is failing, or is likely to fail, to satisfy the threshold conditions in circumstances where that failure would justify the variation or cancellation by the PRA under section 55J of the Financial Services and Markets Act 2000 of the bank's permission under Part 4A of that Act to carry on one or more regulated activities,
 - (b) the value of the assets of the bank determined in accordance with the valuation carried out for the purposes of section 6E(1) is less than the amount of its liabilities as so determined,
 - (c) the bank is unable to pay its debts or other liabilities as they fall due,
 - (d) one or more of paragraphs (a) to (c) will, in the near future, apply to the bank, or
 - (e) extraordinary public financial support is required in respect of the bank and subsection (5E) does not apply to that support.
- (5D) “The threshold conditions” means the threshold conditions, as defined by subsection (1) of section 55B of the Financial Services and Markets Act 2000, for which the PRA is treated as responsible under subsection (2) of that section.
- (5E) This subsection applies where, in order to remedy a serious disturbance in the economy of the United Kingdom and preserve financial stability, the extraordinary public financial support takes any of the following forms—
- (a) a State guarantee to back liquidity facilities provided by central banks,
 - (b) a State guarantee of newly issued liabilities,
 - (c) an injection of own funds, or purchase of capital instruments, at prices and on terms that do not confer an advantage upon the bank, where none of the circumstances referred to in subsection (5C)(a), (b), (c) or (d) are present at the time the public support is granted and none of Cases 1 to 4 in section 6A apply.
- (5F) Before determining that Condition 1 is met, the PRA must consult the Bank of England.
- (5G) Before determining whether or not Condition 2 is met, the Bank of England must consult—
- (a) the PRA,
 - (b) the FCA, and
 - (c) the Treasury.
- (5H) Before determining that Conditions 3 and 4 are met, the Bank must consult—
- (a) the PRA,
 - (b) the FCA, and
 - (c) the Treasury.]

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- (6) The special resolution objectives are not relevant to Conditions 1 and 2.
- (7) The conditions for applying for and making a bank insolvency order are set out in sections 96 and 97.
- (8) The conditions for applying for and making a bank administration order are set out in sections 143 and 144.

Textual Amendments

F42 S. 7(1)-(5H) substituted for s. 7(1)-(5) (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **12**

Commencement Information

I10 S. 7 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, [Sch. para. 1](#)

[^{F43}7A. **Effect on other group members, financial stability in EUetc** **U.K.**

- (1) Where the Bank of England is considering the imposition of a requirement under section 3A(2), (4)(b)(ii), (5) or (6), the Bank must consult the PRA and the FCA, and have regard to the potential impact of the requirement on—
 - (a) the institution in question,
 - (b) the market for financial services within the EEA, and
 - (c) the financial stability of the European Union or of the EEA states.
- (2) Where the Bank of England is considering the exercise of a stabilisation power in respect of a bank which is a member of a group, the Bank must have regard to—
 - (a) the need to minimise the effect of the exercise of the power on other undertakings in the same group,
 - (b) the need to minimise any adverse effects on the financial stability of the European Union or of the EEA states (particularly those EEA states in which any member of that group is operating), and
 - (c) the potential effect of the exercise of the power on the financial stability of third countries (particularly those third countries in which any member of that group is operating).
- (3) In this section “group” has the meaning given by section 474 of the Companies Act 2006.]

Textual Amendments

F43 S. 7A inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **13**

[^{F44}8 **Specific Condition: private sector purchaser, bridge bank or asset management vehicle** **U.K.**

- (1) In a financial assistance case, the Bank may exercise a stabilisation power in respect of the bank concerned in accordance with section 11(2), 12(2) or 12ZA(3) only with the approval of the Treasury.

Status: Point in time view as at 01/01/2015.

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- (2) “Financial assistance case” means a case where the Treasury notify the Bank of England that they have provided financial assistance in respect of a bank for the purpose of resolving or reducing a serious threat to the stability of the financial systems of the United Kingdom.
- (3) The condition in this section is in addition to the conditions in sections 7 and 8ZA.]

Textual Amendments

F44 S. 8 substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), 14

[^{F45}8ZA. Specific conditions: asset management vehicle **U.K.**

- (1) The Bank of England may exercise a stabilisation power in respect of a bank in accordance with section 12ZA(3) only if satisfied that Conditions A and B are met.
- (2) Condition A is that the power is exercised in connection with the exercise of one or more stabilisation powers in respect of the bank, or a company which is a banking group company in relation to the bank, otherwise than for the purposes of the third stabilisation option.
- (3) Condition B is that the Bank of England is satisfied that—
- the situation of the market for the assets which it is proposed to transfer by the exercise of the stabilisation power is of such a nature that the liquidation of those assets under normal insolvency proceedings could have an adverse effect on one or more financial markets,
 - the transfer is necessary to ensure the proper functioning of the bank or bridge bank from which the transfer is to be made, or
 - the transfer is necessary to maximise the proceeds available for distribution.
- (4) Before determining whether Conditions A and B are met, and if so how to react, the Bank of England must consult—
- the PRA,
 - the FCA, and
 - the Treasury.
- (5) “Normal insolvency proceedings” has the meaning given in Article 2.1(47) of the recovery and resolution directive (and, in particular, includes the bank insolvency procedure and the bank administration procedure).
- (6) The conditions in this section are in addition to the conditions in sections 7 and 8.]

Textual Amendments

F45 S. 8ZA inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), 15

^{F46}8A Specific condition: bail-in **U.K.**

.....

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

F46 S. 8A omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), 16

9 Specific conditions: temporary public ownership **U.K.**

- (1) The Treasury may exercise a stabilisation power in respect of a bank in accordance with section 13(2) only if satisfied that one of the following conditions is met.
- (2) Condition A is that the exercise of the power is necessary to resolve or reduce a serious threat to the stability of the financial systems of the United Kingdom.
- (3) Condition B is that exercise of the power is necessary to protect the public interest, where the Treasury have provided financial assistance in respect of the bank for the purpose of resolving or reducing a serious threat to the stability of the financial systems of the United Kingdom [^{F47}or the Bank of England has provided extraordinary public financial support in respect of the bank].
- (4) Before determining whether a condition is met the Treasury must consult—
 - [^{F48}(a) the PRA,
 - (aa) the FCA, and]
 - (b) the Bank of England.
- (5) The conditions in this section are in addition to the conditions in section 7.

Textual Amendments

F47 Words in s. 9(3) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), 17

F48 S. 9(4)(a)(aa) substituted for s. 9(4)(a) (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), [Sch. 17 para. 10](#) (with [Sch. 20](#)); [S.I. 2013/423](#), art. 3, [Sch.](#)

Commencement Information

I11 S. 9 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, [Sch. para. 1](#)

10 Banking Liaison Panel **U.K.**

- (1) The Treasury shall make arrangements for a panel to advise the Treasury about the effect of the special resolution regime on—
 - (a) banks,
 - (b) persons with whom banks do business, and
 - (c) the financial markets.
- (2) In particular, the panel may advise the Treasury about—
 - (a) the exercise of powers to make statutory instruments under or by virtue of this Part, Part 2 or Part 3 (excluding the stabilisation powers, compensation scheme orders, resolution fund orders, third party compensation orders and orders under section 75(2)(b) and (c)),
 - (b) the code of practice under section 5, and
 - (c) anything else referred to the panel by the Treasury.

Status: Point in time view as at 01/01/2015.

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- (3) The Treasury shall ensure that the panel includes—
- (a) a member appointed by the Treasury,
 - (b) a member appointed by the Bank of England,
 - [^{F49}(c) a member appointed by the PRA,
 - (ca) a member appointed by the FCA,]
 - (d) a member appointed by the scheme manager of the Financial Services Compensation Scheme,
 - (e) one or more persons who in the Treasury's opinion represent the interests of banks,
 - (f) one or more persons who in the Treasury's opinion have expertise in law relating to the financial systems of the United Kingdom, and
 - (g) one or more persons who in the Treasury's opinion have expertise in insolvency law and practice.

Textual Amendments

F49 S. 10(3)(c)(ca) substituted for s. 10(3)(c) (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 17 para. 11](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)

Commencement Information

I12 S. 10 in force at 17.2.2009 for specified purposes by [S.I. 2009/296, arts. 2, 3, Sch. para. 1](#)

I13 S. 10 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296, arts. 2, 3, Sch. para. 1](#)

The stabilisation options

11 Private sector purchaser **U.K.**

- (1) The first stabilisation option is to sell all or part of the business of the bank to a commercial purchaser.
- (2) For that purpose the Bank of England may make—
- (a) one or more share transfer instruments;
 - (b) one or more property transfer instruments.

Commencement Information

I14 S. 11 in force at 21.2.2009 by [S.I. 2009/296, art. 3, Sch. para. 1](#)

12 Bridge bank **U.K.**

- (1) The second stabilisation option is to transfer all or part of the business of the bank to a company which [^{F50}meets the requirements of subsection (1A)] (a “bridge bank”).

[^{F51}(1A) Those requirements are that the company—

- (a) is wholly or partially owned by the Bank of England,
- (b) is controlled by the Bank, and

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- (c) is created for the purposes of receiving a transfer by virtue of this section with a view to maintaining access to critical functions and (in due course) selling the bank or its business.
- (2) For the purpose of subsection (1) the Bank of England may make—
 - (a) one or more share transfer instruments;
 - (b) one or more property transfer instruments.]
- (3) The code of practice under section 5 must include provision about the management and control of bridge banks including, in particular, provision about—
 - (a) setting objectives,
 - (b) the content of the articles of association,
 - (c) the content of reports under section 80(1),
 - (d) different arrangements for management and control at different stages, and
 - (e) eventual disposal.
- [^{F52}(3A) Where—
 - (a) all or substantially all of the bridge bank’s assets, rights and liabilities have been transferred to a third party, or
 - (b) following a transfer to the bridge bank under this section, no further transfer to the bridge bank is made under this section during the relevant post-transfer period,the Bank of England must, without delay, take all necessary steps to wind up the bridge bank.
- (3B) But subsection (3A)(b) does not apply if the bridge bank—
 - (a) has merged with another entity,
 - (b) has ceased to meet the requirements of subsection (1A)(a) or (b), or
 - (c) has already been wound up.
- (3C) “The relevant post-transfer period” means the period of two years beginning with the day of the transfer mentioned in subsection (3A)(a), subject to any extension under subsection (3D).
- (3D) The Bank of England may extend (or further extend) the relevant post-transfer period by one year if it is satisfied that the extension—
 - (a) would support one or more of the outcomes mentioned in subsection (3A)(a) or (3B)(a), (b) or (c), or
 - (b) is necessary to ensure the continuity of essential banking or financial services.]
- (4) Where property, rights or liabilities are first transferred by property transfer instrument to a bridge bank and later transferred (whether or not by the exercise of a power under this Part) to another company which [^{F53}meets the requirements of subsection (1A)], that other company is an “onward bridge bank”.
- (5) An onward bridge bank—
 - (a) is a bridge bank for the purposes of—
 - [^{F54}(i) subsections (3) to (3B),
 - (ia) section 8ZA(3)(b),
 - (ib) section 12ZA(1)(b) and (2)(c),]
 - (ii) section 77,
 - (iii) section 79, and

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- (iv) section 80(5), but
- (b) is not a bridge bank for the purposes of—
 - (i) section 30(1),
 - (ii) section 43(1), or
 - (iii) section 80(1).

Textual Amendments

- F50** Words in s. 12(1) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **18(2)**
- F51** S. 12(1A)(2) substituted for s. 12(2) (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **18(3)**
- F52** S. 12(3A)-(3D) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **18(4)**
- F53** Words in s. 12(4) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **18(5)**
- F54** S. 12(5)(a)(i)-(ib) substituted for s. 12(5)(a)(i) (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **18(6)**

Commencement Information

- I15** S. 12 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1
- I16** S. 12 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, **Sch. para. 1**

[^{F55}12ZAAsset management vehicle **U.K.**

- (1) The third stabilisation option is to transfer all or part of the business of—
 - (a) the bank, or
 - (b) a bridge bank to which shares or property, rights or liabilities of the bank have been transferred under section 12,
 to an asset management vehicle.
- (2) An “asset management vehicle” is an undertaking which—
 - (a) is wholly or partially owned (directly or indirectly) by the Bank of England or the Treasury,
 - (b) is controlled by the Bank of England, and
 - (c) is created for the purpose of receiving some or all of the assets, rights and liabilities of one or more banks or of one or more bridge banks (or both).
- (3) For the purpose of subsection (1) the Bank of England may make one or more property transfer instruments.
- (4) An asset management vehicle must manage the assets transferred to it with a view to maximising their value through eventual sale or orderly wind down.
- (5) The code of practice under section 5 must include provision about the management and control of asset management vehicles including, in particular, provision about—
 - (a) setting objectives,
 - (b) the content of the articles of association,
 - (c) the content of reports under section 80(1),
 - (d) different arrangements for management and control at different stages, and

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- (e) eventual disposal.
- (6) Where property, rights or liabilities are transferred to an asset management vehicle pursuant to the third stabilisation option, the Bank of England may make one or more supplemental property transfer instruments transferring any of that property, or those rights or liabilities, to one or more other asset management vehicles.]

Textual Amendments

F55 S. 12ZA inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **19**

[^{F56}12A **Bail-in option** **U.K.**

(1) The [^{F57}fourth] stabilisation option is exercised by the use of the power in subsection (2).

[^{F58}(2) The Bank of England may make one or more resolution instruments.

(2A) A resolution instrument may contain provision or proposals of any kind mentioned in subsections (3) to (6).

(2B) The power in subsection (2) must be exercised in accordance with section 12AA.

(2C) When the Bank of England exercise that power, at least one resolution instrument must include provision under section 48H(1) (business reorganisation plan).]

(3) A resolution instrument may—

- (a) make special bail-in provision with respect to a specified bank;
- (b) make other provision for the purposes of, or in connection with, any special bail-in provision made by that or another instrument.

(4) A resolution instrument may—

- (a) provide for securities issued by a specified bank to be transferred to a [^{F59}resolution administrator (see section 62B)] or another person;
- (b) make other provision for the purposes of, or in connection with, the transfer of securities issued by a specified bank (whether or not the transfer has been or is to be effected by that instrument, by another resolution instrument or otherwise).

(5) A resolution instrument may set out proposals with regard to the future ownership of a specified bank or of the business of a specified bank, and any other proposals (for example, proposals about making special bail-in provision) that the Bank of England may think appropriate.

(6) A resolution instrument may make any other provision the Bank of England may think it appropriate to make in exercise of specific powers under this Part.

(7) Provision made in accordance with subsection (4) may relate to—

- (a) specified securities, or
- (b) securities of a specified description.

(8) Where the Bank of England has exercised the power in subsection (4) to transfer securities to a [^{F60}resolution administrator], the Bank of England must exercise its

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functions under this Part (see, in particular, section 48V) with a view to ensuring that any securities held by a person in the capacity of a ^{F60}resolution administrator] are so held only for so long as is, in the Bank of England's opinion, appropriate having regard to the special resolution objectives.

- (9) References in this Part to “special bail-in provision” are to provision made in reliance on section 48B.]

Textual Amendments

- F56** Ss. 12A, 12B inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), [Sch. 2 para. 2](#); S.I. 2014/3160, art. 2(1)(b)
- F57** Word in s. 12A(1) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [20\(2\)](#)
- F58** Ss. 12A(2)-(2C) substituted for s. 12A(2) (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [20\(3\)](#)
- F59** Words in s. 12A(4)(a) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [20\(4\)](#)
- F60** Words in s. 12A(8) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [20\(5\)](#)

^{F61}12AABail-in: sequence of write-down and conversion of capital instruments and liabilities **U.K.**

- (1) When the Bank of England exercises the fourth stabilisation option, it must use the powers conferred by sections 12A, 48B to 48W and 48Z and this section in a way which ensures that—
- (a) existing Common Equity Tier 1 instruments of the bank are cancelled, transferred or diluted in accordance with the principle that losses should be borne first by the holders of such instruments,
 - (b) the principal amount of Additional Tier 1 instruments is reduced or converted (directly or indirectly) into Common Equity Tier 1 instruments (or both), to the extent of the capacity of the Additional Tier 1 instruments,
 - (c) the principal amount of Tier 2 instruments is reduced or converted (directly or indirectly) into Common Equity Tier 1 instruments (or both), to the extent of the capacity of the Tier 2 instruments,
 - (d) where the total of any reduction or conversion pursuant to paragraphs (b) and (c) is less than the shortfall amount, the principal amount of subordinated debt that is not within either of those paragraphs is—
 - (i) reduced or converted (directly or indirectly) into shares or other securities, or both reduced and so converted, in accordance with the hierarchy of claims in normal insolvency proceedings, by the difference or to the extent of the capacity of those instruments, whichever is lower, and
 - (ii) losses are born by the holders of shares of the bank that are not within paragraph (a), (b) or (c) in accordance with the hierarchy of claims in normal insolvency proceedings,
 - (e) where the total of any reduction or conversion pursuant to paragraphs (b), (c) and (d), and any reduction or conversion pursuant to subsection (6), is less than the shortfall amount, the principal amount of, or outstanding amount payable in respect of, the remaining eligible liabilities is reduced or converted (directly

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or indirectly) into shares or other securities, or both reduced and so converted, in accordance with the hierarchy of claims in normal insolvency proceedings, by the difference or to the extent of their capacity, whichever is lower.

(2) In this section—

“normal insolvency proceedings” has the meaning given by Article 2.1(47) of the resolution and recovery directive (and, in particular, includes the bank insolvency procedure and the bank administration procedure),

“the shortfall amount” means the sum of the amounts referred to in Article 47.3(b) and (c) of the resolution and recovery directive.

(3) Subsections (1) to (4) of section 6C apply for the purpose of this section as if references in those subsections to section 6B were references to subsection (1)(a) to (c) of this section.

(4) When complying with subsection (1)(d) and (e), the Bank of England must allocate the losses represented by the shortfall amount equally between eligible liabilities of the same rank by reducing the principal amount of, or outstanding amount payable in respect of, those eligible liabilities to the same extent in proportion to their value, except where a different allocation of losses amongst liabilities of the same rank is allowed by virtue of section 48B(10) and (11).

(5) Subsection (4) does not prevent excluded liabilities (as defined by section 48B(7A)) from receiving more favourable treatment than eligible liabilities which are of the same rank in normal insolvency proceedings.

(6) The Bank may take the action required by subsection (1)(e) only if it converts or reduces the principal amount of any instruments referred to in subsection (1)(d) which contain—

(a) terms that provide for the principal amount of the instrument to be reduced on the occurrence of any event that refers to the financial situation, solvency or levels of own funds of the bank, or

(b) terms that provide for the conversion of the instruments to shares on the occurrence of any such event,

in accordance with those terms.

(7) Where the principal amount of an instrument has been reduced, but not to zero, in accordance with terms of the kind referred to in subsection (6)(a) before the application of the bail-in option, the Bank must take the action required by subsection (1) in relation to the residual amount of that principal.

(8) When taking the action required by subsection (1), the Bank must not convert or reduce one class of liabilities while a class of liabilities that is subordinated to that class remains substantially unconverted or the principal amount of those liabilities is not reduced to nil.

(9) For the purpose of subsection (8), excluded liabilities within the meaning of section 48B(7A) are to be ignored.

(10) For the purposes of this section “existing” Common Equity Tier 1 instruments includes Common Equity Tier 1 instruments issued or conferred in the following circumstances—

(a) pursuant to conversion of debt instruments to Common Equity Tier 1 instruments in accordance with contractual terms of the original debt instruments on the occurrence of an event that preceded, or occurred at the

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same time as, the assessment by the Bank of England that the bank met the conditions in section 7;

- (b) pursuant to any previous conversion of relevant capital instruments to Common Equity Tier 1 instruments in accordance with section 6B.]

Textual Amendments

F61 S. 12AA inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **21**

F62 12B Bail-in administrators **U.K.**

Textual Amendments

F62 S. 12B omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **22**

13 Temporary public ownership **U.K.**

- (1) The [^{F63}fifth] stabilisation option is to take the bank into temporary public ownership.
- (2) For that purpose the Treasury may make one or more share transfer orders in which the transferee is—
 - (a) a nominee of the Treasury, or
 - (b) a company wholly owned by the Treasury.
- (3) The code of practice under section 5 must include provision about the management of banks taken into temporary public ownership under this section.

Textual Amendments

F63 Word in s. 13(1) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **23**

Commencement Information

I17 S. 13 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1

I18 S. 13 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, **Sch. para. 1**

Transfer of securities

14 Interpretation: “securities” **U.K.**

- (1) In this Part “securities” includes anything falling within any of the following classes.
- (2) Class 1: shares and stock.
- (3) Class 2: debentures, including—
 - (a) debenture stock,

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- (b) loan stock,
 - (c) bonds,
 - (d) certificates of deposit, and
 - (e) any other instrument creating or acknowledging a debt.
- (4) Class 3: warrants or other instruments that entitle the holder to acquire anything in Class 1 or 2.
- (5) Class 4: rights which—
- (a) are granted by a deposit-taker, and
 - (b) form part of the deposit-taker's own funds for the purposes of [F64Title 1 of Part 2 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council.]

Textual Amendments

F64 Words in s. 14(5)(b) substituted (1.1.2014) by [The Capital Requirements Regulations 2013 \(S.I. 2013/3115\)](#), reg. 1(2), [Sch. 2 para. 45\(2\)](#)

Commencement Information

I19 S. 14 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, [Sch. para. 1](#)

15 Share transfer instrument **U.K.**

- (1) A share transfer instrument is an instrument which—
- (a) provides for securities issued by a specified bank to be transferred;
 - (b) makes other provision for the purposes of, or in connection with, the transfer of securities issued by a specified bank (whether or not the transfer has been or is to be effected by that instrument, by another share transfer instrument or otherwise).
- (2) A share transfer instrument may relate to—
- (a) specified securities, or
 - (b) securities of a specified description.

Commencement Information

I20 S. 15 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, [Sch. para. 1](#)

16 Share transfer order **U.K.**

- (1) A share transfer order is an order which—
- (a) provides for securities issued by a specified bank to be transferred;
 - (b) makes other provision for the purposes of, or in connection with, the transfer of securities issued by a specified bank (whether or not the transfer has been or is to be effected by that order, by another share transfer order or otherwise).
- (2) A share transfer order may relate to—
- (a) specified securities, or
 - (b) securities of a specified description.

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Commencement Information

- I21** S. 16 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1
- I22** S. 16 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

17 Effect U.K.

- (1) In this section “transfer” means a transfer provided for by a share transfer instrument or order^{F65}, by a mandatory reduction instrument^{F66} or by a resolution instrument].
- (2) A transfer takes effect by virtue of the instrument or order (and in accordance with its provisions as to timing or other ancillary matters).
- (3) A transfer takes effect despite any restriction arising by virtue of contract or legislation or in any other way.
- (4) In subsection (3) “restriction” includes—
 - (a) any restriction, inability or incapacity affecting what can and cannot be assigned or transferred (whether generally or by a particular person), and
 - (b) a requirement for consent (by any name).
- (5) A share transfer instrument or order^{F67}, a mandatory reduction instrument^{F68} or a resolution instrument] may provide for a transfer to take effect free from any trust, liability or other encumbrance (and may include provision about their extinguishment).
- (6) A share transfer instrument or order^{F69}, a mandatory reduction instrument^{F70} or a resolution instrument] may extinguish rights to acquire securities falling within Class 1 or 2 in section 14.

Textual Amendments

- F65** Words in s. 17(1) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [24\(2\)](#)
- F66** Words in s. 17(1) inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), [Sch. 2 para. 14\(a\)](#); [S.I. 2014/3160](#), art. 2(1)(b)
- F67** Words in s. 17(5) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [24\(3\)](#)
- F68** Words in s. 17(5) inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), [Sch. 2 para. 14\(b\)](#); [S.I. 2014/3160](#), art. 2(1)(b)
- F69** Words in s. 17(6) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [24\(4\)](#)
- F70** Words in s. 17(6) inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), [Sch. 2 para. 14\(c\)](#); [S.I. 2014/3160](#), art. 2(1)(b)

Commencement Information

- I23** S. 17 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1
- I24** S. 17 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

18 Continuity **U.K.**

- (1) A share transfer instrument or order may provide for a transferee to be treated for any purpose connected with the transfer as the same person as the transferor.
- (2) A share transfer instrument or order may provide for agreements made or other things done by or in relation to a transferor to be treated as made or done by or in relation to the transferee.
- (3) A share transfer instrument or order may provide for anything (including legal proceedings) that relates to anything transferred and is in the process of being done by or in relation to the transferor immediately before the transfer date, to be continued by or in relation to the transferee.
- (4) A share transfer instrument or order may modify references (express or implied) in an instrument or document to a transferor.
- (5) A share transfer instrument or order may require or permit—
 - (a) a transferor to provide a transferee with information and assistance;
 - (b) a transferee to provide a transferor with information and assistance.

[^{F71}(5A) This section applies to a mandatory reduction instrument as it applies to a share transfer instrument; and in relation to a mandatory reduction instrument references in this section to a “transfer” are to a transfer of securities (whether made by that or another mandatory reduction instrument) and “transferor” and “transferee” are to be read accordingly.]

[^{F72}(6) This section applies to a resolution instrument as it applies to a share transfer instrument; and in relation to a resolution instrument references in this section to a “transfer” are to a transfer of securities (whether made by that or another resolution instrument) and “transferor” and “transferee” are to be read accordingly.]

Textual Amendments

F71 S. 18(5A) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **25**

F72 S. 18(6) inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 2 para. 15**; [S.I. 2014/3160](#), art. 2(1)(b)

Commencement Information

I25 S. 18 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1

I26 S. 18 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, **Sch. para. 1**

19 Conversion and delisting **U.K.**

- (1) A share transfer instrument or order may provide for securities to be converted from one form or class to another.
- (2) A share transfer instrument or order may provide for the listing of securities, under section 74 of the Financial Services and Markets Act 2000, to be discontinued [^{F73}or suspended].

[^{F74}(3) Where the listing of securities is suspended in accordance with a share transfer instrument or order, those securities are to be treated for the purposes of section 96

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of, and paragraph 23(6) of Schedule 1ZA to, the Financial Services and Markets Act 2000 as still being listed.]

Textual Amendments

- F73** Words in s. 19(2) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **26(2)**
- F74** S. 19(3) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **26(3)**

Commencement Information

- I27** S. 19 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1
- I28** S. 19 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, **Sch. para. 1**

20 Directors [^{F75}and senior managers] **U.K.**

- (1) A share transfer instrument may enable the Bank of England—
- (a) to remove a director [^{F76}or senior manager] of a specified bank;
 - (b) to vary the service contract of a director [^{F76}or senior manager] of a specified bank;
 - (c) to terminate the service contract of a director [^{F76}or senior manager] of a specified bank;
 - (d) to appoint a director [^{F76}or senior manager] of a specified bank.
- [^{F77}(1A) Subsection (1) also applies to a director [^{F78}or senior manager] of any undertaking which is a banking group company in respect of a specified bank.]
- (2) A share transfer order may enable the Treasury—
- (a) to remove a director [^{F79}or senior manager] of a specified bank;
 - (b) to vary the service contract of a director [^{F79}or senior manager] of a specified bank;
 - (c) to terminate the service contract of a director [^{F79}or senior manager] of a specified bank;
 - (d) to appoint a director [^{F79}or senior manager] of a specified bank.
- (3) Appointments under subsection (1)(d) are to be on terms and conditions agreed with the Bank of England.
- (4) Appointments under subsection (2)(d) are to be on terms and conditions agreed with the Treasury.
- [^{F80}(5) In this section “senior manager” means a person who—
- (a) exercises executive functions within a specified bank or banking group company, and
 - (b) is responsible, and directly accountable to the directors, for the day to day management of that bank or banking group company.]

Textual Amendments

- F75** Words in s. 20 heading inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **27(4)**

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- F76** Words in s. 20(1) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **27(2)**
- F77** S. 20(1A) inserted (1.8.2014) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 100(3)**, 122(3) (with Sch. 20); [S.I. 2014/1847](#), art. 2
- F78** Words in s. 20(1A) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **27(2)**
- F79** Words in s. 20(2) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **27(2)**
- F80** S. 20(5) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **27(3)**

Commencement Information

- I29** S. 20 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1
- I30** S. 20 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, **Sch. para. 1**

21 Ancillary instruments: production, registration, &c. U.K.

- (1) A share transfer instrument or order may permit or require the execution, issue or delivery of an instrument.
- (2) A share transfer instrument or order may provide for a transfer to have effect irrespective of—
 - (a) whether an instrument has been produced, delivered, transferred or otherwise dealt with;
 - (b) registration.
- (3) A share transfer instrument or order may provide for the effect of an instrument executed, issued or delivered in accordance with the instrument or order.
- (4) A share transfer instrument or order may modify or annul the effect of an instrument.
- (5) A share transfer instrument or order may—
 - (a) entitle a transferee to be registered in respect of transferred securities;
 - (b) require a person to effect registration.

Commencement Information

- I31** S. 21 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1
- I32** S. 21 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, **Sch. para. 1**

^{F81}22 Termination rights, &c. U.K.

Textual Amendments

- F81** S. 22 omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **28**

Status: Point in time view as at 01/01/2015.

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23 Incidental provision **U.K.**

- (1) A share transfer instrument or order may include incidental, consequential or transitional provision.
- (2) In relying on subsection (1) a share transfer instrument or order—
 - (a) may make provision generally or only for specified purposes, cases or circumstances, and
 - (b) may make different provision for different purposes, cases or circumstances.

Commencement Information

I33 S. 23 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1

I34 S. 23 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

24 Procedure: instruments **U.K.**

- (1) As soon as is reasonably practicable after making a share transfer instrument in respect of a bank the Bank of England shall send a copy to—
 - (a) the bank,
 - (b) the Treasury,
 - ^{F82}(c) the PRA,
 - (ca) the FCA, and]
 - (d) any other person specified in the code of practice under section 5.
- (2) As soon as is reasonably practicable after making a share transfer instrument the Bank of England shall publish a copy—
 - (a) on the Bank's internet website, ^{F83}...
 - (b) in two newspapers, chosen by the Bank of England to maximise the likelihood of the instrument coming to the attention of persons likely to be affected^{F84}, and
 - (c) if securities issued by the bank have been admitted to trading on a regulated market (within the meaning of section 103(1) of the Financial Services and Markets Act 2000), by means of a regulatory information service (within the meaning of section 313D of that Act),

and arrange for the publication of a copy on the internet website of the bank in respect of which the instrument was made.]
- (3) Where the Treasury receive a copy of a share transfer instrument under subsection (1) they shall lay a copy before Parliament.

Textual Amendments

F82 S. 24(1)(c)(ca) substituted for s. 24(1)(c) (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), [Sch. 17 para. 12](#) (with [Sch. 20](#)); [S.I. 2013/423](#), art. 3, Sch.

F83 Word in s. 24(2) omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [29](#)

F84 Words in s. 24(2) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [29](#)

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Commencement Information

- I35** S. 24 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1
I36 S. 24 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

25 Procedure: orders **U.K.**

- (1) A share transfer order—
- shall be made by statutory instrument, and
 - shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (2) As soon as is reasonably practicable after making a share transfer order in respect of a bank the Treasury shall send a copy to—
- the bank,
 - the Bank of England,
 - ^{F85}(c) the PRA,
 - (ca) the FCA, and]
 - any other person specified in the code of practice under section 5.
- (3) As soon as is reasonably practicable after making a share transfer order the Treasury shall publish a copy—
- on the Treasury's internet website, ^{F86}...
 - in two newspapers, chosen by the Treasury to maximise the likelihood of the instrument coming to the attention of persons likely to be affected^{F87}, and
 - if securities issued by the bank have been admitted to trading on a regulated market (within the meaning of section 103(1) of the Financial Services and Markets Act 2000), by means of a regulatory information service (within the meaning of section 313D of that Act),
- and arrange for the publication of a copy on the internet website of the bank in respect of which the order was made.]

Textual Amendments

- F85** S. 25(2)(c)(ca) substituted for s. 25(2)(c) (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), [Sch. 17 para. 13](#) (with [Sch. 20](#)); [S.I. 2013/423](#), art. 3, Sch.
F86 Word in s. 25(3) omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [30](#)
F87 Words in s. 25(3) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [30](#)

Commencement Information

- I37** S. 25 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1
I38 S. 25 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

26 Supplemental instruments **U.K.**

- (1) This section applies where the Bank of England has made a share transfer instrument in accordance with section 11(2) [^{F88}or 12(2)] (“the original instrument”).
- (2) The Bank of England may make one or more supplemental share transfer instruments.

Status: Point in time view as at 01/01/2015.

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- (3) A supplemental share transfer instrument is a share transfer instrument which—
- (a) provides for the transfer of securities which were issued by the bank before the original instrument and have not been transferred by the original instrument or another supplemental share transfer instrument;
 - (a) makes provision of a kind that a share transfer instrument may make under section 15(1)(b) (whether or not in connection with a transfer under the original instrument).
- (4) Sections 7 and 8 do not apply to a supplemental share transfer instrument (but it is to be treated in the same way as any other share transfer instrument for all other purposes, including for the purposes of the application of a power under this Part).
- (5) Before making a supplemental share transfer instrument the Bank of England must consult—
- ^{F89}(a) the PRA,
 - (aa) the FCA, and]
 - (b) the Treasury.
- (6) The possibility of making a supplemental share transfer instrument in reliance on subsection (2) is without prejudice to the possibility of making of a new instrument in accordance with section 11(2) [^{F90}or 12(2)] (and not in reliance on subsection (2) above).

Textual Amendments

F88 Words in s. 26(1) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **31(2)**

F89 S. 26(5)(a)(aa) substituted for s. 26(5)(a) (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), [Sch. 17 para. 14](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.

F90 Words in s. 26(6) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **31(3)**

Commencement Information

I39 S. 26 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, [Sch. para. 1](#)

^{F91}26A Private sector purchaser: reverse share transfer **U.K.**

- (1) This section applies where the Bank of England has made a share transfer instrument in accordance with section 11(2) (“the original instrument”) providing for the transfer of securities issued by a bank to a person (“the original transferee”).
- (2) The Bank of England may make one or more private sector reverse share transfer instruments in respect of securities issued by the bank and held by the original transferee.
- (3) A private sector reverse share transfer instrument is a share transfer instrument which—
 - (a) provides for transfer to the transferor under the original instrument;
 - (b) makes other provision for the purposes of, or in connection with, the transfer of securities which are, could be or could have been transferred under paragraph (a).

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (4) The Bank of England must not make a private sector reverse share transfer instrument without the written consent of the original transferee.
- (5) Sections 7, 8 and 50 do not apply to a private sector reverse share transfer instrument (but it is to be treated in the same way as any other share transfer instrument for all other purposes including for the purposes of the application of a power under this Part).
- (6) Before making a private sector reverse share transfer instrument the Bank of England must consult—
 - (a) the PRA,
 - (b) the FCA, and
 - (c) the Treasury.
- (7) Section 26 applies where the Bank of England has made a private sector reverse share transfer instrument.]

Textual Amendments

F91 S. 26A inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 97(2), 122(3)** (with [Sch. 20](#)); [S.I. 2013/423](#), [art. 3](#), [Sch.](#)

27 Supplemental orders **U.K.**

- (1) This section applies where the Treasury have made a share transfer order, in respect of securities issued by a bank, in accordance with section 13(2) (“the original order”).
- (2) The Treasury may make one or more supplemental share transfer orders.
- (3) A supplemental share transfer order is a share transfer order which—
 - (a) provides for the transfer of securities which were issued by the bank before the original order and have not been transferred by the original order or another supplemental share transfer order;
 - (b) makes provision of a kind that a share transfer order may make under section 16(1)(b), whether in connection with a transfer under the original order or in connection with a transfer under that or another supplemental order.
- (4) Sections 7 and 9 do not apply to a supplemental share transfer order (but it is to be treated in the same way as any other share transfer order for all other purposes, including for the purposes of the application of a power under this Part).
- (5) Before making a supplemental share transfer order the Treasury must consult—
 - ^{F92}(a) the PRA,
 - (aa) the FCA, and]
 - (b) the Bank of England.
- (6) The possibility of making a supplemental share transfer order in reliance on subsection (2) is without prejudice to the possibility of making of a new order in accordance with section 13(2) (and not in reliance on subsection (2) above).

Status: Point in time view as at 01/01/2015.

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Textual Amendments

F92 S. 27(5)(a)(aa) substituted for s. 27(5)(a) (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 17 para. 15](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)

Commencement Information

I40 S. 27 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1

I41 S. 27 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

28 Onward transfer **U.K.**

- (1) This section applies where the Treasury have made a share transfer order, in respect of securities issued by a bank, in accordance with section 13(2) (“the original order”).
- (2) The Treasury may make one or more onward share transfer orders.
- (3) An onward share transfer order is a share transfer order which—
 - (a) provides for the transfer of—
 - (i) securities which were issued by the bank before the original order and have been transferred by the original order or a supplemental share transfer order, or
 - (ii) securities which were issued by the bank after the original order;
 - (b) makes other provision for the purposes of, or in connection with, the transfer of securities issued by the bank (whether the transfer has been or is to be effected by that order, by another share transfer order or otherwise).
- (4) An onward share transfer order may not transfer securities to the transferor under the original order.
- (5) Sections 7 and 9 do not apply to an onward share transfer order (but it is to be treated in the same way as any other share transfer order for all other purposes, including for the purposes of the application of a power under this Part).
- (6) Before making an onward share transfer order the Treasury must consult—
 - ^{F93}(a) the PRA,
 - (aa) the FCA, and]
 - (b) the Bank of England.
- (7) Section 27 applies where the Treasury have made an onward share transfer order.

Textual Amendments

F93 S. 28(6)(a)(aa) substituted for s. 28(6)(a) (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 17 para. 16](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)

Commencement Information

I42 S. 28 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1

I43 S. 28 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

Status: Point in time view as at 01/01/2015.

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29 Reverse share transfer **U.K.**

- (1) This section applies where the Treasury have made a share transfer order in accordance with section 13(2) (“the original order”) providing for the transfer of securities issued by a bank to a person (“the original transferee”).
- (2) The Treasury may make one or more reverse share transfer orders in respect of securities issued by the bank and held by the original transferee (whether or not they were transferred by the original order).
- (3) If the Treasury makes an onward share transfer order in respect of securities transferred by the original order, the Treasury may make one or more reverse share transfer orders in respect of [^{F94}securities issued by the bank and held by a transferee under the onward share transfer order (“the onward transferee”).]
- (4) A reverse share transfer order is a share transfer order which—
 - (a) provides for transfer to the transferor under the original order (where subsection (2) applies);
 - (b) provides for transfer to the original transferee (where subsection (3) applies);
 - (c) makes other provision for the purposes of, or in connection with, the transfer of securities which are, could be or could have been transferred under paragraph (a) or (b).

[^{F95}(4A) The Treasury must not make a reverse share transfer order under subsection (3) unless—

- (a) the onward transferee is—
 - (i) a company wholly owned by the Bank of England,
 - (ii) a company wholly owned by the Treasury, or
 - (iii) a nominee of the Treasury, or
 - (b) the reverse share transfer order is made with the written consent of the onward transferee.]
- (5) Sections 7, 9 and 51 do not apply to a reverse share transfer order (but it is to be treated in the same way as any other share transfer order for all other purposes including for the purposes of the application of a power under this Part).
 - (6) Before making a reverse share transfer order the Treasury must consult—
 - [^{F96}(a) the PRA,
 - (aa) the FCA, and]
 - (b) the Bank of England.

(7) Section 27 applies where the Treasury have made a reverse share transfer order.

Textual Amendments

F94 Words in s. 29(3) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 97\(3\)\(a\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)

F95 S. 29(4A) inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 97\(3\)\(b\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)

F96 S. 29(6)(a)(aa) substituted for s. 29(6)(a) (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 17 para. 17](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)

Status: Point in time view as at 01/01/2015.

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Commencement Information

I44 S. 29 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1

I45 S. 29 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

[^{F97}29A. Interpretation: “resolution company” **U.K.**

In this Act “resolution company” means a bridge bank or an asset management vehicle.]

Textual Amendments

F97 S. 29A inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), 32

30 [^{F98}Resolution company:] share transfers **U.K.**

[^{F99}(1) This section applies where the Bank of England has made—

- (a) a property transfer instrument in respect of a resolution company in accordance with section 12(2) or 12ZA(3), or
 - (b) a share transfer instrument in respect of a resolution company in accordance with section 12(2).]
- (2) The Bank of England may make one or more [^{F100}resolution company] share transfer instruments.
 - (3) A [^{F100}resolution company] share transfer instrument is a share transfer instrument which—
 - (a) provides for securities issued by the [^{F100}resolution company] to be transferred;
 - (b) makes other provision for the purposes of, or in connection with, the transfer of securities issued by the [^{F100}resolution company] (whether the transfer has been or is to be effected by that instrument, by another share transfer instrument or otherwise).
 - (4) Sections 7 and 8 do not apply to a [^{F100}resolution company] share transfer instrument (but it is to be treated in the same way as any other share transfer instrument for all other purposes, including for the purposes of the application of a power under this Part).
 - (5) Before making a [^{F100}resolution company] share transfer instrument the Bank of England must consult—
 - [^{F101}(a) the PRA,
 - (aa) the FCA, and]
 - (b) the Treasury.
 - (6) Section 26 applies where the Bank of England has made a [^{F100}resolution company] share transfer instrument.

Status: Point in time view as at 01/01/2015.

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Textual Amendments

- F98** Words in s. 30 heading substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **33(4)**
- F99** S. 30(1) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **33(2)**
- F100** Words in s. 30(2)-(6) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **33(3)**
- F101** S. 30(5)(a)(aa) substituted for s. 30(5)(a) (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), **Sch. 17 para. 18** (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.

Commencement Information

- I46** S. 30 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, **Sch. para. 1**

31 ^{F102}Resolution company:] reverse share transfer **U.K.**

- (1) This section applies where the Bank of England has made a ^{F103}resolution company] share transfer instrument in accordance with section 30(2) (“the original instrument”)
^{F104} ...
- (2) The Bank of England may make one or more ^{F103}resolution company] reverse share transfer instruments in respect of securities issued by the ^{F103}resolution company] and held by a ^{F105}transferee under the original instrument].
- (3) A ^{F103}resolution company] reverse share transfer instrument is a share transfer instrument which—
- provides for transfer to the transferor under the original instrument;
 - makes other provision for the purposes of, or in connection with, the transfer of securities which are, could be or could have been transferred under paragraph (a).
- ^{F106}(3A) The Bank of England must not make a ^{F103}resolution company] reverse share transfer instrument unless—
- the transferee under the original instrument is—
 - a company wholly owned by the Bank of England,
 - a company wholly owned by the Treasury, or
 - a nominee of the Treasury, or
 - the ^{F103}resolution company] reverse share transfer instrument is made with the written consent of the transferee under the original instrument.]
- (4) Sections 7, 8 and 51 do not apply to a ^{F103}resolution company] reverse share transfer instrument (but it is to be treated in the same way as any other share transfer instrument for all other purposes including for the purposes of the application of a power under this Part).
- (5) Before making a ^{F103}resolution company] reverse share transfer instrument the Bank of England must consult—
- ^{F107}(a) the PRA,
 - (aa) the FCA, and]
 - (b) the Treasury.

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (6) Section 26 applies where the Bank of England has made a [^{F103}resolution company] reverse share transfer instrument.

Textual Amendments

- F102** Words in s. 31 heading substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **34(3)**
- F103** Words in s. 31 substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **34(2)**
- F104** Words in s. 31(1) omitted (1.4.2013) by virtue of [Financial Services Act 2012 \(c. 21\)](#), ss. **97(4)(a)**, 122(3) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F105** Words in s. 31(2) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), ss. **97(4)(b)**, 122(3) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F106** S. 31(3A) inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), ss. **97(4)(c)**, 122(3) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.
- F107** S. 31(5)(a)(aa) substituted for s. 31(5)(a) (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), **Sch. 17 para. 19** (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.

Commencement Information

- I47** S. 31 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, **Sch. para. 1**

32 Interpretation: general **U.K.**

In this group of sections—

“service contract” has the meaning given by section 227 of the Companies Act 2006, and

“transfer date” means the date or time on or at which a share transfer instrument or order (or the relevant part of it) takes effect.

Commencement Information

- I48** S. 32 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, **Sch. para. 1**

Transfer of property

33 Property transfer instrument **U.K.**

- (1) A property transfer instrument is an instrument which—
- (a) provides for property, rights or liabilities of a specified bank to be transferred;
 - (b) makes other provision for the purposes of, or in connection with, the transfer of property, rights or liabilities of a specified bank (whether the transfer has been or is to be effected by that instrument, by another property transfer instrument or otherwise).
- (2) A property transfer instrument may relate to—
- (a) all property, rights and liabilities of the specified bank,
 - (b) all its property, rights and liabilities subject to specified exceptions,
 - (c) specified property, rights or liabilities, or
 - (d) property, rights or liabilities of a specified description.

Status: Point in time view as at 01/01/2015.

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[^{F108}(3) In this section references to a bank include a resolution company (whether or not it is a bank).]

Textual Amendments

F108 S. 33(3) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), 35

Commencement Information

I49 S. 33 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, [Sch. para. 1](#)

34 Effect **U.K.**

- (1) In this section “transfer” means a transfer provided for by a property transfer instrument.
- (2) A transfer takes effect by virtue of the instrument (and in accordance with its provisions as to timing or other ancillary matters).
- (3) A transfer takes effect despite any restriction arising by virtue of contract or legislation or in any other way.
- (4) In subsection (3) “restriction” includes—
 - (a) any restriction, inability or incapacity affecting what can and cannot be assigned or transferred (whether generally or by a particular person), and
 - (b) a requirement for consent (by any name).
- (5) A property transfer instrument may provide for a transfer to be conditional upon a specified event or situation—
 - (a) occurring or arising, or
 - (b) not occurring or arising.
- (6) A property transfer instrument may include provision dealing with the consequences of breach of a condition imposed under subsection (5); and the consequences may include—
 - (a) automatic vesting in the original transferor;
 - (b) an obligation to effect a transfer back to the original transferor, with specified consequences for failure to comply (which may include provision conferring a discretion on a court or tribunal);
 - (c) provision making a transfer or anything done in connection with a transfer void or voidable.
- (7) Where a property transfer instrument makes provision in respect of property held on trust (however arising) it may also make provision about—
 - (a) the terms on which the property is to be held after the instrument takes effect ^{F109} ..., and
 - (b) how any powers, provisions and liabilities in respect of the property are to be exercisable or have effect after the instrument takes effect.

[^{F110}(8) Provision under subsection (7)(a) may remove or alter the terms of the trust on which the property is held only to the extent that the Bank of England thinks it necessary or expedient for the purpose of transferring—

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- (a) the legal or beneficial interest of the transferor in the property;
 - (b) any powers, rights or obligations of the transferor in respect of the property.
- (9) In subsection (8) references to the transferor are references to the transferor under the property transfer instrument.]

Textual Amendments

F109 Words in s. 34(7)(a) omitted (1.1.2015) by virtue of [Financial Services Act 2012 \(c. 21\)](#), **ss. 98(2)**, 122(3) (with [Sch. 20](#)); [S.I. 2014/3323](#), art. 2

F110 S. 34(8)(9) inserted (1.1.2015) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 98(3)**, 122(3) (with [Sch. 20](#)); [S.I. 2014/3323](#), art. 2

Commencement Information

I50 S. 34 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, **Sch. para. 1**

35 Transferable property **U.K.**

- (1) A property transfer instrument may transfer any property, rights or liabilities including, in particular—
- (a) property, rights and liabilities acquired or arising between the making of the instrument and the transfer date,
 - (b) rights and liabilities arising on or after the transfer date in respect of matters occurring before that date,
 - (c) property outside the United Kingdom,
 - (d) rights and liabilities under the law of a country or territory outside the United Kingdom, and
 - (e) rights and liabilities under an enactment (including legislation of the European Union).
- (2) Section 32 applies for the interpretation of this section (with the necessary modification).

Commencement Information

I51 S. 35 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, **Sch. para. 1**

36 Continuity **U.K.**

- (1) A property transfer instrument may provide—
- (a) for a transfer to be, or to be treated as, a succession;
 - (b) for a transferee to be treated for any purpose connected with the transfer as the same person as the transferor.
- (2) A property transfer instrument may provide for agreements made or other things done by or in relation to a transferor to be treated as made or done by or in relation to the transferee.
- (3) A property transfer instrument may provide for anything (including legal proceedings) that relates to anything transferred and is in the process of being done by or in relation

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to the transferor immediately before the transfer date, to be continued by or in relation to the transferee.

- (4) A property transfer instrument which transfers or enables the transfer of a contract of employment may include provision about continuity of employment.
- (5) A property transfer instrument may modify references (express or implied) in an instrument or document to a transferor.
- (6) In so far as rights and liabilities in respect of anything transferred are enforceable after transfer, a property transfer instrument may provide for apportionment between transferor and transferee to a specified extent and in specified ways.
- (7) A property transfer instrument may enable the transferor and transferee by agreement to modify a provision of the instrument; but a modification—
 - (a) must achieve a result that could have been achieved by the instrument, and
 - (b) may not transfer (or arrange for the transfer of) property, rights or liabilities.
- (8) A property transfer instrument may require or permit—
 - (a) a transferor to provide a transferee with information and assistance;
 - (b) a transferee to provide a transferor with information and assistance.
- (9) Section 32 applies for the interpretation of this section (with the necessary modification).

Commencement Information

I52 S. 36 in force at 21.2.2009 by S.I. 2009/296, art. 3, Sch. para. 1

[^{F111}36A Directors [^{F112}and senior managers] **U.K.**

- (1) A property transfer instrument may enable the Bank of England—
 - (a) to remove a director [^{F113}or senior manager] of a specified bank;
 - (b) to vary the service contract of a director [^{F113}or senior manager] of a specified bank;
 - (c) to terminate the service contract of a director [^{F113}or senior manager] of a specified bank;
 - (d) to appoint a director [^{F113}or senior manager] of a specified bank.
- (2) Subsection (1) also applies to a director [^{F114}or senior manager] of any undertaking which is a banking group company in respect of a specified bank.
- (3) Appointments under subsection (1)(d) are to be on terms and conditions agreed with the Bank of England.

[In this section “senior manager” means a person who—

- ^{F115}(4) (a) exercises executive functions within a specified bank or banking group company, and
 - (b) is responsible, and directly accountable to the directors, for the day to day management of that bank or banking group company.
- (5) In this section references to a bank include a resolution company (whether or not it is a bank).]]

Status: Point in time view as at 01/01/2015.

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Textual Amendments

- F111** S. 36A inserted (1.8.2014) by [Financial Services Act 2012 \(c. 21\), ss. 100\(4\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2014/1847, art. 2](#)
- F112** Words in s. 36A heading inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [36\(4\)](#)
- F113** Words in s. 36A(1) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [36\(2\)](#)
- F114** Words in s. 36A(2) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [36\(2\)](#)
- F115** S. 36A(4)(5) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [36\(3\)](#)

37 Licences U.K.

- (1) A licence in respect of anything transferred by property transfer instrument shall continue to have effect despite the transfer.
- (2) A property transfer instrument may disapply subsection (1) to a specified extent.
- (3) Where a licence imposes rights or obligations, a property transfer instrument may apportion responsibility for exercise or compliance between transferor and transferee.
- (4) In this section “licence” includes permission and approval and any other permissive document in respect of anything transferred.

Commencement Information

- I53** S. 37 in force at 21.2.2009 by [S.I. 2009/296, art. 3](#), [Sch. para. 1](#)

^{F116}38 Termination rights, &c. U.K.

.....

Textual Amendments

- F116** S. 38 omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [37](#)

39 Foreign property U.K.

- (1) This section applies where a property transfer instrument transfers foreign property.
- (2) In subsection (1) “foreign property” means—
 - (a) property outside the United Kingdom, and
 - (b) rights and liabilities under foreign law.
- (3) The transferor and the transferee must each take any necessary steps to ensure that the transfer is effective as a matter of foreign law (if it is not wholly effective by virtue of the property transfer instrument).

Status: Point in time view as at 01/01/2015.

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- (4) Until the transfer is effective as a matter of foreign law, the transferor must—
- (a) hold the property or right for the benefit of the transferee (together with any additional property or right accruing by virtue of the original property or right), or
 - (b) discharge the liability on behalf of the transferee.
- [^{F117}(4A) If the Bank of England determines that, in spite of any action taken by the transferee or the transferor, it is not possible for the transfer of certain property to be effective under the law of the jurisdiction where the property is located or (where the property consists of rights or liabilities) the law under which it arises—
- (a) subsection (4) ceases to apply, and
 - (b) the provisions of the property transfer instrument relating to that property are void.
- (4B) The Bank must give notice of any determination under subsection (4A) to the transferor and the transferee.]
- [^{F118}(5) The transferor must meet any expenses of the transferee in complying with this section.]
- (6) An obligation imposed by this section is enforceable as if created by contract between the transferor and transferee.
- (7) The transferor must comply with any directions of the Bank of England in respect of the obligations under subsections (3) and (4); and—
- (a) a direction may disapply subsections (3) and (4) to a specified extent, and
 - (b) obligations imposed by direction are enforceable as if created by contract between the transferor and the Bank of England.
- (8) In this section “foreign law” means the law of a country or territory outside the United Kingdom.

Textual Amendments

F117 S. 39(4A)(4B) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **38(a)**

F118 S. 39(5) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **38(b)**

Commencement Information

I54 S. 39 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, [Sch. para. 1](#)

[^{F119}39A Banks which are [^{F120}recognised central counterparties] **U.K.**

Sections 89C to 89E ([^{F120}recognised central counterparty] rules, membership and recognition) apply in relation to a bank which would be a [^{F18}recognised central counterparty] but for section 89G(2) (exclusion of banks etc from definition of [^{F18}recognised central counterparty]) as they apply in relation to a [^{F18}recognised central counterparty].]

Status: Point in time view as at 01/01/2015.

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Textual Amendments

- F18** Words in Act substituted (1.4.2013) by [The Financial Services and Markets Act 2000 \(Over the Counter Derivatives, Central Counterparties and Trade Repositories\) Regulations 2013 \(S.I. 2013/504\)](#), regs. 1(2), **25(2)** (with regs. 52-58)
- F119** S. 39A inserted (1.8.2014) by [Financial Services Act 2012 \(c. 21\)](#), ss. **102(4)**, 122(3) (with Sch. 20); S.I. 2014/1847, art. 2
- F120** Words in s. 39A substituted (1.4.2013) by [The Financial Services and Markets Act 2000 \(Over the Counter Derivatives, Central Counterparties and Trade Repositories\) Regulations 2013 \(S.I. 2013/504\)](#), regs. 1(2), 25(3) (with regs. 52-58)

[^{F121}39B. Property transfer instrument: delisting **U.K.**

- (1) A property transfer instrument may provide for the listing of securities, under section 74 of the Financial Services and Markets Act 2000, to be discontinued or suspended.
- (2) Where the listing of securities is suspended in accordance with a property transfer instrument, those securities are to be treated for the purposes of section 96 of, and paragraph 23(6) of Schedule 1ZA to, the Financial Services and Markets Act 2000 as still being listed.]

Textual Amendments

- F121** S. 39B inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **39**

40 Incidental provision **U.K.**

- (1) A property transfer instrument may include incidental, consequential or transitional provision.
- (2) In relying on subsection (1) an instrument—
 - (a) may make provision generally or only for specified purposes, cases or circumstances, and
 - (b) may make different provision for different purposes, cases or circumstances.

Commencement Information

- I55** S. 40 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, [Sch. para. 1](#)

41 Procedure **U.K.**

- (1) As soon as is reasonably practicable after making a property transfer instrument in respect of a bank the Bank of England shall send a copy to—
 - (a) the bank,
 - (b) the Treasury,
 - [^{F122}(c) the PRA,
 - (ca) the FCA, and]

Status: Point in time view as at 01/01/2015.

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- (d) any other person specified in the code of practice under section 5.
- (2) As soon as is reasonably practicable after making a property transfer instrument the Bank of England shall publish a copy—
- (a) on the Bank's internet website,^{F123} ...
 - (b) in two newspapers, chosen by the Bank of England to maximise the likelihood of the instrument coming to the attention of persons likely to be affected^{F124}, and
 - (c) if securities issued by the bank have been admitted to trading on a regulated market (within the meaning of section 103(1) of the Financial Services and Markets Act 2000), by means of a regulatory information service (within the meaning of section 313D of that Act),
- and arrange for the publication of a copy on the internet website of the bank in respect of which the instrument was made.]
- (3) Where the Treasury receive a copy of a property transfer instrument under subsection (1) they shall lay a copy before Parliament.
- ^{F125}(4) In this section references to a “bank” include a resolution company even if it is not a bank.]

Textual Amendments

- F122** S. 41(1)(c)(ca) substituted for s. 41(1)(c) (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 17 para. 20](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)
- F123** Word in s. 41(2) omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\), arts. 1\(2\), 40\(2\)](#)
- F124** Words in s. 41(2) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\), arts. 1\(2\), 40\(2\)](#)
- F125** S. 41(4) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\), arts. 1\(2\), 40\(3\)](#)

Commencement Information

- I56** S. 41 in force at 17.2.2009 for specified purposes by [S.I. 2009/296, arts. 2, 3, Sch. para. 1](#)
- I57** S. 41 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296, arts. 2, 3, Sch. para. 1](#)

^{F126}41A Transfer of property subsequent to resolution instrument **U.K.**

- (1) This section applies where the Bank of England has made a resolution instrument.
- (2) The Bank of England may make one or more property transfer instruments in respect of property, rights or liabilities of the bank.
- (3) ^{F127}[Section 7 does] not apply to a property transfer instrument under subsection (2).
- (4) Before making a property transfer instrument under subsection (2) the Bank of England must consult—
- (a) the PRA,
 - (b) the FCA, and
 - (c) the Treasury.]

Status: Point in time view as at 01/01/2015.

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Textual Amendments

- F126** S. 41A inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), [Sch. 2 para. 5\(1\)](#); S.I. 2014/3160, art. 2(1)(b)
- F127** Words in s. 41A(3) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [41](#)

42 Supplemental instruments U.K.

- (1) This section applies where the Bank of England has made a property transfer instrument in accordance with section 11(2) or [^{F128}12(2)][^{F129}, 12ZA(3)] or 41A(2) (“the original instrument”).
- (2) The Bank of England may make one or more supplemental property transfer instruments.
- (3) A supplemental property transfer instrument is a property transfer instrument which—
 - (a) provides for property, rights or liabilities to be transferred from the transferor under the original instrument (whether accruing or arising before or after the original instrument);
 - (b) makes other provision of a kind that an original property transfer instrument may make under section 33(1)(b) (whether in connection with a transfer under the original instrument or in connection with a transfer under that or another supplemental instrument).
- (4) Sections 7^{F130}, 8 and [^{F131}8ZA]] do not apply to a supplemental property transfer instrument (but it is to be treated in the same way as any other property transfer instrument for all other purposes, including for the purposes of the application of a power under this Part).
- (5) Before making a supplemental property transfer instrument the Bank of England must consult—
 - ^{F132}(a) the PRA,
 - (aa) the FCA, and]
 - (b) the Treasury.
- (6) The possibility of making a supplemental property transfer instrument in reliance on subsection (2) is without prejudice to the possibility of making of a new instrument in accordance with section 11(2)^{F133}, 12(2)^{F134}, 12ZA(3)] or 41A(2)] (and not in reliance on subsection (2) above).

Textual Amendments

- F128** Words in s. 42(1) substituted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), [Sch. 2 para. 5\(2\)\(a\)](#); S.I. 2014/3160, art. 2(1)(b)
- F129** Words in s. 42(1) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [42\(2\)](#)
- F130** Words in s. 42(4) substituted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), [Sch. 2 para. 5\(2\)\(b\)](#); S.I. 2014/3160, art. 2(1)(b)
- F131** Word in s. 42(4) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [42\(3\)](#)

Status: Point in time view as at 01/01/2015.

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- F132** S. 42(5)(a)(aa) substituted for s. 42(5)(a) (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 17 para. 21](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)
- F133** Words in s. 42(6) substituted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\), s. 148\(5\), Sch. 2 para. 5\(2\)\(c\)](#); [S.I. 2014/3160, art. 2\(1\)\(b\)](#)
- F134** Words in s. 42(6) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\), arts. 1\(2\), 42\(4\)](#)

Commencement Information

- I58** S. 42 in force at 21.2.2009 by [S.I. 2009/296, art. 3, Sch. para. 1](#)

[^{F135}42A Private sector purchaser: reverse property transfer **U.K.**

- (1) This section applies where the Bank of England has made a property transfer instrument in accordance with section 11(2) (“the original instrument”) providing for the transfer of property, rights or liabilities of a bank to a person (“the original transferee”).
- (2) The Bank of England may make one or more private sector reverse property transfer instruments in respect of property, rights or liabilities of the original transferee.
- (3) A private sector reverse property transfer instrument is a property transfer instrument which—
 - (a) provides for transfer to the transferor under the original instrument;
 - (b) makes other provision for the purposes of, or in connection with, the transfer of property, rights or liabilities that are, could be or could have been transferred under paragraph (a) (whether the transfer has been or is to be effected by that instrument or otherwise).
- (4) The Bank of England must not make a private sector reverse property transfer instrument without the written consent of the original transferee.
- (5) Sections 7, 8 and 50 do not apply to a private sector reverse property transfer instrument (but it is to be treated in the same way as any other property transfer instrument for all other purposes including for the purposes of the application of a power under this Part).
- (6) Before making a private sector reverse property transfer instrument the Bank of England must consult—
 - (a) the PRA,
 - (b) the FCA, and
 - (c) the Treasury.
- (7) Section 42 applies where the Bank of England has made a private sector reverse property transfer instrument.]

Textual Amendments

- F135** S. 42A inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 97\(5\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

43 Onward transfer **U.K.**

- (1) This section applies where the Bank of England has made a property transfer instrument in respect of a [^{F136}resolution company] in accordance with section 12(2) [^{F137}or 12ZA(3)] (“the original instrument”).
- (2) The Bank of England may make one or more onward property transfer instruments.
- (3) An onward property transfer instrument is a property transfer instrument which—
 - (a) provides for property, rights or liabilities of the [^{F138}resolution company] to be transferred (whether accruing or arising before or after the original instrument);
 - (b) makes other provision for the purposes of, or in connection with, the transfer of property, rights or liabilities of the [^{F138}resolution company] (whether the transfer has been or is to be effected by that instrument, by another property transfer instrument or otherwise).
- (4) An onward property transfer instrument may relate to property, rights or liabilities of the [^{F139}resolution company] whether or not they were transferred under the original instrument.
- (5) An onward property transfer instrument may not transfer property, rights or liabilities to the transferor under the original instrument.
- (6) Sections 7, 8[^{F140}, 8ZA] and 52 do not apply to an onward property transfer instrument (but for other purposes it is to be treated in the same way as any other property transfer instrument, including for the purposes of the application of a power under this Part).
- (7) Before making an onward property transfer instrument the Bank of England must consult—
 - [^{F141}(a) the PRA,
 - (aa) the FCA, and]
 - (b) the Treasury.
- (8) Section 42 applies where the Bank of England has made an onward property transfer instrument.

Textual Amendments

- F136** Words in s. 43(1) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **43(2)(a)**
- F137** Words in s. 43(1) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **43(2)(b)**
- F138** Words in s. 43(3) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **43(3)**
- F139** Words in s. 43(4) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **43(4)**
- F140** Word in s. 43(6) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **43(5)**
- F141** S. 43(7)(a)(aa) substituted for s. 43(7)(a) (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), [Sch. 17 para. 22](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.

Commencement Information

- I59** S. 43 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, [Sch. para. 1](#)

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

44 ^[F142]^[F143]Resolution company]: reverse] property transfer **U.K.**

- (1) This section applies where the Bank of England has made a property transfer instrument in accordance with section 12(2) ^[F144]or 12ZA(3)] (“the original instrument”) providing for the transfer of property, rights or liabilities to a ^[F145]resolution company].
- (2) The Bank of England may make one or more ^[F145]resolution company] reverse property transfer instruments in respect of property, rights or liabilities of the ^[F145]resolution company].
- (3) If the Bank of England makes an onward property transfer instrument under section 43 the Bank may make one or more ^[F145]resolution company] reverse property transfer instruments in respect of property, rights or liabilities ^[F146]of a transferee under the onward property transfer instrument (“the onward transferee”).]
- (4) ^[F147]A ^[F145]resolution company] reverse] property transfer instrument is a property transfer instrument which—
 - (a) provides for transfer to the transferor under the original instrument (where subsection (2) applies);
 - (b) provides for transfer to the ^[F145]resolution company] (where subsection (3) applies);
 - (c) makes other provision for the purposes of, or in connection with, the transfer of property, rights or liabilities that are, could be or could have been transferred under paragraph (a) or (b) (whether the transfer has been or is to be effected by that instrument or otherwise).
- ^[F148](4A) The Bank of England must not make a ^[F145]resolution company] reverse property transfer instrument unless—
 - (a) the onward transferee is—
 - (i) a company wholly owned by the Bank of England,
 - (ii) a company wholly owned by the Treasury, or
 - (iii) a company wholly owned by a nominee of the Treasury, or
 - (b) ^[F149]the ^[F145]resolution company] reverse] property transfer instrument is made with the written consent of the onward transferee.]
- (5) Sections 7, 8^[F150], 8ZA] and 52 do not apply to ^[F151]a ^[F145]resolution company] reverse] property transfer instrument (but it is to be treated in the same way as any other property transfer instrument for all other purposes including for the purposes of the application of a power under this Part).
- (6) Before making ^[F152]a ^[F145]resolution company] reverse] property transfer instrument the Bank of England must consult—
 - ^[F153](a) the PRA,
 - (aa) the FCA, and]
 - (b) the Treasury.
- (7) Section 42 applies where the Bank of England has made ^[F154]a ^[F145]resolution company] reverse] property transfer instrument.

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

- F142** Words in s. 44 heading substituted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\), s. 148\(5\), Sch. 2 para. 16\(h\)](#); S.I. 2014/3160, art. 2(1)(b)
- F143** Words in s. 44 heading substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\), arts. 1\(2\), 44\(5\)](#)
- F144** Words in s. 44(1) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\), arts. 1\(2\), 44\(3\)](#)
- F145** Words in s. 44 substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\), arts. 1\(2\), 44\(2\)](#)
- F146** Words in s. 44(3) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 97\(6\)\(a\), 122\(3\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, [Sch.](#)
- F147** Words in s. 44(4) substituted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\), s. 148\(5\), Sch. 2 para. 16\(c\)](#); S.I. 2014/3160, art. 2(1)(b)
- F148** S. 44(4A) inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\), ss. 97\(6\)\(b\), 122\(3\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, [Sch.](#)
- F149** Words in s. 44(4A)(b) substituted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\), s. 148\(5\), Sch. 2 para. 16\(d\)\(ii\)](#); S.I. 2014/3160, art. 2(1)(b)
- F150** Words in s. 44(5) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\), arts. 1\(2\), 44\(4\)](#)
- F151** Words in s. 44(5) substituted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\), s. 148\(5\), Sch. 2 para. 16\(e\)](#); S.I. 2014/3160, art. 2(1)(b)
- F152** Words in s. 44(6) substituted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\), s. 148\(5\), Sch. 2 para. 16\(f\)](#); S.I. 2014/3160, art. 2(1)(b)
- F153** S. 44(6)(a)(aa) substituted for s. 44(6)(a) (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 17 para. 23](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, [Sch.](#)
- F154** Words in s. 44(7) substituted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\), s. 148\(5\), Sch. 2 para. 16\(g\)](#); S.I. 2014/3160, art. 2(1)(b)

Commencement Information

- I60** S. 44 in force at 21.2.2009 by [S.I. 2009/296, art. 3, Sch. para. 1](#)

[^{F155}44A Bail in: reverse property transfer **U.K.**

- (1) This section applies where the Bank of England has made a property transfer instrument in accordance with section 41A(2) (“the original instrument”).
- (2) The Bank of England may make one or more bail-in reverse property transfer instruments in respect of property, rights or liabilities of the transferee under the original instrument.
- (3) A bail-in reverse property transfer instrument is a property transfer instrument which—
 - (a) provides for a transfer to the transferor under the original instrument;
 - (b) makes other provision for the purposes of, or in connection with, the transfer of property, rights or liabilities which are, or could be or could have been, transferred under paragraph (a) (whether the transfer has been or is to be effected by that instrument or otherwise).
- (4) The Bank of England may make a bail-in reverse property transfer instrument only with the written consent of the transferee under the original instrument.

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (5) [^{F156}Section 7 does] not apply to a bail-in reverse property transfer instrument (but it is to be treated in the same way as any other property transfer instrument for all other purposes, including for the purposes of the application of a power under this Part).
- (6) Before making a bail-in reverse property transfer instrument the Bank of England must consult—
 - (a) the PRA,
 - (b) the FCA, and
 - (c) the Treasury.
- (7) Section 42 (supplemental instruments) applies where the Bank of England has made a bail-in reverse property transfer instrument.

Textual Amendments

F155 Ss. 44A-44C inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), [Sch. 2 para. 5\(3\)](#); S.I. 2014/3160, art. 2(1)(b)

F156 Words in s. 44A(5) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [45](#)

44B Property transfer instruments: special bail-in provision **U.K.**

- (1) A property transfer instrument under section [^{F157}11(2), 12(2), 12ZA(3)] or 41A(2), or an associated supplemental property transfer instrument, may make special bail-in provision with respect to the bank (see section 48B).
- (2) The reference in subsection (1) to an “associated” supplemental property transfer instrument is to a supplemental property transfer instrument in relation to which the original instrument (as defined in section 42(1)) is a property transfer instrument under section [^{F158}11(2), 12(2), 12ZA(3)] or 41A(2).
- (3) In the case of a property transfer instrument under section 12(2), [^{F159}or 12ZA(3),] or a supplemental property transfer instrument in relation to which the original instrument is a property transfer instrument under section 12(2), [^{F159}or 12ZA(3),] the power under subsection (1) to make the provision described in section 48B(1)(b) (see also rule 3(a) and (b) of section 48B(5)) includes power to make provision replacing a liability (of any form) of the bank mentioned in subsection (1) with a security (of any form or class) [^{F160}of the bank or] of the bridge bank mentioned in section 12(1) [^{F161}or the asset management vehicle mentioned in section 12ZA(1) (as the case may be)].
- (4) Where securities of the bridge bank (“B”) are, as a result of subsection (3), held by a person other than the Bank of England, that does not prevent B from being regarded for the purposes of this Part (see particularly section [^{F162}12(1A) and 12ZA(2)]) as being wholly owned by the Bank of England, as long as the Bank of England [^{F163}is entitled to exercise, or control the exercise of, voting rights in respect of] all the ordinary shares issued by B.

Textual Amendments

F155 Ss. 44A-44C inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), [Sch. 2 para. 5\(3\)](#); S.I. 2014/3160, art. 2(1)(b)

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- F157** Words in s. 44B(1) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **46(2)**
- F158** Words in s. 44B(2) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **46(3)**
- F159** Words in s. 44B(3) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **46(4)(a)**
- F160** Words in s. 44B(3) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **46(4)(b)**
- F161** Words in s. 44B(3) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **46(4)(c)**
- F162** Words in s. 44B(4) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **46(5)(a)**
- F163** Words in s. 44B(4) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **46(5)(b)**

44C **Report on special bail-in provision** **U.K.**

- (1) This section applies where the Bank of England makes a property transfer instrument containing provision made in reliance on section 44B.
- (2) The Bank of England must report to the Chancellor of the Exchequer stating the reasons why that provision was made in the case of the liabilities concerned.
- (3) If the provision departs from the insolvency treatment principles, the report must state the reasons why it does so.
- (4) The insolvency treatment principles are that where an instrument includes special bail-in provision—
 - (a) the provision made by the instrument must be consistent with treating all the liabilities of the bank in accordance with the priority they would enjoy on a liquidation, and
 - (b) any creditors who would have equal priority on a liquidation are to bear losses on an equal footing with each other.
- (5) A report must comply with any other requirements as to content that may be specified by the Treasury.
- (6) A report must be made as soon as reasonably practicable after the making of the property transfer instrument to which it relates.
- (7) The Chancellor of the Exchequer must lay a copy of each report under subsection (2) before Parliament.]

Textual Amendments

- F155** Ss. 44A-44C inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 2 para. 5(3)**; S.I. 2014/3160, art. 2(1)(b)

45 **Temporary public ownership: property transfer** **U.K.**

- (1) This section applies where the Treasury have made a share transfer order, in respect of securities issued by a bank, in accordance with section 13(2) (“the original order”).

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (2) The Treasury may make one or more property transfer orders.
 - (3) A property transfer order is an order which—
 - (a) provides for property, rights or liabilities of the bank to be transferred (whether accruing or arising before or after the original order);
 - (b) makes other provision for the purposes of, or in connection with, the transfer of property, rights or liabilities of the bank (whether the transfer has been or is to be effected by the order or otherwise).
 - (4) Sections 7, 8 and 9 do not apply to a property transfer order.
 - (5) A property transfer order is to be treated—
 - (a) in the same way as a share transfer order for the procedural purposes of section 25, but
 - (b) as a property transfer instrument for all other purposes (including for the purposes of the application of powers under this Part).
- [^{F164}(5A) In the application of section 34(8) by virtue of subsection (5)(b) above, the reference to the Bank of England is to be treated as a reference to the Treasury.]
- (6) In the application of section 39 by virtue of subsection (5)(b) above, the power to give directions under section 39(7) vests in the Treasury (instead of the Bank of England).
 - (7) Section 42 applies where the Treasury has made a property transfer order.
 - (8) Before making a property transfer order the Treasury must consult—
 - [^{F165}(a) the PRA,
 - (aa) the FCA, and]
 - (b) the Bank of England.

Textual Amendments

F164 S. 45(5A) inserted (1.1.2015) by [Financial Services Act 2012 \(c. 21\), ss. 98\(4\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2014/3323, art. 2](#)

F165 S. 45(8)(a)(aa) substituted for s. 45(8)(a) (1.4.2013) by [Financial Services Act 2012 \(c. 21\), s. 122\(3\), Sch. 17 para. 24](#) (with [Sch. 20](#)); [S.I. 2013/423, art. 3, Sch.](#)

Commencement Information

I61 S. 45 in force at 17.2.2009 for specified purposes by [S.I. 2009/296, arts. 2, 3, Sch. para. 1](#)

I62 S. 45 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296, arts. 2, 3, Sch. para. 1](#)

46 Temporary public ownership: reverse property transfer **U.K.**

- (1) This section applies where the Treasury have made a property transfer order in accordance with section 45(2) (“the original order”) ^{F166}....
- (2) The Treasury may make one or more reverse property transfer orders in respect of property, rights or liabilities of the transferee under the original order.
- (3) A reverse property transfer order is a property transfer order which—
 - (a) provides for transfer to the transferor under the original order;

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- (b) makes other provision for the purposes of, or in connection with, the transfer of property, rights or liabilities which are, could be or could have been transferred.

[^{F167}(3A) The Treasury must not make a reverse property transfer order unless—

- (a) the transferee under the original order is—
 - (i) a company wholly owned by the Bank of England,
 - (ii) a company wholly owned by the Treasury, or
 - (iii) a nominee of the Treasury, or
- (b) the reverse property transfer order is made with the written consent of the transferee under the original order.]

(4) Sections 7, 8 and 9 do not apply to a reverse property transfer order.

(5) A reverse property transfer order is to be treated—

- (a) in the same way as a share transfer order for the procedural purposes of section 25, but
- (b) as a property transfer instrument for all other purposes (including for the purposes of the application of a power under this Part).

[^{F168}(5A) In the application of section 34(8) by virtue of subsection (5)(b) above, the reference to the Bank of England is to be treated as a reference to the Treasury.]

(6) In the application of section 39 by virtue of subsection (5)(b) above, the power to give directions under section 39(7) vests in the Treasury (instead of the Bank of England).

(7) Before making a reverse property transfer order the Treasury must consult—

- [^{F169}(a) the PRA,
- (aa) the FCA, and]
- (b) the Bank of England.

(8) Section 42 applies where the Treasury have made a reverse property transfer order.

Textual Amendments

- F166** Words in s. 46(1) omitted (1.4.2013) by virtue of [Financial Services Act 2012 \(c. 21\)](#), **ss. 97(7)(a)**, 122(3) (with [Sch. 20](#)); [S.I. 2013/423](#), art. 3, Sch.
- F167** S. 46(3A) inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 97(7)(b)**, 122(3) (with [Sch. 20](#)); [S.I. 2013/423](#), art. 3, Sch.
- F168** S. 46(5A) inserted (1.1.2015) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 98(5)**, 122(3) (with [Sch. 20](#)); [S.I. 2014/3323](#), art. 2
- F169** S. 46(7)(a)(aa) substituted for s. 46(7)(a) (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), **Sch. 17 para. 25** (with [Sch. 20](#)); [S.I. 2013/423](#), art. 3, Sch.

Commencement Information

- I63** S. 46 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1
- I64** S. 46 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, **Sch. para. 1**

Status: Point in time view as at 01/01/2015.

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47 Restriction of partial transfers **U.K.**

(1) In this Part “partial property transfer” means a property transfer instrument which provides for the transfer of some, but not all, of the property, rights and liabilities of a bank.

[^{F170}(1A) In subsection (1) the reference to a “bank” includes a resolution company (even if it is not a bank).]

(2) The Treasury may by order—

- (a) restrict the making of partial property transfers;
- (b) impose conditions on the making of partial property transfers;
- (c) require partial property transfers to include specified provision or provision to a specified effect;
- (d) provide for a partial property transfer to be void or voidable, or for other consequences (including automatic transfer of other property, rights or liabilities) to arise, if or in so far as the partial property transfer is made or purported to be made in contravention of a provision of the order (or of another order under this section).

[^{F171}(3) Provision under subsection (2) may, in particular, refer to—

- (a) particular classes of deposit;
- (b) particular classes of client assets.]

(4) An order may apply to transfers generally or only to transfers—

- (a) of a specified kind, or
- (b) made or applying in specified circumstances.

(5) An order—

- (a) shall be made by statutory instrument, and
- (b) may not be made unless a draft has been laid before and approved by resolution of each House of Parliament.

Textual Amendments

F170 S. 47(1A) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [47](#)

F171 S. 47(3) substituted (1.1.2015) by [Financial Services Act 2012 \(c. 21\)](#), ss. [96\(5\)](#), [122\(3\)](#) (with [Sch. 20](#)); [S.I. 2014/3323](#), art. [2](#)

Commencement Information

I65 S. 47 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

I66 S. 47 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

48 Power to protect certain interests **U.K.**

(1) In this section—

- (a) “security interests” means arrangements under which one person acquires, by way of security, an actual or contingent interest in the property of another,
- (b) “title transfer collateral arrangements” are arrangements under which Person 1 transfers assets to Person 2 on terms providing for Person 2 to transfer assets if specified obligations are discharged,

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- (c) “set-off” arrangements are arrangements under which two or more debts, claims or obligations can be set off against each other,
 - (d) “netting arrangements” are arrangements under which a number of claims or obligations can be converted into a net claim or obligation and include, in particular, “close-out” netting arrangements, under which actual or theoretical debts are calculated during the course of a contract for the purpose of enabling them to be set off against each other or to be converted into a net debt, and
 - (e) “protected arrangements” means security interests, title transfer collateral arrangements, set-off arrangements and netting arrangements.
- (2) The Treasury may by order—
- (a) restrict the making of partial property transfers in cases that involve, or where they might affect, protected arrangements;
 - (b) impose conditions on the making of partial property transfers in cases that involve, or where they might affect, protected arrangements;
 - (c) require partial property transfers to include specified provision, or provision to a specified effect, in respect of or for purposes connected with protected arrangements;
 - (d) provide for a partial property transfer to be void or voidable, or for other consequences (including automatic transfer of other property, rights or liabilities) to arise, if or in so far as the partial property transfer is made or purported to be made in contravention of a provision of the order (or of another order under this section).
- (3) An order may apply to protected arrangements generally or only to arrangements—
- (a) of a specified kind, or
 - (b) made or applying in specified circumstances.
- (4) An order may include provision for determining which arrangements are to be, or not to be, treated as protected arrangements; in particular, an order may provide for arrangements to be classified not according to their description by the parties but according to one or more indications of how they are treated, or are intended to be treated, in commercial practice.
- (5) In this section “arrangements” includes arrangements which—
- (a) are formed wholly or partly by one or more contracts or trusts;
 - (b) arise under or are wholly or partly governed by the law of a country or territory outside the United Kingdom;
 - (c) wholly or partly arise automatically as a matter of law;
 - (d) involve any number of parties;
 - (e) operate partly by reference to other arrangements between other parties.
- (6) An order—
- (a) shall be made by statutory instrument, and
 - (b) may not be made unless a draft has been laid before and approved by resolution of each House of Parliament.

Commencement Information

I67 S. 48 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1

I68 S. 48 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

[^{F172} 48A Creation of liabilities **U.K.**

- (1) The provision that may be made by a property transfer instrument or order in reliance on section 33(1)(b), 42(3)(b), [^{F173}42A(3)(b),] 43(3)(b), 44(4)(c)[^{F174}, 44A(3)(b)], 45(3)(b) or 46(3)(b) includes provision for the creation of liabilities.
- (2) The provision may be framed by reference to an agreement which has been or is to be entered into, or anything else which has been or is to be done, by any person (including a person other than the person making the instrument or order).]

Textual Amendments

- F172** S. 48A inserted (8.4.2010) by [Financial Services Act 2010 \(c. 28\)](#), **ss. 21(2)**, 26(1)(f)
- F173** Words in s. 48A(1) inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 97(8)**, 122(3) (with [Sch. 20](#)); [S.I. 2013/423](#), **art. 3**, [Sch.](#)
- F174** Word in s. 48A(1) inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), **s. 148(5)**, **Sch. 2 para. 5(4)**; [S.I. 2014/3160](#), **art. 2(1)(b)**

[^{F175} Bail-in option

Textual Amendments

- F175** Ss. 48B-48W and cross-heading inserted (1.3.2014 for the insertion of s. 48P for specified purposes, 31.12.2014 in so far as not already in force) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), **s. 148(5)**, **Sch. 2 para. 4**; [S.I. 2014/377](#), **art. 2(1)(b)**, [Sch. Pt. 2](#); [S.I. 2014/3160](#), **art. 2(1)(b)**

48B Special bail-in provision **U.K.**

- (1) “Special bail-in provision”, in relation to a bank, means any of the following (or any combination of the following)—
 - (a) provision cancelling a liability owed by the bank;
 - (b) provision modifying, or changing the form of, a liability owed by the bank;
 - (c) provision that a contract under which the bank has a liability is to have effect as if a specified right had been exercised under it.
- (2) “Special bail-in provision”, in relation to a bank, also includes any associated provision (see subsection (3)) that the Bank of England may think it appropriate to make in consequence of any provision under subsection (1) that—
 - (a) is made in the same resolution instrument, or
 - (b) has been made in another resolution instrument in respect of the bank.
- (3) “Associated provision” means provision cancelling or modifying a contract under which a banking group company has a liability.
- (4) A power to make special bail-in provision—
 - (a) may be exercised only for the purpose of, or in connection with, reducing, deferring or cancelling a liability of the bank;
 - (b) may not be exercised so as to affect any excluded liability.
- (5) The following rules apply to the interpretation of subsection (1).

Status: Point in time view as at 01/01/2015.

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- (1) The reference to cancelling a liability owed by the bank includes a reference to cancelling a contract under which the bank has a liability.
 - (2) The reference to modifying a liability owed by the bank includes a reference to modifying the terms (or the effect of the terms) of a contract under which the bank has a liability.
 - (3) The reference to changing the form of a liability owed by the bank, includes, for example—
 - (a) converting an instrument under which the bank owes a liability from one form or class to another,
 - (b) replacing such an instrument with another instrument of a different form or class, ^{F176} ...
 - (c) creating a new security (of any form or class) in connection with the modification of such an instrument^{F177}, or
 - (d) converting those liabilities into securities issued by a bridge bank or a UK parent undertaking (within the meaning of section 6C(7)).]
 - (6) Examples of special bail-in provision include—
 - (a) provision that transactions or events of any specified kind have or do not have (directly or indirectly) specified consequences or are to be treated in a specified manner for specified purposes;
 - (b) provision discharging persons from further performance of obligations under a contract and dealing with the consequences of persons being so discharged.
 - (7) The form and class of the instrument (“the resulting instrument”) into which an instrument is converted, or with which it is replaced, do not matter for the purposes of paragraphs (a) and (b) of rule 3 in subsection (5); for instance, the resulting instrument may (if it is a security) fall within Class 1 or any other Class in section 14.
- [Liabilities of the bank are “excluded liabilities” if they are—
- ^{F178}(7A) (a) liabilities listed in subsection (8), or
 - (b) liabilities which the Bank of England has excluded under subsection (10) from the application of special bail-in provision.]
- (8) The following liabilities of the bank [^{F179}are the excluded liabilities referred to in subsection (7A)(a)] —
 - (a) liabilities representing protected deposits;
 - (b) any liability, so far as it is secured;
 - (c) liabilities that the bank has by virtue of holding client assets;
 - (d) liabilities with an original maturity of less than 7 days owed by the bank to a credit institution or investment firm;
 - (e) liabilities [^{F180}with a remaining maturity of less than 7 days] arising from participation in designated settlement systems and owed to such systems or to operators of, or participants in, such systems;
 - ^{F181}(f)
 - (g) liabilities owed to an employee or former employee in relation to salary or other remuneration, except [^{F182}—
 - (i) variable remuneration that is not regulated by a collective bargaining agreement, and
 - (ii) variable remuneration of material risk takers as referred to in Article 92(2) of Directive 2013/36/EU of the European Parliament and of the Council of 26th June 2013 on access to the activity of credit

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- institutions and the prudential supervision of credit institutions and investment firms;]
- [^{F183}(h) liabilities owed to a pension scheme, except for liabilities owed in connection with variable remuneration of the kind mentioned in paragraph (g)(i) or (ii),]
- (i) liabilities owed to creditors arising from the provision to the bank of goods or services (other than financial services) that are critical to the daily functioning of the bank's operations.
- [^{F184}(j) liabilities owed by the bank to the scheme manager of the Financial Services Compensation Scheme (established under Part 15 of the Financial Services and Markets Act 2000) in relation to levies imposed by the scheme manager for the purpose of meeting expenses in relation to payments required to be made by Directive 2014/49/EU of the European Parliament and of the Council of 16th April 2014 on deposit guarantee schemes.]
- (9) The following special rules apply in cases involving banking group companies—
- (a) a liability [^{F185}is not within subsection (8)(d)] if the credit institution or investment firm to which the liability is owed is a banking group company in relation to the bank (see section 81D);
- (b) in subsection (8)(i) the reference to creditors does not include companies which are banking group companies in relation to the bank.
- [The Bank of England may, in a resolution instrument, exclude any eligible liability
- ^{F186}(10) or class of eligible liabilities from the application of any special bail-in provision in relation to the bank if, and only if, the Bank of England—
- (a) thinks the exclusion is justified on one or more of the grounds set out in subsection (12), and
- (b) notifies the European Commission of its intention to exclude the liabilities before making the instrument that gives effect to the exclusion.
- (11) The power conferred by subsection (10) may be exercised to exclude only part of an eligible liability, or part of each of the eligible liabilities of a particular class; and where it is so exercised that part is treated as an eligible liability excluded under that subsection and the remainder is treated as an eligible liability which has not been so excluded.
- (12) The grounds are—
- (a) that it is not reasonably possible to give effect to special bail-in provision in relation to the liability or class within a reasonable time;
- (b) that the exclusion is necessary and proportionate to achieve the continuity of critical functions and core business lines in a manner that maintains the ability of the bank to continue key operations, services and transactions;
- (c) that the exclusion is necessary and proportionate to avoid giving rise to widespread contagion, in particular as regards protected deposits held by natural persons or micro-enterprises, small enterprises or medium-sized enterprises, which would severely disrupt the functioning of financial markets, including financial market infrastructures, in a manner that could cause a serious disturbance to the economy of an EEA state;
- (d) that the making of special bail-in provision in relation to the liability would cause a reduction in value such that the losses borne by other creditors would be higher than if the liability were excluded.
- (13) When deciding whether to exclude liabilities under subsection (10) or (11), the Bank of England must give due consideration to—

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- (a) the principle that all the liabilities of the bank ought to be treated in accordance with the priority they would enjoy on a liquidation,
- (b) the principle that any creditors who would have equal priority on a liquidation ought to bear losses on an equal footing with each other,
- (c) the level of loss absorbing capacity that would remain in the bank if the liability or liabilities of a class were wholly or partly excluded, and
- (d) the need to maintain adequate resources to deal with the implications for public funds of anything done, in future, in connection with the exercise of one or more of the stabilisation powers.

(14) For the purposes of subsection (12)—

“protected deposit” has the meaning given by section 48C, and
“micro-enterprise”, “small-enterprise” and “medium-sized enterprise” have the meaning given by Article 2.1(107) of the recovery and resolution directive.]

Textual Amendments

- F176** Word in s. 48B(5) omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **48(3)**
- F177** Words in s. 48B(5) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **48(3)**
- F178** S. 48B(7A) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **48(2)**
- F179** Words in s. 48B(8) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **48(4)(a)**
- F180** Words in s. 48B(8)(e) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **48(4)(b)**
- F181** S. 48B(8)(f) omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **48(4)(c)**
- F182** Words in s. 48B(8)(g) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **48(4)(d)**
- F183** S. 48B(8)(h) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **48(4)(e)**
- F184** S. 48B(8)(j) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **48(4)(f)**
- F185** Words in s. 48B(9)(a) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **48(5)**
- F186** Ss. 48B(10)-(14) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **48(6)**

48C Meaning of “protected deposit” **U.K.**

[^{F187}(1) A deposit is “protected” so far as it is covered by a deposit guarantee scheme under [Directive 94/19/EC](#) of the European Parliament and of the Council of 30th May 1994 on deposit guarantee schemes or [Directive 2014/49/EU](#) of the European Parliament and of the Council of 16th April 2014 on deposit guarantee schemes.]

(4) In [^{F188}subsection (1)] and section 48B(8)(a), “deposit” has the meaning given by article 5(2) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544), but ignoring the exclusions in article 6.

Status: Point in time view as at 01/01/2015.

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Textual Amendments

F187 S. 48C(1) substituted for s. 48C(1)-(3) (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **49(2)**

F188 Words in s. 48C(4) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **49(3)**

48D General interpretation of section 48B **U.K.**

(1) In section 48B—

“client assets” means assets which the bank has undertaken to hold on trust for, or on behalf of, a client;

“contract” includes any instrument;

“credit institution” means any credit institution as defined in Article 4.1(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council, other than an entity mentioned in Article 2.5(2) to (23) of Directive 2013/36/EU of the European Parliament and of the Council;

“designated settlement system” means a system designated in accordance with Directive [98/26/EC](#) of the European Parliament and of the Council (as amended by Directives [2009/44/EC](#) and [2010/78/EU](#));

“employee” includes the holder of an office;

“investment firm” means an investment firm as defined in Article 4.1(2) of Regulation (EU) No 575/2013 of the European Parliament and of the Council that is subject to the initial capital requirement specified in Article 28(2) of Directive 2013/36/EU of the European Parliament and of the Council;

“pension scheme” includes any arrangement for the payment of pensions, allowances and gratuities;

“secured” means secured against property or rights, or otherwise covered by collateral arrangements.

(2) In subsection (1)—

“assets” has the same meaning as in section 232(4) (ignoring for these purposes section 232(5A)(b));

“collateral arrangements” includes arrangements which are title transfer collateral arrangements for the purposes of section 48.

F189(3)

Textual Amendments

F189 S. 48D(3) omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **50**

48E Report on special bail-in provision **U.K.**

(1) This section applies where the Bank of England makes a resolution instrument containing special bail-in provision (see section 48B).

(2) The Bank of England must report to the Chancellor of the Exchequer stating the reasons why that provision has been made in the case of the liabilities concerned.

Status: Point in time view as at 01/01/2015.

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- (3) If the provision departs from the insolvency treatment principles, the report must state the reasons why it does so.
- (4) The insolvency treatment principles are that where an instrument includes special bail-in provision—
 - (a) the provision made by the instrument must be consistent with treating all the liabilities of the bank in accordance with the priority they would enjoy on a liquidation, and
 - (b) any creditors who would have equal priority on a liquidation are to bear losses on an equal footing with each other.
- (5) A report must comply with any other requirements as to content that may be specified by the Treasury.
- (6) A report must be made as soon as reasonably practicable after the making of the resolution instrument to which it relates.
- (7) The Chancellor of the Exchequer must lay a copy of each report under subsection (2) before Parliament.

48F Power to amend definition of “excluded liabilities” U.K.

- (1) The Treasury may by order amend section 48B(8) by—
 - (a) adding to the list of excluded liabilities;
 - (b) amending or omitting any paragraph of that subsection, other than paragraphs (a) to (c).
- (2) The Treasury may by order amend section 48C or 48D.
- (3) The powers conferred by subsections (1) and (2) include power to make consequential and transitional provision.
- (4) An order under this section—
 - (a) is to be made by statutory instrument, and
 - (b) may not be made unless a draft has been laid before and approved by resolution of each House of Parliament.
- (5) The Treasury must consult before laying a draft order under this section before Parliament.

48G Priority between creditors U.K.

- (1) The Treasury may, for the purpose of ensuring that the treatment of liabilities in any instrument that contains special bail-in provision is aligned to an appropriate degree with the treatment of liabilities on an insolvency, by order specify matters or principles to which the Bank of England is to be required to have regard in making any such instrument.
- (2) An order may, for example, specify the insolvency treatment principles (as defined in section 48E(4)) or alternative principles.
- (3) An order may specify the meaning of “insolvency” for one or more purposes of the order.

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (4) An order may amend sections 44C(4) and 48E(4).
- (5) An order—
 - (a) is to be made by statutory instrument, and
 - (b) may not be made unless a draft has been laid before and approved by resolution of each House of Parliament.

48H Business reorganisation plans U.K.

- (1) A resolution instrument may require a [^{F190}resolution administrator], or one or more directors of the bank, to—
 - (a) draw up a business reorganisation plan with respect to the bank, and
 - (b) submit it to the Bank of England within the period allowed by (or under) the instrument.
- (2) “Business reorganisation plan” means a plan that includes—
 - (a) an assessment of the factors that caused Condition 1 in section 7 to be met in the case of the bank,
 - (b) a description of the measures to be adopted with a view to restoring the viability of the bank, and
 - (c) a timetable for the implementation of those measures.
- (3) Where a person has submitted a business reorganisation plan to the Bank of England under subsection (1) (or has re-submitted a plan under subsection (4)), the Bank of England—
 - (a) must approve the plan if satisfied that the plan is appropriately designed for meeting the objective mentioned in subsection (2)(b);
 - (b) must otherwise require the person to amend the plan in a specified manner.
- (4) Where the Bank of England has required a person to amend a business re-organisation plan, the person must re-submit the amended plan within the period allowed by (or under) the resolution instrument.
- (5) Before deciding what action to take under subsection (3) the Bank of England must (for each submission or re-submission of a plan) consult—
 - (a) the PRA, and
 - (b) the FCA.
- (6) A business reorganisation plan may include recommendations by the person submitting the plan as to the exercise by the Bank of England of any of its powers under this Part in relation to the bank.
- (7) Where a resolution instrument contains provision under subsection (1), the instrument may—
 - (a) specify further matters (in addition to those mentioned in subsection (2)) that must be dealt with in the business reorganisation plan;
 - (b) make provision about the timing of actions to be taken in connection with the making and approval of the plan;
 - (c) enable any provision that the Bank of England has power under paragraph (a) or (b) to make in the instrument to be made instead in an agreement between the Bank of England and the person required to draw up the business reorganisation plan.

Status: Point in time view as at 01/01/2015.

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- (8) For the purposes of subsection (2)(b) the viability of a bank is to be assessed by reference to whether the bank satisfies, and (if so) for how long it may be expected to continue to satisfy, the threshold conditions (as defined in section 55B of the Financial Services and Markets Act 2000).

Textual Amendments

F190 Words in s. 48H(1) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **51**

^{F191} **48I Bail-in administrator: further functions** **U.K.**

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Textual Amendments

F191 Ss. 48I-48K omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **52**

^{F191} **48J Bail-in administrator: supplementary** **U.K.**

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Textual Amendments

F191 Ss. 48I-48K omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **52**

^{F191} **48K Bail-in administrator: money** **U.K.**

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Textual Amendments

F191 Ss. 48I-48K omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **52**

48L Powers in relation to securities **U.K.**

- (1) A resolution instrument may—
- (a) cancel or modify any securities to which this subsection applies;
 - (b) convert any such securities from one form or class into another.
- (2) Subsection (1) applies to securities issued by the bank that fall within Class 1 in section 14.
- (3) A resolution instrument may—

Status: Point in time view as at 01/01/2015.

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- (a) make provision with respect to rights attaching to securities issued by the bank;
 - (b) provide for the listing of securities issued by the bank to be discontinued [^{F192}or suspended].
 - ^{F193} [provide for the listing or admission to trading on a regulated market of securities in class 1 (and related class 3 securities) created in accordance with that or any other resolution instrument;
 - (d) provide for the listing or admission to trading on a regulated market of existing securities in class 2 modified by that or any other resolution instrument (and, in that connection, for the disapplication of section 85(1) and (2) of the Financial Services and Markets Act 2000 (prohibition on listing etc of transferable securities without approved prospectus).]
- (4) The reference in subsection (1)(b) to converting securities from one form or class into another includes creating a new security in connection with the modification of an existing security.
- [In subsection (2) any reference to a class of securities is to be construed in accordance ^{F194}(4A) with section 14.]
- (5) The provision that may be made under subsection (3)(a) includes, for example—
- (a) provision that specified rights attaching to securities are to be treated as having been exercised;
 - (b) provision that the Bank of England, or a [^{F195}resolution administrator], is to be treated as authorised to exercise specified rights attaching to securities;
 - (c) provision that specified rights attaching to securities may not be exercised for a period specified in the instrument.
- ^{F196}(6) In subsection (3)—
- (a) the reference to “listing” is to listing under section 74 of the Financial Services and Markets Act 2000, and
 - (b) “regulated market” has the meaning given in section 103(1) of the Financial Services and Markets Act 2000.]

[Where the listing of securities is suspended in accordance with a resolution instrument, ^{F197}(6A) those securities are to be treated for the purposes of section 96 of, and paragraph 23(6) of Schedule 1ZA to, the Financial Services and Markets Act 2000 as still being listed.]

(7) The provision that may be made under this section in relation to any securities is in addition to any provision that the Bank of England may have power to make in relation to them under section 48B.

Textual Amendments

F192 Words in s. 48L(3)(b) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **53(2)(a)**

F193 S. 48L(3)(c)(d) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **53(2)(b)**

F194 S. 48L(4A) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **53(3)**

F195 Words in s. 48L(5)(b) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **53(4)**

Status: Point in time view as at 01/01/2015.

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F196 S. 48L(6) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **53(5)**

F197 S. 48L(6A) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **53(6)**

F198 **48M Termination rights, etc** **U.K.**

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Textual Amendments

F198 S. 48M omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **54**

48N Directors ^{F199} **and senior managers** **U.K.**

- (1) A resolution instrument may enable the Bank of England—
- (a) to remove a director ^{F200} or senior manager] of a specified bank;
 - (b) to vary the service contract of a director ^{F200} or senior manager] of a specified bank;
 - (c) to terminate the service contract of a director ^{F200} or senior manager] of a specified bank;
 - (d) to appoint a director ^{F200} or senior manager] of a specified bank.
- (2) Subsection (1) also applies to a director ^{F201} or senior manager] of any undertaking which is a banking group company in respect of a specified bank.
- (3) Appointments under subsection (1)(d) are to be on terms and conditions agreed with the Bank of England.

[In this section “senior manager” means a person who—

- ^{F202}(4) (a) exercises executive functions within a specified bank or banking group company, and
- (b) is responsible, and directly accountable to the directors, for the day to day management of that bank or banking group company.]

Textual Amendments

F199 Words in s. 48N heading inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **55(4)**

F200 Words in s. 48N(1) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **55(2)**

F201 Words in s. 48N(2) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **55(2)**

F202 S. 48N(4) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **55(3)**

48O Directions in or under resolution instrument **U.K.**

- (1) A resolution instrument may—

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- (a) require one or more directors of the bank to comply with any general or specific directions that may be set out in the instrument;
 - (b) enable the Bank of England to give written directions (whether general or specific) to one or more directors of the bank.
- (2) A director—
- (a) is not to be regarded as failing to comply with any duty owed to any person (for example, a shareholder, creditor or employee of the bank) by virtue of any action or inaction in compliance with a direction given under subsection (1) (a) or (b);
 - (b) is to be immune from liability in damages in respect of action or inaction in accordance with a direction.
- (3) A director must comply with a direction within the period of time specified in the direction, or if no period of time is specified, as soon as reasonably practicable.
- (4) A direction under subsection (1)(a) or (b) is enforceable on an application made by the Bank of England, by injunction or, in Scotland, by an order for specific performance under section 45 of the Court of Session Act 1988.
- [See also section 83ZR for further provision about enforcement of a direction under ^{F203}(5) this section.]

Textual Amendments

F203 S. 480(5) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), 56

48P Orders for safeguarding certain financial arrangements **U.K.**

- (1) In this section “protected arrangements” means security interests, title transfer collateral arrangements, set-off arrangements and netting arrangements.
- (2) In subsection (1)—
- “netting arrangements” means arrangements under which a number of claims or obligations can be converted into a net claim or obligation, and includes, in particular, “close-out” netting arrangements, under which actual or theoretical debts are calculated during the course of a contract for the purpose of enabling them to be set off against each other or to be converted into a net debt;
 - “security interests” means arrangements under which one person acquires, by way of security, an actual or contingent interest in the property of another;
 - “set-off arrangements” means arrangements under which two or more debts, claims or obligations can be set off against each other;
 - “title transfer collateral arrangements” means arrangements under which Person 1 transfers assets to Person 2 on terms providing for Person 2 to transfer assets if specified obligations are discharged.
- (3) The Treasury may by order—
- (a) restrict the exercise of any power within the scope of this paragraph in cases that involve, or where the exercise of the power might affect, protected arrangements;

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (b) impose conditions on the exercise of any power within the scope of this paragraph in cases that involve, or where the exercise of the power might affect, protected arrangements;
 - (c) require any instrument that makes special bail-in provision to include specified provision, or provision to a specified effect, in respect of or for purposes connected with protected arrangements;
 - (d) provide for an instrument to be void or voidable, or for other consequences to arise, if or in so far as the instrument is made or purported to be made in contravention of a provision of the order (or of another order under this section);
 - (e) specify principles to which the Bank of England is to be required to have regard in exercising specified powers—
 - (i) that involve protected arrangements, or
 - (ii) where the exercise of the powers might affect protected arrangements.
- (4) References to exercising a power within the scope of paragraph (a) or (b) of subsection (3) are to making an instrument containing provision made in reliance on section 12A(3)(a) or 44B (special bail-in provision).
- (5) An order may apply to protected arrangements generally or only to arrangements—
- (a) of a specified kind, or
 - (b) made or applying in specified circumstances.
- (6) An order may include provision for determining which arrangements are to be, or not to be, treated as protected arrangements; in particular, an order may provide for arrangements to be classified not according to their description by the parties but according to one or more indications of how they are treated, or are intended to be treated, in commercial practice.
- (7) In this section “arrangements” includes arrangements which—
- (a) are formed wholly or partly by one or more contracts or trusts;
 - (b) arise under or are wholly or partly governed by the law of a country or territory outside the United Kingdom;
 - (c) wholly or partly arise automatically as a matter of law;
 - (d) involve any number of parties;
 - (e) operate partly by reference to other arrangements between parties.
- (8) An order—
- (a) is to be made by statutory instrument, and
 - (b) may not be made unless a draft has been laid before and approved by resolution of each House of Parliament.

48Q **Continuity** U.K.

- (1) A resolution instrument may provide for anything (including legal proceedings) that relates to anything affected by the instrument and is in the process of being done immediately before the instrument takes effect to be continued from the time the instrument takes effect.
- (2) A resolution instrument may modify references (express or implied) in an instrument or document.

Status: Point in time view as at 01/01/2015.

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- (3) A resolution instrument may require or permit any person to provide information and assistance to the Bank of England or another person, for the purposes of or in connection with provision made or to be made in that or another resolution instrument.

48R Execution and registration of instruments etc U.K.

- (1) A resolution instrument may permit or require the execution, issue or delivery of an instrument.
- (2) A resolution instrument may provide for any provision in the instrument to have effect irrespective of—
 - (a) whether an instrument has been produced, delivered, transferred or otherwise dealt with;
 - (b) registration.
- (3) A resolution instrument may provide for the effect of an instrument executed, issued or delivered in accordance with the resolution instrument.
- (4) A resolution instrument may—
 - (a) entitle a person to be registered in respect of a security;
 - (b) require a person to effect registration.

48S Resolution instruments: general matters U.K.

- (1) Provision made in a resolution instrument takes effect despite any restriction arising by virtue of contract or legislation or in any other way.
- (2) A resolution instrument may include incidental, consequential or transitional provision.
- (3) In relying on subsection (2) a resolution instrument—
 - (a) may make provision generally or only for specified purposes, cases or circumstances, and
 - (b) may make different provision for different purposes, cases or circumstances.

48T Procedure U.K.

- (1) As soon as is reasonably practicable after making a resolution instrument in respect of a bank the Bank of England must send a copy to—
 - (a) the bank,
 - (b) the Treasury,
 - (c) the PRA,
 - (d) the FCA, and
 - (e) any other person specified in the code of practice under section 5.
- (2) As soon as is reasonably practicable after making a resolution instrument the Bank of England must publish a copy—
 - (a) on the Bank's internet website,^{F204} ...
 - (b) in two newspapers, chosen by the Bank of England to maximise the likelihood of the instrument coming to the attention of persons likely to be affected^{F205}, and

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- (c) if securities issued by the bank have been admitted to trading on a regulated market (within the meaning of section 103(1) of the Financial Services and Markets Act 2000), by means of a regulatory information service (within the meaning of section 313D of that Act)),
 and arrange for the publication of a copy on the internet website of the bank in respect of which the instrument was made.]
- (3) Where the Treasury receive a copy of a resolution instrument under subsection (1) they must lay a copy before Parliament.

Textual Amendments

F204 Word in s. 48T(2) omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), 57

F205 Words in s. 48T(2) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), 57

48U Supplemental resolution instruments **U.K.**

- (1) This section applies where the Bank of England has made a resolution instrument (“the original instrument”) with respect to a bank.
- (2) The Bank of England may make, with respect to the bank, one or more resolution instruments designated by the Bank of England as supplemental resolution instruments.
- (3) [^{F206}Section 7 does] not apply to a supplemental resolution instrument (but it is to be treated in the same way as a resolution instrument for all other purposes, including for the purposes of the application of a power under this Part).
- (4) Before making a supplemental resolution instrument the Bank of England must consult—
- (a) the PRA,
 - (b) the FCA, and
 - (c) the Treasury.
- (5) The possibility of making a supplemental resolution instrument in reliance on subsection (2) is without prejudice to the possibility of making a new instrument in accordance with section 12A(2) (and not in reliance on subsection (2) above).

Textual Amendments

F206 Words in s. 48U(3) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), 58

48V Onward transfer **U.K.**

- (1) This section applies where the Bank of England has made a resolution instrument (“the original instrument”) providing for securities issued by a specified bank to be transferred to any person.
- (2) The Bank of England may make one or more onward transfer resolution instruments.

Status: Point in time view as at 01/01/2015.

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- (3) An onward transfer resolution instrument is a resolution instrument which—
 - (a) provides for the transfer of—
 - (i) securities which were issued by the bank before the original instrument and have been transferred by the original instrument or a supplemental resolution instrument, or
 - (ii) securities which were issued by the bank after the original instrument;
 - (b) makes other provision for the purposes of, or in connection with, the transfer of securities issued by the bank (whether the transfer has been or is to be effected by that instrument, by another instrument or otherwise).
- (4) An onward transfer resolution instrument may not transfer securities to the transferor under the original instrument.
- (5) [^{F207}Section 7 does] not apply to an onward transfer resolution instrument (but it is to be treated in the same way as any other resolution instrument for all other purposes, including for the purposes of the application of a power under this Part).
- (6) Before making an onward transfer resolution instrument the Bank of England must consult—
 - (a) the PRA,
 - (b) the FCA, and
 - (c) the Treasury.
- (7) Section 48U applies where the Bank of England has made an onward transfer resolution instrument.

Textual Amendments

F207 Words in s. 48V(5) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **59**

48W Reverse transfer **U.K.**

- (1) This section applies where the Bank of England has made an instrument (“the original instrument”) that is either—
 - (a) a resolution instrument providing for the transfer of securities issued by a bank to a person (“the transferee”), or
 - (b) an onward transfer resolution instrument (see section 48V) providing for the transfer of securities issued by a bank to a person (“the onward transferee”).
- (2) In a case falling within subsection (1)(a) the Bank of England may make one or more reverse transfer resolution instruments in respect of securities issued by the bank and held by the transferee (whether or not they were transferred by the original instrument).
- (3) In a case falling within subsection (1)(b), the Bank of England may make one or more reverse transfer resolution instruments in respect of securities issued by the bank and held by the onward transferee.
- (4) A reverse transfer resolution instrument is a resolution instrument which—
 - (a) provides for transfer to the transferor under the original instrument;

Status: Point in time view as at 01/01/2015.

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- (b) makes other provision for the purposes of, or in connection with, the transfer of securities which are, or could be or could have been, transferred under paragraph (a).
- (5) Except where subsection (6) applies, the Bank of England may make a reverse transfer resolution instrument under subsection (2) only with the written consent of the transferee.
- (6) This subsection applies where the transferee is—
- (a) a [^{F208}resolution administrator], or
 - (b) a person who is not to be authorised to exercise any rights attaching to the securities except on the Bank of England's instructions.
- (7) The Bank of England may make a reverse transfer resolution instrument under subsection (3) only with the written consent of the onward transferee.
- (8) [^{F209}Section 7 does] not apply to a reverse transfer resolution instrument (but it is to be treated in the same way as any other resolution instrument for all other purposes including for the purposes of an application of a power under this Part).
- (9) Before making a reverse transfer resolution instrument the Bank of England must consult—
- (a) the PRA,
 - (b) the FCA, and
 - (c) the Treasury.
- (10) Section 48U applies where the Bank of England has made a reverse transfer resolution instrument.]

Textual Amendments

F208 Words in s. 48W(6)(a) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **60(2)**

F209 Words in s. 48W(8) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **60(3)**

[^{F210}Replacement of provisional valuation

Textual Amendments

F210 Ss. 48X, 48Y and cross-heading inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **61**

48X. Replacement of Bank's provisional valuation **U.K.**

- (1) Where the Bank of England has carried out a provisional valuation under section 6E(3) before making a mandatory reduction instrument or exercising a stabilisation power, the Bank must arrange for the appointment of an independent valuer in accordance with section 62A to carry out a full valuation in accordance with this section as soon as reasonably practicable.
- (2) The purpose of the valuation carried out under subsection (1) is to—

Status: Point in time view as at 01/01/2015.

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- (a) ensure the full extent of any losses on the assets of the bank is recognised in the accounting records of the bank, and
 - (b) inform a decision by the Bank as to whether—
 - (i) additional consideration should be paid by a bridge bank or asset management vehicle for any property, rights or liabilities transferred by a property transfer instrument, or securities transferred by a share transfer instrument, or
 - (ii) the Bank should exercise the power under section 48Y(1) to increase or reinstate any liability which has been reduced or cancelled by a resolution instrument.
- (3) A valuation carried out under subsection (1) must comply with subsections (5) and (6) of section 6E, and be accompanied by the information required in subsection (7) of that section.

48Y. Consequences of a replacement valuation **U.K.**

- (1) Where the independent valuation carried out under section 48X(1) produces a higher valuation of the net asset value of the bank than a provisional valuation carried out under section 6E(3), the Bank of England may—
- (a) modify any liability of the bank which has been reduced, deferred or cancelled by a mandatory reduction instrument or a resolution instrument so as to increase or reinstate that liability; or
 - (b) instruct a resolution company to pay additional consideration—
 - (i) to the bank for any property, rights or liabilities transferred to the resolution company by a property transfer instrument, or
 - (ii) to the previous holders of securities issued by the bank for any securities transferred to the resolution company by a share transfer instrument.
- (2) The power in subsection (1)(a)—
- (a) may not be exercised so as to increase the value of the liability beyond the value it would have had if the resolution instrument which reduced, cancelled or deferred it had not been made, and
 - (b) must be exercised by a mandatory reduction instrument or supplemental resolution instrument (whether or not that instrument contains any other provision authorised by this Part).]

[^{F211}Termination rights etc

Textual Amendments

F211 S. 48Z and cross-heading inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **62**

48Z. Termination rights etc **U.K.**

- (1) In this section—

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“crisis management measure” has the meaning given in Article 2.1(102) of the recovery and resolution directive, and accordingly in relation to the United Kingdom means—

- (a) the exercise of a stabilisation power in relation to the bank by the Bank of England or the Treasury,
- (b) the appointment of a resolution administrator under section 62B,
- (c) the recognition by the Bank of England of third-country resolution action (or part of such action) in accordance with Chapter 5 of this Part, or
- (d) the exercise by the Bank of a stabilisation power by virtue of section 89I(3) (exercise of powers in support of third-country resolution action);

“crisis prevention measure” has the meaning given in Article 2.1(101) of the recovery and resolution directive, and accordingly in relation to the United Kingdom means—

- (a) the imposition by the PRA or the FCA of a requirement to take relevant measures described in Article 6(6) of the resolution and recovery directive,
- (b) the imposition by the Bank of England of a requirement to take measures to remove impediments to resolvability under Article 17 or 18 of the recovery and resolution directive,
- (c) the imposition by the FCA or the PRA of a requirement to take action described in Article 27 of the recovery and resolution directive, or
- (d) the making of a mandatory reduction instrument by the Bank of England under section 6B;

“default event provision” means a Type 1 or Type 2 default event provision (see subsections (2) and (3));

“group” has the meaning given by section 474 of the Companies Act 2006;

“Part 1 instrument” means—

- (a) a mandatory reduction instrument,
- (b) a share transfer instrument,
- (c) a property transfer instrument, or
- (d) a resolution instrument.

“recognised third-country resolution action” means third-country resolution action, or a part of such action, recognised by the Bank of England in an instrument under section 89H(2);

“third-country institution” has the meaning given by Article 2.1(86) of the recovery and resolution directive;

“third-country parent undertaking” has the meaning given by Article 2.1(87) of that directive.

- (2) A Type 1 default event provision is a provision of a contract or other agreement that has the effect that if a specified event occurs or situation arises—
- (a) the agreement is terminated, modified or replaced,
 - (b) rights or duties under the agreement are terminated, modified or replaced,
 - (c) a right accrues to terminate, modify or replace the agreement,
 - (d) a right accrues to terminate, modify or replace rights or duties under the agreement,
 - (e) a sum becomes payable or ceases to be payable,
 - (f) delivery of anything becomes due or ceases to be due,

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- (g) a right to claim a payment or delivery accrues, changes or lapses,
 - (h) any other right accrues, changes or lapses, or
 - (i) an interest is created, changes or lapses.
- (3) A Type 2 default event provision is a provision of a contract or other agreement that has the effect that a provision of the contract or agreement—
 - (a) takes effect only if a specified event occurs or does not occur,
 - (b) takes effect only if a specified situation arises or does not arise,
 - (c) has effect only for so long as a specified event does not occur,
 - (d) has effect only while a specified situation lasts,
 - (e) applies differently if a specified event occurs,
 - (f) applies differently if a specified situation arises, or
 - (g) applies differently while a specified situation lasts.
- (4) For the purposes of subsections (2) and (3) it is the effect of a provision that matters, not how it is described (nor, for example, whether it is presented in a positive or a negative form).
- (5) Subsection (6) applies where a contract or other agreement—
 - (a) is entered into by a bank, a third-country institution or a third-country parent undertaking,
 - (b) is entered into by a subsidiary undertaking of a bank, a third-country institution or a third-country parent undertaking, whose obligations are guaranteed by a company which is a member of the same group as the bank, third-country institution or third-country parent undertaking, or
 - (c) is entered into by an undertaking which is a member of the same group as a bank, third-country institution, or third country parent undertaking,and the substantive obligations provided for in the contract or agreement (including payment and delivery obligations and provision of collateral) continue to be performed.
- (6) The following are to be disregarded in determining whether a default event provision applies—
 - (a) a crisis prevention measure, crisis management measure or recognised third-country resolution action taken in relation to the bank, third country institution or a member of the same group as the bank or third country institution, and
 - (b) the occurrence of any event directly linked to the application of such a measure or action.
- (7) A Part 1 instrument or share transfer order may provide for subsection (8) or (9) to apply (but need not apply either) in circumstances where subsection (6) would not apply.
- (8) If this subsection applies, the Part 1 instrument or share transfer order is to be disregarded in determining whether a default event provision applies.
- (9) If this subsection applies, the Part 1 instrument or share transfer order is to be disregarded in determining whether a default event provision applies except so far as the instrument or order provides otherwise.
- (10) In subsections (7), (8) and (9) a reference to the Part 1 instrument or share transfer order is a reference to—
 - (a) the making of the instrument or order,

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- (b) anything that is done by the instrument or order or is to be, or may be, done under or by virtue of the instrument or order, and
 - (c) any action or decision taken or made under this or another enactment in so far as it resulted in, or was connected to, the making of the instrument or order.
- (11) Provision under subsection (7) may apply subsection (8) or (9)—
- (a) generally or only for specified purposes, cases or circumstances, or
 - (b) differently for different purposes, cases or circumstances.
- (12) A thing is not done by virtue of a Part 1 instrument or share transfer order for the purposes of subsection (10)(b) merely by virtue of being done under a contract or other agreement rights or obligations under which have been affected by the instrument or order.]

Compensation

49 Orders **U.K.**

- (1) This Part provides [^{F212}four] methods of protecting the financial interests of transferors and others in connection with share transfer instruments and orders [^{F212}, property transfer instruments and orders and resolution instruments].
- (2) A “compensation scheme order” is an order —
- (a) establishing a scheme for determining whether transferors should be paid compensation, or providing for transferors to be paid compensation, and
 - (b) establishing a scheme for paying any compensation.
- [^{F213}(2A) A “bail-in compensation order” is an order establishing a scheme for determining, in accordance with section 52A, whether any transferors or others should be paid compensation.]
- (3) A “resolution fund order” is an order establishing a scheme under which transferors become entitled to the proceeds of the disposal of things transferred—
- (a) in specified circumstances, and
 - (b) to a specified extent.
- (4) A “third party compensation order” is provision made in accordance with section 59 for compensation to be paid to persons other than transferors.

Textual Amendments

F212 Words in s. 49(1) substituted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\), s. 148\(5\), Sch. 2 para. 6\(1\)\(a\)](#); S.I. 2014/3160, art. 2(1)(b)

F213 S. 49(2A) inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\), s. 148\(5\), Sch. 2 para. 6\(1\)\(b\)](#); S.I. 2014/3160, art. 2(1)(b)

Commencement Information

I69 S. 49 in force at 21.2.2009 by [S.I. 2009/296, art. 3, Sch. para. 1](#)

Status: Point in time view as at 01/01/2015.

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50 Sale to private sector purchaser **U.K.**

- (1) This section applies if the Bank of England makes a share transfer instrument or a property transfer instrument in accordance with section 11(2).
- (2) The Treasury shall make a compensation scheme order.
- (3) An order made by virtue of subsection (2) may include a third party compensation order.
- (4) In the case of a partial property transfer, an order made by virtue of subsection (2) must include a third party compensation order.

Commencement Information

I70 S. 50 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1

I71 S. 50 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

51 Transfer to temporary public ownership **U.K.**

- (1) This section applies if the Treasury make a share transfer order in accordance with section 13(2).
- (2) The Treasury shall make either—
 - (a) a compensation scheme order, or
 - (b) a resolution fund order.
- (3) A resolution fund order made by virtue of subsection (2)(b) may include—
 - (a) a compensation scheme order;
 - (b) a third party compensation order (which may, in particular, make provision, in respect of specified classes of creditor, for rights in addition to any rights they may have by virtue of the resolution fund order).
- (4) A compensation scheme order made by virtue of subsection (2) may include a third party compensation order.

Commencement Information

I72 S. 51 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1

I73 S. 51 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

52 Transfer to [^{F214}resolution company] **U.K.**

- [^{F215}(1) This section applies if the Bank of England makes—
- (a) a share transfer instrument or a property transfer instrument under section 12(2), or
 - (b) a property transfer instrument under section 12ZA(3).]
 - (2) The Treasury shall make a resolution fund order.
 - (3) An order made by virtue of subsection (2) may include—
 - (a) a compensation scheme order;

Status: Point in time view as at 01/01/2015.

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- (b) a third party compensation order (which may, in particular, make provision, in respect of [^{F216}persons of a specified description,] for rights in addition to any rights they may have by virtue of the resolution fund order).
- (4) In the case of a partial property transfer, the resolution fund order must include a third party compensation order.

Textual Amendments

- F214** Words in s. 52 heading substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **63(2)**
- F215** S. 52(1) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **63(1)**
- F216** Words in s. 52(3)(b) substituted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 2 para. 6(2)**; S.I. 2014/3160, art. 2(1)(b)

Commencement Information

- I74** S. 52 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1
- I75** S. 52 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, **Sch. para. 1**

[^{F217}52A Bail-in option **U.K.**

- (1) Subsection (2) applies if the Bank of England makes—
- (a) a resolution instrument under section 12A(2), or
 - (b) a property transfer instrument under section 41A(2).
- (2) The Treasury must make a bail-in compensation order (see section 49(2A)).
- (3) A bail-in compensation order may include provision for—
- (a) an independent valuer (in which case sections 54 to 56 are to apply);
 - (b) valuation principles (in which case section 57(2) to (5) is to apply).]

Textual Amendments

- F217** S. 52A inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 2 para. 6(3)**; S.I. 2014/3160, art. 2(1)(b)

53 Onward and reverse transfers [^{F218}etc] **U.K.**

- (1) This section applies where—
- [^{F219}(zza) the Bank of England makes a supplemental share transfer instrument under section 26,]
 - [^{F220}(za) the Bank of England makes a private sector reverse share transfer instrument under section 26A,]
 - [^{F221}(zb) the Treasury makes a supplemental share transfer order under section 27,]
 - (a) the Treasury make an onward share transfer order under section 28,
 - (b) the Treasury makes a reverse share transfer order under section 29,
 - (c) the Bank of England makes a [^{F222}resolution company] share transfer instrument under section 30,

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- (d) the Bank of England makes a [^{F223}resolution company] reverse share transfer instrument under section 31,
 - [^{F224}(dza) the Bank of England makes a supplemental property transfer instrument under section 42,]
 - [^{F225}(da) the Bank of England makes a private sector reverse property transfer instrument under section 42A,]
 - (e) the Bank of England makes an onward property transfer instrument under section 43,
 - (f) the Bank of England makes a reverse property transfer instrument under section 44,
 - [^{F226}(fa) the Bank of England makes a reverse property transfer instrument under section 44A(2),]
 - (g) the Treasury make a property transfer order under section 45, ^{F227}...
 - (h) the Treasury make a reverse property transfer order under section 46.
 - [^{F228}(i) the Bank of England makes a supplemental resolution instrument under section 48U,
 - (j) the Bank of England makes an onward transfer resolution instrument under section 48V(2), or
 - (k) the Bank of England makes a reverse transfer resolution instrument under section 48W(2) or (3).]
- (2) The Treasury may make—
- (a) a compensation scheme order;
 - (b) a third party compensation order.

Textual Amendments

- F218** Word in s. 53 heading inserted (31.12.2014) by Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(5), **Sch. 2 para. 6(4)(g)**; S.I. 2014/3160, art. 2(1)(b)
- F219** S. 53(1)(zza) inserted (31.12.2014) by Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(5), **Sch. 2 para. 6(4)(a)**; S.I. 2014/3160, art. 2(1)(b)
- F220** S. 53(1)(za) inserted (1.4.2013) by Financial Services Act 2012 (c. 21), **ss. 97(9)(a)**, 122(3) (with Sch. 20); S.I. 2013/423, art. 3, Sch.
- F221** S. 53(1)(zb) inserted (31.12.2014) by Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(5), **Sch. 2 para. 6(4)(b)**; S.I. 2014/3160, art. 2(1)(b)
- F222** Words in s. 53(1)(c) substituted (1.1.2015) by The Bank Recovery and Resolution Order 2014 (S.I. 2014/3329), arts. 1(2), **64**
- F223** Words in s. 53(1)(d) substituted (1.1.2015) by The Bank Recovery and Resolution Order 2014 (S.I. 2014/3329), arts. 1(2), **64**
- F224** S. 53(1)(dza) inserted (31.12.2014) by Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(5), **Sch. 2 para. 6(4)(c)**; S.I. 2014/3160, art. 2(1)(b)
- F225** S. 53(1)(da) inserted (1.4.2013) by Financial Services Act 2012 (c. 21), **ss. 97(9)(b)**, 122(3) (with Sch. 20); S.I. 2013/423, art. 3, Sch.
- F226** S. 53(1)(fa) inserted (31.12.2014) by Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(5), **Sch. 2 para. 6(4)(d)**; S.I. 2014/3160, art. 2(1)(b)
- F227** Word in s. 53(1) omitted (31.12.2014) by virtue of Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(5), **Sch. 2 para. 6(4)(e)**; S.I. 2014/3160, art. 2(1)(b)
- F228** S. 53(1)(i)-(k) inserted (31.12.2014) by Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(5), **Sch. 2 para. 6(4)(f)**; S.I. 2014/3160, art. 2(1)(b)

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Commencement Information

- I76** S. 53 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1
I77 S. 53 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

54 Independent valuer^{F229}: compensation scheme order or bail-in compensation order] **U.K.**

- (1) A compensation scheme order [^{F230}or bail-in compensation order] may provide for the amount of any compensation payable to be determined by a person appointed in accordance with the order (the “independent valuer”); and subsections (2) to (5) apply to an order which includes provision for an independent valuer.
- (2) An order must provide for the independent valuer to be appointed by a person appointed by the Treasury (“the appointing person”).
- (3) An order may either—
 - (a) require the Treasury to make arrangements to identify a number of possible independent valuers, one of whom is to be selected by the appointing person, or
 - (b) require the appointing person to make arrangements to select the independent valuer, having regard to any criteria specified in the order.
- (4) The independent valuer may be removed only—
 - (a) on the grounds of incapacity or serious misconduct, and
 - (b) by a person specified by the Treasury in accordance with the compensation scheme order [^{F231}or bail-in compensation order].
- (5) An order must include provision for resignation and replacement of the independent valuer (and subsections (2) and (3) apply to replacement as to the first appointment).

Textual Amendments

- F229** Words in s. 54 heading inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [65](#)
F230 Words in s. 54(1) inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), [Sch. 2 para. 6\(5\)\(a\)](#); [S.I. 2014/3160](#), art. 2(1)(b)
F231 Words in s. 54(4)(b) inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), [Sch. 2 para. 6\(5\)\(b\)](#); [S.I. 2014/3160](#), art. 2(1)(b)

Commencement Information

- I78** S. 54 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1
I79 S. 54 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

55 Independent valuer: supplemental **U.K.**

- (1) An independent valuer may do anything necessary or desirable for the purposes of or in connection with the performance of the functions of the office.
- (2) The Treasury may by order confer specific functions on independent valuers; in particular, the order may—

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- (a) enable an independent valuer to apply to a court or tribunal for an order requiring the provision of information or the giving of oral or written evidence;
 - (b) enable or require independent valuers to publish, disclose or withhold information.
- (3) Provision under subsection (2) may—
- (a) confer a discretion on independent valuers;
 - (b) confer jurisdiction on a court or tribunal;
 - (c) make provision about oaths, expenses and other procedural matters relating to the giving of evidence or the provision of information;
 - (d) create a criminal offence;
 - (e) make other provision about enforcement.
- (4) An independent valuer may appoint staff.
- (5) The Treasury may by order make provision about the procedure to be followed by independent valuers.
- (6) The Treasury shall by order make provision for—
- (a) reconsideration of a decision of an independent valuer, and
 - (b) appeal to a court or tribunal against a decision of an independent valuer.
- (7) Independent valuers (and their staff) are neither servants nor agents of the Crown (and, in particular, are not civil servants).
- (8) Records of an independent valuer are public records for the purposes of the Public Records Act 1958.
- (9) An order under this section—
- (a) shall be made by statutory instrument, and
 - (b) shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- [^{F232}(10) But subsection (9)(b) does not apply if the order is contained in a statutory instrument that contains an order to which section 62 applies.]

Textual Amendments

F232 S. 55(10) inserted (8.4.2010) by [Financial Services Act 2010 \(c. 28\)](#), [ss. 21\(3\)](#), [26\(1\)\(f\)](#)

Commencement Information

I80 S. 55 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), [arts. 2, 3](#), [Sch. para. 1](#)

56 Independent valuer: money **U.K.**

- (1) The Treasury may by order provide for the payment by the Treasury of remuneration and allowances to—
- (a) independent valuers,
 - (b) staff of independent valuers,
 - (c) appointing persons,
- [^{F233}(ca) persons mentioned in section 54(4)(b),] and

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- (d) monitors.
- (2) An order—
- (a) must provide for the appointment by the Treasury of a person to monitor the operation of the arrangements for remuneration and allowances for independent valuers;
 - (b) may require, or enable a compensation scheme order^[F234], third party compensation order or bail-in compensation order] to require, the monitor's approval before specified things may be done in the course of those arrangements;
 - (c) may include provision about records and accounts;
 - (d) may make provision about numbers of staff and the terms and conditions of their appointment (which may include provision requiring the approval of the Treasury or the monitor).
- (3) In subsection (1) a reference to the payment of allowances to a person includes a reference to the payment to or in respect of the person of sums by way of or in respect of pension.
- (4) Independent valuers (and their staff) are not liable for damages in respect of anything done in good faith for the purposes of or in connection with the functions of the office (subject to section 8 of the Human Rights Act 1998).
- (5) An order under this section—
- (a) shall be made by statutory instrument, and
 - (b) shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- [^{F235}(6) But subsection (5)(b) does not apply if the order is contained in a statutory instrument that contains an order to which section 62 applies.]

Textual Amendments

F233 S. 56(1)(ca) inserted (8.4.2010) by [Financial Services Act 2010 \(c. 28\)](#), **ss. 21(4)(a)**, 26(1)(f)

F234 Words in s. 56(2)(b) substituted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 2 para. 6(6)**; S.I. 2014/3160, art. 2(1)(b)

F235 S. 56(6) inserted (8.4.2010) by [Financial Services Act 2010 \(c. 28\)](#), **ss. 21(4)(b)**, 26(1)(f)

Commencement Information

I81 S. 56 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, **Sch. para. 1**

57 Valuation principles **U.K.**

- (1) A compensation scheme order [^{F236}or bail-in compensation order] may specify principles (“valuation principles”) to be applied in determining the amount of compensation.
- (2) Valuation principles may, in particular, require an independent valuer—
 - (a) to apply, or not to apply, specified methods of valuation;
 - (b) to assess values or average values at specified dates or over specified periods;
 - (c) to take specified matters into account in a specified manner;
 - (d) not to take specified matters into account.

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- (3) In determining an amount of compensation (whether or not in accordance with valuation principles) an independent valuer must disregard actual or potential financial assistance provided by the Bank of England or the Treasury (disregarding ordinary market assistance offered by the Bank on its usual terms).
- (4) Valuation principles may require or permit an independent valuer to make assumptions; such as, for example, that the bank—
 - (a) has had a permission under [^{F237}Part 4A] of the Financial Services and Markets Act 2000 (regulated activities) varied or cancelled,
 - (b) is unable to continue as a going concern,
 - (c) is in administration, or
 - (d) is being wound up.
- (5) There is nothing to prevent the application of the valuation principles in an order from resulting in no compensation being payable to a transferor.

Textual Amendments

F236 Words in s. 57(1) inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), [Sch. 2 para. 6\(7\)](#); [S.I. 2014/3160](#), art. 2(1)(b)

F237 Words in s. 57(4)(a) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), [Sch. 17 para. 26](#) (with [Sch. 20](#)); [S.I. 2013/423](#), art. 3, [Sch.](#)

Commencement Information

I82 S. 57 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

I83 S. 57 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

58 Resolution fund **U.K.**

- (1) A resolution fund order must include provision for determining—
 - (a) who will be entitled to a share of the proceeds on disposal of things transferred,
 - (b) the way in which the proceeds will be calculated, and
 - (c) the way in which shares will be calculated.
- (2) Provision under subsection (1)(b) may, in particular, provide for proceeds to be calculated net of—
 - (a) amounts required for the repayment of loans from public funds or for other payments in respect of public financial assistance;
 - (b) some or all of the administrative or other expenses incurred in connection with the provisions of this Part.
- (3) A resolution fund order may include provision for—
 - (a) an independent valuer to make a determination under the order (in which case sections 54(2) to (5), 55 and 56 shall apply);
 - (b) valuation principles to be applied in making a determination (in which case section 57(2) shall apply).
- (4) A resolution fund order may confer a discretionary function on—
 - (a) a Minister of the Crown,
 - (b) the Treasury,

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- (c) the Bank of England, or
 - (d) any other specified person.
- (5) A resolution fund order may include provision for the determination of disputes about the application of its provisions (whether by conferring jurisdiction on a court or tribunal or otherwise).
- (6) A resolution fund order may require the Bank of England in managing a [^{F238}resolution company] to aim to maximise the proceeds available for distribution in accordance with the order; and an order which includes a requirement must—
- (a) specify its extent, and
 - (b) include provision about how the Bank is to comply with it.
- (7) A resolution fund order may require the Treasury to ensure that a bank in temporary public ownership in accordance with section 13(2) is managed with the aim of maximising the proceeds available for distribution in accordance with the order; and an order which includes a requirement must—
- (a) specify its extent, and
 - (b) include provision about how the Treasury is to comply with it.
- (8) A requirement under subsection (6) or (7) is to be complied with only in so far as is compatible with—
- (a) pursuit of the special resolution objectives, and
 - (b) compliance with the code of practice under section 5.

Textual Amendments

F238 Words in s. 58(6) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **66**

Commencement Information

I84 S. 58 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

I85 S. 58 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

59 Third party compensation: discretionary provision U.K.

- (1) A power or duty in this Part to make a third party compensation order is a power or duty to make provision establishing a scheme for paying compensation to persons other than a transferor.
- (2) A third party compensation order may—
- (a) form part of a compensation scheme order or resolution fund order, or
 - (b) be a separate order.
- (3) A third party compensation order may include provision for—
- (a) an independent valuer (in which case sections 54 to 56 shall apply);
 - (b) valuation principles (in which case section 57(2) to (5) shall apply).

Commencement Information

I86 S. 59 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

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187 S. 59 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296, arts. 2, 3, Sch. para. 1](#)

60 Third party compensation: mandatory provision **U.K.**

- (1) The Treasury may make regulations about third party compensation arrangements in the case of partial property transfers.
- (2) In making regulations the Treasury shall, in particular, have regard to the desirability of ensuring that if a residual bank enters insolvency after transfer, pre-transfer ^[F239]shareholders or] creditors do not receive less favourable treatment than they would have received had it entered insolvency immediately before transfer.
- (3) In subsection (2)—
 - (a) “residual bank” means a bank that is a transferor under a property transfer instrument,
 - (b) “pre-transfer ^[F240]shareholder or] creditor” means a person who—
 - (i) ^[F241]holds securities issued by, or is a creditor of, a] residual bank immediately before a property transfer instrument takes effect, and
 - (ii) satisfies conditions specified by the regulations, and
 - (c) the reference to insolvency includes a reference to (i) liquidation, (ii) bank insolvency, (iii) administration, (iv) bank administration, (v) receivership, (vi) a composition with creditors, and (vii) a scheme of arrangement.
- (4) The regulations may—
 - (a) require a compensation scheme order or a resolution fund order to include a third party compensation order;
 - (b) require a third party compensation order to include provision of a specified kind or to specified effect;
 - (c) make provision which is to be treated as forming part of a third party compensation order (whether (i) generally, (ii) only if applied, (iii) unless disappplied, or (iv) subject to express modification).
- (5) Regulations may provide for whether compensation is to be paid, and if so what amount is to be paid, to be determined by reference to any factors or combination of factors; in particular, the regulations may provide for entitlement—
 - (a) to depend in part upon the amounts which are or may be payable under a resolution fund order;
 - (b) to be contingent upon the occurrence or non-occurrence of specified events;
 - (c) to be determined wholly or partly by an independent valuer (within the meaning of sections 54 to 56) appointed in accordance with a compensation scheme order or resolution fund order.
- (6) Regulations may make provision about payment including, in particular, provision for payments—
 - (a) on account subject to terms and conditions;
 - (b) by instalment.
- (7) Regulations—
 - (a) shall be made by statutory instrument, and
 - (b) may not be made unless a draft has been laid before and approved by resolution of each House of Parliament.

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Textual Amendments

- F239** Words in s. 60(2) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **67(2)**
- F240** Words in s. 60(3)(b) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **67(3)(a)**
- F241** Words in s. 60(3)(b)(i) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **67(3)(b)**

Commencement Information

- I88** S. 60 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1
- I89** S. 60 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

[^{F242} 60A Further mandatory provision: bail-in provision U.K.]

- (1) The Treasury may make regulations about compensation arrangements in the case of—
 - (a) resolution instruments under section 12A(2) and supplemental resolution instruments under section 48U(2), and
 - (b) instruments (made under any provision) that include special bail-in provision.
- (2) Regulations may—
 - (a) require a resolution fund order, a compensation scheme order, a third party compensation order or a bail-in compensation order to include provision of a specified kind or to specified effect;
 - (b) make provision that is to be treated as forming part of any such order (whether (i) generally, (ii) only if applied, (iii) unless disapplied, or (iv) subject to express modification).
- (3) Regulations may provide for whether compensation is to be paid, and if so what amount is to be paid, to be determined by reference to any factors or combination of factors; in particular, the regulations may provide for entitlement—
 - (a) to depend in part upon the amounts which are or may be payable under a resolution fund order;
 - (b) to be contingent upon the occurrence or non-occurrence of specified events;
 - (c) to be determined wholly or partly by an independent valuer (within the meaning of sections 54 to 56) appointed in accordance with a compensation scheme order or bail-in compensation order.
- (4) Regulations may make provision about payment including, in particular, provision for payments—
 - (a) on account subject to terms and conditions;
 - (b) by instalment.
- (5) Regulations—
 - (a) are to be made by statutory instrument, and
 - (b) may not be made unless a draft has been laid before and approved by resolution of each House of Parliament.

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Textual Amendments

F242 Ss. 60A, 60B inserted (1.3.2014 for specified purposes, 31.12.2014 in so far as not already in force) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 2 para. 6(8)**; S.I. 2014/377, art. 2(1)(b), Sch. Pt. 2; S.I. 2014/3160, art. 2(1)(b)

60B Principle of no less favourable treatment **U.K.**

- (1) In making regulations under section 60A the Treasury must, in particular, have regard to the desirability of ensuring that pre-resolution shareholders and creditors of a bank do not receive less favourable treatment than they would have received had the bank entered insolvency immediately before the coming into effect of the initial instrument.
- (2) References in this section to the initial instrument are—
 - (a) in relation to compensation arrangements in the case of property transfer instruments under section [^{F243}11(2), 12(2) or 12ZA(2)], to the first instrument to be made under [^{F244}those provisions] with respect to the bank;
 - (b) in relation to compensation arrangements in other cases, to the first resolution instrument to be made under section 12A with respect to the bank.
- (3) The “pre-resolution shareholders and creditors” of a bank are the persons who held securities issued by the bank, or were creditors of the bank, immediately before the coming into effect of the initial instrument.
- (4) References in this section to insolvency include a reference to (i) liquidation, (ii) bank insolvency, (iii) administration, (iv) bank administration, (v) receivership, (vi) composition with creditors, and (vii) a scheme of arrangement.]

Textual Amendments

F242 Ss. 60A, 60B inserted (1.3.2014 for specified purposes, 31.12.2014 in so far as not already in force) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 2 para. 6(8)**; S.I. 2014/377, art. 2(1)(b), Sch. Pt. 2; S.I. 2014/3160, art. 2(1)(b)

F243 Words in s. 60B(2)(a) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **68(a)**

F244 Words in s. 60B(2)(a) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **68(b)**

61 Sources of compensation **U.K.**

- (1) This section applies to—
 - (a) compensation scheme orders,
 - (b) resolution fund orders,
 - (c) third party compensation orders, ^{F245}...
 - ^{F246}(ca) bail-in compensation orders,]
 - (d) regulations under section 60^{F247}, and]
 - ^{F247}(e) regulations under section 60A.]
- (2) An order or regulations may provide for compensation or other payments to be made by—

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- (a) the Treasury,
- (b) the Financial Services Compensation Scheme, [^{F248}subject to section 214C of the Financial Services and Markets Act 2000 (limit on amount of special resolution regime payments),] or
- (c) any other specified person.

Textual Amendments

- F245** Word in s. 61(1)(c) omitted (31.12.2014) by virtue of [Financial Services \(Banking Reform\) Act 2013 \(c. 33\), s. 148\(5\), Sch. 2 para. 6\(9\)\(a\)](#); S.I. 2014/3160, art. 2(1)(b)
- F246** S. 61(1)(ca) inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\), s. 148\(5\), Sch. 2 para. 6\(9\)\(b\)](#); S.I. 2014/3160, art. 2(1)(b)
- F247** S. 61(1)(e) and preceding word inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\), s. 148\(5\), Sch. 2 para. 6\(9\)\(c\)](#); S.I. 2014/3160, art. 2(1)(b)
- F248** Words in s. 61(2)(b) substituted (8.4.2010) by [Financial Services Act 2010 \(c. 28\), s. 26\(1\)\(l\), Sch. 2 para. 41](#)

Commencement Information

- I90** S. 61 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296, arts. 2, 3, Sch. para. 1](#)

62 Procedure U.K.

- (1) This section applies to—
- (a) compensation scheme orders,
 - (b) resolution fund orders, ^{F249}...
 - [^{F250}(ba) bail-in compensation orders, and]
 - (c) third party compensation orders.
- (2) An order—
- (a) shall be made by statutory instrument, and
 - (b) may not be made unless a draft has been laid before and approved by resolution of each House of Parliament.

Textual Amendments

- F249** Word in s. 62(1)(b) omitted (31.12.2014) by virtue of [Financial Services \(Banking Reform\) Act 2013 \(c. 33\), s. 148\(5\), Sch. 2 para. 6\(10\)](#); S.I. 2014/3160, art. 2(1)(b)
- F250** S. 62(1)(ba) inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\), s. 148\(5\), Sch. 2 para. 6\(10\)](#); S.I. 2014/3160, art. 2(1)(b)

Commencement Information

- I91** S. 62 in force at 17.2.2009 for specified purposes by [S.I. 2009/296, arts. 2, 3, Sch. para. 1](#)
- I92** S. 62 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296, arts. 2, 3, Sch. para. 1](#)

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

f^{F251}Independent valuer: valuation under section 6E or 48X

Textual Amendments

F251 S. 62A and cross-heading inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **69**

62A. Independent valuer: sections 6E and 48X **U.K.**

- (1) The Bank of England must make arrangements for the appointment of a person to act as independent valuer for the purposes of a valuation to be conducted under section 6E or 48X.
- (2) A person may not be appointed as independent valuer under subsection (1) unless that person—
 - (a) qualifies as “independent” in accordance with regulatory technical standards adopted by the European Commission under Article 36.16 of the recovery and resolution directive, or
 - (b) if no such regulatory technical standards have been adopted by the European Commission, satisfies the independence requirement set out in section 1151 of the Companies Act 2006.
- (3) An independent valuer is to hold and vacate office in accordance with the terms of his or her appointment.
- (4) An independent valuer may be removed from office only on the grounds of incapacity or serious misconduct.
- (5) In the event of the death of an independent valuer, or an independent valuer being removed from office or resigning, a new independent valuer must be appointed by the Bank in accordance with this section.
- (6) Sections 55(1) to (5) and (7) to (10), and 56 apply in relation to an independent valuer appointed in accordance with this section as they apply to an independent valuer appointed by virtue of section 54.]

f^{F252}Resolution administrator

Textual Amendments

F252 Ss. 62B-62E and cross-heading inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **70**

62B. Resolution administrator **U.K.**

- (1) The Bank of England may appoint an individual or body corporate as a resolution administrator.
- (2) The power under subsection (1) may be exercised—
 - (a) by a separate instrument of appointment under this section, or
 - (b) by way of provision in a mandatory reduction instrument, a share transfer instrument, a property transfer instrument or a resolution instrument.

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (3) In this section and sections 62C to 62E—
 “appointment instrument” means an instrument under subsection (2)(a);
 “Part 1 instrument” means an instrument of a kind mentioned in subsection (2)(b).
- (4) A resolution administrator is appointed—
 (a) to hold any securities that may be transferred or issued to that person in the capacity of resolution administrator, and
 (b) to perform any other functions that may be conferred under any provision of this Part.
- (5) The Bank of England may appoint more than one resolution administrator to perform functions in relation to a bank (but no more than one of them may at any one time be authorised to hold securities as mentioned in subsection (4)(a)).
- (6) Securities held by a resolution administrator (in that capacity, and whether as a result of a Part 1 instrument or otherwise) are to be held in accordance with the terms of a Part 1 instrument that transfers those, or other, securities to the resolution administrator.
- (7) For example, the following provision may be made by virtue of subsection (6)—
 (a) provision that specified rights of a resolution administrator with respect to all or any of the securities are to be exercisable only as directed by the Bank of England;
 (b) provision specifying rights or obligations that the resolution administrator is, or is not, to have in relation to some or all of the securities.
- (8) A resolution administrator must—
 (a) in accordance with the Part 1 instrument or the appointment instrument, take all measures necessary to promote the special resolution objectives, and
 (b) have regard, in performing any functions of the office, to any other objectives that may be specified in a Part 1 instrument or the appointment instrument.
- (9) Where one or more objectives are specified in accordance with subsection (8), the objectives are to be taken to have equal status with each other, unless the contrary is stated in the Part 1 instrument or the appointment instrument.
- (10) The following provisions apply in relation to an appointment instrument as they apply in relation to a resolution instrument—
 (a) section 48S(2) and (3) (power to make incidental, consequential provision etc);
 (b) section 48T (procedure).

62C. Resolution administrator: further functions U.K.

- (1) An appointment instrument or a Part 1 instrument may—
 (a) authorise a resolution administrator to manage the bank’s business (or confer on a resolution administrator any other power with respect to the management of the bank’s business);
 (b) authorise a resolution administrator to exercise any other powers of the bank;
 (c) confer on a resolution administrator any other power the Bank of England may consider appropriate;

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (d) provide that the exercise of any power conferred by the instrument in accordance with this section is to be subject to conditions specified in the instrument.
- (2) An appointment instrument or a Part 1 instrument may require a resolution administrator to make reports to the Bank of England—
 - (a) on any matter specified in the instrument, and
 - (b) at the times or intervals specified in the instrument.
- (3) If an instrument specifies a matter in accordance with subsection (2)(a), it may provide for further requirements as to the contents of the report on that matter to be specified in an agreement between the Bank of England and the resolution administrator.
- (4) An appointment instrument or a Part 1 instrument may—
 - (a) require a resolution administrator to consult specified persons before exercising specified functions (and may specify particular matters on which the specified person must be consulted);
 - (b) provide that a resolution administrator is not to exercise specified functions without the consent of a specified person.

62D. Resolution administrator: supplementary U.K.

- (1) A resolution administrator may do anything necessary or desirable for the purposes of or in connection with the performance of the functions of the office.
- (2) A resolution administrator is not a servant or agent of the Crown (and, in particular, is not a civil servant).
- (3) Where a resolution administrator is appointed under this Part, the Bank of England—
 - (a) must make provision in the appointment instrument or a Part 1 instrument for the resignation and replacement of the resolution administrator;
 - (b) may remove the resolution administrator from office only (i) on the ground of incapacity or misconduct, or (ii) on the ground that there is no further need for a person to perform the functions conferred on the resolution administrator.

62E. Resolution administrator: money U.K.

- (1) An appointment instrument or a Part 1 instrument may provide for the payment of remuneration and allowances to a resolution administrator.
- (2) Provision made under subsection (1) may provide that the amounts are—
 - (a) to be paid by the Bank of England, or
 - (b) to be determined by the Bank of England and paid by the bank.
- (3) A resolution administrator is not liable for damages in respect of anything done in good faith for the purposes of or in connection with the functions of the office (subject to section 8 of the Human Rights Act 1998).]

Incidental functions

63 General continuity obligation: property transfers U.K.

- (1) In this section and section 64—

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (a) “residual bank” means a bank all or part of whose business has been transferred in accordance with section 11(2)(b)^[F253], 12(2)^[F254], 12ZA(3)] or 41A(2)],
 - (b) “group company” means anything which is, or was immediately before the transfer, a group undertaking in relation to a residual bank,
 - (c) “group undertaking” has the meaning given by section 1161(5) of the Companies Act 2006 (interpretation),
 - (d) “the transferred business” means the part of the bank's business that has been transferred, and
 - (e) “transferee” means a commercial purchaser or ^[F255]resolution company] to whom all or part of the transferred business has been transferred.
- ^[F256](1A) In this section a reference to insolvency includes a reference to (i) liquidation, (ii) bank insolvency, (iii) administration, (iv) bank administration, (v) receivership, (vi) composition with creditors and (vii) a scheme of arrangement.]
- (2) The residual bank and each group company must provide such services and facilities as are required to enable a transferee to operate the transferred business, or part of it, effectively.
 - (3) The duty under subsection (2) (the “continuity obligation”) may be enforced as if created by contract between the residual bank or group company and the transferee.
- ^[F257](3A) The continuity obligation continues to apply despite the residual bank or group company entering insolvency, and may not be disclaimed by a liquidator under section 178(2) of the Insolvency Act 1986 or Article 152(2) of the Insolvency (Northern Ireland) Order 1989.]
- (4) The duty to provide services and facilities in pursuance of the continuity obligation is subject to a right to receive reasonable consideration.
- ^[F258](4A) But if the services and facilities provided in pursuance of the continuity obligation were provided to the bank whose business has been transferred, under an agreement with that bank, before the property transfer instrument providing for the transfer was made, they are to continue for the duration of that agreement to be provided on the terms set out in that agreement (and subsection (4) does not apply).]
- (5) The continuity obligation is not limited to the provision of services or facilities directly to a transferee.
 - (6) The Bank of England may, with the consent of the Treasury, by notice to the residual bank or a group company state that in the Bank's opinion—
 - (a) specified activities are required to be undertaken in accordance with the continuity obligation;
 - (b) activities are required be undertaken in accordance with the continuity obligation on specified terms.
 - (7) A notice under subsection (6) shall be determinative of the nature and extent of the continuity obligation as from the time when the notice is given.

Textual Amendments

F253 Words in s. 63(1)(a) substituted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013](#) (c. 33), s. 148(5), [Sch. 2 para. 17](#); S.I. 2014/3160, art. 2(1)(b)

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- F254** Words in s. 63(1)(a) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [71\(2\)\(a\)](#)
- F255** Words in s. 63(1)(e) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [71\(2\)\(b\)](#)
- F256** S. 63(1A) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [71\(3\)](#)
- F257** S. 63(3A) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [71\(4\)](#)
- F258** S. 63(4A) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [71\(5\)](#)

Commencement Information

- I93** S. 63 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, [Sch. para. 1](#)

64 Special continuity obligations: property transfers **U.K.**

- (1) Expressions in this section have the same meaning as in section 63.
- (2) The Bank of England may—
 - (a) cancel a contract or other arrangement between the residual bank and [^{F259}a third party] (whether or not rights or obligations under it have been transferred to a transferee);
 - (b) modify the terms of a contract or other arrangement between the residual bank and [^{F260}a third party] (whether or not rights or obligations under it have been transferred to a transferee);
 - (c) add or substitute a transferee as a party to a contract or other arrangement between the residual bank and [^{F261}a third party];
 - (d) confer and impose rights and obligations on a group company and a transferee, which shall have effect as if created by contract between them;
 - (e) confer and impose rights and obligations on the residual bank and a transferee which shall have effect as if created by contract between them.
- (3) In modifying or setting terms under subsection (2) the Bank of England shall aim, so far as is reasonably practicable, to preserve or include—
 - (a) provision for reasonable consideration, and
 - (b) any other provision that would be expected in arrangements concluded between parties dealing at arm's length.
- [^{F262}(4) The power under subsection (2) must be exercised by way of provision in a property transfer instrument (or supplemental instrument).
- (5) The power in subsection (2)(d) and (e) may be exercised only—
 - (a) in so far as the Bank of England thinks it necessary to do so to ensure the provision of such services and facilities as are required to enable the transferee to operate the transferred business, or part of it, effectively, and
 - (b) with the consent of the Treasury.
- (6) An obligation imposed on the residual bank or a group company under subsection (2) (d) or (e) continues to apply despite the residual bank or group company entering insolvency, and may not be disclaimed by a liquidator under section 178(2) of the Insolvency Act 1986 or Article 152(2) of the Insolvency (Northern Ireland) Order 1989.]

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

[^{F263}(7) For the purposes of subsection (2), “third party” includes a group company.]

Textual Amendments

- F259** Words in s. 64(2)(a) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [72\(2\)](#)
- F260** Words in s. 64(2)(b) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [72\(2\)](#)
- F261** Words in s. 64(2)(c) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [72\(2\)](#)
- F262** S. 64(4)-(6) substituted for s. 64(4) (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [72\(3\)](#)
- F263** S. 64(7) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [72\(4\)](#)

Commencement Information

- I94** S. 64 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, [Sch. para. 1](#)

65 Continuity obligations: onward property transfers U.K.

- (1) In this section—
- (a) “onward transfer” means a transfer of property, rights or liabilities (whether or not under a power in this Part) from—
 - (i) a person who is a transferee under a property transfer instrument under section 12(2) [^{F264}or 12ZA(3)] (an “original transferee”), or
 - (ii) a bank, securities issued by which were earlier transferred by [^{F265}a share transfer instrument under section 12(2) or] a share transfer order under section 13(2), and
 - (b) the person to whom the onward transfer is made is referred to as an “onward transferee”.
- (2) The continuity authority may—
- (a) provide for an obligation under section 63 to apply in respect of an onward transferee;
 - (b) extend section 64 so as to permit action to be taken under section 64(2) for the purpose of enabling an onward transferee to operate transferred business, or part of it, effectively.
- (3) “The continuity authority” means—
- (a) the Bank of England, where subsection (1)(a)(i) applies, and
 - (b) the Treasury, where subsection (1)(a)(ii) applies.
- (4) Subsection (2) may be relied on to impose obligations on—
- (a) an original transferee (where the original transfer was a property transfer),
 - (b) a residual bank within the meaning of section 63 (where the original transfer was a property transfer),
 - (c) the bank (where the original transfer was a share transfer),
 - (d) anything which is or was a group undertaking (within the meaning of section 1161(5) of the Companies Act 2006) of anything within paragraphs (a) to (c), or

Status: Point in time view as at 01/01/2015.

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- (e) any combination.
- (5) Subsection (2) may be used to impose obligations—
 - (a) in addition to obligations under or by virtue of section 63 or 64, or
 - (b) replacing obligations under or by virtue of either of those sections to a specified extent.
- (6) A power under subsection (2) is exercisable by giving a notice to each person—
 - (a) on whom a continuity obligation is to be imposed under the power, or
 - (b) who is expected to benefit from a continuity obligation under the power.
- (7) Sections 63(3) to (7) and 64(3) and (4) apply to an obligation as applied under subsection (2)—
 - (a) construing “transferred business” as the business transferred by means of the onward transfer, and
 - (b) with any other necessary modification.
- (8) The Bank of England may act under or by virtue of subsection (2) only with the consent of the Treasury.

Textual Amendments

F264 Words in s. 65(1)(a)(i) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **73(a)**

F265 Words in s. 65(1)(a)(ii) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **73(b)**

Commencement Information

I95 S. 65 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, **Sch. para. 1**

66 General continuity obligation: share transfers **U.K.**

- (1) In this section and section 67—
 - (a) “transferred bank” means a bank all or part of the ownership of which has been transferred in accordance with section 11(2)(a)^{F266}, 12(2)(a) or 13(2)^{F267}, or which falls within subsection (1A)],
 - (b) “former group company” means anything which was a group undertaking in relation to the transferred bank immediately before the transfer (whether or not it is also a group undertaking in relation to the transferred bank immediately after the transfer),
 - (c) “group undertaking” has the meaning given by section 1161(5) of the Companies Act 2006 (interpretation), and
 - (d) “the continuity authority” means—
 - (i) the Bank of England, where ownership was transferred in accordance with section 11(2)(a)^{F268}, 12(2)(a) or 13(2)^{F269}, or in a case falling within subsection (1A)], and
 - (ii) the Treasury, where ownership was transferred in accordance with section 13(2).

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- [^{F270}(1ZA) In this section a reference to insolvency includes a reference to (i) liquidation, (ii) bank insolvency, (iii) administration, (iv) bank administration, (v) receivership, (vi) composition with creditors and (vii) a scheme of arrangement.]
- [^{F271}(1A) A bank falls within this subsection if a [^{F272}mandatory reduction instrument or] resolution instrument (or supplemental resolution instrument) has changed the ownership of the bank (wholly or partly) by providing for the transfer, cancellation or conversion from one form or class to another of securities issued by the bank (and the reference in subsection (1)(b) to “the transfer” includes such a cancellation or conversion).]
- (2) Each former group company must provide such services and facilities as are required to enable the transferred bank to operate effectively.
- (3) The duty under subsection (2) (the “continuity obligation”) may be enforced as if created by contract between the transferred bank and the former group company.
- [^{F273}(3A) The continuity obligation continues to apply despite the former group company entering insolvency, and may not be disclaimed by a liquidator under section 178(2) of the Insolvency Act 1986 or Article 152(1) of the Insolvency (Northern Ireland) Order 1989.]
- (4) The duty to provide services and facilities in pursuance of the continuity obligation is subject to a right to receive reasonable consideration.
- [^{F274}(4A) But if the services and facilities provided in pursuance of the continuity obligation were provided to the transferred bank, under an agreement with that bank, before the share transfer instrument or order or the resolution instrument providing for the transfer was made, they are to continue for the duration of that agreement to be provided on the terms set out in that agreement (and subsection (4) does not apply).]
- (5) The continuity obligation is not limited to the provision of services or facilities directly to the transferred bank.
- (6) The continuity authority may by notice to a former group company state that in the authority's opinion—
- (a) specified activities are required to be undertaken in accordance with the continuity obligation;
 - (b) activities are required be undertaken in accordance with the continuity obligation on specified terms.
- (7) A notice under subsection (6) shall be determinative of the nature and extent of the continuity obligation as from the time when the notice is given.
- (8) The Bank of England may act under or by virtue of subsection (6) only with the consent of the Treasury.

Textual Amendments

- F266** Words in s. 66(1)(a) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **74(2)(a)**
- F267** Words in s. 66(1)(a) inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 2 para. 18(a)**; S.I. 2014/3160, art. 2(1)(b)
- F268** Words in s. 66(1)(d) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **74(2)(b)**

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- F269** Words in s. 66(1)(d)(i) inserted (31.12.2014) by Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(5), **Sch. 2 para. 18(b)**; S.I. 2014/3160, art. 2(1)(b)
- F270** S. 66(1ZA) inserted (1.1.2015) by The Bank Recovery and Resolution Order 2014 (S.I. 2014/3329), arts. 1(2), **74(3)**
- F271** S. 66(1A) inserted (31.12.2014) by Financial Services (Banking Reform) Act 2013 (c. 33), s. 148(5), **Sch. 2 para. 18(c)**; S.I. 2014/3160, art. 2(1)(b)
- F272** Words in s. 66(1A) inserted (1.1.2015) by The Bank Recovery and Resolution Order 2014 (S.I. 2014/3329), arts. 1(2), **74(4)**
- F273** S. 66(3A) inserted (1.1.2015) by The Bank Recovery and Resolution Order 2014 (S.I. 2014/3329), arts. 1(2), **74(5)**
- F274** S. 66(4A) inserted (1.1.2015) by The Bank Recovery and Resolution Order 2014 (S.I. 2014/3329), arts. 1(2), **74(6)**

Commencement Information

- I96** S. 66 in force at 21.2.2009 by S.I. 2009/296, art. 3, **Sch. para. 1**

67 Special continuity obligations: share transfers **U.K.**

- (1) Expressions in this section have the same meaning as in section 66.
- (2) The continuity authority may—
- cancel a contract or other arrangement between the transferred bank and [^{F275}a third party];
 - modify the terms of a contract or other arrangement between the transferred bank and [^{F276}a third party];
 - confer and impose rights and obligations on a former group company and the transferred bank, which shall have effect as if created by contract between them.
- (3) In modifying or setting terms under subsection (2) the continuity authority shall aim, so far as is reasonably practicable, to preserve or include—
- provision for reasonable consideration, and
 - any other provision that would be expected in arrangements concluded between parties dealing at arm's length.
- [^{F277}(4) The power under subsection (2) must be exercised by way of provision in a share transfer instrument or order or resolution instrument (or supplemental instrument or order).
- (5) The power in subsection (2)(c) may be exercised—
- only in so far as the continuity authority thinks it necessary to do so to ensure the provision of such services and facilities as are required to enable the transferred bank to operate effectively, and
 - by the Bank of England only with the consent of the Treasury.
- (6) An obligation imposed on the transferred bank or a former group company under subsection (2)(b) or (c) continues to apply despite the transferred bank or former group company entering insolvency, and may not be disclaimed by a liquidator under section 178(2) of the Insolvency Act 1986 or Article 152(2) of the Insolvency (Northern Ireland) Order 1989.]

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Textual Amendments

- F275** Words in s. 67(2)(a) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **75(2)**
- F276** Words in s. 67(2)(b) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **75(2)**
- F277** S. 67(4)-(6) substituted for s. 67(4) (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **75(3)**

Commencement Information

- I97** S. 67 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1
- I98** S. 67 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

68 Continuity obligations: onward share transfers **U.K.**

- (1) In this section “onward transfer” means a transfer (whether or not under a power in this Part) of securities issued by a bank where—
- (a) securities issued by the bank were earlier transferred by [^{F278}a share transfer instrument under section 12(2),]^{[F279}a resolution instrument under section 12A(2) or supplemental resolution instrument under section 48U(2) or a] share transfer order under section 13(2), or
 - (b) the bank was the transferee under a property transfer instrument under section 12(2).
- (2) The continuity authority may—
- (a) provide for an obligation under section 66 to apply in respect of the bank after the onward transfer;
 - (b) extend section 67 so as to permit action to be taken under section 67(2) to enable the bank to operate effectively after the onward transfer.
- (3) In this section “continuity authority” has the same meaning as in sections 66 and 67.
- (4) Subsection (2) may be relied on to impose obligations on—
- (a) the bank,
 - (b) anything which is or was a group undertaking (within the meaning of section 1161(5) of the Companies Act 2006) of the bank,
 - (c) anything which is or was a group undertaking of the residual bank (in a case to which subsection (1)(b) applies), or
 - (d) any combination.
- (5) Subsection (2) may be used to impose obligations—
- (a) in addition to obligations under or by virtue of section 66 or 67, or
 - (b) replacing obligations under or by virtue of either of those sections to a specified extent.
- (6) A power under subsection (2) is exercisable by giving a notice to each person—
- (a) on whom a continuity obligation is to be imposed under the power, or
 - (b) who is expected to benefit from a continuity obligation under the power.
- (7) Sections 66(3) to (7) and 67(3) and (4) apply to an obligation as applied under subsection (2) with any necessary modification.

Status: Point in time view as at 01/01/2015.

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- (8) The Bank of England may act under or by virtue of subsection (2) only with the consent of the Treasury.

Textual Amendments

- F278** Words in s. 68(1)(a) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **76**
- F279** Words in s. 68(1)(a) inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 2 para. 20**; S.I. 2014/3160, art. 2(1)(b)

Commencement Information

- I99** S. 68 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, **Sch. para. 1**

69 Continuity obligations: consideration and terms **U.K.**

- (1) The Treasury may by order specify matters which are to be or not to be considered in determining—
- what amounts to reasonable consideration for the purpose of sections 63 to 68;
 - what provisions to include in accordance with section 64(3)(b) or 67(3)(b).
- (2) An order—
- shall be made by statutory instrument, and
 - shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (3) A continuity authority may give guarantees or indemnities in respect of consideration for services or facilities provided or to be provided in pursuance of a continuity obligation.
- (4) In this section “continuity authority”—
- in relation to sections 63 and 64, means the Bank of England, and
 - in relation to sections 65 to 68, has the same meaning as in those sections.

Commencement Information

- I100** S. 69 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1
- I101** S. 69 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, **Sch. para. 1**

70 Continuity obligations: termination **U.K.**

- (1) The continuity authority may by notice terminate an obligation arising under section 63 or 66.
- (2) The power under subsection (1) is exercisable by giving a notice to each person—
- on whom the obligation is imposed, or
 - who has benefited or might have expected to benefit from the obligation.
- (3) In this section “continuity authority”—
- in relation to section 63, means the Bank of England, and
 - in relation to section 66, has the same meaning as in that section.

Status: Point in time view as at 01/01/2015.

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- (4) A reference in subsection (1) to obligations under a section includes a reference to obligations under that section as applied under section 65 or 68.

Commencement Information

I102 S. 70 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, [Sch. para. 1](#)

[^{F280}70A.Suspension of obligations U.K.]

- (1) The Bank of England may suspend obligations to make a payment, or delivery, under a contract where one of the parties to the contract is a bank in respect of which the Bank is exercising a stabilisation power.
- (2) A suspension imposed under subsection (1) does not apply to—
 - (a) payments of eligible deposits or eligible claims, or
 - (b) payments or deliveries to excluded persons.
- (3) A suspension imposed under subsection (1)—
 - (a) begins when the instrument providing for the suspension is first published,
 - (b) must end no later than midnight at the end of the first business day following the day on which the instrument providing for the suspension is published, and
 - (c) subject to subsection (2), suspends all obligations to make a payment or delivery under the contract in question, whether the obligation concerned is that of the bank under resolution or of any other party to the contract.
- (4) Where a payment or delivery under the contract concerned first fell due within the period of the suspension, that payment or delivery is treated as being due immediately on the expiry of the suspension.
- (5) The power under subsection (1) must be exercised by way of provision in a share transfer instrument, property transfer instrument, resolution instrument or third-country instrument.
- (6) The Bank of England must have regard to the impact a suspension might have on the orderly functioning of the financial markets before exercising the power in subsection (1).
- (7) In this section—

“eligible claim” means a claim in respect of which compensation is payable under the Financial Services Compensation Scheme or a compensation scheme established under [Directive 97/9/EC](#) of the European Parliament and of the Council of 3rd March 1997 on investor-compensation schemes

“eligible deposit” means a deposit in respect of which the person, or any of the persons, to whom it is owed would be eligible for compensation under the Financial Services Compensation Scheme or a scheme established under [Directive 2014/49/EU](#) of the European Parliament and of the Council of 16th April 2014 on deposit guarantee schemes.

Status: Point in time view as at 01/01/2015.

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Textual Amendments

F280 Ss. 70A-70D inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), 77

70B. Restriction of security interests **U.K.**

- (1) Where the Bank of England is exercising a stabilisation power in respect of bank, the Bank may suspend the rights of a secured creditor of the bank to enforce any security interest the creditor has in relation to any assets of the bank.
- (2) A suspension under subsection (1)—
 - (a) begins when the instrument providing for the suspension is first published, and
 - (b) must end no later than midnight at the end of the first business day following the day on which that instrument is published.
- (3) But the Bank of England may not suspend the rights of an excluded person to enforce any security interest that person may have in relation to any asset of the bank under resolution which has been pledged or provided to the excluded person in question as collateral or as cover for margin.
- (4) The power under subsection (1) must be exercised by way of provision in a share transfer instrument, property transfer instrument, resolution instrument or third-country instrument.
- (5) Where the power in subsection (1) is being exercised in a partial property transfer, the Bank of England must ensure that any restrictions on the enforcement of security interests which it imposes under that subsection are applied consistently for all banking group companies in respect of which the Bank is exercising a stabilisation power.
- (6) The Bank of England must have regard to the impact a suspension might have on the orderly functioning of the financial markets before exercising the power in subsection (1).
- (7) For the purposes of this section, a “security interest” means an interest or right held for the purpose of securing the payment of money or the performance of any other obligation.

Textual Amendments

F280 Ss. 70A-70D inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), 77

70C. Suspension of termination rights **U.K.**

- (1) The Bank of England may suspend the termination right of any party to a qualifying contract (other than a party who is an excluded person).
- (2) A contract is a “qualifying contract” for the purpose of this section if—
 - (a) one of the parties to the contract is a bank in respect of which the Bank is exercising a stabilisation power (a “bank under resolution”) and all the

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- obligations under the contract to make a payment, make delivery or provide collateral continue to be performed, or
- (b) one of the parties to the contract is a subsidiary undertaking of a bank under resolution and the condition in subsection (3) is met.
- (3) The condition is that—
- (a) the obligations of the subsidiary undertaking are guaranteed or otherwise supported by the bank under resolution,
- (b) the termination rights under the contract are triggered by the insolvency or the financial condition of the bank under resolution, and
- (c) if a property transfer instrument has been made in relation to the bank under resolution—
- (i) all the assets and liabilities relating to the contract have been or are being transferred to, or assumed by, a single transferee, or
- (ii) the Bank of England is providing adequate protection for the performance of the obligations of the subsidiary undertaking under the contract in any other way.
- (4) The Bank of England must have regard to the impact a suspension might have on the orderly functioning of the financial markets before exercising the power in subsection (1).
- (5) The power under subsection (1) must be exercised by way of provision in a share transfer instrument, property transfer instrument, resolution instrument or third-country instrument.
- (6) A suspension imposed under subsection (1)—
- (a) begins when the instrument providing for the suspension is first published, and
- (b) must end no later than midnight at the end of the first business day following the day on which that instrument is published;
- and, where the suspension is imposed in relation to a subsidiary undertaking of a bank under resolution, “midnight” means midnight in the EEA state in which the subsidiary undertaking is established.
- (7) A person may exercise a termination right under a contract before the expiry of the suspension if that person is given notice by the Bank of England that the rights and liabilities of the bank under resolution covered by the contract are not—
- (a) to be transferred to another undertaking through the exercise of a stabilisation power, or
- (b) to be made subject to a mandatory reduction instrument or a resolution instrument.
- (8) If—
- (a) no notice has been given by the Bank of England under subsection (7), and
- (b) a termination right has been triggered otherwise than through the exercise of a stabilisation power or the imposition of a suspension under subsection (1) (or the occurrence of an event directly linked to the exercise of a stabilisation power),
- a person may, on the expiry of the suspension, exercise the termination right in accordance with the terms of the contract.
- (9) But, where the rights and liabilities of the bank under resolution or the subsidiary undertaking under the contract have been transferred to another undertaking,

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subsection (8) applies only if the event giving rise to the termination right has been triggered by that undertaking.

- (10) For the purposes of this section, “termination right” means—
- (a) a right to terminate a contract,
 - (b) a right to accelerate, close out, set-off or net obligations, or any similar provision that suspends, modifies or extinguishes an obligation of a party to the contract, or
 - (c) a provision that prevents an obligation from arising under the contract.

Textual Amendments

F280 Ss. 70A-70D inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), 77

70D. Suspension: general provisions **U.K.**

- (1) For the purposes of sections 70A to 70C—
- “business day” means any day other than a Saturday, a Sunday, or a day which is a bank holiday under the Banking and Financial Dealings Act 1971 in any part of the United Kingdom;
- “excluded person” means—
- (a) a person who has been declared to be, or who is an operator of, a designated system under regulation 4 of the Financial Markets and Insolvency (Settlement Finality) Regulations 1999,
 - (b) a person who has been designated by an EEA state as a system under Article 2(a) of the [Directive 98/26/EC](#) of the European Parliament and of the Council on settlement finality in payment and securities settlement systems or an operator of such a system,
 - (c) a recognised central counterparty, EEA central counterparty or third country central counterparty, or
 - (d) a central bank.
- (2) For the purposes of subsection (1), “EEA central counterparty”, “recognised central counterparty” and “third country central counterparty” have the meaning given in section 285 of the Financial Services and Markets Act 2000.]

Textual Amendments

F280 Ss. 70A-70D inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), 77

71 Pensions **U.K.**

- (1) This section applies to—
- [^{F281}(za) mandatory reduction instruments,]
 - (a) share transfer orders,
 - (b) share transfer instruments, ^{F282}...
 - (c) property transfer instruments [^{F283}, and]

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[^{F283}(d) resolution instruments.]

- (2) An order or instrument may make provision—
- (a) about the consequences of a transfer for a pension scheme;
 - (b) about property, rights and liabilities of any pension scheme of the bank.
- (3) In particular, an order or instrument may—
- (a) modify any rights and liabilities;
 - (b) apportion rights and liabilities;
 - (c) transfer property of, or accrued rights in, one pension scheme to another (with or without consent).
- (4) Provision by virtue of this section may (but need not) amend the terms of a pension scheme.
- (5) A share or property transfer instrument may make provision in reliance on this section only with the consent of the Treasury.
- (6) In this section—
- (a) “pension scheme” includes any arrangement for the payment of pensions, allowances and gratuities, and
 - (b) a reference to a pension scheme of a bank is a reference to a scheme in respect of which the bank, or a group company of the bank, is or was an employer.
- (7) In subsection (6)(b) the reference to a group company of the bank is a reference to anything that is or was a group undertaking in relation to the bank within the meaning given by section 1161(5) of the Companies Act 2006.

Textual Amendments

- F281** S. 71(1)(za) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **78**
- F282** Word in s. 71(1)(b) omitted (31.12.2014) by virtue of [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 2 para. 21(a)**; S.I. 2014/3160, art. 2(1)(b)
- F283** S. 71(1)(d) and preceding word inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 2 para. 21(b)**; S.I. 2014/3160, art. 2(1)(b)

Commencement Information

- I103** S. 71 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1
- I104** S. 71 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, **Sch. para. 1**

^{F284}72 Enforcement **U.K.**

Textual Amendments

- F284** S. 72 omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **79**

Status: Point in time view as at 01/01/2015.

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73 Disputes **U.K.**

- (1) This section applies to—
- [^{F285}(za) mandatory reduction instruments,]
 - (a) share transfer orders,
 - (b) share transfer instruments,^{F286} ...
 - (c) property transfer instruments[^{F287}, ^{F288} ...
 - (d) resolution instruments][^{F289}, and
 - (e) third-country instruments.]
- (2) An order or instrument may include provision for disputes to be determined in a specified manner.
- (3) Provision by virtue of subsection (2) may, in particular—
- (a) confer jurisdiction on a court or tribunal;
 - (b) confer discretion on a specified person.

Textual Amendments

F285 S. 73(1)(za) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **80(1)(a)**

F286 Word in s. 73(1)(b) omitted (31.12.2014) by virtue of [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 2 para. 23(a)**; S.I. 2014/3160, art. 2(1)(b)

F287 S. 73(1)(d) and preceding word inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 2 para. 23(b)**; S.I. 2014/3160, art. 2(1)(b)

F288 Word in s. 73(1)(c) omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **80(1)(b)**

F289 S. 73(1)(e) and preceding word inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **80(1)(b)**

Commencement Information

I105 S. 73 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, **Sch. para. 1**

I106 S. 73 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, **Sch. para. 1**

74 Tax **U.K.**

- (1) The Treasury may by regulations make provision about the fiscal consequences of the exercise of [^{F290}the power to make a mandatory reduction instrument or] a stabilisation power.
- (2) Regulations may relate to—
- (a) capital gains tax;
 - (b) corporation tax;
 - (c) income tax;
 - (d) inheritance tax;
 - (e) stamp duty;
 - (f) stamp duty land tax;
 - (g) stamp duty reserve tax.
- (3) Regulations may apply to—
- (a) anything done in connection with an instrument or order;

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- (b) things transferred or otherwise affected by virtue of an instrument or order;
 - (c) a transferor or transferee under an instrument or order;
 - (d) persons otherwise affected by an instrument or order.
- (4) Regulations may—
- (a) modify or disapply an enactment;
 - (b) provide for an action to have or not have specified consequences;
 - (c) provide for specified classes of property (including securities), rights or liabilities to be treated, or not treated, in a specified way;
 - (d) withdraw or restrict a relief;
 - (e) extend, restrict or otherwise modify a charge to tax;
 - (f) provide for matters to be determined by the Treasury in accordance with provision made by or in accordance with the regulations.
- (5) Regulations may make provision for the fiscal consequences of the exercise of [^{F291}the power to make a mandatory reduction instrument or] a stabilisation power in respect of things done—
- (a) during the period of three months before the date on which [^{F292}the power to make the mandatory reduction instrument or (as the case may be)] the stabilisation power is exercised, or
 - (b) on or after that date.
- [^{F293}(5A) Where the mandatory reduction provision required by section 6B is made in two or more mandatory reduction instruments, in subsection (5)(a) above the reference to the date on which the power to make the mandatory reduction instrument is exercised is, in relation to any of those instruments, a reference to the date on which the power is exercised to make the first of those instruments.]
- (6) In relation to the exercise of a supplemental or onward instrument or order under section 26, 27, 28, 30, 42, 43[^{F294}, 45, 48U or 48V], in subsection (5)(a) above “the stabilisation power” is a reference to the first stabilisation power in connection with which the supplemental or onward instrument or order is made.
- (7) The Treasury may by order amend subsection (2) so as to—
- (a) add an entry, or
 - (b) remove an entry.
- (8) Regulations or an order under this section—
- (a) shall be made by statutory instrument, and
 - (b) may not be made unless a draft has been laid before and approved by resolution of the House of Commons.

Textual Amendments

F290 Words in s. 74(1) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **81(2)**

F291 Words in s. 74(5) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **81(3)(a)**

F292 Words in s. 74(5)(a) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **81(3)(b)**

F293 S. 74(5A) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **81(4)**

Status: Point in time view as at 01/01/2015.

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F294 Words in s. 74(6) substituted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), [Sch. 2 para. 24](#); S.I. 2014/3160, art. 2(1)(b)

Commencement Information

I107 S. 74 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1

I108 S. 74 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

75 Power to change law **U.K.**

- (1) The Treasury may by order amend the law for the purpose of enabling the powers under this Part to be used effectively, having regard to the special resolution objectives.
- (2) An order may be made—
 - (a) for the general purpose of the exercise of powers under this Part,
 - (b) to facilitate a particular proposed or possible use of a power, or
 - (c) in connection with a particular exercise of a power.
- (3) An order under subsection (2)(c) may make provision which has retrospective effect in so far as the Treasury consider it necessary or desirable for giving effect to the particular exercise of a power under this Act in connection with which the order is made (but in relying on this subsection the Treasury shall have regard to the fact that it is in the public interest to avoid retrospective legislation).
- (4) In subsection (1) “amend the law” means—
 - (a) disapply or modify the effect of a provision of an enactment (other than a provision made by or under this Act),
 - (b) disapply or modify the effect of a rule of law not set out in legislation, or
 - (c) amend any provision of an instrument or order made in the exercise of a stabilisation power.
- (5) Provision under this section may relate to this Part as it applies—
 - (a) to banks,
 - (b) to building societies,
 - (c) to credit unions (by virtue of section 89), ^{F295} ...
 - ^{F296}(ca) to investment firms,]
 - ^{F297}(cb) to [^{F18}recognised central counterparties], or]
 - (d) to any combination.
- (6) Specific powers under this Part are without prejudice to the generality of this section.
- (7) An order—
 - (a) shall be made by statutory instrument, and
 - (b) may not be made unless a draft has been laid before and approved by resolution of each House of Parliament.
- (8) But if the Treasury think it necessary to make an order without complying with subsection (7)(b)—
 - (a) the order may be made,
 - (b) the order shall lapse unless approved by resolution of each House of Parliament during the period of 28 days (ignoring periods of dissolution, prorogation or adjournment of either House for more than 4 days) beginning with the day on which the order is made,

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- (c) the lapse of an order under paragraph (b) does not invalidate anything done under or in reliance on the order before the lapse and at a time when neither House has declined to approve the order, and
- (d) the lapse of an order under paragraph (b) does not prevent the making of a new order (in new terms).

Textual Amendments

- F18** Words in Act substituted (1.4.2013) by [The Financial Services and Markets Act 2000 \(Over the Counter Derivatives, Central Counterparties and Trade Repositories\) Regulations 2013 \(S.I. 2013/504\)](#), regs. 1(2), **25(2)** (with regs. 52-58)
- F295** Word in s. 75(5) omitted (1.8.2014) by virtue of [Financial Services Act 2012 \(c. 21\)](#), **ss. 101(4)**, 122(3) (with [Sch. 20](#)); [S.I. 2014/1847](#), art. 2
- F296** S. 75(5)(ca) inserted (1.8.2014) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 101(4)**, 122(3) (with [Sch. 20](#)); [S.I. 2014/1847](#), art. 2
- F297** S. 75(5)(cb) inserted (1.8.2014) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 102(5)**, 122(3) (with [Sch. 20](#)); [S.I. 2014/1847](#), art. 2

Commencement Information

- I109** S. 75 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)
- I110** S. 75 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

Treasury

76 **International obligation notice: general** U.K.

- (1) The Bank of England may not exercise [^{F298}the power to make a resolution administrator appointment instrument or a mandatory reduction instrument or] a stabilisation power in respect of a bank if the Treasury notify the Bank that the exercise would be likely to contravene an international obligation of the United Kingdom.
 - (2) A notice under subsection (1)—
 - (a) must be in writing, and
 - (b) may be withdrawn (generally, partially or conditionally).
 - (3) If the Treasury give a notice under subsection (1) the Bank of England must consider other exercises of [^{F299}the power to make a resolution administrator appointment instrument or a mandatory reduction instrument or] the stabilisation powers with a view to—
 - (a) pursuing the special resolution objectives, and
 - (b) avoiding the objections on which the Treasury's notice was based.
 - (4) The Treasury may by notice to the Bank of England disapply subsection (3) in respect of a bank; and a notice may be revoked by further notice.
- [^{F300}(5) “Resolution administrator appointment instrument” means an instrument under section 62B(2)(a).]

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Textual Amendments

- F298** Words in s. 76(1) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **82(2)**
- F299** Words in s. 76(3) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **82(3)**
- F300** S. 76(5) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **82(4)**

Commencement Information

- I111** S. 76 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, [Sch. para. 1](#)

77 International obligation notice: [^{F301}resolution company] **U.K.**

- (1) This section applies where the Bank of England has transferred all or part of a bank's business to a [^{F302}resolution company].
- (2) The Bank of England must comply with any notice of the Treasury requiring the Bank, for the purpose of ensuring compliance by the United Kingdom with its international obligations—
 - (a) to take specified action under this Part in respect of the [^{F302}resolution company], or
 - (b) not to take specified action under this Part in respect of the [^{F302}resolution company].
- (3) A notice under subsection (1)—
 - (a) must be in writing, and
 - (b) may be withdrawn (generally, partially or conditionally).
- (4) A notice may include requirements about timing.

Textual Amendments

- F301** Words in s. 77 heading substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **83(2)**
- F302** Words in s. 77 substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **83(1)**

Commencement Information

- I112** S. 77 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, [Sch. para. 1](#)

78 Public funds: general **U.K.**

- (1) The Bank of England may not exercise [^{F303}the power to make a mandatory reduction instrument or] a stabilisation power in respect of a bank without the Treasury's consent if the exercise would be likely to have implications for public funds.
- (2) In subsection (1)—
 - (a) “public funds” means the Consolidated Fund and any other account or source of money which cannot be drawn or spent other than by, or with the authority of, the Treasury, and

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- (b) action has implications for public funds if it would or might involve or lead to a need for the application of public funds.
- (3) The Treasury may by order specify considerations which are to be, or not to be, taken into account in determining whether action has implications for public funds for the purpose of subsection (1).
- (4) If the Treasury refuse consent under subsection (1), the Bank of England must consider other exercises of [^{F304}the power to make a mandatory reduction instrument or] the stabilisation powers with a view to—
 - (a) pursuing the special resolution objectives, and
 - (b) avoiding the objections on which the Treasury's refusal was based.
- (5) The Treasury may by notice to the Bank of England disapply subsection (4) in respect of a bank; and a notice may be revoked by further notice.
- (6) An order under subsection (3)—
 - (a) shall be made by statutory instrument, and
 - (b) shall be subject to annulment in pursuance of a resolution of the House of Commons.

Textual Amendments

F303 Words in s. 78(1) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **84(2)**

F304 Words in s. 78(4) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **84(3)**

Commencement Information

I113 S. 78 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1

I114 S. 78 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

[^{F305}78A. Pre-conditions for financial assistance: duty of Bank to give information **U.K.**

- (1) The Treasury may at any time require the Bank of England to inform them in writing whether or not a condition for financial assistance has been met in relation to a particular bank.
- (2) “Condition for financial assistance” means a condition specified in—
 - (a) Article 37(10)(a) (financial assistance through government stabilisation tools), or
 - (b) Article 44(5)(a) (contributions to institution from resolution financing arrangement where eligible liabilities have been excluded from bail-in),
 of the recovery and resolution directive.
- (3) If the Bank of England seeks the Treasury’s consent to the making of a mandatory reduction instrument or the exercise of a stabilisation power in accordance with section 78, the Bank must notify the Treasury in writing—
 - (a) whether or not the proposals involve action in relation to which a condition for financial assistance applies, and
 - (b) if the proposals do involve such action, whether or not the condition in question has been met.]

Status: Point in time view as at 01/01/2015.

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Textual Amendments

F305 S. 78A inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **85**

79 **Public funds: [F306 resolution company] U.K.**

- (1) This section applies where the Bank of England has transferred all or part of a bank's business to a [F307 resolution company].
- (2) The Bank of England may not take action in respect of the [F307 resolution company] without the Treasury's consent if the action would be likely to have implications for public funds.
- (3) Section 78(2) and (3) have effect for the purposes of this section.

Textual Amendments

F306 Words in s. 79 heading substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **86(2)**

F307 Words in s. 79 substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **86(1)**

Commencement Information

I115 S. 79 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, **Sch. para. 1**

[F308]79A **Private sector purchaser: report U.K.**

- (1) This section applies where the Bank of England sells all or part of a bank's business to a commercial purchaser.
- (2) The Bank must report to the Chancellor of the Exchequer about the exercise of the power to make share transfer instruments and property transfer instruments under section 11(2).
- (3) The report must comply with any requirements as to content specified by the Treasury.
- (4) The report must be made as soon as is reasonably practicable after the end of one year beginning with the date of the first transfer instrument made under section 11(2).]

Textual Amendments

F308 S. 79A inserted (1.1.2015) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 99(1), 122(3)** (with [Sch. 20](#)); [S.I. 2014/3323](#), art. 2

80 [F309] **Resolution company:] report U.K.**

- (1) Where the Bank of England transfers all or part of a bank's business to a [F310 resolution company], the Bank must report to the Chancellor of the Exchequer about the activities of the [F310 resolution company].

Status: Point in time view as at 01/01/2015.

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- (2) The first report must be made as soon as is reasonably practicable after the end of one year beginning with the date of the first transfer to the [F310]resolution company].
- (3) A report must be made as soon as is reasonably practicable after the end of each subsequent year.
- (4) The Chancellor of the Exchequer must lay a copy of each report under subsection (2) or (3) before Parliament.
- (5) The Bank must comply with any request of the Treasury for a report dealing with specified matters in relation to a [F310]resolution company].
- (6) A request under subsection (5) may include provision about—
 - (a) the content of the report;
 - (b) timing.

Textual Amendments

F309 Words in s. 80 heading substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **87(2)**

F310 Words in s. 80 substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **87(1)**

Commencement Information

I116 S. 80 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, [Sch. para. 1](#)

[F311]80A Transfer for bail-in purposes: report **U.K.**

- (1) This section applies where the Bank of England makes one or more resolution instruments under section 12A(2) in respect of a bank.
- (2) The Bank of England must, on request by the Treasury, report to the Chancellor of the Exchequer about—
 - (a) the exercise of the power to make a resolution instrument under section 12A(2),
 - (b) the activities of the bank, and
 - (c) any other matters in relation to the bank that the Treasury may specify.
- (3) In relation to the matters in subsection (2)(a) and (b), the report must comply with any requirements that the Treasury may specify.
- (4) The Chancellor of the Exchequer must lay a copy of each report under subsection (2) before Parliament.]

Textual Amendments

F311 S. 80A inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), [Sch. 2 para. 25](#); [S.I. 2014/3160](#), art. 2(1)(b)

Status: Point in time view as at 01/01/2015.

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81 Temporary public ownership: report **U.K.**

- (1) Where the Treasury make one or more share transfer orders under section 13(2) in respect of a bank, the Treasury must lay before Parliament a report about the activities of the bank.
- (2) The first report must be made as soon as is reasonably practicable after the end of one year beginning with the date of the first share transfer order.
- (3) A report must be made as soon as is reasonably practicable after the end of each subsequent year.
- (4) The obligation to produce reports continues to apply in respect of each year until the first during which no securities issued by the bank are owned by—
 - (a) a company wholly owned by the Treasury, or
 - (b) a nominee of the Treasury.

Commencement Information

I117 S. 81 in force at 21.2.2009 by [S.I. 2009/296, art. 3, Sch. para. 1](#)

[^{F312}81A Accounting information to be included in reports under sections 80[^{F313}, 80A(2)(b) and 81] **U.K.**

- (1) A report under section 80(1)[^{F314}, 80A(2)(b) or 81] must include accounting information in respect of the bank or [^{F315}resolution company] that is the subject of the report.
- (2) In this section “accounting information” means—
 - (a) a balance sheet that, in the opinion of the person making the report, gives a true and fair view of the state of affairs of the bank or [^{F315}resolution company] as at the reporting date, and
 - (b) a profit and loss account that, in the opinion of the person making the report, gives a true and fair view of the profit or loss of the bank or [^{F315}resolution company] for the reporting period.
- (3) In this section—
 - (a) “reporting period” means the period to which the report relates, and
 - (b) “reporting date” means the last day of the reporting period.]

Textual Amendments

F312 S. 81A inserted (1.1.2015) by [Financial Services Act 2012 \(c. 21\), ss. 99\(2\), 122\(3\) \(with Sch. 20\); S.I. 2014/3323, art. 2](#)

F313 Words in s. 81A heading substituted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\), s. 148\(5\), Sch. 2 para. 26\(b\); S.I. 2014/3160, art. 2\(1\)\(b\)](#)

F314 Words in s. 81A(1) substituted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\), s. 148\(5\), Sch. 2 para. 26\(a\); S.I. 2014/3160, art. 2\(1\)\(b\)](#)

F315 Words in s. 81A substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\), arts. 1\(2\), 88](#)

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[^{F316}Groups]

Textual Amendments

F316 S. 82 cross-heading substituted (1.8.2014) by [Financial Services Act 2012 \(c. 21\)](#), [ss. 100\(5\)](#), [122\(3\)](#) (with [Sch. 20](#)); [S.I. 2014/1847](#), [art. 2](#)

[^{F317}81A] **Cases where mandatory write-down, conversion etc applies: banking group companies** **U.K.**

- (1) Section 6B (mandatory write-down, conversion, etc. of capital instruments) applies in relation to a banking group company in the cases set out in subsections (2), (4) and (8).
- (2) Case 1 is where—
 - (a) the conditions imposed by section 81B or 81ZBA on the exercise of a stabilisation power in accordance with section 11(2), 12(2) or 12ZA(3) are met in respect of the banking group company,
 - (b) the Bank of England has decided to exercise the stabilisation power,
 - (c) if the banking group company—
 - (i) is a financial institution which is a subsidiary of an institution (within the meaning of article 2.1(23) of the recovery and resolution directive) (“the parent institution”), but
 - (ii) is not an entity within Article 1.1(c) or (d) of that directive,
 the requirements of subsection (3) are met, and
 - (d) section 12AA (mandatory write-down etc in bail-in cases) does not apply in relation to the banking group company by virtue of the exercise of a power under section 81BA (bail-in: banking group company).
- (3) For the purposes of subsection (2)(c)—
 - (a) the first requirement is that—
 - (i) the appropriate authority is satisfied that Condition 1 in section 7 is met in relation to the banking group company, and
 - (ii) the Bank of England is satisfied that Conditions 2, 3 and 4 of that section are met in relation to that company;
 - (b) the second requirement is that—
 - (i) where the parent institution is a bank, the PRA is satisfied that Condition 1 in section 7 is met, and the Bank of England is satisfied that Conditions 2, 3 and 4 in that section are met in relation to the parent institution,
 - (ii) where the parent institution is a EU institution, subsection (6) applies in relation to the banking group company by reason of the EU institution, and
 - (iii) where the parent institution is a third-country institution, subsection (7) applies in relation to the banking group company by reason of that third country institution.
- (4) Case 2 is where—
 - (a) the appropriate authority is satisfied that Condition 1 in section 7 is met in respect of the banking group company,
 - (b) the Bank of England is satisfied that—

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- (i) (ignoring section 6B) Condition 2 in section 7 is met, and
 - (ii) that Condition will continue to be met unless the action required by section 6B is taken in respect of the banking group company, and
 - (c) one of subsections (5), (6) or (7) apply in relation to the banking group company.
- (5) This subsection applies in relation to the banking group company if—
- (a) the PRA is satisfied that Condition 1 in section 7 is met in respect of a bank to which section 81D(1)(a) applies, and
 - (b) the Bank of England is satisfied that (ignoring section 6B) Condition 2 in section 7 is met in relation to that bank.
- (6) This subsection applies in relation to the banking group company if the EU resolution authority or competent authority has determined that—
- (a) the conditions for exercise of the power to write down or convert capital instruments set out in Article 59.3 of the recovery and resolution directive, or
 - (b) the conditions for resolution set out in Article 32.1(a) and (b) of the recovery and resolution directive,
- are satisfied in relation to an EU institution to which section 81D(1)(a) applies.
- (7) This subsection applies in relation to the banking group company if the relevant third-country authority has determined that any conditions required by the law of the third country to be met before—
- (a) any power for the relevant third country authority to write down or convert capital instruments provided for under the law of that third country may be exercised, or
 - (b) third-country resolution action may be taken,
- are met in relation to a third-country institution to which section 81D(1)(a) applies.
- (8) Case 3 is where—
- (a) extraordinary public financial support is required by the banking group company other than in circumstances where subsection (5E) of section 7 applies by virtue of paragraph (c) of that subsection, and
 - (b) the Bank of England is satisfied, on the basis of the valuation carried out in accordance with section 6E, that, in order for a bank or EU institution which is a member of the same group as the banking group company to fulfil its own funds requirements, relevant capital instruments of the banking group company need to be written down or converted into Common Equity Tier 1 instruments (or both).
- (9) For the purposes of determining if the matters set out in subsections (3) to (7) are satisfied, the FCA, PRA, Bank of England, EU resolution authority, competent authority or relevant third-country authority (as the case may be) may ignore any transfer of losses or capital made between members of the group.
- (10) For the purposes of subsections (3)(a) and (b), (4), (5) and (8)—
- (a) references in section 7 to the bank are to be read—
 - (i) in the case of subsections (3)(a) and (b), (4) and (5), as references to the banking group company, and
 - (ii) in the case of subsection (8), as references to the banking group company or the parent institution (as the case may be), and

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- (b) section 7(5C)(a) is to be ignored in determining whether Condition 1 in that section is met in relation to the banking group company where that company is not a UK authorised person.
- (11) For the purposes of subsections (3), (4) and (5), the “appropriate authority” means—
- (a) in the case of a banking group company which is a PRA-authorised person, the PRA;
 - (b) in the case of a banking group company which is a UK authorised person but not a PRA-authorised person, the FCA;
 - (c) in the case of a banking group company which is not an UK authorised person—
 - (i) if the PRA is the consolidating supervisor of the group, the PRA;
 - (ii) if the FCA is the consolidating supervisor of the group, the FCA;
 - (iii) if neither paragraph (i) nor paragraph (ii) apply, but there is a PRA-authorised person in the group, the PRA; and
 - (iv) in all other cases, the Bank of England.
- (12) Where the PRA is the “appropriate authority” under subsection (11) in relation to a banking group company in the same group as a UK authorised person which is not a PRA-authorised person, the PRA must consult the FCA before making any decision as to whether the conditions referred to in subsection (3)(a), (4)(a) or (5)(a) (the “relevant conditions”) are satisfied.
- (13) Where the FCA is the “appropriate authority” under subsection (11) in relation to a banking group company in the same group as a PRA-authorised person, the FCA must consult the PRA before making any decision as to whether the relevant conditions are satisfied.
- (14) For the purposes of this section—
- “competent authority” has the meaning given in Article 2.1(21) of the recovery and resolution directive;
 - “consolidating supervisor” means a consolidating supervisor as defined in Article 4.1(41) of the capital requirements regulation;
 - “EU institution” means an institution within the meaning of Article 2.1(23) of the recovery and resolution directive which is incorporated in, or formed under the law of any part of, an EEA state other than the United Kingdom;
 - “EU resolution authority” means a resolution authority within the meaning given by Article 2.1(18) of the recovery and resolution directive (other than the Bank of England);
 - “financial institution” has the meaning given by Article 2.1(4) of the recovery and resolution directive;
 - “PRA-authorised person” has the meaning given in section 2B(5) of the Financial Services and Markets Act 2000;
 - “relevant third-country authority” has the meaning given by Article 2.1(90) of the recovery and resolution directive;
 - “third-country institution” has the meaning given in section 89H(7);
 - “third-country resolution action” has the meaning given in section 89H(7);
 - “UK authorised person” has the same meaning as in section 105(8) of the Financial Services and Markets Act 2000.]

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Textual Amendments

F317 S. 81AA inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **89**

[^{F318}**81B Sale to commercial purchaser and transfer to bridge bank** **U.K.**

(1) The Bank of England may exercise a stabilisation power in respect of a banking group company in accordance with section 11(2) or 12(2) if the following conditions are met.

[^{F319}(2) Condition 1 is that—

- (a) the PRA is satisfied that Condition 1 of the general conditions is met in respect of a bank in the same group and the Bank of England is satisfied that Conditions 2, 3 and 4 of the general conditions are met in respect of that bank, or
- (b) the EU resolution authority of an EU institution in the same group is satisfied that the conditions for resolution set out in Article 32.1 of the recovery and resolution directive are met in relation to that EU institution, or
- (c) a relevant third-country authority of a third-country institution in the same group is satisfied that any conditions required by the law of the third country to be met before third-country resolution action may be taken are met in relation to that third-country institution.

(2A) For the purposes of determining if a requirement of Condition 1 is met, the PRA, Bank of England, EU resolution authority or relevant third-country authority (as the case may be) may ignore any transfer of losses or capital made between members of the group.]

(3) Condition 2 (which does not apply in a financial assistance case) is that the Bank of England is satisfied that the exercise of the power in respect of the banking group company is necessary, having regard to the [^{F320}public interest in the advancement of one or more of the special resolution objectives.]

(4) Condition 3 (which applies only in a financial assistance case) is that—

- (a) the Treasury have recommended the Bank of England to exercise a stabilisation power on the grounds that it is necessary to protect the public interest, and
- (b) in the Bank's opinion, exercise of the power in respect of the banking group company is an appropriate way to provide that protection.

(5) Condition 4 is that the banking group company is an undertaking incorporated in, or formed under the law of any part of, the United Kingdom.

(6) Before determining whether Condition 2 or 3 (as appropriate) is met, the Bank of England must consult—

- (a) the Treasury,
- (b) the PRA, and
- (c) the FCA.

(7) In exercising a stabilisation power in reliance on this section the Bank of England must have regard to the need to minimise the effect of the exercise of the power on other undertakings in the same group.

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- (8) In this section “financial assistance case” means a case in which the Treasury notify the Bank of England that they have provided financial assistance in respect of a bank in the same group for the purpose of resolving or reducing a serious threat to the stability of the financial systems of the United Kingdom.

[In this section—

- ^{F321}(9) “EU institution” has the meaning given by section 81AA(14);
 “EU resolution authority” means a resolution authority within the meaning given by Article 2.1(18) of the recovery and resolution directive (other than the Bank of England);
 “the general conditions” means the general conditions for the exercise of a stabilisation power set out in section 7;
 “relevant third-country authority” has the meaning given by Article 2.1(90) of the recovery and resolution directive;
 “third-country institution” has the meaning given by section 89H(7);
 “third-country resolution action” has the meaning given by section 89H(7).]

Textual Amendments

- F318** Ss. 81B-81D inserted (5.6.2014 for specified purposes, 1.8.2014 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\), ss. 100\(5\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2014/1447, art. 2\(b\)](#); [S.I. 2014/1847, art. 2](#)
- F319** S. 81B(2)(2A) substituted for s. 81B(2) (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [90\(2\)](#)
- F320** Words in s. 81B(3) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [90\(3\)](#)
- F321** S. 81B(9) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), [90\(4\)](#)

[^{F322}81ZBA. **Transfer to asset management vehicle** **U.K.**

- (1) The Bank of England may exercise a stabilisation power in respect of a banking group company in accordance with section 12ZA(3) if the following conditions are met.
- (2) Condition 1 is that—
- (a) the PRA is satisfied that Condition 1 of the general conditions is met in respect of a bank in the same group and the Bank of England is satisfied that Conditions 2, 3 and 4 of the general conditions are met in respect of that bank, or
 - (b) the resolution authority of an EU institution in the same group is satisfied that the conditions for resolution set out in Article 32.1 of the recovery and resolution directive are met in relation to that EU institution, or
 - (c) a relevant third-country authority of a third-country institution in the same group is satisfied that any conditions required by the law of the third country to be met before third-country resolution action may be taken are met in relation to that third-country institution.
- (2A) For the purposes of determining if a requirement of Condition 1 is met, the PRA, Bank of England, EU resolution authority or relevant third-country authority (as the case

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- may be) may ignore any transfer of losses or capital made between members of the group.
- (3) Condition 2 is that the power is exercised in connection with the exercise of one or more stabilisation powers in respect of the banking group company otherwise than for the purposes of the third stabilisation option.
- (4) Condition 3 (which does not apply in a financial assistance case) is that the Bank of England is satisfied that the exercise of the power in respect of the banking group company is necessary having regard to the public interest in the advancement of one or more of the special resolution objectives.
- (5) Condition 4 (which applies only in a financial assistance case) is that—
- (a) the Treasury have recommended the Bank of England to exercise a stabilisation power on the grounds that it is necessary to protect the public interest, and
 - (b) in the Bank of England’s opinion, exercise of the power in respect of the banking group company is an appropriate way to provide that protection.
- (6) Condition 5 is that the banking group company is an undertaking incorporated in, or formed under the law of any part of, the United Kingdom.
- (7) Condition 6 is that the Bank of England is satisfied that—
- (a) the situation of the market for the assets which it is proposed to transfer by the exercise of the stabilisation power is of such a nature that the liquidation of those assets under normal insolvency proceedings could have an adverse effect on one or more financial markets,
 - (b) the transfer is necessary to ensure the proper functioning of the banking group company from which the transfer is to be made, or
 - (c) the transfer is necessary to maximise the proceeds available for distribution.
- (8) Before determining whether Conditions 2 and 5 and Condition 3 or 4 (as appropriate) are met, and if so how to react, the Bank of England must consult—
- (a) the PRA,
 - (b) the FCA, and
 - (c) the Treasury.
- (9) For the purposes of this section—
- “financial assistance case” has the meaning given by section 81B(8);
 - “normal insolvency proceedings” has the meaning given in Article 2.1(47) of the recovery and resolution directive (and, in particular, includes the bank insolvency procedure and the bank administration procedure);
 - and the definitions in section 81B(9) apply..]

Textual Amendments

F318 Ss. 81B-81D inserted (5.6.2014 for specified purposes, 1.8.2014 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 100(5), 122(3)** (with [Sch. 20](#)); [S.I. 2014/1447](#), [art. 2\(b\)](#); [S.I. 2014/1847](#), [art. 2](#)

F322 S. 81ZBA inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), [arts. 1\(2\)](#), **91**

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Bail-in option U.K.

^{F323}**81BA** (1) The Bank of England may exercise a stabilisation power in respect of a banking group company in accordance with section 12A(2) if the following conditions are met.

^{F324}(2) Condition 1 is that either—

- (a) the PRA is satisfied that Condition 1 of the general conditions is met in respect of a bank in the same group and the Bank of England is satisfied that Conditions 2, 3 and 4 of the general conditions are met in respect of that bank, or
- (b) the resolution authority of an EU institution in the same group is satisfied that the conditions for resolution set out in Article 32.1 of the recovery and resolution directive are met in relation to that EU institution, or
- (c) a relevant third-country authority of a third-country institution in the same group is satisfied that any conditions required by the law of the third country to be met before third-country resolution action may be taken are met in relation to that third-country institution.

(2A) For the purposes of determining if a requirement of Condition 1 is met, the PRA, Bank of England, EU resolution authority or relevant third-country authority (as the case may be) may ignore any transfer of losses or capital made between members of the group.]

(3) Condition 2 is that the Bank of England is satisfied that the exercise of the power in respect of the banking group company is necessary, having regard to the ^{F325}public interest in the advancement of one or more of the special resolution objectives.]

(4) Condition 3 is that the banking group company is an undertaking incorporated in, or formed under the law of any part of, the United Kingdom.

(5) Before determining whether Condition 2 is met, and if so how to react, the Bank of England must consult—

- (a) the Treasury,
- (b) the PRA, and
- (c) the FCA.

(6) In exercising a stabilisation power in reliance on this section the Bank of England must have regard to the need to minimise the effect of the exercise of the power on other undertakings in the same group.

^{F326}(7) [The definitions in section 81B(9) apply for the purposes of this section.]]

Textual Amendments

F318 Ss. 81B-81D inserted (5.6.2014 for specified purposes, 1.8.2014 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 100(5)**, 122(3) (with [Sch. 20](#)); S.I. 2014/1447, art. 2(b); S.I. 2014/1847, art. 2

F323 S. 81BA inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 2 para. 7(1)**; S.I. 2014/3160, art. 2(1)(b)

F324 S. 81BA(2)(2A) substituted for s. 81BA(2) (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **92(2)**

F325 Words in s. 81BA(3) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **92(3)**

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

F326 S. 81BA(7) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **92(4)**

81C Section 81B [F327 or 81ZBA]: supplemental U.K.

(1) In the following provisions references to banks include references to banking group companies—

- (a) section 10(1), ^{F328} ...
[section 48Z, and]
- ^{F329}(aa)
- (b) section 75(5)(a).

^{F330} [Where section 6B applies to a banking group company by virtue of section 81AA, (1A) sections 6B to 6D apply with the following modifications—

- (a) references to the bank are to be read as references to the banking group company,
- (b) in section 6B, in subsection (8) the reference to section 6A is to be read as a reference to section 81AA and subsection (9) is to be ignored,
- (c) in sections 6B and 6C references, which (by virtue of paragraph (a)) are read as references to a UK parent undertaking of a banking group company, include, where the banking group company satisfied section 81D(1)(a) by reference to a bank which is not a UK parent undertaking of the banking group company, a reference to that bank,
- (d) for the purposes of section 6D, references to a bank in sections 48L(3), 48O and 48T are to be read as references to the banking group company, and, where the banking group company satisfied section 81D(1)(a) by reference to a bank (“the failing bank”), those references to a bank (except the first reference in section 48T(1)) are also to be read as including a reference to the failing bank.

(1B) Where the Bank of England makes a mandatory reduction instrument in respect of a banking group company, section 6E applies (with any necessary modifications) as if the banking group company were a bank.]

(2) Where the Bank of England exercises a stabilisation power in respect of a banking group company in reliance on section 81B [^{F331} or 81ZBA], the provisions relating to the stabilisation powers and the bank administration procedure contained in this Act (except sections 7 [^{F332}, 8 and 8ZA]) and any other enactment apply (with any necessary modifications) as if the banking group company were a bank.

(3) For the purposes of the application of section 143 (grounds for applying for bank administration order), the reference in subsection (2) to the Bank of England exercising a stabilisation power includes a case where the Bank of England intends to exercise such a power.

Textual Amendments

F318 Ss. 81B-81D inserted (5.6.2014 for specified purposes, 1.8.2014 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\)](#), ss. **100(5)**, 122(3) (with Sch. 20); S.I. 2014/1447, art. 2(b); S.I. 2014/1847, art. 2

F327 Words in s. 81C heading inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **93(5)**

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- F328** Word in s. 81C(1)(a) omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **93(2)(a)**
- F329** S. 81C(1)(aa) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **93(2)(b)**
- F330** S. 81C(1A)(1B) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **93(3)**
- F331** Words in s. 81C(2) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **93(4)(a)**
- F332** Words in s. 81C(2) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **93(4)(b)**

Section 81BA: supplemental **U.K.**

F333

81CA

- (1) This section applies where the Bank of England has power under section 81BA to exercise a stabilisation power in respect of a banking group company.
- (2) The provisions relating to the stabilisation powers and the bank administration procedure contained in this Act (except [^{F334}section 7]) and any other enactment apply (with any necessary modifications) as if the banking group company were a bank.
- (3) Where the banking group company mentioned in subsection (1) is a parent undertaking of the bank mentioned in section 81BA(2) (“the bank”)—
- the provisions in this Act relating to resolution instruments are to be read in accordance with the general rule in subsection (4), but
 - that is subject to the modifications in subsection (5);
- and provisions in this Act and any other enactment are to be read with any modifications that may be necessary as a result of paragraphs (a) and (b).
- (4) The general rule is that the provisions in this Act relating to resolution instruments (including supplemental resolution instruments) are to be read (so far as the context permits)—
- as applying in relation to the bank as they apply in relation to the parent undertaking, and
 - so, in particular, as allowing any provision that may be made in a resolution instrument in relation to the parent undertaking to be made (also or instead) in relation to the bank.
- (5) Where the banking group company mentioned in subsection (1) is a parent undertaking of the bank [^{F335}, EU institution or third-country institution mentioned in section 81BA(2) (“the group entity”)] —
- section 41A (transfer of property subsequent to resolution instrument) applies as if the reference in subsection (2) to the bank were to the parent undertaking, the bank and any other bank which is or was in the same group;
 - section 48V (onward transfer)—
 - applies as if the references in subsection (3) to “the bank” [^{F336}included the group entity,] the parent undertaking and any other bank which is or was in the same group, and with the omission of subsection (4) of that section, and
 - is to be read as permitting the transfer of securities only if they are held by (or for the benefit of) the parent undertaking or a subsidiary company of the parent undertaking;

Status: Point in time view as at 01/01/2015.

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- (c) section 48W (reverse transfer) applies as if the references in subsections (2) and (3) to “the bank” [^{F337}included the group entity,] the parent undertaking and any other bank which is or was in the same group.
- (6) Where section 48B (special bail-in provision) applies in accordance with subsection (4) (so that section 48B applies in relation to the bank mentioned in section 81BA(2) as it applies in relation to the parent undertaking mentioned in subsection (3)), the provision that may be made in accordance with section 48B(1)(b) (see also rule 3(a) and (b) of section 48B(5)) includes provision replacing a liability (of any form) of that bank with a security (of any form or class) of the parent undertaking.
- (7) Where the banking group company mentioned in subsection (1) is a parent undertaking of the bank mentioned in section 81BA(2)—
 - (a) section 214B of the Financial Services and Markets Act 2000 (contribution to costs of special resolution regime) applies, and
 - (b) the reference in subsection (1)(b) of that section to the bank, and later references in that section, are treated as including references to any other bank which is a subsidiary undertaking of the parent undertaking (but not the parent undertaking itself).]

Textual Amendments

- F318** Ss. 81B-81D inserted (5.6.2014 for specified purposes, 1.8.2014 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\), ss. 100\(5\), 122\(3\) \(with Sch. 20\); S.I. 2014/1447, art. 2\(b\); S.I. 2014/1847, art. 2](#)
- F333** S. 81CA inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\), s. 148\(5\), Sch. 2 para. 7\(2\); S.I. 2014/3160, art. 2\(1\)\(b\)](#)
- F334** Words in s. 81CA(2) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\), arts. 1\(2\), 94\(2\)](#)
- F335** Words in s. 81CA(5) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\), arts. 1\(2\), 94\(3\)\(a\)](#)
- F336** Words in s. 81CA(5)(b)(i) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\), arts. 1\(2\), 94\(3\)\(b\)](#)
- F337** Words in s. 81CA(5)(c) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\), arts. 1\(2\), 94\(3\)\(c\)](#)

81D Interpretation: “banking group company” &c. U.K.

- (1) In this Part “banking group company” means an undertaking—
 - (a) which is (or, but for the exercise of a stabilisation power, would be) in the same group as a bank [^{F338}EU institution or third-country institution (within the meaning of section 81B(9))], and
 - (b) in respect of which any conditions specified in an order made by the Treasury are met.
- (2) An order may require the Bank of England to consult specified persons before determining whether the conditions are met.
- (3) An order—
 - (a) is to be made by statutory instrument, and
 - (b) may not be made unless a draft has been laid before and approved by resolution of each House of Parliament.

Status: Point in time view as at 01/01/2015.

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- (4) If an order contains a statement that the Treasury are of the opinion that, by reason of urgency, it is necessary to make the order without complying with subsection (3)(b)—
 - (a) the order may be made, and
 - (b) the order lapses unless approved by resolution of each House of Parliament during the period of 28 days (ignoring periods of dissolution, prorogation or adjournment of either House for more than 4 days) beginning with the day on which the order is made.
- (5) The lapse of an order under subsection (4)(b)—
 - (a) does not invalidate anything done under or in reliance on the order before the lapse and at a time when neither House has declined to approve the order, and
 - (b) does not prevent the making of a new order (in new terms).
- (6) Undertakings are in the same group for the purposes of sections [F339]81AA to 81CA] and this section if they are group undertakings in respect of each other.
- (7) Expressions defined in the Companies Act 2006 have the same meaning in [F340]sections 81B to 81CA] and this section as in that Act.]

Textual Amendments

- F318** Ss. 81B-81D inserted (5.6.2014 for specified purposes, 1.8.2014 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\), ss. 100\(5\), 122\(3\) \(with Sch. 20\); S.I. 2014/1447, art. 2\(b\); S.I. 2014/1847, art. 2](#)
- F338** Words in s. 81D(1)(a) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\), arts. 1\(2\), 95\(2\)](#)
- F339** Words in s. 81D(6) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\), arts. 1\(2\), 95\(3\)](#)
- F340** Words in s. 81D(7) substituted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\), s. 148\(5\), Sch. 2 para. 7\(3\)\(b\); S.I. 2014/3160, art. 2\(1\)\(b\)](#)

82 Temporary public ownership U.K.

- (1) The Treasury may take a parent undertaking of a bank (the “holding company”) into temporary public ownership, in accordance with section 13(2), if the following conditions are met.
- (2) Condition 1 is that [F341]the PRA is] satisfied that the general conditions for the exercise of a stabilisation power set out in section 7 are met in respect of the bank.
- (3) Condition 2 is that the Treasury are satisfied that it is necessary to take action in respect of the holding company for the purpose specified in Condition A or B of section 9.
- (4) Condition 3 is that the holding company is an undertaking incorporated in, or formed under the law of any part of, the United Kingdom.
- (5) Before determining whether Condition 2 is met the Treasury must consult—
 - [F342](a) the PRA,
 - (aa) the FCA, and]
 - (b) the Bank of England.
- (6) Expressions used in this section have the same meaning as in the Companies Act 2006.

Status: Point in time view as at 01/01/2015.

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Textual Amendments

F341 Words in s. 82(2) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), [Sch. 17 para. 27\(2\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.

F342 S. 82(5)(a)(aa) substituted for s. 82(5)(a) (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), [Sch. 17 para. 27\(3\)](#) (with [Sch. 20](#)); S.I. 2013/423, art. 3, Sch.

Commencement Information

I118 S. 82 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, [Sch. para. 1](#)

83 Supplemental **U.K.**

- (1) In the following provisions references to banks include references to holding companies—
- (a) section 10(1),
 - ^[F343](aa) section 12ZA(2)(c),
 - (b) section 13(3),
 - (c) section 16(1), and
 - (d) section 75(5)(a).
- (2) Where the Treasury take a bank's holding company into temporary public ownership in reliance on section 82—
- (a) section 20(2) applies to (i) directors of the holding company, (ii) directors of the bank, and (iii) directors of a bank in the same group,
 - (b) section 25(2) applies as if references to a bank were references to a holding company,
 - (c) sections 27 to 29 apply as if references to a bank were references to a holding company,
 - (d) a share transfer may be made in respect of securities which were issued by the bank or by another bank which is or was in the same group; and a transfer—
 - (i) shall be made by onward share transfer order under section 28 or by reverse share transfer order under section 29 (in addition to any that may be made under those sections as applied by paragraph (c) above),
 - (ii) may be made under section 28 only in respect of securities held by (or for the benefit of) the holding company or a subsidiary undertaking of the holding company,
 - (iii) is not subject to section 28(4), ^[F344]and
 - ^[F345](iv) is not subject to the restriction in section 29(3) that the securities issued by the bank were transferred under the original order (as defined in section 29(1)).
 - (e) section 45 applies as if—
 - (i) the reference to a bank in subsection (1) were a reference to a holding company, and
 - (ii) a reference to the bank in subsection (3) were a reference to the holding company, the bank and any other bank which is or was in the same group,
 - (f) sections 65 to 68 apply, with—

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- (i) references to the bank or the transferred bank taken as references to the bank, the holding company and any other bank which is or was in the same group, and
 - (ii) references to securities of the bank taken as including references to securities of the holding company (so that, in particular, sections 65(1)(a)(ii) and 68(1)(a) include references to the earlier transfer of securities issued by the holding company),
 - (g) other provisions of this Act about share transfer orders apply with any necessary modifications,
 - (h) section 214B of the Financial Services and Markets Act 2000 applies (contribution to costs of special resolution regime^{F346} ...), and
 - (i) the reference in section 214B(1)(b) to the bank, and later references in the section, are treated as including references to any other bank which is also a subsidiary undertaking of the holding company (but not to the holding company itself).
- (3) A reference in this Act or another enactment to a share transfer order in respect of securities issued by a bank includes (so far as the context permits) a reference to a share transfer order in respect of securities issued by a holding company.
- (4) In so far as sections 47 and 60 apply in relation to orders treated as property transfer instruments by virtue of section 45(5)(b) or 46(5)(b) (including those sections as applied by virtue of subsection (2) above) the reference in section 47(1) to the property of a bank includes a reference to the property of a holding company and of any other bank which is or was in the same group.
- (5) Expressions used in this section have the same meaning as in the Companies Act 2006.
- (6) A reference to two banks being in the same group is a reference to their being group undertakings in respect of each other.

Textual Amendments

- F343** S. 83(1)(aa) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **96(1)**
- F344** Word in s. 83(2)(d)(iii) inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 97(10)(a)**, 122(3) (with [Sch. 20](#)); [S.I. 2013/423](#), art. 3, [Sch.](#)
- F345** S. 83(2)(d)(iv) substituted for s. 83(2)(d)(iv)(v) (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 97(10)(b)**, 122(3) (with [Sch. 20](#)); [S.I. 2013/423](#), art. 3, [Sch.](#)
- F346** Words in s. 83(2)(h) omitted (8.4.2010) by virtue of [Financial Services Act 2010 \(c. 28\)](#), s. 26(1)(l), **Sch. 2 para. 42**

Commencement Information

- I119** S. 83 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, **Sch. para. 1**

Status: Point in time view as at 01/01/2015.

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^{F347} CHAPTER 4 U.K.

INFORMATION, INVESTIGATION AND ENFORCEMENT

Textual Amendments

F347 Pt. 1 Ch. 4 inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **97**

Powers to gather information

83ZA. Information U.K.

- (1) This section applies only to information and documents reasonably required in connection with the exercise by the Bank of England of functions conferred by or under—
 - (a) this Part, or
 - (b) any other enactment giving effect to the resolution and recovery directive.
- (2) The Bank of England may, by notice in writing given to a bank or banking group company, require the bank or banking group company—
 - (a) to provide specified information or information of a specified description, or
 - (b) to produce specified documents or documents of a specified description.
- (3) The information or documents must be provided or produced—
 - (a) before the end of such reasonable period as may be specified, and
 - (b) at such place as may be specified.
- (4) An officer who has written authorisation from the Bank of England to do so may require a bank or banking group company without delay—
 - (a) to provide the officer with specified information or information of a specified description, or
 - (b) to produce to the officer specified documents or documents of a specified description.
- (5) The Bank of England may require any information provided under this section to be provided in such form as it may reasonably require.
- (6) The Bank of England may require—
 - (a) any information provided, whether in a document or otherwise, to be verified in such manner, or
 - (b) any document produced to be authenticated in such manner, as it may reasonably require.
- (7) The powers conferred by subsections (2) and (4) may also be exercised by the Bank to impose requirements on a person who is connected with a bank.
- (8) “Officer” means an officer of the Bank of England, and includes a member of the Bank’s staff or an agent of the Bank.
- (9) “Specified” means—
 - (a) in subsections (2) and (3), specified in the notice, and

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- (b) in subsection (4), specified in the authorisation.
- (10) For the purposes of this section, a person is connected with a bank if that person is or has at any relevant time been—
 - (a) a member of that bank’s group,
 - (b) a controller of that bank (within the meaning of section 422 of the Financial Services and Markets Act 2000),
 - (c) any other member of a partnership of which that bank is a member, or
 - (d) in relation to that bank, a person mentioned in Part 1 of Schedule 15 to the Financial Services and Markets Act 2000 (reading references in that Part to the authorised person as references to the bank).
- (11) In subsection (10)(a) “group” has the meaning given by section 3(2)(b).

83ZB. Reports by skilled persons U.K.

- (1) This section applies where the Bank of England has required or could require a person to whom subsection (2) applies (“the person concerned”) to provide information or produce documents with respect to any matter (“the matter concerned”) under section 83ZA.
- (2) This subsection applies to—
 - (a) a bank (“B”),
 - (b) a member of B’s group,
 - (c) a partnership of which B is a member, or
 - (d) a person who has at any relevant time been a person falling within paragraph (a), (b) or (c),
 who is, or was at the relevant time, carrying on a business.
- (3) The Bank of England may either—
 - (a) by notice in writing given to the person concerned, require that person to provide the Bank with a report on the matter concerned, or
 - (b) itself appoint a person to provide the Bank with a report on the matter concerned.
- (4) When acting under subsection (3)(a), the Bank may require the report to be in such form as may be specified in the notice.
- (5) The Bank must give notice of an appointment under subsection (3)(b) to the person concerned.
- (6) The person appointed to make a report—
 - (a) must be a person appearing to the Bank to have the skills necessary to make a report on the matter concerned, and
 - (b) where the appointment is to be made by the person concerned, must be a person nominated or approved by the Bank.
- (7) It is the duty of—
 - (a) the person concerned, and
 - (b) any person who is providing (or who has at any time provided) services to the person concerned in relation to the matter concerned,

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to give the person appointed to prepare a report all such assistance as the appointed person may reasonably require.

- (8) The obligation imposed by subsection (7) is enforceable, on the application of the Bank, by an injunction or, in Scotland, by an order for specific performance under section 45 of the Court of Session Act 1988.
- (9) The Bank may, in relation to an appointment under subsection (3)(b), require B to pay to the Bank a fee to cover the expenses incurred by the Bank in relation to the appointment.
- (10) In this section “group” has the meaning given by section 3(2)(b).

Appointment of investigators

83ZC. Appointment of persons to carry out general investigations **U.K.**

- (1) This section applies only for the purposes of the functions of the Bank of England mentioned in section 83ZA(1).
- (2) If it appears to the Bank of England that there is good reason for doing so, the Bank may appoint one or more competent persons to conduct an investigation on its behalf into—
 - (a) the nature, conduct or state of the business of a bank,
 - (b) a particular aspect of that business, or
 - (c) the ownership or control of a bank.
- (3) If a person appointed under subsection (2) thinks it necessary for the purposes of the investigation, that person may also investigate the business of a person who is or has at any relevant time been—
 - (a) a member of a group of which the bank under investigation is part, or
 - (b) a partnership of which the bank is a member.
- (4) A person appointed under subsection (2) who decides to investigate the business of any person under subsection (3) must give that person written notice of that decision.
- (5) In this section—

“business” includes any part of a business, and
“group” has the meaning given by section 3(2)(b).

83ZD. Appointment of person to carry out investigations in particular cases **U.K.**

- (1) This section applies if it appears to the Bank of England that there are circumstances suggesting that a person may have failed to comply with any relevant requirement.
- (2) The Bank may appoint one or more competent persons to conduct an investigation on its behalf.
- (3) In this section “relevant requirement” means—
 - (a) a requirement imposed by the Bank of England under this Part (other than section 83ZN (regulatory sanctions)), or
 - (b) a requirement imposed by or under—
 - (i) any other provision of this Act, or

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(ii) any other Act or subordinate legislation,
 which gives effect to the recovery and resolution directive.

83ZE. Investigations etc in support of foreign resolution authorities U.K.

- (1) On receiving a request to which subsection (3) applies from a foreign resolution authority, the Bank of England may—
 - (a) exercise the power conferred by section 83ZA, or
 - (b) appoint one or more competent persons to investigate any matter.
- (2) Accordingly, for the purposes of subsection (1)(a), section 83ZA(1) has effect as if it also referred to information and documents reasonably required by the Bank of England to meet such a request.
- (3) This subsection applies to a request if the request is made by a foreign resolution authority in connection with the exercise by that authority of—
 - (a) functions under the recovery and resolution directive, or
 - (b) functions in relation to third-country resolution action (within the meaning of section 89H) corresponding to those exercisable by an EU resolution authority pursuant to the recovery and resolution directive.
- (4) An investigator appointed under subsection (1)(b) has the same powers as an investigator appointed under section 83ZD.
- (5) If the request has been made by an EU resolution authority in pursuance of any EU obligation, the Bank must, in deciding whether or not to exercise its investigative power, consider whether its exercise is necessary to comply with any such obligation.
- (6) In deciding whether or not to exercise its investigative power, the Bank may take into account in particular—
 - (a) whether, in the territory of the foreign resolution authority concerned, corresponding assistance would be given to the Bank,
 - (b) whether the case concerns the breach of a law, or other requirement, which has no close parallel in the United Kingdom or involves the assertion of a jurisdiction not recognised by the United Kingdom,
 - (c) the seriousness of the case and its importance to persons in the United Kingdom,
 - (d) whether it is otherwise appropriate in the public interest to give the assistance sought.
- (7) The Bank may decide that it will not exercise its investigative power unless the foreign resolution authority undertakes to make such contribution towards the cost of its exercise as the Bank considers appropriate.
- (8) Subsections (6) and (7) do not apply if the Bank considers that the exercise of its investigative power is necessary to comply with an EU obligation.
- (9) “EU resolution authority” means an authority designated by an EEA state other than the United Kingdom in accordance with Article 3 of the recovery and resolution directive.
- (10) “Foreign resolution authority” means—
 - (a) an EU resolution authority, or

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- (b) an authority, in a territory which is not and does not form part of an EEA state, which exercises functions referred to in subsection (2)(b).
- (11) “Investigative power” means one of the powers mentioned in subsection (1).

Conduct of investigations

83ZF. Investigations: general **U.K.**

- (1) This section applies if the Bank of England appoints one or more competent persons (“investigators”) under section 83ZC or 83ZD to conduct an investigation on its behalf.
- (2) The Bank must give written notice of the appointment of an investigator to the person who is the subject of the investigation (“the person under investigation”).
- (3) A notice under subsection (2) must—
 - (a) specify the provisions under which, and as a result of which, the investigator was appointed, and
 - (b) state the reason for the investigator’s appointment.
- (4) Nothing prevents the Bank from appointing a person who is a member of its staff as an investigator.
- (5) An investigator must make a report of the investigation to the Bank.
- (6) The Bank may, by a direction to an investigator, control—
 - (a) the scope of the investigation,
 - (b) the period during which the investigation is to be conducted,
 - (c) the conduct of the investigation, and
 - (d) the reporting of the investigation.
- (7) A direction may, in particular—
 - (a) confine the investigation to particular matters;
 - (b) extend the investigation to additional matters;
 - (c) require the investigator to discontinue the investigation or to take only such steps as are specified in the direction;
 - (d) require the investigator to make such interim reports as are so specified.
- (8) If there is a change in the scope or conduct of the investigation and, in the opinion of the Bank, the person under investigation is likely to be significantly prejudiced by not being made aware of it, that person must be given written notice of the change.
- (9) If the appointment is under section 83ZD, subsections (2) and (8) do not apply if the Bank believes that the notice required by the subsection in question would be likely to result in the investigation being frustrated.

83ZG. Powers of persons appointed under section 83ZC **U.K.**

- (1) This section applies to an investigator appointed under section 83ZC to conduct an investigation on behalf of the Bank of England.

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- (2) The investigator may require the person who is the subject of the investigation (“the person under investigation”) or any person connected with the person under investigation—
 - (a) to attend before the investigator at a specified time and place and answer questions, or
 - (b) otherwise to provide such information as the investigator may require for the purposes of the investigation.
- (3) The investigator may also require any person to produce at a specified time and place any specified documents or documents of a specified description.
- (4) A requirement under subsection (2) or (3) may be imposed only so far as the investigator reasonably considers the question, provision of information or production of the document to be relevant to the purposes of the investigation.
- (5) For the purposes of this section, a person (“B”) is connected with the person under investigation (“A”) if B is or has at any relevant time been—
 - (a) a member of A’s group;
 - (b) a controller of A;
 - (c) a partnership of which A is a member; or
 - (d) in relation to A, a person mentioned in Part 1 or 2 of Schedule 15 to the Financial Services and Markets Act 2000 (reading references in those Parts to the authorised person or the person under investigation as references to A).
- (6) In this section—
 - “controller” has the same meaning as in the Financial Services and Markets Act 2000 (see section 422),
 - “group” has the meaning given by section 3(2)(b), and
 - “specified” means specified in a notice in writing.

83ZH. Powers of persons appointed as a result of section 83ZD U.K.

- (1) This section applies to an investigator appointed under section 83ZD to conduct an investigation on behalf of the Bank of England.
- (2) The investigator has—
 - (a) the powers conferred by section 83ZG on an investigator appointed under section 83ZC, and
 - (b) the powers conferred by subsections (3) and (4).
- (3) The investigator may require the person who is the subject of the investigation (“the person under investigation”) to give the investigator all assistance in connection with the investigation which that person is reasonably able to give.
- (4) The investigator may require a person who is neither the person under investigation nor a person connected with the person under investigation—
 - (a) to attend before the investigator at a specified time and place and answer questions, or
 - (b) otherwise to provide such information as the investigator may require for the purposes of the investigation.

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- (5) A requirement may only be imposed under subsection (4) if the investigator is satisfied that the requirement is necessary or expedient for the purposes of the investigation.
- (6) Section 83ZG(5) and (6) applies for the purposes of this section.

83ZI. Admissibility of statements made to investigators **U.K.**

- (1) A statement made to an investigator appointed under section 83ZC or 83ZD by a person in compliance with an information requirement is admissible in evidence in any proceedings, so long as it also complies with any requirements governing the admissibility of evidence in the circumstances in question.
- (2) But in criminal proceedings in which that person is charged with an offence to which this subsection applies—
 - (a) no evidence relating to the statement may be adduced, and
 - (b) no question relating to it may be asked,by or on behalf of the prosecution, the PRA or the FCA (as the case may be), unless evidence relating to it is adduced, or a question relating to it is asked, in the proceedings by or on behalf of that person.
- (3) Subsection (2) applies to any offence other than one under—
 - (a) section 83ZN(4),
 - (b) section 398 of the Financial Services and Markets Act 2000 (misleading FCA or PRA: residual cases),
 - (c) section 5 of the Perjury Act 1911 (false statements made otherwise than on oath),
 - (d) section 44(2) of the Criminal Law (Consolidation) (Scotland) Act 1995 (false statements made otherwise than on oath), or
 - (e) Article 10 of the Perjury (Northern Ireland) Order 1979.
- (4) “Information requirement” means a requirement imposed by an investigator under section 83ZG, 83ZH or 83ZJ.

Information and documents: supplemental provision

83ZJ. Information and documents: supplemental provision **U.K.**

- (1) If the Bank of England has power under this Part to require a person to produce a document but it appears that the document is in the possession of a third person, that power may be exercised in relation to the third person.
- (2) If a document is produced in response to a requirement imposed under this Part, the person to whom it is produced may—
 - (a) take copies or extracts from the document, or
 - (b) require the person producing the document, or any relevant person, to provide an explanation of the document.
- (3) A document so produced may be retained for so long as the person to whom it is produced considers that it is necessary to retain it (rather than copies of it) for the purposes for which the document was requested.

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- (4) If the person to whom a document is so produced has reasonable grounds for believing—
- (a) that the document may have to be produced for the purposes of any legal proceedings, and
 - (b) that it might otherwise be unavailable for those purposes,
- it may be retained until the proceedings are concluded.
- (5) If a person who is required under this Part to produce a document fails to do so, the Bank or an investigator may require that person to state, to the best of that person's knowledge and belief, where the document is.
- (6) A lawyer may be required under this Part to furnish the name and address of the lawyer's client.
- (7) No person may be required under this Part to disclose information or produce a document in respect of which the person ("A") owes an obligation of confidence by virtue of carrying on the business of banking unless—
- (a) A is the person under investigation or a member of that person's group,
 - (b) the person to whom the obligation of confidence is owed is the person under investigation or a member of that person's group,
 - (c) the person to whom the obligation of confidence is owed consents to the disclosure or production, or
 - (d) the imposing on A of a requirement with respect to such information or document has been specifically authorised by the Bank.
- (8) If a person claims a lien on a document, its production under this Part does not affect the lien.
- (9) In this section—
- “controller” has the same meaning as in the Financial Services and Markets Act 2000 (see section 422),
 - “group” has the meaning given by section 3(2)(b),
 - “investigator” means a person appointed under section 83ZC or 83ZD,
 - “relevant person”, in relation to a person who is required to produce a document, means a person who—
- (a) has been or is or is proposed to be a director or controller of that person,
 - (b) has been or is an auditor of that person,
 - (c) has been or is an actuary, accountant or lawyer appointed or instructed by that person, or
 - (d) has been or is an employee of that person.

83ZK. Protected items **U.K.**

- (1) A person may not be required under this Part to produce, disclose or permit the inspection of protected items.
- (2) “Protected items” means—
- (a) communications between a professional legal adviser and that adviser's client or any person representing such a client which fall within subsection (3),

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- (b) communications between a professional legal adviser, that adviser's client or any person representing such a client and any other person which fall within subsection (3) (as a result of paragraph (b) of that subsection), and
 - (c) items which—
 - (i) are enclosed with, or referred to in, such communications,
 - (ii) fall within subsection (3), and
 - (iii) are in the possession of a person entitled to possession of them.
- (3) A communication or item falls within this subsection if it is made—
- (a) in connection with the giving of legal advice to the client, or
 - (b) in connection with, or in contemplation of, legal proceedings and for the purposes of those proceedings.
- (4) A communication or item is not a protected item if it is held with the intention of furthering a criminal purpose.

83ZL. Entry of premises under warrant **U.K.**

- (1) A justice of the peace may issue a warrant under this section if satisfied on information on oath given by or on behalf of the Secretary of State, the Bank of England or an investigator that there are reasonable grounds for believing that the first, second or third set of conditions is satisfied.
- (2) The first set of conditions is—
- (a) that a person on whom an information requirement has been imposed has failed (wholly or in part) to comply with it, and
 - (b) that on the premises specified in the warrant—
 - (i) there are documents which have been required, or
 - (ii) there is information which has been required.
- (3) The second set of conditions is—
- (a) that the premises specified in the warrant are premises of a bank or a member of the same group (within the meaning of section 3(2)(b)) as a bank,
 - (b) that there are on the premises documents or information in relation to which an information requirement could be imposed, and
 - (c) that if such a requirement were to be imposed—
 - (i) it would not be complied with, or
 - (ii) the documents or information to which it related would be removed, tampered with or destroyed.
- (4) The third set of conditions is—
- (a) that an offence mentioned in section 83ZN(4) or (5) has been (or is being) committed by any person,
 - (b) that there are on the premises specified in the warrant documents or information relevant to whether that offence has been (or is being) committed,
 - (c) that an information requirement could be imposed in relation to those documents or that information, and
 - (d) that if such a requirement were to be imposed—
 - (i) it would not be complied with, or
 - (ii) the documents or information to which it related would be removed, tampered with or destroyed.

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- (5) A warrant under this section authorises a constable—
- (a) to enter the premises specified in the warrant,
 - (b) to search the premises and take possession of any documents or information appearing to be documents or information of a kind in respect of which a warrant under this section was issued (“the relevant kind”) or to take, in relation to any such documents or information, any other steps which may appear to be necessary for preserving them or preventing interference with them,
 - (c) to take copies of, or extracts from, any documents or information appearing to be of the relevant kind,
 - (d) to require any person on the premises to provide an explanation of any document or information appearing to be of the relevant kind or to state where it may be found, and
 - (e) to use such force as may be reasonably necessary.
- (6) A warrant under this section may be executed by any constable.
- (7) The warrant may authorise persons to accompany any constable who is executing it.
- (8) The powers in subsection (5) may be exercised by a person authorised by the warrant to accompany a constable; but that person may exercise those powers only in the company of, and under the supervision of, a constable.
- (9) In England and Wales, sections 15(5) to (8) and 16(3) to (12) of the Police and Criminal Evidence Act 1984 (execution of search warrants and safeguards) apply to warrants issued under this section.
- (10) In Northern Ireland, Articles 17(5) to (8) and 18(3) to (12) of the Police and Criminal Evidence (Northern Ireland) Order 1989 apply to warrants issued under this section.
- (11) In the application of this section to Scotland—
- (a) for the reference to a justice of the peace substitute references to a justice of the peace or a sheriff; and
 - (b) for the references to information on oath substitute references to evidence on oath.
- (12) “Investigator” means an investigator appointed under section 83ZC or 83ZD.
- (13) “Information requirement” means a requirement imposed—
- (a) by the Bank of England under section 83ZA or 83ZJ, or
 - (b) by an investigator under section 83ZG, 83ZH or 83ZJ.

83ZM. Retention of documents obtained under section 83ZL U.K.

- (1) Any document of which possession is taken under section 83ZL (“a seized document”) may be retained so long as it is necessary to retain it (rather than copies of it) in the circumstances.
- (2) A person claiming to be the owner of a seized document may apply to a magistrates’ court or (in Scotland) the sheriff for an order for the delivery of the document to the person appearing to the court or sheriff to be the owner.

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- (3) If on an application under subsection (2) the court or (in Scotland) the sheriff cannot ascertain who is the owner of the seized document the court or sheriff (as the case may be) may make such order as the court or sheriff thinks fit.
- (4) An order under subsection (2) or (3) does not affect the right of any person to take legal proceedings against any person in possession of a seized document for the recovery of the document.
- (5) Any right to bring proceedings (as described in subsection (4)) may only be exercised within 6 months of the date of the order made under subsection (2) or (3).

83ZN. Offences etc **U.K.**

- (1) If a person other than the investigator (“the defaulter”) fails to comply with a requirement imposed on the defaulter under section 83ZG, 83ZH or 83ZJ, the person imposing the requirement may certify that fact in writing to the court.
- (2) If the court is satisfied that the defaulter has failed without reasonable excuse to comply with the requirement, it may deal with the defaulter (and, in the case of a body corporate, any director or other officer) as if that person were in contempt.
- (3) “Officer”, in relation to a limited liability partnership, means a member of the limited liability partnership.
- (4) A person who knows or suspects that an investigation is being or is likely to be conducted under section 83ZC, 83ZD or 83ZE is guilty of an offence if—
 - (a) that person falsifies, conceals, destroys or otherwise disposes of a document which that person knows or suspects is or would be relevant to such an investigation, or
 - (b) that person causes or permits the falsification, concealment, destruction or disposal of such a document,unless that person shows that that person had no intention of concealing facts disclosed by the document from the investigator.
- (5) A person who, in purported compliance with a requirement imposed on that person by any relevant requirement—
 - (a) provides information which that person knows to be false or misleading in a material particular, or
 - (b) recklessly provides information which is false or misleading in a material particular,is guilty of an offence.
- (6) Any person who intentionally obstructs the exercise of any rights conferred by a warrant under section 83ZL is guilty of an offence.
- (7) Subsection (8) applies if section 85(2) of the Legal Aid, Sentencing and Punishment of Offenders Act 2012 is in force on the relevant day.
- (8) A person guilty of an offence under subsection (4), (5) or (6) is liable, on summary conviction—
 - (a) in England and Wales, to imprisonment for a term not exceeding 3 months or a fine, or both;

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- (b) in Scotland or Northern Ireland, to imprisonment for a term not exceeding 3 months or a fine not exceeding level 5 on the standard scale, or both.
- (9) Subsection (10) applies if section 85(2) of the Legal Aid, Sentencing and Punishment of Offenders Act 2012 is not in force on the relevant day.
- (10) A person guilty of an offence under subsection (4), (5) or (6) is liable, on summary conviction to imprisonment for a term not exceeding 3 months or a fine not exceeding level 5 on the standard scale, or both.
- (11) In this section—
 - “court” means—
 - (a) the High Court;
 - (b) in Scotland, the Court of Session;
 - “relevant day” means the day on which the Bank Recovery and Resolution Order 2014 (which inserted this section into this Act) was made;
 - “relevant requirement” has the meaning given in section 83ZD.

83ZO. Prosecution of offences under section 83ZN U.K.

- (1) Proceedings for an offence under section 83ZN may be instituted—
 - (a) in England and Wales, only by the Bank of England or by or with the consent of the Director of Public Prosecutions, and
 - (b) in Northern Ireland, only by the Bank of England or by or with the consent of the Director of Public Prosecutions for Northern Ireland.
- (2) In exercising its power to institute proceedings for an offence under section 83ZN, the Bank must comply with any conditions or restrictions imposed in writing by the Treasury.
- (3) Conditions or restrictions may be imposed under subsection (2) in relation to proceedings generally, or such proceedings or categories of proceedings as the Treasury may direct.

83ZP. Offences under section 83ZN by bodies corporate etc U.K.

- (1) If an offence under section 83ZN committed by a body corporate is shown—
 - (a) to have been committed with the consent or connivance of an officer, or
 - (b) to be attributable to any neglect on the part of an officer,
 the officer as well as the body corporate is guilty of the offence and liable to be proceeded against and punished accordingly.
- (2) If the affairs of a body corporate are managed by its members, subsection (1) applies in relation to the acts and defaults of a member in connection with that member’s functions of management as if that member were a director of the body.
- (3) If an offence under section 83ZN committed by a partnership is shown—
 - (a) to have been committed with the consent or connivance of a partner, or
 - (b) to be attributable to any neglect on the part of a partner,
 the partner as well as the partnership is guilty of the offence and liable to be proceeded against and punished accordingly.
- (4) In subsection (3) “partner” includes a person purporting to act as partner.

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- (5) “Officer” in relation to a body corporate means—
- (a) a director, member of the committee of management, chief executive, manager, secretary or other similar officer of the body, or a person purporting to act in any such capacity, and
 - (b) an individual who is a controller of the body (and for these purposes, “controller” has the meaning given in section 422 of the Financial Services and Markets Act 2000).
- (6) If an offence under section 83ZN committed by an unincorporated association (other than a partnership) is shown—
- (a) to have been committed with the consent or connivance of an officer of the association or a member of its governing body, or
 - (b) to be attributable to any neglect on the part of such an officer or member, that officer or member as well as the association is guilty of the offence and liable to be proceeded against and punished accordingly.

Enforcement of relevant requirements

83ZQ. Injunctions: prevent failure to comply with relevant requirement **U.K.**

- (1) If, on the application of the Bank of England, the court is satisfied that there is a reasonable likelihood that any person will contravene a relevant requirement, the court may make an order restraining (or in Scotland an interdict prohibiting) the contravention.
- (2) The jurisdiction conferred by this section is exercisable—
- (a) in England and Wales and Northern Ireland, by the High Court, and
 - (b) in Scotland, by the Court of Session.
- (3) In this section “relevant requirement” has the meaning given in section 83ZD.

83ZR. Regulatory sanctions **U.K.**

- (1) If the Bank of England considers that a person has failed to comply with a relevant requirement imposed on the person, it may do one or more of the following—
- (a) publish a statement to that effect;
 - (b) impose on that person a penalty, in respect of the failure, of such amount as it considers appropriate;
 - (c) with a view to ensuring that the failure ceases or is not repeated or the consequences of the failure are mitigated, direct that person to refrain from any conduct;
 - (d) prohibit that person from holding an office or position involving responsibility for taking decisions about the management of—
 - (i) a named bank,
 - (ii) a bank of a specified description, or
 - (iii) any bank.
- (2) A prohibition under subsection (1)(d) may apply—
- (a) for a specified period,
 - (b) until further notice, or

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- (c) permanently.
- (3) If the Bank of England considers that a failure by a person to comply with a relevant requirement occurred with the consent or connivance of, or was attributable to any neglect on the part of, an officer of that person, it may do one or more of the following—
 - (a) publish a statement to that effect;
 - (b) impose on that officer a penalty, in respect of the failure, of such amount as it considers appropriate;
 - (c) with a view to ensuring that the failure ceases or is not repeated or the consequences of the failure are mitigated, direct that person to refrain from any conduct specified in the order.
- (4) A penalty under this section—
 - (a) must be paid to the Bank of England, and
 - (b) may be enforced by the Bank as a debt.
- (5) In this section “relevant requirement” has the meaning given in section 83ZD.

83ZS. Determination of sanctions U.K.

When determining the type of sanction, and level of any penalty, to be imposed on a person under section 83ZR, the Bank of England must take into account all relevant circumstances, including where appropriate—

- (a) the gravity and the duration of the failure,
- (b) the degree of responsibility of the person,
- (c) the financial strength of the person,
- (d) the amount of profits gained or losses avoided by the person,
- (e) the losses for third parties caused by the failure,
- (f) the level of co-operation of the person with the Bank,
- (g) previous failures by the person, and
- (h) any potential systemic consequences of the failure.

83ZT. Procedure: warning notice U.K.

- (1) If the Bank of England proposes to impose a sanction on a person under section 83ZR(1) or (3) it must give that person a warning notice.
- (2) Section 387 of the Financial Services and Markets Act 2000 applies in relation to a warning notice given under subsection (1) and to the Bank as it applies in relation to a warning notice given under that Act and to the regulator which gave that notice, subject to subsections (3) and (4).
- (3) In complying with section 387(1)(a) of that Act, a warning notice must in particular—
 - (a) if it is about a proposal to publish a statement, set out the terms of the statement,
 - (b) if it is about a proposal to impose a penalty, specify the amount of the penalty,
 - (c) if it is about a proposal to direct a person to refrain from certain conduct, specify the conduct, and
 - (d) if it is about a proposal to impose a prohibition on holding an office or other position, specify the extent of the prohibition.

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (4) For the purposes of subsection (2), section 387 of that Act has effect as if subsections (1A) and (3A) were omitted.

83ZU. Procedure: decision notice U.K.

- (1) If the Bank of England decides to impose a sanction on a person under section 83ZR(1) or (3) it must without delay give that person a decision notice.
- (2) If the decision is to publish a statement, the decision notice must set out the terms of the statement.
- (3) If the decision is to impose a penalty, the decision notice must specify the amount of the penalty.
- (4) If the decision is to refrain from certain conduct, the decision notice must specify the conduct.
- (5) If the decision is to impose a prohibition on holding an office or other position, the decision notice must specify the extent of the prohibition.
- (6) Section 388 of the Financial Services and Markets Act 2000 applies in relation to a decision notice given under subsection (1) and the Bank as it applies in relation to a decision notice given under that Act and the regulator which gave that notice, subject to subsection (7).
- (7) Section 388 of that Act has effect for the purposes of subsection (6) as if—
 - (a) in subsection (1)(e)(i) for “this Act” there were substituted “section 83ZW of the Banking Act 2009”, and
 - (b) subsections (1A) and (2) were omitted.

83ZV. Procedure: general U.K.

- (1) Sections 389, 390 and 392 to 394 of the Financial Services and Markets Act 2000 apply in relation to a warning notice given under section 83ZT, a decision notice given under section 83ZU and the Bank as they apply in relation to a warning notice or decision notice given under that Act and the regulator which gave that notice, subject to subsections (2) to (4).
- (2) Section 389 of that Act has effect as if subsection (2) were omitted,
- (3) Section 390 of that Act has effect as if—
 - (a) in subsection (2A), in paragraph (a), for “133(6)(b)” there were substituted “133(5)(b)”,
 - (b) in that paragraph, for “133(6)” there were substituted “133(5)”,
 - (c) for subsection (4) there were substituted—
 - “(4) A final notice about a direction under section 83ZR(1)(c) or (3)(c) of the Banking Act 2009 or a prohibition under section 83ZR(1)(d) of that Act must—
 - (a) specify the conduct to which the direction relates or the extent of the prohibition, and
 - (b) give details of the date on which the direction or prohibition has effect.”.

Status: Point in time view as at 01/01/2015.

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- (4) Section 392 has effect as if for paragraphs (a) and (b) there were substituted—
- “(a) warning notice given under section 83ZT(1) of the Banking Act 2009;
 - (b) a decision notice given under section 83ZU(1) of the Banking Act 2009.”.

83ZW. Appeal U.K.

- (1) If the Bank of England decides to impose a sanction on a person under section 83ZR, the person may appeal to the Upper Tribunal.
- (3) The Bank of England may not impose a sanction while an appeal under this section could be brought or is pending.

83ZX. Injunctions: failure to comply with certain section 83ZR sanctions U.K.

- (1) If, on the application of the Bank of England, the court is satisfied—
 - (a) that there is a reasonable likelihood that there will be a compliance failure, or
 - (b) that there has been a compliance failure and there is a reasonable likelihood that it will continue or be repeated,
 the court may make an order restraining the conduct constituting the failure.
- (2) If, on the application of the Bank, the court is satisfied—
 - (a) that there has been a compliance failure, and
 - (b) that there are steps which could be taken for remedying the failure,
 the court may make an order requiring anyone who appears to have been knowingly concerned in the failure to take such steps as the court may direct to remedy it.
- (3) If, on the application of the Bank of England, the court is satisfied—
 - (a) that there may have been a compliance failure by any person, or
 - (b) that a person may have been knowingly concerned in a compliance failure,
 the court may make an order restraining that person from dealing with any assets which it is satisfied the person is reasonably likely to deal with.
- (4) “Compliance failure” means—
 - (a) a failure to comply with a direction under section 83ZR(1)(c) or (3)(c), or
 - (b) a breach of a prohibition imposed under section 83ZR(1)(d).
- (5) The jurisdiction conferred by this section is exercisable—
 - (a) in England and Wales and Northern Ireland, by the High Court, and
 - (b) in Scotland, by the Court of Session.
- (6) In this section—
 - (a) references to an order restraining anything are, in Scotland, to be read as references to an interdict prohibiting that thing,
 - (b) references to remedying a failure include mitigating its effect, and
 - (c) references to dealing with assets include disposing of them.

83ZY. Publication U.K.

- (1) In the case of a warning notice under section 83ZT(1)—

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- (a) neither the Bank of England nor a person to whom it is given or copied may publish the notice,
 - (b) a person to whom the notice is given or copied may not publish any details concerning the notice unless the Bank has published those details, and
 - (c) after consulting the persons to whom the notice is given or copied, the Bank may publish such information about the matter to which the notice relates as it considers appropriate.
- (2) A person to whom a decision notice under section 83ZU(1) is given or copied may not publish the notice or any details concerning it unless the Bank has published the notice or those details.
- (3) A notice of discontinuance must state that, if the person to whom the notice is given consents, the Bank may publish such information as it considers appropriate about the matter to which the discontinued proceedings related.
- (4) A copy of a notice of discontinuance must be accompanied by a statement that, if the person to whom the notice is copied consents, the Bank may publish such information as it considers appropriate about the matter to which the discontinued proceedings related, so far as relevant to that person.
- (5) Subject to subsection (8), where the Bank gives a decision notice it may publish such information about the matter to which the notice relates as it considers appropriate.
- (6) Where the Bank publishes information under subsection (5) and the person to whom the decision notice is given refers the matter to the Upper Tribunal, the Bank must, without undue delay, publish on its official website information about the status of the appeal and its outcome.
- (7) Subject to subsection (8), where the Bank gives a final notice—
 - (a) it must, without undue delay, publish details of any sanction to which the notice relates on its internet website, and
 - (b) it may publish such other information about the matter to which the notice relates as it considers appropriate.
- (8) Information about a matter to which a decision notice or a final notice relates must be published anonymously where—
 - (a) the sanction is imposed (or proposed to be imposed) on an individual and following an obligatory prior assessment publication of personal data is found to be disproportionate, or
 - (b) were it not published anonymously, publication would—
 - (i) jeopardise the stability of financial markets or an ongoing criminal investigation, or
 - (ii) cause, insofar as it can be determined, disproportionate damage to the persons involved.
- (9) Where subsection (8) applies, the person publishing the information may make such arrangements as to the publication of information (including as to the timing of publication) as are necessary to preserve the anonymity of the person on whom the sanction is imposed.
- (10) Where the Bank publishes information in accordance with subsections (6) to (9), it must—

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- (a) ensure the information remains on its official website for at least five years, unless the information is personal data and the Data Protection Act 1998 requires the information to be retained for a different period, and
 - (b) disclose to the European Banking Authority any penalty imposed, any appeal against such a penalty and the outcome of the appeal, unless such a disclosure is not permitted by section 348 of the Financial Services and Markets Act 2000.
- (11) In this section “notice of discontinuance” and “final notice” have the same meaning as in sections 389 and 390 of the Financial Services and Markets Act 2000 (which are applied (with modifications) by section 83ZV).

83ZZ. Co-operation U.K.

In connection with the exercise of its powers to impose sanctions under section 83ZR, the Bank of England must take such steps as it considers appropriate to co-operate with—

- (a) the FCA,
- (b) the PRA, and
- (c) any person who exercises functions outside the United Kingdom equivalent to those exercisable by the Bank under this Part or any other enactment giving effect to the recovery and resolution directive.

83Z1. Delegation of enforcement functions U.K.

- (1) The Bank of England may, by agreement made with the appropriate regulator, delegate to that regulator its enforcement functions, subject to such restrictions and conditions, and for such period, as may be specified in the agreement.
- (2) For the purposes of this section—
- (a) “enforcement functions” of the Bank of England are its functions under, or by virtue of—
 - (i) section 83ZD;
 - (ii) section 83ZF;
 - (iii) section 83ZJ;
 - (iv) section 83ZL;
 - (v) section 83ZO;
 - (vi) sections 83ZQ to 83ZZ;
 - (b) “the appropriate regulator” means—
 - (i) the FCA or the PRA, where the requirement concerned was imposed on a UK authorised person which is not a PRA-authorised person, and
 - (ii) in any other case, the PRA.
- (3) The Bank of England must make provision for the reimbursement of any expenses incurred by the appropriate regulator in the performance, in accordance with the terms of any agreement, of any functions delegated under this section.

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Enforcement of share transfer orders

83Z2. Enforcement: share transfer orders **U.K.**

- (1) The Treasury may by regulations make provision for the enforcement of obligations imposed by or under a share transfer order.
- (2) Regulations—
 - (a) may confer jurisdiction on a court or tribunal,
 - (b) may not impose a penalty or create a criminal offence,
 - (c) may make provision which has effect in respect of an order only if applied by the order.
- (3) Regulations are to be made by statutory instrument and are subject to annulment in pursuance of a resolution of either House of Parliament.]

[^{F348}CHAPTER 5 **U.K.**

SPECIAL CASES]

Textual Amendments

F348 Pt. 1 Ch. 5 formed from ss. 83A-89G (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **98**

[^{F349}*Banks not regulated by PRA*

Textual Amendments

F349 S. 83A and cross-heading inserted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), s. 122(3), **Sch. 17 para. 28** (with [Sch. 20](#)); [S.I. 2013/423](#), art. 3, [Sch.](#)

83A Modifications of Part **U.K.**

- (1) In the application of this Part to an FCA-regulated bank the modifications specified in the Table apply.
- (2) In this section—
 - “ FCA-regulated bank ” means a bank which does not carry on any activity which is a PRA-regulated activity for the purposes of the Financial Services and Markets Act 2000;
 - “ immediate group ” has the meaning given by section 421ZA of the Financial Services and Markets Act 2000;
 - “ PRA-authorized person ” has the meaning given by section 2B(5) of that Act.

TABLE OF MODIFICATIONS

<i>Provision</i>	<i>Modification</i>
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Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- [^{F350}Section 6A Treat the reference to the PRA in subsections (3)(a) and (7) as references to the FCA.
- Section 6C Subsection (6)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorized person.]
- Section 7 (a) Treat the references to the PRA in subsections [^{F351}(1), (5A), (5C), (5D) and (5F)] as references to the FCA.
 (b) ^{F352}
 (c) If the bank has as a member of its immediate group a PRA-authorized person the FCA must consult the PRA before determining whether or not Condition 2 is met.
 [^{F353}(d) Subsections (5G)(a) and (5H)(a) do not apply unless the bank has as a member of its immediate group a PRA-authorized person.]
- [^{F354}Section 7A In subsection (1), the reference to the PRA does not apply unless the bank has as a member of its immediate group a PRA-authorized person]
- ^{F355} ^{F355}

^{F355} ^{F355}

- [^{F356}Section 8ZA (a) Subsection (4)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorized person.
 (b) Treat the definition of “normal insolvency proceedings” in subsection (5) as including investment bank special administration, established by the Investment Bank Special Administration Regulations 2011]
- Section 9 Subsection (4)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorized person.
- [^{F357}Section 12AA Treat the definition of “normal insolvency proceedings” in subsection (2) as including investment bank special administration, established by the Investment Bank Special Administration Regulations 2011]
- Section 24 Ignore subsection (1)(c).
- Section 25 Ignore subsection (2)(c).
- Section 26 Subsection (5)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorized person.
- Section 26A Subsection (6)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorized person.
- Section 27 Subsection (5)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorized person.
- Section 28 Subsection (6)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorized person.
- Section 29 Subsection (6)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorized person.

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Section 30	Subsection (5)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorised person.
Section 31	Subsection (5)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorised person.
Section 41	Ignore subsection (1)(c).
[^{F358} Section 41A	Subsection (4)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorised person.]
Section 42	Subsection (5)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorised person.
Section 42A	Subsection (6)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorised person.
Section 43	Subsection (7)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorised person.
Section 44	Subsection (6)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorised person.
[^{F358} Section 44A	Subsection (6)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorised person.]
Section 45	Subsection (8)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorised person.
Section 46	Subsection (7)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorised person.
[^{F358} Section 48H	Subsection (5)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorised person.
Section 48U	Subsection (4)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorised person.
Section 48V	Subsection (6)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorised person.
Section 48W	Subsection (9)(a) does not apply unless the bank has as a member of its immediate group a PRA-authorised person.]
[^{F357} Section 63	Treat the reference to insolvency in subsection (1A), as including investment bank special administration, established by the Investment Bank Special Administration Regulations 2011
Section 66	Treat the reference to insolvency in subsection (1ZA), as including investment bank special administration, established by the Investment Bank Special Administration Regulations 2011
Section 81AA	Treat the references to the PRA in subsections (3)(b) and (5)(a) as references to the FCA.]
Section 81B	[^{F359} (a) Treat the references to the PRA in subsections (2) and (2A) as references to the FCA. (b) Ignore subsection (6)(b) unless the bank has as a member of its immediate group a PRA-authorised person.]
[^{F360} Section 81ZBA	(a) Treat the references to the PRA in subsections (2)(a) and (2A) as references to the FCA.

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	(b) Ignore subsection (8)(a) unless the bank has as a member of its immediate group a PRA-authorized person.
	(c) Treat the definition of “normal insolvency proceedings” in subsection (9) as including investment bank special administration, established by the Investment Bank Special Administration Regulations 2011]
[^{F358} Section 81BA	[^{F361} (a) Treat the references to the PRA in subsections (2)(a) and (2A) as references to the FCA. (b)] Subsection (5)(b) does not apply unless the bank has as a member of its immediate group a PRA-authorized person.]
Section 82	(a) Treat the reference to the PRA in subsection (2) as a reference to the FCA. (b) Ignore subsection (5)(a).
[^{F362} Section 89H	Treat the definition of “normal insolvency proceedings” in subsection (7) as including investment bank special administration, established by the Investment Bank Special Administration Regulations 2011]]

Textual Amendments

- F350** Words in s. 83A(2) table inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **99(2)**
- F351** Words in s. 83A(2) table substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **99(3)(a)**
- F352** Words in s. 83A(2) table omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **99(3)(b)**
- F353** Words in s. 83A(2) table inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **99(3)(c)**
- F354** Words in s. 83A(2) table inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **99(4)**
- F355** Words in s. 83A(2) table omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **99(5)**
- F356** Words in s. 83A(2) table inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **99(6)**
- F357** Words in s. 83A(2) table inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **99(7)**
- F358** Words in s. 83A(2) inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 2 para. 8**; S.I. 2014/3160, art. 2(1)(b)
- F359** Words in s. 83A(2) table substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **99(8)**
- F360** Words in s. 83A(2) table inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **99(9)**
- F361** Words in s. 83A(2) table inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **99(10)**
- F362** Words in s. 83A(2) table inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **99(11)**

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Building societies, &c.

84 Application of Part 1: general U.K.

This Part shall apply to building societies (within the meaning of section 119 of the Building Societies Act 1986) as it applies to banks, subject to the provisions of the Table.

<i>Section</i>	<i>Topic</i>	<i>Modification or note</i>
F363	F363	F363
...
13	Temporary public ownership	The procedure provided by section 85 has effect in place of share transfer orders.
14 to 32	Transfer of securities	The procedure provided by section 85 has effect in place of share transfer orders; and— (a) sections 28 and 30 do not apply, and (b) section 27 applies following an order under section 85 as following a share transfer order.
33	Property transfer instrument: nature	A property transfer instrument in respect of a building society may— (a) cancel shares in the building society; (b) confer rights and impose liabilities in place of cancelled shares (whether by way of actual or deemed shares in a transferee building society or by way of other rights and liabilities in relation to a transferee bank).
33 and 36	Property transfer instrument: continuity	A property transfer instrument in respect of a bank which provides for transfer to a building society may confer rights and impose liabilities by way of actual or deemed

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		shares in the building society.
34	Property transfer instrument: effect	A property transfer instrument may, in particular, have effect without causing sections 93 to 102D of the Building Societies Act 1986 (mergers and transfers) to apply.
42	Supplemental property transfer instrument	A supplemental property transfer instrument in respect of a building society may— <ul style="list-style-type: none"> (a) cancel shares in the building society; (b) confer rights and impose liabilities in place of cancelled shares (whether by way of actual or deemed shares in a transferee building society or by way of other rights and liabilities in relation to a transferee bank).
45	Temporary public ownership: property transfer	<ul style="list-style-type: none"> (a) Section 45 applies following an order under section 85 as following a share transfer order. (b) A property transfer order in respect of a building society may cancel shares in the building society.
49 to 62	Compensation	<ul style="list-style-type: none"> (a) A reference to a share transfer order includes a reference to an order under section 85. (b) A resolution fund order may not be made under section 51(2)(b).

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- (c) If and in so far as an order under section 85 provides for the issue of new deferred shares, section 51(2) shall not apply [^{F364}but the Treasury may make a third party compensation order].

63 to 75

Incidental functions

A reference to a share transfer order includes a reference to an order under section 85.

Textual Amendments

F363 Words in s. 84 omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **100(1)**

F364 Words in s. 84 inserted (8.4.2010) by [Financial Services Act 2010 \(c. 28\)](#), ss. **21(5)**, 26(1)(f)

Commencement Information

I120 S. 84 in force at 21.2.2009 by [S.I. 2009/296](#), art. 3, **Sch. para. 1**

85 Temporary public ownership **U.K.**

- (1) For the purpose of exercising the [^{F365}fifth] stabilisation option in respect of a building society the Treasury may make one or more orders for the purposes of—
- (a) arranging for deferred shares of a building society to be publicly owned,
 - (b) cancelling private membership rights in the building society,
 - (c) allowing the building society to continue in business while in public ownership, and
 - (d) eventually either winding up or dissolving the building society.
- (2) For the purpose specified in subsection (1)(a) an order may—
- (a) arrange for the transfer of existing deferred shares;
 - (b) provide for new deferred shares.
- (3) For the purpose of arranging for the transfer of existing deferred shares an order may—
- (a) provide for deferred shares to be transferred;
 - (b) make other provision for the purposes of, or in connection with, the transfer of deferred shares (whether or not the transfer has been or is to be effected by the order, by another order under this section or otherwise);
 - (c) relate to all or any specified class or description of deferred shares issued by the building society.
- (4) For the purpose of providing for new deferred shares an order may—

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- (a) issue or allow the Treasury to issue new deferred shares on behalf of the building society;
 - (b) specify or allow the Treasury to specify the terms and effect of new deferred shares;
 - (c) specify or allow the Treasury to specify the recipient of new deferred shares.
- (5) For the purpose specified in subsection (1)(b) an order may—
- (a) cancel or permit the cancellation of shares (whether or not deferred) in the building society;
 - (b) confer rights and impose liabilities, or allow them to be conferred and imposed, in place of cancelled shares;
 - (c) prevent the issue or acquisition of shares in or other rights in respect of the building society otherwise than in accordance with the order.
- (6) For the purpose specified in subsection (1)(c) an order may make any provision which the Treasury think desirable to facilitate the business of the building society after the making of provision in accordance with subsections (3) to (5).
- (7) An order in respect of a building society may—
- (a) make provision expressly or impliedly disapplying or modifying the memorandum or rules of the building society;
 - (b) disapply or modify an enactment about, or in its application to, building societies.
- (8) The following sections apply to orders under this section as to share transfer orders: sections 17, 18, 20, 21, ^{F366}... , 23, 25^{F367}, 48Z], 71, [^{F368}73 and 83Z2].

Textual Amendments

F365 Word in s. 85(1) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **100(3)**

F366 Word in s. 85(8) omitted (1.1.2015) by virtue of [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **100(4)(a)**

F367 Word in s. 85(8) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **100(4)(b)**

F368 Words in s. 85(8) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **100(4)(c)**

Commencement Information

I121 S. 85 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1

I122 S. 85 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

86 Distribution of assets on dissolution or winding up **U.K.**

- (1) The Treasury may by order make provision about the distribution of surplus assets of a building society which—
- (a) is the subject of a property transfer instrument or order, and
 - (b) is later wound up or dissolved by consent.
- (2) An order under section 85 may include provision about the distribution of surplus assets of the building society if it is later wound up or dissolved by consent.

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (3) “Surplus” means remaining after the satisfaction of liabilities to creditors and shareholders.
- (4) An order under or by virtue of this section—
 - (a) may include any provision of a kind that may be made by order under section 90B of the Building Societies Act 1986 (power to alter priorities on dissolution or winding up),
 - (b) may be made whether or not the power under that section has been exercised, and
 - (c) shall be treated for all procedural purposes in the same way as an order under that section.

Commencement Information

I123 S. 86 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1

I124 S. 86 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

87 Interpretation **U.K.**

- (1) Expressions used in this group of sections and in the Building Societies Act 1986 have the same meaning in this group of sections as in that Act.
- (2) An order under section 119(1) of that Act defining “deferred shares”—
 - (a) may make special provision for the meaning of that expression in the application of this group of sections, and
 - (b) shall otherwise apply to this group of sections as to that Act.

Commencement Information

I125 S. 87 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1

I126 S. 87 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

88 Consequential provision **U.K.**

- (1) The Treasury may by order make provision, in addition to the provisions of this group of sections, in consequence of the application of this Part to building societies.
- (2) An order may, in particular, amend or modify the effect of an enactment (including a fiscal enactment) passed before the commencement of this Part.
- (3) An order—
 - (a) shall be made by statutory instrument, and
 - (b) may not be made unless a draft has been laid before and approved by resolution of each House of Parliament.

Commencement Information

I127 S. 88 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1

I128 S. 88 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

89 Credit unions **U.K.**

- (1) The Treasury may by order provide for the application of this Part to credit unions (within the meaning of section 31 of the Credit Unions Act 1979) subject to modifications set out in the order.
- (2) An order may disapply, modify or apply (with or without modifications) any enactment which relates, or in so far as it relates, to credit unions.
- (3) An order—
 - (a) shall be made by statutory instrument, and
 - (b) may not be made unless a draft has been laid before and approved by resolution of each House of Parliament.
- (4) Provision made under or by virtue of this Part may make special provision in relation to the application of this Part to credit unions.
- (5) In the application of this section to Northern Ireland the reference to section 31 of the Credit Unions Act 1979 is to be treated as a reference to Article 2 of the Credit Unions (Northern Ireland) Order 1985.

Commencement Information

I129 S. 89 in force at 17.2.2009 for specified purposes by [S.I. 2009/296](#), arts. 2, 3, Sch. para. 1

I130 S. 89 in force at 21.2.2009 in so far as not already in force by [S.I. 2009/296](#), arts. 2, 3, [Sch. para. 1](#)

^{F369}Investment firms

Textual Amendments

F369 S. 89A and cross-heading inserted (5.6.2014 for specified purposes, 1.8.2014 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\)](#), [ss. 101\(5\), 122\(3\)](#) (with [Sch. 20](#)); [S.I. 2014/1447](#), [art. 2\(e\)](#); [S.I. 2014/1847](#), [art. 2](#)

89A Application to investment firms **U.K.**

- (1) This Part applies to investment firms as it applies to banks, subject to the modifications in ^{F370}the following Table—

<i>Provision</i>	<i>Modification</i>
Section 1	Ignore subsection (2)(b).
Section 4	Ignore subsections (2)(b), (6) and (7)(b).
Section 5	Ignore subsection (1)(b).
Section 7	Ignore subsection (7).
Section 8	Ignore subsection (2)(c).
Section 8ZA	In subsection (5), ignore the reference to the bank insolvency procedure.

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

<i>Provision</i>	<i>Modification</i>
Section 12AA	In subsection (2), in the definition of “normal insolvency proceedings” ignore the reference to the bank insolvency procedure.
Section 14	Ignore subsection (5).
Section 60	In subsection (3)(c), ignore the reference to bank insolvency.
Section 60B	In subsection (4), ignore the reference to bank insolvency.
Section 63	In subsection (1A), ignore the reference to bank insolvency.
Section 66	In subsection (1ZA), ignore the reference to bank insolvency.]

[^{F371}(2) In the case of investment firms which are FCA-regulated investment firms, in subsection (1) the reference to this Part is a reference to this Part as it applies to FCA-regulated banks by virtue of section 83A.

(3) In this section—

“FCA-regulated bank” has the meaning given by section 83A(2);

“FCA-regulated investment firm” means an investment firm which does not carry on any activity which is a PRA-regulated activity for the purposes of the Financial Services and Markets Act 2000.]]

Textual Amendments

F370 Words in s. 89A(1) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **101(2)**

F371 S. 89A(2)(3) substituted for s. 89A(2) (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **101(3)**

[^{F372}[^{F373}*Recognised central counterparties*]

Textual Amendments

F372 Ss. 89B-89G and cross-heading inserted (5.6.2014 for specified purposes, 1.8.2014 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\)](#), ss. **102(6)**, 122(3) (with Sch. 20); S.I. 2014/1447, art. 2(h); S.I. 2014/1847, art. 2

F373 Words in Act substituted (1.4.2013) by [The Financial Services and Markets Act 2000 \(Over the Counter Derivatives, Central Counterparties and Trade Repositories\) Regulations 2013 \(S.I. 2013/504\)](#), regs. 1(2), **25(2)** (with regs. 52-58)

89B Application to [^{F373}recognised central counterparties] **U.K.**

(1) [^{F374}Subject to subsection (1ZA), this Part] applies to [^{F373}recognised central counterparties] as it applies to banks, subject to—

[subsection (1A),]

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

^{F375}(za)

- (a) the modifications specified in subsections (2) to (5), and in the Table in subsection (6), and
- (b) any other necessary modifications.

[For the purposes of this section and sections 89C to 89G, this Act has effect ^{F376}(1ZA) disregarding any amendments made by the Bank Recovery and Resolution Order 2014.]

[The provisions relating to the third stabilisation option (bail-in) are to be disregarded ^{F377}(1A) in the application of this Part to recognised central counterparties.]

(2) For section 13 substitute—

“Transfer of ownership

- (1) The [^{F378}fourth] stabilisation option is to transfer ownership of the [^{F373}recognised central counterparty] to any person.
- (2) For that purpose the Bank of England may make one or more share transfer instruments.”

(3) For sections 28 and 29 substitute—

“Onward transfer

- (1) This section applies where the Bank of England has made a share transfer instrument, in respect of securities issued by a [^{F373}recognised central counterparty], in accordance with section 13(2) (“the original instrument”).
- (2) The Bank of England may make one or more onward share transfer instruments.
- (3) An onward share transfer instrument is a share transfer instrument which—
 - (a) provides for the transfer of—
 - (i) securities which were issued by the [^{F373}recognised central counterparty] before the original instrument and have been transferred by the original instrument or a supplemental share transfer instrument, or
 - (ii) securities which were issued by the [^{F373}recognised central counterparty] after the original instrument;
 - (b) makes other provision for the purposes of, or in connection with, the transfer of securities issued by the [^{F373}recognised central counterparty] (whether the transfer has been or is to be effected by that instrument, by another share transfer instrument or otherwise).
- (4) An onward share transfer instrument may not transfer securities to the transferor under the original instrument.
- (5) The Bank of England may not make an onward share transfer instrument unless the transferee under the original instrument is—
 - (a) the Bank of England,
 - (b) a nominee of the Treasury, or
 - (c) a company wholly owned by the Bank of England or the Treasury.

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (6) Sections 7 and 8 do not apply to an onward share transfer instrument (but it is to be treated in the same way as any other share transfer instrument for all other purposes, including for the purposes of the application of a power under this Part).
- (7) Before making an onward share transfer instrument the Bank of England must consult—
 - (a) if the [^{F373}recognised central counterparty] is a PRA-authorised person, the PRA, and
 - (b) the FCA.
- (8) Section 26 applies where the Bank of England has made an onward share transfer instrument.

Reverse share transfer

- (1) This section applies where the Bank of England has made a share transfer instrument in accordance with section 13(2) (“the original instrument”) providing for the transfer of securities issued by a [^{F373}recognised central counterparty] to a person (“the original transferee”).
- (2) The Bank of England may make one or more reverse share transfer instruments in respect of securities issued by the [^{F373}recognised central counterparty] and held by the original transferee (whether or not they were transferred by the original instrument).
- (3) If the Bank of England makes an onward share transfer instrument in respect of securities transferred by the original instrument, the Bank may make one or more reverse share transfer instruments in respect of securities issued by the [^{F373}recognised central counterparty] and held by a transferee under the onward share transfer instrument (“the onward transferee”).
- (4) A reverse share transfer instrument is a share transfer instrument which—
 - (a) provides for transfer to the transferor under the original instrument (where subsection (2) applies);
 - (b) provides for transfer to the original transferee (where subsection (3) applies);
 - (c) makes other provision for the purposes of, or in connection with, the transfer of securities which are, could be or could have been transferred under paragraph (a) or (b).
- (5) The Bank of England may not make a reverse share transfer instrument under subsection (2) unless—
 - (a) the original transferee is—
 - (i) the Bank of England,
 - (ii) a company wholly owned by the Bank of England or the Treasury, or
 - (iii) a nominee of the Treasury, or
 - (b) the reverse share transfer instrument is made with the written consent of the original transferee.
- (6) The Bank of England may not make a reverse share transfer instrument under subsection (3) unless—

Status: Point in time view as at 01/01/2015.

Changes to legislation: Banking Act 2009, Part 1 is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (a) the onward transferee is—
 - (i) the Bank of England,
 - (ii) a company wholly owned by the Bank of England or the Treasury, or
 - (iii) a nominee of the Treasury, or
 - (b) the reverse share transfer instrument is made with the written consent of the onward transferee.
- (7) Sections 7 and 8 do not apply to a reverse share transfer instrument (but it is to be treated in the same way as any other share transfer instrument for all other purposes including for the purposes of the application of a power under this Part).
- (8) Before making a reverse share transfer instrument the Bank of England must consult—
- (a) if the [^{F373}recognised central counterparty] is a PRA-authorised person, the PRA, and
 - (b) the FCA.
- (9) Section 26 applies where the Bank of England has made a reverse share transfer instrument.”
- (4) For sections 45 and 46 substitute—

“Transfer of ownership: property transfer

- (1) This section applies where the Bank of England has made a share transfer instrument, in respect of securities issued by a [^{F373}recognised central counterparty], in accordance with section 13(2) (“the original instrument”).
- (2) The Bank of England may make one or more property transfer instruments.
- (3) A property transfer instrument is an instrument which—
 - (a) provides for property, rights or liabilities of the [^{F373}recognised central counterparty] to be transferred (whether accruing or arising before or after the original instrument);
 - (b) makes other provision for the purposes of, or in connection with, the transfer of property, rights or liabilities of the [^{F373}recognised central counterparty] (whether the transfer has been or is to be effected by the instrument or otherwise).
- (4) The Bank of England may not make a property transfer instrument in accordance with this section unless the original instrument transferred securities to—
 - (a) the Bank of England,
 - (b) a company wholly owned by the Bank of England or the Treasury, or
 - (c) a nominee of the Treasury.
- (5) Sections 7 and 8 do not apply to a property transfer instrument made in accordance with this section.
- (6) Section 42 applies where the Bank of England has made a property transfer instrument in accordance with this section.

Status: Point in time view as at 01/01/2015.

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- (7) Before making a property transfer instrument in accordance with this section, the Bank of England must consult—
- (a) if the [^{F373}recognised central counterparty] is a PRA-authorized person, the PRA, and
 - (b) the FCA.

Transfer of ownership: reverse property transfer

- (1) This section applies where the Bank of England has made a property transfer instrument in accordance with section 45(2) (“the original instrument”).
 - (2) The Bank of England may make one or more reverse property transfer instruments in respect of property, rights or liabilities of the transferee under the original instrument.
 - (3) A reverse property transfer instrument is a property transfer instrument which—
 - (a) provides for transfer to the transferor under the original instrument;
 - (b) makes other provision for the purposes of, or in connection with, the transfer of property, rights or liabilities which are, could be or could have been transferred.
 - (4) The Bank of England must not make a reverse property transfer instrument unless—
 - (a) the transferee under the original instrument is—
 - (i) the Bank of England,
 - (ii) a company wholly owned by the Bank of England or the Treasury, or
 - (iii) a nominee of the Treasury, or
 - (b) the reverse property transfer instrument is made with the written consent of the transferee under the original instrument.
 - (5) Sections 7 and 8 do not apply to a reverse property transfer instrument made in accordance with this section.
 - (6) Before making a reverse property transfer instrument in accordance with this section, the Bank of England must consult—
 - (a) if the [^{F373}recognised central counterparty] is a PRA-authorized person, the PRA, and
 - (b) the FCA.
 - (7) Section 42 applies where the Bank of England has made a reverse property transfer instrument in accordance with this section.”
- (5) For section 81 substitute—

“Transfer of ownership: report

- (1) This section applies where the Bank of England makes one or more share transfer instruments in respect of a [^{F373}recognised central counterparty] under section 13(2).

Status: Point in time view as at 01/01/2015.

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- (2) The Bank must report to the Chancellor of the Exchequer about the exercise of the power to make share transfer instruments under that section.
- (3) The report must comply with any requirements as to content specified by the Treasury.
- (4) The report must be made as soon as is reasonably practicable after the end of one year beginning with the date of the first transfer instrument made under section 13(2).”
- (6) The table mentioned in subsection (1)(a) is as follows—

TABLE OF MODIFICATIONS

<i>Provision</i>	<i>Modification</i>
Section 1	Ignore subsection (2)(b) and (c). In subsection (3)(c), for “to temporary public ownership” substitute “ of ownership ”. In subsection (4)(a), for “15, 16, 26 to 31 and 85” substitute “ 15, 26 and 28 to 31 ”.
Section 4	Ignore subsection (2)(b) and (c). Ignore subsection (3)(a), (b) and (ba). In subsection (5), for “banking” substitute “ financial ”. In subsection (6), for “protect depositors” substitute “ maintain the continuity of central counterparty clearing services ”. Ignore subsections (8A), (8B) and (9).
Section 5	Ignore subsection (1)(b) and (c). In subsection (3)— (a) for “Sections 12 and 13 require” substitute “ Section 12 requires ”, and (b) ignore the words “and temporary public ownership”.
Section 6	In subsection (4)— (a) after “Before” insert “ issuing or ”, and (b) ignore paragraph (d). In subsection (5) after “after” insert “ issuing or ”.
Section 7	In subsection (1), for “PRA” substitute “ Bank of England ”. In subsection (2), for the words following “satisfy the” substitute “ recognition requirements ”. The Bank of England may treat Condition 1 as met if satisfied that it would be met but for the withdrawal or possible withdrawal of critical clearing services by the [^{F373} recognised central counterparty]. In subsection (3), for “satisfy the threshold conditions” substitute “ maintain the continuity of any critical clearing

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services it provides while also satisfying the recognition requirements ”.

In subsection (4), for “PRA” substitute “ Bank of England ”.

Ignore subsection (4A).

In subsection (5)—

- (a) for “PRA” substitute “ Bank of England ”, and
- (b) ignore paragraph (a) unless the [^{F373}recognised central counterparty] is a PRA-authorized person, in which case for “Bank of England” substitute “ PRA ”.

Ignore subsections (7) and (8).

For the purposes of section 7—

- (a) “critical clearing services” means central counterparty clearing services the withdrawal of which may, in the Bank of England's opinion, threaten the stability of the financial systems of the United Kingdom, and
- (b) “recognition requirements” means the requirements resulting from section 286 of the Financial Services and Markets Act 2000.

Section 8 In subsection (1), omit “in accordance with section 11(2) or 12(2)”.

Ignore subsection (2)(c) and (d).

In subsection (3), ignore paragraph (a) unless the [^{F373}recognised central counterparty] is a PRA-authorized person.

In subsection (4), ignore the words “in accordance with section 11(2) or 12(2)”.

Section 9 Ignore section 9.

Section 11 Ignore subsection (2)(a).

Section 13 See above.

Section 14 Ignore subsection (5).

Section 16 Ignore section 16.

Section 20 Ignore subsections (2) and (4).

Section 24 In subsection (1), ignore paragraph (c) unless the [^{F373}recognised central counterparty] is a PRA-authorized person.

Section 25 Ignore section 25.

Section 26 In subsection (1), for “11(2)” substitute “ 13(2) ”.

In subsection (5), ignore paragraph (a) unless the [^{F373}recognised central counterparty] is a PRA-authorized person.

In subsection (6), for “11(2)” substitute “ 13(2) ”.

Sections 26A and 27 Ignore sections 26A and 27.

27

Sections 28 and 29 See above.

29

Status: Point in time view as at 01/01/2015.

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- Section 30 In subsection (5), ignore paragraph (a) unless the [F373] recognised central counterparty] is a PRA-authorised person.
- Section 31 In subsection (4), for “7, 8 and 51” substitute “ 7 and 8 ”.
 In subsection (5), ignore paragraph (a) unless the [F373] recognised central counterparty] is a PRA-authorised person.
- Section 41 In subsection (1), ignore paragraph (c) unless the [F373] recognised central counterparty] is a PRA-authorised person.
- Section 42 In subsection (5), ignore paragraph (a) unless the [F373] recognised central counterparty] is a PRA-authorised person.
- Section 42A In subsection (5), for “7, 8 and 50” substitute “ 7 and 8 ”.
 In subsection (6), ignore paragraph (a) unless the [F373] recognised central counterparty] is a PRA-authorised person.
- Section 43 In subsection (6), for “7, 8 and 52” substitute “ 7 and 8 ”.
 In subsection (7), ignore paragraph (a) unless the [F373] recognised central counterparty] is a PRA-authorised person.
- Section 44 In subsection (5), for “7, 8 and 52” substitute “ 7 and 8 ”.
 In subsection (6), ignore paragraph (a) unless the [F373] recognised central counterparty] is a PRA-authorised person.
- Sections 45 and 46 See above.
- Sections 49 to 53 Ignore sections 49 to 53.
- Section 54 In subsection (1), for “A compensation scheme order” substitute “ An order under section 89F ”.
 In subsection (4)(b), for “compensation scheme order” substitute “ the order under section 89F ”.
- Section 55 In subsection (10), for “to which section 62 applies” substitute “ under section 89F ”.
- Section 56 In subsection (6), for “to which section 62 applies” substitute “ under section 89F ”.
- Section 57 In subsection (1), for “A compensation scheme order” substitute “ An order under section 89F ”.
 In subsection (4)(a), for “has had a permission under Part 4A of the Financial Services and Markets Act 2000 (regulated activities) varied or cancelled” substitute “ no longer qualifies as a recognised body under Part 18 of the Financial Services and Markets Act 2000 (recognised investment exchanges and clearing houses) or is subject to a requirement imposed under that Part ”.
- Section 58 In subsection (1), for “A resolution fund order” substitute “ An order under section 89F that provides for transferors to become entitled to the proceeds of the disposal of things transferred ”.
 Ignore subsection (3).

Status: Point in time view as at 01/01/2015.

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- In subsection (4), for “A resolution fund order” substitute “ An order under section 89F that provides for transferors to become entitled to the proceeds of the disposal of things transferred ”.
- In subsection (5), for “A resolution fund order” substitute “ An order under section 89F that provides for transferors to become entitled to the proceeds of the disposal of things transferred ”.
- Ignore subsections (6) to (8).
- Section 59 Ignore section 59.
- Section 60 In subsection (3)(c), ignore the references to bank insolvency and bank administration.
- In subsection (4)—
- (a) ignore paragraphs (a) and (b), and
 - (b) in paragraph (c), for “a third party compensation order” substitute “ an order under section 89F ”.
- In subsection (5)—
- (a) ignore paragraph (a), and
 - (b) in paragraph (c), for “a compensation scheme order or resolution fund order” substitute “ an order under section 89F ”.
- Section 61 In subsection (1)—
- (a) ignore paragraphs (a) to (c), and
 - (b) treat the subsection as including a reference to orders under section 89F.
- Ignore subsection (2)(b).
- Section 62 Ignore section 62.
- Section 65 In subsection (1)(a)(ii), for “order” substitute “ instrument ”.
- In subsection (3)—
- (a) in paragraph (a), ignore the words “where subsection (1)(a)(i) applies”, and
 - (b) ignore paragraph (b).
- Section 66 In subsection (1)—
- (a) in paragraph (a), ignore the reference to section 11(2)(a),
 - (b) in paragraph (d)(i), ignore the words following “England”, and
 - (c) ignore paragraph (d)(ii).
- Section 68 In subsection (1)(a), for “order” substitute “ instrument ”.
- Section 69 In subsection (4)—
- (a) in paragraph (a), ignore the words “in relation to sections 63 and 64”, and
 - (b) ignore paragraph (b).
- Section 70 In subsection (3)—
- (a) in paragraph (a), ignore the words “in relation to section 63”, and
 - (b) ignore paragraph (b).

Status: Point in time view as at 01/01/2015.

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Section 71	Ignore subsection (1)(a).
Section 72	Ignore subsection (1)(a).
Section 73	Ignore subsection (1)(a).
Section 79A	In subsection (2), ignore the words “share transfer instruments and”.
Section 81	See above.
Section 81B	In subsection (1), for “or 12(2)” substitute “, 12(2) or 13(2) ”. [^{F379} In subsection (2), for “PRA” substitute “Bank of England”] Ignore subsection (3)(c) and (d). In subsection (6), ignore paragraph (b) unless the clearing house is a PRA-authorised person.
Section 81C	In subsection (2), ignore the words “and the bank administration procedure”. Ignore subsection (3).
Sections 82 and 83	Ignore sections 82 and 83.

Textual Amendments

- F374** Words in s. 89B(1) substituted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **102(2)**
- F375** S. 89B(1)(za) inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 2 para. 9(a)**; S.I. 2014/3160, art. 2(1)(b)
- F376** S. 89B(1ZA) inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **102(3)**
- F377** S. 89B(1A) inserted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 2 para. 9(b)**; S.I. 2014/3160, art. 2(1)(b)
- F378** Word in s. 89B(2) substituted (31.12.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 2 para. 9(c)**; S.I. 2014/3160, art. 2(1)(b)
- F379** Words in s. 89B(6) inserted (1.3.2014) by [Financial Services \(Banking Reform\) Act 2013 \(c. 33\)](#), s. 148(5), **Sch. 10 para. 7**; S.I. 2014/377, art. 2(1)(a), **Sch. Pt. 1**

89C [^{F380}Recognised central counterparty] rules **U.K.**

- (1) A property transfer instrument made in respect of a [^{F373}recognised central counterparty] may make provision about the consequences of a transfer for the rules of the [^{F380}recognised central counterparty].
- (2) In particular, an instrument may—
 - (a) modify or amend the rules of a [^{F373}recognised central counterparty];
 - (b) in a case where some, but not all, of the business of a [^{F373}recognised central counterparty] is transferred, make provision as to the application of the rules in relation to the parts of the business that are, and are not, transferred.
- (3) Provision by virtue of this section may (but need not) be limited so as to have effect—
 - (a) for a specified period, or

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- (b) until a specified event occurs or does not occur.

Textual Amendments

F380 Words in s. 89C substituted (1.4.2013) by [The Financial Services and Markets Act 2000 \(Over the Counter Derivatives, Central Counterparties and Trade Repositories\) Regulations 2013 \(S.I. 2013/504\)](#), regs. 1(2), **25(3)** (with regs. 52-58)

89D ^{F381}Recognised central counterparty] membership **U.K.**

- (1) A property transfer instrument made in respect of a ^{F373}recognised central counterparty] may make provision about the consequences of a transfer for membership of the ^{F381}recognised central counterparty].
- (2) In particular, an instrument may—
- make provision modifying the terms on which a person is a member of a ^{F373}recognised central counterparty];
 - in a case where some, but not all, of the business of a ^{F373}recognised central counterparty] is transferred, provide for a person who was a member of the transferor to remain a member of the transferor while also becoming a member of the transferee.

Textual Amendments

F381 Words in s. 89D substituted (1.4.2013) by [The Financial Services and Markets Act 2000 \(Over the Counter Derivatives, Central Counterparties and Trade Repositories\) Regulations 2013 \(S.I. 2013/504\)](#), regs. 1(2), 25(3) (with regs. 52-58)

89E Recognition of transferee company **U.K.**

- (1) The Bank of England may provide for a company to which the business of a ^{F373}recognised central counterparty] is transferred in accordance with section 12(2) to be treated as a ^{F382}recognised central counterparty] for the purposes of the Financial Services and Markets Act 2000—
- for a specified period, or
 - until a specified event occurs.
- (2) The provision may have effect—
- for a period specified in the instrument, or
 - until the occurrence of an event specified or described in the instrument.
- (3) The power under this section—
- may be exercised only with the consent of the Treasury, and
 - must be exercised by way of provision in a property transfer instrument (or supplemental instrument).

Status: Point in time view as at 01/01/2015.

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Textual Amendments

F382 Words in s. 89E(1) substituted (1.4.2013) by [The Financial Services and Markets Act 2000 \(Over the Counter Derivatives, Central Counterparties and Trade Repositories\) Regulations 2013 \(S.I. 2013/504\)](#), regs. 1(2), 25(4) (with regs. 52-58)

89F ^[F383] **Recognised central counterparty] compensation orders** **U.K.**

- (1) The Treasury may by order make provision for protecting the financial interests of transferors and others in connection with any transfer under this Part as it applies by virtue of section 89B.
- (2) The order may make provision establishing a scheme—
 - (a) for determining whether transferors should be paid compensation, or providing for transferors to be paid compensation, and establishing a scheme for paying any compensation,
 - (b) under which transferors become entitled to the proceeds of the disposal of things transferred in specified circumstances, and to a specified extent, and
 - (c) for compensation to be paid to persons other than transferors.
- (3) An order—
 - (a) is to be made by statutory instrument, and
 - (b) may not be made unless a draft has been laid before and approved by resolution of each House of Parliament.

Textual Amendments

F383 Words in s. 89F substituted (1.4.2013) by [The Financial Services and Markets Act 2000 \(Over the Counter Derivatives, Central Counterparties and Trade Repositories\) Regulations 2013 \(S.I. 2013/504\)](#), regs. 1(2), 25(3) (with regs. 52-58)

89G **Interpretation: “[^{F373}recognised central counterparty]” &c.** **U.K.**

- ^[F384](1) In this Part, “recognised central counterparty” has the meaning given by section 285 of the Financial Services and Markets Act 2000.]
- (2) But [^{F385}“recognised central counterparty” does not include a recognised clearing house] which is also—
 - (a) a bank,
 - (b) a building society (within the meaning of section 119 of the Building Societies Act 1986),
 - (c) a credit union (within the meaning of section 31 of the Credit Unions Act 1979 or Article 2(2) of the Credit Unions (Northern Ireland) Order 1985), or
 - (d) an investment firm.
- ^[F386](3) Where a stabilisation power is exercised in respect of a recognised central counterparty, the body does not cease to be a recognised central counterparty for the purposes of this Part if the recognition order under Part 18 of the Financial Services and Markets Act 2000 is later revoked.]
- (4) In this Part—

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F387

“PRA-*authorised person*” has the meaning given by section 2B(5) of the Financial Services and Markets Act 2000.]

Textual Amendments

F384 S. 89G(1) substituted (1.4.2013) by [The Financial Services and Markets Act 2000 \(Over the Counter Derivatives, Central Counterparties and Trade Repositories\) Regulations 2013 \(S.I. 2013/504\)](#), regs. 1(2), 25(5)(a) (with regs. 52-58)

F385 Words in s. 89G(2) substituted (1.4.2013) by [The Financial Services and Markets Act 2000 \(Over the Counter Derivatives, Central Counterparties and Trade Repositories\) Regulations 2013 \(S.I. 2013/504\)](#), regs. 1(2), 25(5)(b) (with regs. 52-58)

F386 S. 89G(3) substituted (1.4.2013) by [The Financial Services and Markets Act 2000 \(Over the Counter Derivatives, Central Counterparties and Trade Repositories\) Regulations 2013 \(S.I. 2013/504\)](#), regs. 1(2), 25(5)(c) (with regs. 52-58)

F387 Words in s. 89G(4) omitted (1.4.2013) by virtue of [The Financial Services and Markets Act 2000 \(Over the Counter Derivatives, Central Counterparties and Trade Repositories\) Regulations 2013 \(S.I. 2013/504\)](#), regs. 1(2), 25(5)(d) (with regs. 52-58)

^{F388} CHAPTER 6 **U.K.**

THIRD-COUNTRY RESOLUTION ACTIONS

Textual Amendments

F388 Pt. 1 Ch. 6, 7 inserted (1.1.2015) by [The Bank Recovery and Resolution Order 2014 \(S.I. 2014/3329\)](#), arts. 1(2), **103**

Third-country resolution actions

89H. Recognition of third-country resolution actions **U.K.**

- (1) This section applies where the Bank of England is notified of third-country resolution action in respect of a third-country institution or third-country parent undertaking.
- (2) The Bank must make an instrument which—
 - (a) recognises the action, or
 - (b) refuses to recognise the action, or
 - (c) recognises part of the action and refuses to recognise the remainder.An instrument within paragraph (a), (b) or (c) is a “third-country instrument” (as is an instrument under section 89I(4)(b)).
- (3) The Bank may only make a decision under subsection (2) with the approval of the Treasury.
- (4) Recognition of the action (or a part of it) may be refused only if the Bank and the Treasury are satisfied that one or more of the following conditions are satisfied—
 - (a) recognition would have an adverse effect on financial stability in the United Kingdom or another EEA state;

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- (b) the taking of action in relation to a branch located in the United Kingdom of a third-country institution is necessary to achieve one or more of the special resolution objectives;
 - (c) under the third-country resolution action creditors (including in particular depositors) located or payable in an EEA state would not, by reason of being located or payable in the EEA state, receive the same treatment as creditors (including depositors) who are located or payable in the third country concerned and have similar legal rights;
 - (d) recognition of, and taking action in support of, the third-country resolution action (or the part) would have material fiscal implications for the United Kingdom;
 - (e) recognition would be unlawful under section 6 of the Human Rights Act 1998 (public authority not to act contrary to Human Rights Convention) or contrary to a provision of EU law.
- (5) The recognition of third-country resolution action (or any part of it) is without prejudice to any normal insolvency proceedings.
- (6) When exercising any function under or by virtue of this section or section 89I, the Bank and the Treasury must give due consideration to the interests of any EEA state where the third-country institution or third-country parent undertaking operates, and (in particular) to the potential effect of the exercise of any of those functions on—
- (a) where the institution or undertaking is a member of a group, any member of the group in such an EEA state, and
 - (b) the financial stability in such an EEA state.
- (7) In this section—
- “EU institution” has the meaning given by Article 2.1(23) of the recovery and resolution directive,
 - “group” has the meaning given by section 474 of the Companies Act 2006,
 - “normal insolvency proceedings” has the meaning given in Article 2.1(47) of the recovery and resolution directive (and, in particular, includes the bank insolvency procedure and the bank administration procedure),
 - “third-country group company” means an undertaking—
 - (a) which is (or, but for third-country resolution action or the exercise of a stabilisation power, would be) in the same group as a third-country institution or a third-country parent undertaking, and
 - (b) in respect of which any conditions specified in an order made by the Treasury under section 81D are met (applying that order as if references to the bank were references to the third-country institution or third-country parent undertaking),
 - “third-country institution” has the meaning given by Article 2.1(86) of the recovery and resolution directive;
 - “third-country parent undertaking” has the meaning given by Article 2.1(87) of the recovery and resolution directive;
 - “third-country resolution action” means action under the law of a third country to manage the failure or likely failure of a third-country institution, third country parent undertaking or an EU institution—
 - (a) the anticipated results of which are, in relation to a third-country institution or third-country parent undertaking or EU institution, broadly comparable to results which could have been anticipated from the

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- exercise of a stabilisation option in relation to an entity in the United Kingdom corresponding to the institution or undertaking, and
- (b) the objectives of which are broadly comparable, in relation to the third country, to the objectives in section 4 as they apply in relation to the United Kingdom;
- “third country” means a state other than an EEA state.

89I. Effect of recognition of third-country resolution action by Bank of England U.K.

- (1) This section applies where an instrument under section 89H recognises any third-country resolution action (or a part of it).
- (2) The third-country resolution action (or part) produces the same legal effects in any part of the United Kingdom as it would have produced had it been made (with due authority) under the law of that part of the United Kingdom.
- (3) For the purposes of supporting, or giving full effect to, the third-country resolution action (or the part), the Bank of England may exercise, in relation to a third-country institution, a third-country parent undertaking or another third-country group company, one or more of the stabilisation options, or one or more of the stabilisation powers, available to the Bank in relation to a similar entity in the United Kingdom.
- (4) But, for the purposes of exercising a power by virtue of subsection (3), provision which could otherwise be made under this Part in a mandatory reduction instrument, share transfer instrument, property transfer instrument or resolution instrument may instead be made in—
 - (a) the instrument made under section 89H recognising the third-country resolution action (or part), or
 - (b) a further instrument made by the Bank of England under this section.

An instrument under paragraph (b) is a “third-country instrument” (as is an instrument under section 89H(2)(a), (b) or (c)).

- (5) This Part (other than this section) applies in relation to the exercise of any power by virtue of subsection (3), subject to subsections (6) to (8) and any other necessary modifications.
- (6) Section 4 (special resolution objectives) has effect as if after subsection (9) there were inserted—

“(9A) Objective 8 is to support third-country resolution action with a view to promoting objectives which, in relation to the third country concerned, correspond to Objectives 1 to 7 in relation to the United Kingdom.”.
- (7) Sections 7 to 8ZA do not apply.
- (8) Section 60B (principle of no less favourable treatment) applies in relation to compensation arrangements in the case of third-country instruments in relation to any third-country resolution action (or a part of it) as if—
 - (a) references to the initial instrument were to the first third-country instrument under section 89H recognising that action (or part), and
 - (b) in subsection (3) the reference to the coming into effect of the initial instrument were a reference to the taking of the third-country resolution action recognised (or recognised in part) by that instrument.

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- (9) Section 81B, 81ZBA and 81BA have effect in relation to the exercise of a stabilisation power in respect of a third-country group company as if for subsections (2) and (3) (in each case) there were substituted—
- “(2) Condition 1 is that third-country resolution action has been taken in respect of a third-country institution, a third-country parent undertaking or another third-country group company, in the same group.
- (3) Condition 2 is that the Bank of England is satisfied that the exercise of the power in respect of the third-country group company is necessary, having regard to the public interest in the stability of the financial systems of the United Kingdom and the third-country concerned.
- (3A) In subsections (2) and (3) “third-country resolution action”, “third-country institution”, “third-country parent undertaking”, “third-country group company” and “third country” have the meaning given by section 89H(7).”.
- (10) Section 89H(7) applies for the purposes of this section.

89J. Third-country instruments: supplementary provision U.K.

- (1) Section 23 (incidental provision) applies to a third-country instrument as it applies to a share transfer instrument.
- (2) Section 24 (procedure: instruments) applies to a third-country instrument as it applies to a share transfer instrument, except that references in that section to the bank are to be read as references to the third-country institution, third-country parent undertaking or other third-country group company, to which the third-country instrument relates.
- (3) Section 76 (international obligation notice: general) applies in relation to the making of a third-country instrument under section 89H or 89I as it applies in relation to the exercise of a stabilisation power, except that—
- (a) for the purposes of section 76(3), section 4 is to be read subject to the modification in section 89I(6), and
- (b) in subsection (4), the reference to a bank is to be read as a reference to a third-country institution, a third-country parent undertaking or another third-country group company, in respect of which a third-country instrument is made.
- (4) Section 77 (international obligation notice: bridge bank) applies where the Bank of England has, by virtue of section 89I, transferred all or part of the business of a third-country institution, a third-country parent undertaking or another third-country group company, to a bridge bank as it applies where the Bank of England has transferred all or part of the business of a bank or banking group company to a bridge bank.
- (5) Section 89I(7) applies for the purposes of this section.

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CHAPTER 7 U.K.

GENERAL PROVISIONS

89K. Insolvency Proceedings U.K.

- (1) If —
- (a) a stabilisation power has been exercised in respect of a relevant firm, or
 - (b) the conditions in section 7 are met in relation to a relevant firm,
- insolvency proceedings may not be commenced in relation to that firm except by, or with the consent of, the Bank of England.
- (2) For the purposes of subsection (1), the commencement of insolvency proceedings means—
- (a) making an application for an administration order;
 - (b) presenting a petition for winding up;
 - (c) proposing a resolution for voluntary winding up;
 - (d) appointing an administrator.
- (3) In this section—
- (a) “relevant firm” means—
 - (i) a bank, building society, investment firm, financial holding company, mixed financial holding company or a mixed activity holding company, or
 - (ii) a financial institution which is a subsidiary undertaking of an entity within sub-paragraph (i);
 - (b) “building society” has the meaning given in the Building Societies Act 1986;
 - (c) “financial holding company” has the meaning given in Article 4.1(2) of the capital requirements regulation;
 - (d) “financial institution” has the meaning given in Article 4.1(26) of the capital requirements regulation;
 - (e) “mixed activity holding company” has the meaning given in Article 4.1(22) of the capital requirements regulation;
 - (f) “mixed financial holding company” has the meaning given in Article 2.15 of [Directive 2002/87/EC](#) of the European Parliament and of the Council of 16th December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate.

89L. Restrictions on disclosure of confidential information U.K.

- (1) Sections 348, 349, 352 and 353 of the Financial Services and Markets Act 2000 (disclosure of information) apply for the purposes of this Part with the following modifications.
- (2) Section 348 of that Act has effect as if—
- (a) in subsection (2)(b), after “Act” there were inserted “or of the Bank of England under Part 1 of the Banking Act 2009 or the Bank Recovery and Resolution (No 2) Order 2014”,

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- (b) in subsection (3)(a), at the end there were inserted “or the Banking Act 2009”, and
- (c) in subsection (5)—
 - (i) after paragraph (c) there were inserted—
 - “(ca) the Bank of England;
 - (cb) a resolution administrator appointed under Part 1 of the Banking Act 2009;”,
 - (ii) in paragraph (e) for “to (c)” there were substituted “to (cb)”, and
 - (iii) after subsection (6)(b) there were inserted—
 - “(c) a competent person appointed by the Bank of England under Chapter 4 of Part 1 of the Banking Act 2009.”
- (3) Section 349 of that Act has effect as if, in subsection (2)(c), for “or the PRA” substitute “the PRA, the Bank of England or a resolution administrator appointed by virtue of section 62B of the Banking Act 2009”.
- (4) Section 353 of that Act has effect as if in subsection (1)—
 - (a) in paragraph (a), after “under this Act” there were inserted “or the Banking Act 2009”, and
 - (b) in paragraph (b) after “to the” there were inserted “Bank of England, the”.

89M. Giving of notices, documents etc under Part 1 U.K.

Regulations under section 414 of the Financial Services and Markets Act 2000 (service of notices), and subsection (4) of that section, apply in relation to any notice, direction or document of any kind required to be given under any provision of this Part (however that requirement is expressed) as if those provisions were provisions of that Act.]

Status:

Point in time view as at 01/01/2015.

Changes to legislation:

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