



# Banking Act 2009

## 2009 CHAPTER 1

### PART 6

#### BANKNOTES: SCOTLAND AND NORTHERN IRELAND

##### *Specific issues*

#### **217 Backing assets**

- (1) Banknote regulations must require authorised banks to have backing assets.
- (2) “Backing assets” means assets of a kind specified by banknote regulations; and the regulations may, in particular, specify—
  - (a) banknotes issued by the Bank of England,
  - (b) current coins of the United Kingdom, and
  - (c) funds in a specified kind of account held with the Bank of England or with another specified institution or class of institution.
- (3) The regulations must—
  - (a) require banknote rules to include provision for determining the value of backing assets to be held,
  - (b) require backing assets in the form of banknotes to be held either—
    - (i) by the Bank of England, or
    - (ii) at one or more locations approved by the Bank of England, and
  - (c) require backing assets held in the form of coins to be held at one or more locations approved by the Bank of England.
- (4) The regulations may make other provision about backing assets; including, in particular—
  - (a) provision requiring a proportion of a bank's backing assets to consist of assets of a specified kind;
  - (b) provision about the manner in which backing assets may or must be held;
  - (c) provision about ownership of and interests in backing assets;

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**Changes to legislation:** *Banking Act 2009, Section 217 is up to date with all changes known to be in force on or before 16 April 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) View outstanding changes*

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- (d) provision permitting backing assets to be held by an agent of an authorised bank.
- (5) Banknote regulations may make provision about the treatment of backing assets in relation to insolvency; in particular, the regulations may—
- (a) modify or disapply a provision or rule of law about insolvency;
  - (b) protect backing assets from being treated in the same way as other assets of the bank;
  - (c) provide for banknotes to be exchanged by bearers within a specified period;
  - (d) allow the Treasury to extend the period for exchange;
  - (e) provide for exchange to be funded from backing assets;
  - (f) provide for the Bank of England to acquire or control a bank's backing assets for the purpose of administering arrangements for exchange.
- (6) In subsection (5) a reference to “insolvency” includes a reference to—
- (a) liquidation,
  - (b) bank insolvency,
  - (c) administration,
  - (d) bank administration,
  - (e) receivership,
  - (f) a composition between a bank and its creditors,
  - (g) a scheme of arrangement of a bank's affairs, and
  - (h) a process under the law of a country or territory outside the United Kingdom which the Treasury identify, in banknote regulations, as serving a similar purpose to any of the processes listed in paragraphs (a) to (g).

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**Commencement Information**

- II** S. 217 in force at 12.11.2009 for specified purposes and 23.11.2009 in so far as not already in force by [S.I. 2009/3000](#), [arts. 2, 3](#)

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 4(8A)(8B) inserted by [2012 c. 21 s. 96\(3\)](#)
- s. 8(2)(d) and word inserted by [2012 c. 21 s. 96\(4\)\(b\)](#)