

Changes to legislation: There are currently no known outstanding effects for the Financial Services (Banking Reform) Act 2013, Cross Heading: Other amendments of the Act. (See end of Document for details)

SCHEDULES

SCHEDULE 2 **U.K.**

BAIL-IN STABILISATION OPTION

PART 1 **U.K.**

AMENDMENTS OF BANKING ACT 2009

Other amendments of the Act

- 12 (1) Section 1 (overview) is amended as follows.
- (2) In subsection (2)(a), for “three” substitute “ four ”.
- (3) For subsection (3) substitute—
- “ (3) The four “stabilisation options” are—
- (a) transfer to a private sector purchaser (section 11),
 - (b) transfer to a bridge bank (section 12),
 - (c) the bail-in option (section 12A), and
 - (d) transfer to temporary public ownership (section 13).”
- (4) In subsection (4)—
- (a) for “three” substitute “ four ”;
 - (b) before paragraph (a) insert—
“ (za) the resolution instrument powers (sections 12A(2) and 48U to 48W), ”;
 - (c) in paragraph (b), after “33” insert “ , 41A ”.

Commencement Information

11 [Sch. 2 para. 12](#) in force at 31.12.2014 by [S.I. 2014/3160](#), [art. 2\(1\)\(b\)](#)

- 13 In section 13 (temporary public ownership), in subsection (1), for “third” substitute “ fourth ”.

Commencement Information

12 [Sch. 2 para. 13](#) in force at 31.12.2014 by [S.I. 2014/3160](#), [art. 2\(1\)\(b\)](#)

- 14 In section 17 (share transfers: effect)—
- (a) in subsection (1), after “order” insert, “ or by a resolution instrument ”;
 - (b) in subsection (5), after “order” insert “ or a resolution instrument ”;
 - (c) in subsection (6), after “order” insert “ or a resolution instrument ”.

Changes to legislation: There are currently no known outstanding effects for the Financial Services (Banking Reform) Act 2013, Cross Heading: Other amendments of the Act. (See end of Document for details)

Commencement Information

I3 Sch. 2 para. 14 in force at 31.12.2014 by S.I. 2014/3160, art. 2(1)(b)

15 In section 18 (share transfers: continuity), after subsection (5) insert—

“(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.”

Commencement Information

I4 Sch. 2 para. 15 in force at 31.12.2014 by S.I. 2014/3160, art. 2(1)(b)

16 In section 44 (reverse property transfer)—

- (a) in subsection (2), after “more” insert “ bridge bank ”;
- (b) in subsection (3), after “more” insert “ bridge bank ”;
- (c) in subsection (4), for “A reverse” substitute “ A bridge bank reverse ”;
- (d) in subsection (4A)—
 - (i) after “make a” insert “ bridge bank ”, and
 - (ii) in paragraph (b), for “the reverse” substitute “ the bridge bank reverse ”;
- (e) in subsection (5), for “a reverse” substitute “ a bridge bank reverse ”;
- (f) in subsection (6), for “a reverse” substitute “ a bridge bank reverse ”;
- (g) in subsection (7), for “a reverse” substitute “ a bridge bank reverse ”;
- (h) in the heading, for “**Reverse**” substitute “ **Bridge bank: reverse** ”.

Commencement Information

I5 Sch. 2 para. 16 in force at 31.12.2014 by S.I. 2014/3160, art. 2(1)(b)

17 In section 63 (general continuity obligation: property transfers), in subsection (1) (a), for “or 12(2)” substitute “ , 12(2) or 41A(2) ”.

Commencement Information

I6 Sch. 2 para. 17 in force at 31.12.2014 by S.I. 2014/3160, art. 2(1)(b)

18 In section 66 (general continuity obligation: share transfers)—

- (a) in subsection (1)(a), after “13(2)” insert “ , or which falls within subsection (1A) ”;
- (b) in subsection (1)(d)(i), after “11(2)(a)” insert “ , or in a case falling within subsection (1A) ”;
- (c) after subsection (1) insert—

“(1A) A bank falls within this subsection if a resolution instrument (or supplemental resolution instrument) has changed the ownership of the bank (wholly or partly) by providing for the transfer,

Changes to legislation: There are currently no known outstanding effects for the Financial Services (Banking Reform) Act 2013, Cross Heading: Other amendments of the Act. (See end of Document for details)

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).”

Commencement Information

I7 Sch. 2 para. 18 in force at 31.12.2014 by S.I. 2014/3160, art. 2(1)(b)

- 19 In section 67 (special continuity obligation: share transfers), in subsection (4)(c), after “order” insert “ or resolution instrument ”.

Commencement Information

I8 Sch. 2 para. 19 in force at 31.12.2014 by S.I. 2014/3160, art. 2(1)(b)

- 20 In section 68 (continuity obligations: onward share transfers), in subsection (1) (a), after “transferred by” insert “ a resolution instrument under section 12A(2) or supplemental resolution instrument under section 48U(2) or a ”.

Commencement Information

I9 Sch. 2 para. 20 in force at 31.12.2014 by S.I. 2014/3160, art. 2(1)(b)

- 21 In section 71 (pensions), in subsection (1)—
(a) omit the “and” at the end of paragraph (b);
(b) after paragraph (c) insert “, and
(d) resolution instruments.”

Commencement Information

I10 Sch. 2 para. 21 in force at 31.12.2014 by S.I. 2014/3160, art. 2(1)(b)

- 22 In section 72 (enforcement), in subsection (1)—
(a) omit the “or” at the end of paragraph (b);
(b) after paragraph (c) insert “, or
(d) a resolution instrument.”

Commencement Information

I11 Sch. 2 para. 22 in force at 31.12.2014 by S.I. 2014/3160, art. 2(1)(b)

- 23 In section 73 (disputes), in subsection (1)—
(a) omit the “and” at the end of paragraph (b);
(b) after paragraph (c) insert “, and
(d) resolution instruments.”

Commencement Information

I12 Sch. 2 para. 23 in force at 31.12.2014 by S.I. 2014/3160, art. 2(1)(b)

Changes to legislation: There are currently no known outstanding effects for the Financial Services (Banking Reform) Act 2013, Cross Heading: Other amendments of the Act. (See end of Document for details)

24 In section 74 (tax), in subsection (6), for “or 45” substitute “ , 45, 48U or 48V ”.

Commencement Information

I13 Sch. 2 para. 24 in force at 31.12.2014 by S.I. 2014/3160, art. 2(1)(b)

25 After section 80 insert—

“80A Transfer for bail-in purposes: report

- (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.”

Commencement Information

I14 Sch. 2 para. 25 in force at 31.12.2014 by S.I. 2014/3160, art. 2(1)(b)

26 In section 81A (accounting information to be included in reports under sections 80 and 81)—

- (a) in subsection (1), for “or 81” substitute “ , 80A(2)(b) or 81 ”;
- (b) in the heading, for “and 81” substitute “ , 80A(2)(b) and 81 ”.

Commencement Information

I15 Sch. 2 para. 26 in force at 31.12.2014 by S.I. 2014/3160, art. 2(1)(b)

27 In section 85 (temporary public ownership), in subsection (1), for “third” substitute “ fourth ”.

Commencement Information

I16 Sch. 2 para. 27 in force at 31.12.2014 by S.I. 2014/3160, art. 2(1)(b)

28 In section 136 (overview), in the Table in subsection (3), for “152” substitute “ 152A ”.

Changes to legislation: There are currently no known outstanding effects for the Financial Services (Banking Reform) Act 2013, Cross Heading: Other amendments of the Act. (See end of Document for details)

Commencement Information

I17 Sch. 2 para. 28 in force at 31.12.2014 by S.I. 2014/3160, art. 2(1)(b)

29 After section 152 insert—

“152A Property transfer from transferred institution

- (1) This section applies where the Bank of England—
 - (a) makes a resolution instrument that transfers securities issued by a bank (or a bank's parent undertaking), in accordance with section 12A(2), and
 - (b) later makes a property transfer instrument from the bank or from another bank which is or was in the same group as the bank, in accordance with section 41A(2).
- (2) This Part applies to the transferor under the property transfer instrument made in accordance with section 41A(2) as to the transferor under a property transfer instrument made in accordance with section 12(2).
- (3) For that purpose this Part applies with any modifications specified by the Treasury in regulations; and any 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.”

Commencement Information

I18 Sch. 2 para. 29 in force at 31.12.2014 by S.I. 2014/3160, art. 2(1)(b)

30 In section 220 (insolvency etc), after subsection (4) insert—

“(4A) The fact that ownership of an authorised bank is transferred or otherwise changed as a result of a resolution instrument (or an instrument treated as a resolution instrument) does not itself prevent the bank from relying on section 213.”

Commencement Information

I19 Sch. 2 para. 30 in force at 31.12.2014 by S.I. 2014/3160, art. 2(1)(b)

31 In section 259 (statutory instruments)—

- (a) in the Table in subsection (3), in Part 1, in the entry relating to section 60 for “Third party compensation” substitute “ Third party compensation: partial property transfers ”;
- (b) in the Table in subsection (3), in Part 1, at the appropriate places insert—

“48F(1) and (2)	Power to amend definition of Draft “excluded liabilities”	affirmative resolution
-----------------	--	---------------------------

Changes to legislation: There are currently no known outstanding effects for the Financial Services (Banking Reform) Act 2013, Cross Heading: Other amendments of the Act. (See end of Document for details)

48G	Insolvency treatment principles	Draft resolution	affirmative
48P	Safeguarding of certain financial arrangements	Draft resolution	affirmative
52A	Bail-in compensation orders	Draft resolution”	affirmative
“60A	Third party compensation: instruments containing special bail-in provision	Draft resolution”;	affirmative
(c) in the Table in subsection (3), in Part 3, at the appropriate place insert—			
“152A	Property transfer from transferred institution	Draft resolution”;	affirmative
(d) in subsection (5), after paragraph (d) insert— “(da) section 60A (special resolution regime: instruments containing special bail-in provision),”;			
(e) in subsection (5), after paragraph (k) insert— “(ka) section 152A (bank administration: property transfer from transferred institution),”.			

Commencement Information

I20 Sch. 2 para. 31 in force at 31.12.2014 by S.I. 2014/3160, art. 2(1)(b)

32 In section 261 (index of defined terms), in the Table, at the appropriate places insert—

“Bail-in compensation 49”
order

“Resolution instrument 12A”

“Special bail-in 48B”.
provision

Commencement Information

I21 Sch. 2 para. 32 in force at 31.12.2014 by S.I. 2014/3160, art. 2(1)(b)

Changes to legislation:

There are currently no known outstanding effects for the Financial Services (Banking Reform) Act 2013, Cross Heading: Other amendments of the Act.