

2005 No. 3203

BANKS AND BANKING

**The Cash Ratio Deposits (Eligible Liabilities) (Amendment)
Order 2005**

<i>Made</i> - - - -	<i>16th November 2005</i>
<i>Laid before Parliament</i>	<i>17th November 2005</i>
<i>Coming into force</i> - -	<i>1st March 2006</i>

The Treasury make the following Order in exercise of the powers conferred on them by paragraph 2(2) of Schedule 2 to the Bank of England Act 1998(a).

In accordance with paragraph 10 of Schedule 2 to that Act the Treasury have consulted the Bank of England, such persons as appear to them to be representative of persons likely to be materially affected by the Order, and such other persons as they think fit.

In accordance with paragraph 11 of Schedule 2 to that Act they have had regard to the financial needs of the Bank of England.

Citation and commencement

1. This Order may be cited as the Cash Ratio Deposits (Eligible Liabilities) (Amendment) Order 2005 and comes into force on 1st March 2006.

Amendment of the Cash Ratio Deposits (Eligible Liabilities) Order 1998

- 2.—(1) The Cash Ratio Deposits (Eligible Liabilities) Order 1998(b) is amended as follows.
- (2) In articles 3 and 7(2) for “paragraphs 8 to 13”, substitute “paragraphs 9 to 13”.
- (3) In the Schedule—
- (a) at the end of paragraph 1, add “and except for deposits made by the Bank”; and
 - (b) delete paragraphs 6 and 8.

(a) 1998 c.11.
(b) S.I. 1998/1130.

16th November 2005

Dave Watts
Vernon Coaker
Two of the Lords Commissioners
of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends the Cash Ratio Deposits (Eligible Liabilities) Order 1998 (S.I. 1998/1130) ("the principal Order") which defines the eligible liabilities used to calculate cash ratio deposits to be held by eligible institutions with the Bank of England ("the Bank"). Eligible institutions comprise certain persons authorised to accept deposits under Part IV of the Financial Services and Markets Act 2000 (c.8) and certain European authorised institutions which have lawfully established branches in the United Kingdom for the purposes of accepting deposits.

Article 2(3)(a) excludes deposits made by the Bank from the definition of eligible liabilities.

Article 2(3)(b) deletes paragraph 6 of the Schedule to the principal Order, thereby excluding, from the definition of eligible liabilities, certain liabilities of eligible institutions to make sterling payments to the Bank in connection with the Real Time Gross Settlement system operated by the Bank, which the Bank has allowed to remain outstanding overnight. Article 2(3)(b) also deletes paragraph 8 of the Schedule to the principal Order, thereby excluding from amounts offset in the definition of eligible liabilities, any deposits held by eligible institutions with the Bank and sterling amounts payable by the Bank to eligible institutions under finance leases.

Article 2(2) makes consequential amendments.

A Regulatory Impact Assessment of the effect of this instrument on the costs of business has been prepared and may be obtained from the Debt Reserves and Management Team, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ. It is also available on HM Treasury's website (www.hm-treasury.gov.uk).

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