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DRAFT STATUTORY INSTRUMENTS

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**2014 No.**

**The Banking Act 2009 (Mandatory Compensation  
Arrangements Following Bail-in) Regulations 2014**

**Mandatory provisions: interim payments**

9.—(1) A relevant compensation order must include the following provisions (subject to any necessary modifications).

(2) The independent valuer may determine that payments should be made to a relevant person, a class of relevant person or all relevant persons on account of compensation to be payable under the relevant compensation order (“payments on account”).

(3) The independent valuer may make such a determination at any time before the determination required by regulation 6(5) has been made.

(4) Once the determination required by regulation 6(5) has been made, the independent valuer must determine what balancing payments are appropriate to ensure that the relevant person receives the amount of compensation determined under regulation 6(5) (and no more than that amount).

(5) Subject to paragraph (6), the independent valuer may make such provision as to payments on account as the valuer thinks fit (including a requirement that payments be made in instalments).

(6) Payments on account must be made subject to the following conditions—

- (a) that the acceptance of such a payment by the relevant person reduces any obligation (whether in existence at the time of the payment or not) on the Treasury, the scheme manager of the Financial Services Compensation Scheme (within the meaning of sections 212 and 213 of the Financial Services and Markets Act 2000<sup>(1)</sup>) or any other person (as the case may be) to pay compensation to the relevant person by the amount of the payment on account;
- (b) that where the independent valuer in accordance with paragraph (4) determines that the relevant person should make a balancing payment to the Treasury, the Financial Services Compensation Scheme or any other person (as the case may be), the relevant person is liable to pay that amount.

(7) In considering whether to require payments on account to be made in accordance with this regulation, the independent valuer must have regard to the merits of ensuring that relevant persons receive compensation in a timely manner.

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<sup>(1)</sup> 2000 c.8. Section 212 has been amended by the Financial Services Act 2012 (c.12), Schedule 10, paragraph 2, and the Financial Services (Banking Reform) Act 2013 (c.33), section 16. Section 213 has been amended by the Banking Act 2009 (c.1), section 170; Financial Services Act 2012 (c.21), Schedule 10, paragraph 3 and SI 2011/1613.