



# Banking Act 2009

## 2009 CHAPTER 1

### PART 1

#### SPECIAL RESOLUTION REGIME

##### *Treasury*

#### **76 International obligation notice: general**

- (1) The Bank of England may not exercise 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  - (b) may be withdrawn (generally, partially or conditionally).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 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.

#### **77 International obligation notice: bridge bank**

- (1) This section applies where the Bank of England has transferred all or part of a bank's business to a bridge bank.
- (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 bridge bank, or

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*Status: This is the original version (as it was originally enacted).*

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- (b) not to take specified action under this Part in respect of the bridge bank.
- (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  - (b) may be withdrawn (generally, partially or conditionally).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.

## **78 Public funds: general**

- (1) The Bank of England may not exercise 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
  - (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 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.

## **79 Public funds: bridge bank**

- (1) This section applies where the Bank of England has transferred all or part of a bank’s business to a bridge bank.
- (2) The Bank of England may not take action in respect of the bridge bank 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.

## **80 Bridge bank: report**

- (1) Where the Bank of England transfers all or part of a bank’s business to a bridge bank, the Bank must report to the Chancellor of the Exchequer about the activities of the bridge 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 transfer to the bridge bank.
- (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 bridge bank.
- (6) A request under subsection (5) may include provision about—
  - (a) the content of the report;
  - (b) timing.

## **81 Temporary public ownership: report**

- (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.