

**2004 No. 1270**

**BANKS AND BANKING**

**The Cash Ratio Deposits (Value Bands and Ratios)  
Order 2004**

*Made* - - - - - *5th May 2004*

*Coming into force* - - - *1st June 2004*

Whereas a draft of this Order has been approved by a resolution of each House of Parliament pursuant to section 40(2) of the Bank of England Act 1998(a);

Now therefore, the Treasury, having consulted the Bank of England, such persons as appear to them to be representative of persons likely to be materially affected by the following Order and such other persons as they think fit, and having regard to the financial needs of the Bank of England, in exercise of the powers conferred upon them by paragraph 5 of Schedule 2 to the Bank of England Act 1998 hereby make the following Order:

**Citation and commencement**

1. This Order may be cited as the Cash Ratio Deposits (Value Bands and Ratios) Order 2004 and comes into force on 1st June 2004.

**Revocation**

2. The Cash Ratio Deposits (Value Bands and Ratio) Order 1998(b) is revoked.

**Value bands and ratios**

3. For the purposes of paragraph 4 of Schedule 2 to the Bank of England Act 1998, the value bands and ratios applicable to them, expressed as a percentage, are as follows:

<i>Value band</i>	<i>Ratio</i>
£0–£500 million	0%
Over £500 million	0.15%

5th May 2004

*Derek Twigg*  
*Joan Ryan*  
Two of the Lords Commissioners of Her Majesty's Treasury

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(a) 1998 c. 11.  
(b) S.I. 1998/1269.

## EXPLANATORY NOTE

*(This note is not part of the Order)*

Schedule 2 to the Bank of England Act 1998 makes provision concerning the maintenance by certain institutions of cash ratio deposits with the Bank of England (“the Bank”). The institutions covered by these arrangements are those defined as “deposit-takers” by sub-paragraphs (1A) to (1C) of paragraph 1 in Schedule 2 to that Act, referring back to section 17. (Sub-paragraphs (1A) to (1C) were inserted into paragraph 1 by article 163 of the Financial Services and Markets Act 2000 (Consequential Amendments and Repeals) Order 2001, S.I. 2001/3649). The Bank is empowered by paragraph 3 of that Schedule to give such an institution a written call notice specifying the amount of cash ratio deposit it is expected to have on deposit with the Bank during a specified period. Under paragraph 4 of that Schedule, this depositable amount is to be calculated by multiplying so much of an institution’s average liability base as falls into each of the different value bands by the ratio applicable to that band, and adding up these amounts.

This Order specifies new value bands and the ratios applicable to them, taking effect on 1st June 2004, and revokes the Order which specified previous value bands and ratios.

A full regulatory impact assessment has not been produced for this instrument as it has no adverse impact on the costs of business.

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