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## EXPLANATORY NOTE

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

This Order is made under the Banking (Special Provisions) Act 2008 (c.2) (“the 2008 Act”) and provides for Northern Rock plc to be taken into public ownership.

Article 2 transfers shares in Northern Rock to the Treasury Solicitor as nominee of the Treasury. The shares are transferred free of any trusts etc.

Article 3 ensures such a transfer can take place notwithstanding provisions in the company’s constitution, obliges Northern Rock to procure that its registrar (which is its agent that among other things maintains its share register) must register the Treasury Solicitor as the holder of the shares and provides that he is to have all of the rights and advantages of a member of the company even while he is not yet registered. The Article applies to both certificated and uncertificated shares of Northern Rock.

Article 4 extinguishes rights to shares arising by reason of or in connection with a person’s employment or office or provision of services with or to a Northern Rock group company.

Article 5 deals with certain contingent rights to be issued with ordinary shares which arise in relation to certain Northern Rock debt instruments. The Treasury has a right to issue a notice the effect of which is that a right to be paid in cash by the Treasury arises or for there to be an issue of further debt by Northern Rock instead.

Article 6 converts a separate class of shares held by the Northern Rock Foundation into ordinary shares and provides for the termination of a deed between Northern Rock and the Foundation.

Article 7 disapplies the need to have more than a single member in relation to Northern Rock as a public company. Article 8 modifies the rules for holding meetings, including the giving of notice of meetings and resolutions while Northern Rock is in public hands.

Articles 9 and 10 enable the Treasury to remove and appoint directors of Northern Rock or one of its group undertakings. A removal is deemed to be carried out by Northern Rock or that undertaking under their respective articles of association. The provisions also deal with settlement of matters concerning service contracts.

Article 11 restricts the circumstances in which proceedings brought against directors of Northern Rock might, but for this provision, arise during the period of public ownership.

Article 12 makes provision to modify contractual rights to the effect that certain rights in relevant instruments are not to arise by reason of the transfer or any other thing done in relation to it. The expression “relevant instrument” is defined in Schedule 1 to the 2008 Act and further defined in this article.

Article 13 provides that Northern Rock’s shares are to be de-listed.

Article 14 provides that Northern Rock and its subsidiary undertakings need not, while they are in public hands, have persons approved by the Financial Services Authority (“FSA”) in certain governing positions, provided the FSA is satisfied there are at least two persons with sufficient expertise and of sufficiently good repute who effectively manage Northern Rock. The Treasury may by written notice disapply the provision.

Articles 15 and 16 make various modifications to the parts of the Financial Services and Markets Act 2000 (c.8) which allow the FSA to make rules and guidance and modify or waive rules. The modifications remove certain requirements which might otherwise delay or restrict the implementation of rules, guidance or waivers in the context of a transfer.

**Status:** This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

Article 17 disapplies certain provisions on shadow directorship and persons discharging managerial responsibility in relation to specified persons while Northern Rock is in public hands.

Article 18 deems Northern Rock not to be a publicly-owned company for the purposes of the Freedom of Information Act 2000.

Article 19 requires notification of the order to be given by the Treasury to the Financial Services Authority who in turn must notify any relevant EEA regulators of Northern Rock.

Article 20 modifies section 291 of the Financial Services and Markets Act 2000 to extend the exemption from liability that applies to a recognised body under Part 18 of that Act to also apply in relations to obligations under this Order that apply to the Operator of a securities settlement system under the Uncertificated Securities Regulations 2001.

A Regulatory Impact Assessment of the effect of this instrument on the costs to business has been prepared. It may be obtained from the Banking (Special Provisions) Bill Team, HM Treasury, 1 Horse Guards Road, London SW1A 2HQ. It is also available on HM Treasury's website ([www.hm-treasury.gov.uk](http://www.hm-treasury.gov.uk)). Copies of the document have been placed in the libraries of both Houses of Parliament.