
STATUTORY INSTRUMENTS

2009 No. 3226

BANKS AND BANKING

The Northern Rock plc Transfer Order 2009

Made - - - - *9.30 a.m. on 8th
December 2009*
Laid before Parliament *8th December 2009*
Coming into force in accordance with article 1(2)

Securities issued by Northern Rock plc, an authorised UK deposit-taker, were transferred to the Treasury Solicitor as nominee of the Treasury on 22nd February 2008 by the Northern Rock plc Transfer Order 2008⁽¹⁾.

The Treasury, in exercise of the powers conferred by sections 8(1) to (5) and 12 of, and Schedule 2 to, the Banking (Special Provisions) Act 2008⁽²⁾, make the following Order:

PART 1

GENERAL

Citation and commencement

- 1.**—(1) This Order may be cited as the Northern Rock plc Transfer Order 2009.
- (2) This Order comes into force as follows—
- (a) this article, articles [2](#), [6](#) to [8](#) and Schedule 2 come into force immediately on the making of this Order;
 - (b) the remaining provisions of this Order come into force on 1st January 2010⁽³⁾.

Interpretation

- 2.**—(1) In this Order—
- “the 2006 Act” means the Companies Act 2006⁽⁴⁾;
 - “the 2008 Act” means the Banking (Special Provisions) Act 2008;

⁽¹⁾ [S.I. 2008/432](#).

⁽²⁾ [2008 c. 2](#).

⁽³⁾ This means the beginning of 1st January 2010 (in accordance with the Interpretation Act [1978 \(c. 30\)](#), sections 4(a) and 23).

⁽⁴⁾ [2006 c. 46](#).

“the 2004 Regulations” mean the Credit Institutions (Reorganisation and Winding up) Regulations 2004⁽⁵⁾;

“the 2006 Regulations” means the Transfer of Undertakings (Protection of Employment) Regulations 2006⁽⁶⁾;

“ACo” means Northern Rock plc, company registered number 03273685;

“ACo arrangement” means any arrangement in respect of which ACo enjoys any right or interest or is subject to any obligation or liability immediately before the transfer time;

“arrangement” means any oral or written agreement or instrument creating any obligation, liability, interest or right (including, without limiting the generality of this definition, any contract, deed, lease or licence);

“Bacs Payment Schemes Limited” means Bacs Payment Schemes Limited, company registered number 04961302;

“the Bacs schemes” means the Bacs schemes, operated by Bacs Payment Schemes Limited;

“BCo” means Gosforth Subsidiary No.1 plc, company registered number 06952311;

“default event consequence” has the meaning given in article 7(3);

“the FSA” means the Financial Services Authority;

“group undertaking” means, in respect of an undertaking (“U”), any undertaking—

- (a) which is a group undertaking of U for the purposes of section 1161 of the 2006 Act (meaning of “undertaking” and related expressions), or
- (b) whose assets and liabilities are consolidated in the consolidated accounts of U;

“the Irish branch” means ACo’s branch in Ireland, the registered number in the Irish Companies Registration Office of which is 904328 and whose address is First Floor, Block 8, Harcourt Centre, Dublin 2;

“relevant arrangement” means any arrangement in respect of which any relevant undertaking enjoys any right or interest or is subject to any obligation or liability immediately before the transfer time;

“relevant transitional period” has the meaning given in article 14(2);

“relevant undertaking” means—

- (a) ACo, or
- (b) any undertaking which is a group undertaking of ACo immediately before the transfer time;

“transfer” means the transfer effected by this Order;

“transfer time” has the meaning given in article 3(3);

“Treasury Solicitor” has the same meaning as in the Treasury Solicitor Act 1876⁽⁷⁾ and whose address is One Kemble Street, London WC2B 4TS;

“UK Financial Investments Limited” means UK Financial Investments Limited, company registered number 06720891.

(2) References in this Order to a regulated activity must be read with—

- (a) section 22 of FSMA 2000 (classes of regulated activity and categories of investment);
- (b) any relevant order under that section; and
- (c) Schedule 2 to that Act (regulated activities).

(5) S.I. 2004/1045.

(6) S.I. 2006/246.

(7) 1876 c. 18.

PART 2

THE TRANSFER

The transfer, &c.

3.—(1) All the property, rights and liabilities specified in or by virtue of Part 2 of Schedule 1 are transferred to BCo at the transfer time other than the excluded property, rights and liabilities.

(2) The excluded property, rights and liabilities are specified in or by virtue of Part 3 of Schedule 1.

(3) The transfer time is immediately after the time at which this article comes into force.

(4) ACo is liable to pay BCo the sum of £8,581,000,000 by the end of 4th January 2010.

(5) Parts 1 (interpretation) and 4 (further provisions) of Schedule 1 have effect.

No consent or concurrence required

4. The transfer is effective despite the absence of any required consent or concurrence to or with the transfer.

Associated liability and interference

5. The transfer takes effect as if—

- (a) no associated liability⁽⁸⁾ existed in respect of any failure to comply with any requirement in respect of the transfer, and
- (b) there were no associated interference⁽⁹⁾ with the property, rights and liabilities transferred.

PART 3

MISCELLANEOUS AND TRANSITIONAL PROVISIONS

Third party rights, &c.: general

6.—(1) Save as otherwise provided by this Order, no interest or right of any third party⁽¹⁰⁾ arises or becomes exercisable in respect of any property, right or liability of ACo (whether or not transferred by this Order) by virtue of or in connection with—

- (a) the making of this Order,
- (b) anything done by, under, by virtue of or in consequence of this Order, or
- (c) anything omitted to be done by virtue of or in consequence of this Order.

(2) Save as otherwise provided by this Order, no liability or obligation arises or is incurred by any third party in respect of any property, right or liability of ACo (whether or not transferred by this Order) by virtue of or in connection with—

- (a) the making of this Order,
- (b) anything done by, under, by virtue of or in consequence of this Order, or
- (c) anything omitted to be done by virtue of or in consequence of this Order.

⁽⁸⁾ The meaning of “associated liability” is given in the 2008 Act, Schedule 2, paragraph 2(2).

⁽⁹⁾ The meaning of “associated interference” is given in the 2008 Act, Schedule 2, paragraph 2(2).

⁽¹⁰⁾ The meaning of “third party” is given in the 2008 Act, Schedule 2, paragraph 2(3).

Third party rights, &c.: relevant arrangements

7.—(1) The interests, rights, obligations and liabilities of relevant third parties are modified such that no default event consequence occurs (directly or indirectly) in respect of any relevant arrangement by virtue of or in connection with—

- (a) the making of this Order,
- (b) anything done by, under, by virtue of or in consequence of this Order, or
- (c) anything omitted to be done by virtue of or in consequence of this Order.

(2) A relevant third party is a third party who enjoys any right or interest or is subject to any obligation or liability in respect of a relevant arrangement.

(3) In this Order, “default event consequence”, in respect of an arrangement, means any of the following consequences (however described)—

- (a) the termination or extinguishment of the arrangement;
 - (b) the termination or extinguishment of any right or obligation under the arrangement;
 - (c) the accrual of any right to terminate or extinguish the arrangement;
 - (d) the accrual of any right to terminate or extinguish any right or obligation under the arrangement;
 - (e) any amount becoming payable, being capable of being declared payable or ceasing to be payable;
 - (f) the accrual of any right to withhold any payment;
 - (g) the accrual of any right not to advance any amount;
 - (h) any other change in the amount or timing of any payment under or in connection with the arrangement;
 - (i) the accrual of any right to net or set off;
 - (j) any obligation arising to provide or transfer any deposit or collateral;
 - (k) the accrual of any right to give or withhold any consent or approval;
 - (l) any event of default or breach of any right arising;
 - (m) any right or obligation not arising;
 - (n) the imposition of any condition on the arrangement;
 - (o) the imposition of any condition on any right or obligation under the arrangement;
 - (p) the creation of any constructive or resulting trust or other equitable interest or equity;
 - (q) the accrual of any right to trace any property or to claim an equitable interest in or equity in respect of any property or to claim any breach of trust;
 - (r) any other right or remedy (whether or not similar in kind to those referred to in subparagraphs (a) to (q)) arising or becoming exercisable.
- (4) This article does not limit article 6.

2004 Regulations

8. The 2004 Regulations have effect as if modified by the provisions set out in Schedule 2.

Authorisation: permission to carry on regulated activities

9.—(1) During the deemed authorisation period BCo is to be treated as having a Part IV permission to carry on the regulated activities specified in the first column of the table in Schedule 3 but subject to the limitations specified in the other columns of that table.

(2) But paragraph (1) only applies once payment in respect of the provisional allotment of 1,399,950,000 ordinary shares of £1 each in BCo to the Treasury Solicitor has been made by the Treasury to BCo.

(3) The FSA may vary or revoke the Part IV permission BCo is treated as having by virtue of paragraph (1) in the same circumstances in which, and in accordance with the same procedure by which, it may vary or revoke a Part IV permission granted under section 42(2) of FSMA 2000 (giving permission).

(4) In this article, “the deemed authorisation period” means the period beginning with the time at which this article comes into force and ending with the earlier of the following—

- (a) the time at which the FSA grants permission under section 42 of FSMA 2000 for BCo to carry on all of the regulated activities BCo is treated as having permission to carry on by virtue of paragraph (1);
- (b) the end of 31st January 2010.

Authorisation: controlled functions

10.—(1) During the deemed approval period, the requirements imposed on BCo by section 59 of FSMA 2000 (approval for particular arrangements) in respect of any individual performing a controlled function for or in relation to BCo are to be treated as satisfied.

(2) But paragraph (1) only has effect if, and for so long as, the FSA is satisfied that at least two individuals who effectively direct the business of BCo are of sufficiently good repute and have sufficient experience to perform controlled functions in that respect.

(3) Paragraph (1) ceases to have effect in relation to an individual when the FSA determines under section 61 of FSMA 2000 an application for approval in relation to that individual (irrespective of whether the application is granted or refused).

(4) In this article—

“controlled function” is to be construed in accordance with section 59(3) of FSMA 2000;

“the deemed approval period” means the period beginning with the time at which this article comes into force and ending with the end of 31st January 2010.

Construction of documents

11. As from the transfer time, and save as otherwise provided in this Order—

- (a) agreements made or other things done by or in relation to ACo shall be treated, so far as may be necessary for the purposes of, in connection with or in consequence of the transfer, but not otherwise, as made or done by or in relation to BCo (as the case may be), and
- (b) references to ACo, or to any officer or employee of ACo, in instruments or documents relating to the property, rights and liabilities transferred by article 3 shall have effect as if they were references to BCo, or to any officer or employee of BCo (as the case may be).

Employees

12.—(1) The 2006 Regulations and sections 257 and 258 of the Pensions Act 2004⁽¹¹⁾ apply on the transfer as if relevant individuals are assigned to the organised grouping of resources or employees that is subject to the relevant transfer.

(2) Paragraph (1) applies whether or not the transfer would otherwise be regarded for the purposes of the 2006 Regulations as giving rise to a relevant transfer.

(11) 2004 c. 35.

(3) In this article—

“organised grouping of resources or employees” is to be construed in accordance with the 2006 Regulations;

“relevant individuals” means all individuals employed by ACo other than the individuals employed to work in the Irish branch;

“relevant transfer” is to be construed in accordance with Regulation 2 of the 2006 Regulations.

Modifications to relevant arrangements relating to certain regulatory permissions, &c.

13.—(1) The provisions of relevant arrangements specified in paragraph (2) have no effect.

(2) The provisions are—

- (a) any provision requiring ACo to hold, or represent or warrant that it holds, a relevant regulatory permission, or
- (b) any provision which provides for any default event consequence, should ACo cease to hold a relevant regulatory permission or should any relevant regulatory permission of ACo be varied.

(3) A “relevant regulatory permission” means a regulatory permission to carry out a regulated activity specified in Schedule 4.

Transitional provision: third party services or facilities

14.—(1) In this article—

“a Class A service” means any service in respect of which the following conditions are met—

- (a) Condition 1 is that the service is performed or provided by any person under any relevant arrangement;
- (b) Condition 2 is that the service is performed for or provided to BCo as from, or at any time after, the transfer time;
- (c) Condition 3 is that BCo requires the service to perform a service for or provide a service to ACo, or any group undertaking of ACo, under any arrangement;

“a Class A facility” means any facility in respect of which the following conditions are met—

- (a) Condition 1 is that the facility is provided by any person under any relevant arrangement;
- (b) Condition 2 is that the facility is provided to BCo as from, or at any time after, the transfer time;
- (c) Condition 3 is that BCo requires the facility to provide a service or facility to, or to perform a service for, ACo, or any group undertaking of ACo, under any arrangement;

“a Class B service” means any service in respect of which the following conditions are met—

- (a) Condition 1 is that the service is performed or provided by any person under any relevant arrangement;
- (b) Condition 2 is that the service is performed for or provided to ACo as from, or at any time after, the transfer time;
- (c) Condition 3 is that ACo requires the service to perform a service for or provide a service to BCo under any arrangement;

“a Class B facility” means any facility in respect of which the following conditions are met—

- (a) Condition 1 is that the facility is provided by any person under any relevant arrangement;
- (b) Condition 2 is that the facility is provided to ACo as from, or at any time after, the transfer time;

- (c) Condition 3 is that ACo requires the facility to provide a service or facility to, or to perform a service for, BCo under any arrangement.
- (2) In this Order, “the relevant transitional period” means the period starting with the transfer time and ending with the end of 31st December 2010.
- (3) Paragraphs (4) to (9) apply during the relevant transitional period.
- (4) BCo may—
 - (a) use any Class A service or Class A facility for the benefit (in whole or in part) of ACo or any group undertaking of ACo, or
 - (b) provide for ACo, or any group undertaking, of ACo to enjoy the benefit (in whole or in part) of any Class A service or Class A facility.
- (5) Any person performing or providing a Class A service, on notice in writing by BCo, must perform the service for or provide the service to ACo, or any group undertaking of ACo, directly to the extent specified in the notice.
- (6) Any person providing a Class A facility, on notice in writing by BCo, must provide the facility to ACo, or any group undertaking of ACo, directly to the extent specified in the notice.
- (7) ACo may—
 - (a) use any Class B service or Class B facility for the benefit (in whole or in part) of BCo, or
 - (b) provide for BCo to enjoy the benefit (in whole or in part) of any Class B service or Class B facility.
- (8) Any person performing or providing a Class B service, on notice in writing by ACo, must perform the service for or provide the service to BCo directly to the extent specified in the notice.
- (9) Any person providing a Class B facility, on notice in writing by ACo, must provide the facility to BCo directly to the extent specified in the notice.

Transitional provision: ACo services or facilities

- 15.**—(1) During the relevant transitional period, ACo may procure that—
- (a) any ACo service is performed or provided by BCo, or
 - (b) any ACo facility is provided by BCo.
- (2) In paragraph (1)—
- “ACo facility” means any facility which ACo is required to provide under any ACo arrangement to any person;
- “ACo service” means any service which ACo is required to perform or provide under any ACo arrangement to any person.

Transitional provision: Bacs schemes

- 16.**—(1) During the relevant transitional period, each provision of any Bacs arrangement specified in paragraph (2) has no effect.
- (2) The provisions are—
- (a) any provision requiring BCo to hold any credit rating, or
 - (b) any provision which provides, should BCo cease to hold any credit rating, for any default event consequence.
- (3) Paragraph (1) ceases to have effect in relation to a provision specified by paragraph (2) when BCo obtains the credit rating required by the provision.

(4) In paragraph (1), “Bacs arrangement” means any ACo arrangement in respect of the Bacs schemes.

Transitional provision: receipt of certain payments by BCo

17.—(1) During the relevant transitional period, any payment received by BCo for the account of ACo is to be treated as received for the account of BCo.

(2) This article does not limit article 11.

Shadow directorship, &c.

18.—(1) Paragraphs (2) and (3) apply while BCo is wholly owned by the Treasury.

(2) A relevant person is not to be treated as—

- (a) a shadow director of BCo or any group undertaking of BCo for the purposes of the provisions listed in Schedule 5;
- (b) a person discharging managerial responsibilities in respect of BCo or any group undertaking of BCo for the purposes of the provisions listed in Schedule 5 (unless that person has been appointed as a director).

(3) Nor is a relevant person to be treated as a director of BCo or a group undertaking of BCo by virtue of paragraph (b) of the definition of director in section 417(1) of FSMA 2000 (certain persons in accordance with whose directions or instructions the directors of the body corporate are accustomed to act).

(4) In this article, a “relevant person” is any of—

- (a) a Minister of the Crown;
- (b) the Treasury;
- (c) the Treasury Solicitor;
- (d) the Bank of England;
- (e) UK Financial Investments Limited;
- (f) a person—
 - (i) employed by or under, or
 - (ii) acting on behalf of,
 any of the persons specified in sub-paragraphs (a) to (e).

Freedom of information

19.—(1) Paragraphs (2) and (3) apply while BCo is wholly owned by the Treasury.

(2) BCo is not to be treated as—

- (a) a publicly-owned company for the purposes of section 3(1)(b) of the Freedom of Information Act 2000⁽¹²⁾;
- (b) holding information on behalf of—
 - (i) a Minister of the Crown,
 - (ii) the Treasury,
 - (iii) the Treasury Solicitor,
 - (iv) the Bank of England, or

(12) 2000 c. 36.

- (v) UK Financial Investments Limited,
for the purposes of section 3(2)(b) of that Act.
- (3) Paragraph (2) applies to any group undertaking of BCo as it applies to BCo.

Modification to FSA's rule-making power

20.—(1) Subsections (1) and (1A) of section 138 of FSMA 2000 (general rule-making power) have effect as if modified by inserting after “protecting the interests of consumers”—

“or for the purposes of, or to facilitate, or in consequence of, a transfer under section 8 of the Banking (Special Provisions) Act 2008”.

(2) Section 148(2) of FSMA 2000 (modification or waiver of rules) shall also apply in relation to a relevant undertaking—

- (a) in the absence of an application by a person subject to rules made by the FSA, and
- (b) without any requirement for the consent of such a person.

(3) Section 148(4) of FSMA 2000 is to have effect such that it does not prevent the FSA from modifying or waiving rules in relation to a relevant undertaking under section 148 of that Act where the following condition is satisfied.

(4) The condition is that the FSA is satisfied that the modification or waiver is necessary for the purposes of, or to facilitate, or in consequence of the transfer.

Modification to FSA's duty to consult on rule changes

21.—(1) Section 155(7) of FSMA 2000 (consultation) has effect as if modified by inserting at the end—

“or if it is making rules for the purposes of, or to facilitate, or in consequence of, a transfer under section 8 of the Banking (Special Provisions) Act 2008.”.

(2) Section 157 of FSMA 2000 (guidance) has effect as if modified by inserting after subsection (3)—

“(3A) Section 155(7) applies to proposed guidance as it applies to proposed rules with the modification made by article 21 of the Northern Rock plc Transfer Order 2009.”.

Modification instruments

22.—(1) ACo and BCo may agree to make a modification instrument.

(2) A modification instrument may modify any provision of this Order, so long as this Order could originally have been made with that modification in accordance with the relevant provisions of the 2008 Act.

(3) A modification instrument may only be made with the consent of the Treasury.

(4) A modification instrument must be in writing.

(5) As soon as practicable after making a modification instrument—

- (a) ACo must send the modification instrument to the Treasury;
- (b) ACo must arrange for the modification instrument to be published in two newspapers, chosen by ACo to maximise the likelihood of the instrument coming to the attention of any person likely to be affected;
- (c) ACo and BCo must publish the modification instrument on their internet websites.

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

8th December 2009

Steve McCabe
Dave Watts
Two of the Lords Commissioners of Her
Majesty's Treasury

SCHEDULE 1

Article 3

Business, &c. transferred from ACo to BCo

PART 1

Interpretation

Interpretation

1.—(1) In this Schedule—

“CHAPS Clearing Company Limited” means CHAPS Clearing Company Limited, company registered number 1962902;

“customer accounts” means each bank account held immediately before the transfer time with ACo in the name of or on behalf of any person other than a relevant undertaking, including—

- (a) instant access accounts,
- (b) fixed term and notice savings accounts,
- (c) savings bonds,
- (d) individual savings accounts, and
- (e) commercial deposit accounts;

“Granite Finance Trustees Limited” means Granite Finance Trustees Limited, a company incorporated in Jersey with company number 79309;

“group bank accounts” means each bank account held immediately before the transfer time with ACo in the name of or on behalf of any of the following—

- (a) GPCH Limited, company registered number 4128437;
- (b) Granite Finance Funding Limited, a company incorporated in Jersey with company number 79308;
- (c) Granite Finance Funding 2 Limited, company registered number 05249387;
- (d) Granite Finance Trustees Limited;
- (e) Granite Master Issuer plc, company registered number 5250668;
- (f) Granite Mortgages 03-2 plc, company registered number 4684567;
- (g) Granite Mortgages 03-3 plc, company registered number 4823268;
- (h) Granite Mortgages 04-1 plc, company registered number 4959572;
- (i) Granite Mortgages 04-2 plc, company registered number 5057377;
- (j) Granite Mortgages 04-3 plc, company registered number 5168395;
- (k) Northern Rock Covered Bond LLP, company registered number OC306984;
- (l) Whinstone Capital Management Limited, a company incorporated in Jersey with company number 91429;
- (m) Whinstone 2 Capital Management Limited, a company incorporated in Jersey with company number 93397;

“intermediary arrangements” means—

- (a) each ACo arrangement specified in Part Q of Schedule 2 to the transfer administration agreement, and
- (b) any other ACo arrangement with any person (“P”) under which—

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

- (i) ACo agrees to administer, market, sell or distribute P's products, or
- (ii) ACo agrees to market, sell or distribute its products to persons through, or in connection with, P;

"mortgage product switch offer" means an offer made by ACo in respect of which the following conditions are satisfied—

- (a) Condition 1 is that the offer is made to a person to whom ACo has made a mortgage loan ("the existing mortgage loan") which has, at the date on which the offer is made, not been redeemed;
- (b) Condition 2 is that the offer is to amend the existing mortgage loan so that its terms relate to a mortgage product which is different to the mortgage product to which the terms of the existing mortgage loan relate;
- (c) Condition 3 is that the offer would, if accepted, not result in the security relating to the existing mortgage loan being released;

"Northern Rock (Guernsey) Limited" means Northern Rock (Guernsey) Limited, a company incorporated in Guernsey with company number 30224;

"operational arrangements" means each ACo arrangement which falls within any class described in Table 1 at the end of this paragraph;

"payment scheme" means any of the following—

- (a) the Bacs schemes;
- (b) the Faster Payments scheme, operated by the CHAPS Clearing Company Limited;
- (c) the LINK ATM scheme, operated by Link Interchange Network Limited, company registered number 03565766;
- (d) the VISA Card Scheme, operated by VISA Europe Limited.

"payment scheme arrangement" means any ACo arrangement in respect of any payment scheme;

"ported mortgage loan" means a mortgage loan made by ACo to a person ("P") in respect of which the following conditions are satisfied—

- (a) Condition 1 is that the mortgage loan is entered into within 3 months of P redeeming a mortgage loan ("the original mortgage loan") made by ACo to P in consequence of which all of the security relating to the original mortgage loan was released;
- (b) Condition 2 is that the mortgage product to which the terms of the mortgage loan relates is the same mortgage product to which the terms of the original mortgage loan related;

"relevant company limited by guarantee" means any of the following—

- (a) The Association of Insurance and Risk Managers, company registered number 01345758;
- (b) Bacs Payment Schemes Limited;
- (c) CIFAS, company registered number 2584687;
- (d) Funds Transfer Sharing Limited, company registered number 01850222;
- (e) N Hunter Limited, company registered number 4546325;
- (f) Payments Council Limited, company registered number 6124842;
- (g) The UK Cards Association Limited, company registered number 07066141;

"relevant company limited by shares" means any of the following—

- (a) CHAPS Clearing Company Limited;

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

- (b) MBL Holdings Limited, company registered number 03887371;
- (c) UK Payments Administration Limited, company registered number 01935025;
- (d) VISA Europe Limited;
- (e) Visa UK Limited, company registered number 02744892;
- (f) Vocalink Limited, company registered number 6119048;

“retained arrangements” means—

- (a) each ACo arrangement specified in Part A of Schedule 3 to the transfer administration agreement, or
 - (b) any other ACo arrangement in respect of the provision of mortgage indemnity insurance;
- “transfer administration agreement” means the agreement made between ACo and BCo dated 7th December 2009 in connection with the provisions of this Order;

“trust accounts” means—

- (a) the account in the name of ACo with Barclays Bank plc, with sort code 20-59-42 and account number 60655996,
- (b) the account in the name of ACo with Lloyds TSB Bank plc, with sort code 30-00-02 and account number 00893639, and
- (c) any other bank account in the name of ACo held immediately before the transfer time where the sums standing to the credit of the account immediately before the transfer time are held by ACo on trust in accordance with the trust account contract;

“trust account contract” means the Collection Bank Agreement of 26th March 2001 between ACo, Granite Finance Trustees Limited and two collection banks (amongst others) (as amended and restated on 14th June 2004 and 19th January 2005), a copy of which is appended to the transfer administration agreement at Appendix A(13);

“VISA Europe Limited” means VISA Europe Limited, company registered number 5139966;

“wholesale deposits” means—

- (a) each deposit in respect of which the following conditions are satisfied—
 - (i) Condition 1 is that the deposit was made with ACo, acting through its treasury department;
 - (ii) Condition 2 is that the deposit was of at least £50,000;
 - (iii) Condition 3 is that the terms of the deposit require repayment at a specified time which is not more than five years after the date on which the deposit is made;
 - (iv) Condition 4 is that the terms of the deposit do not make provision for the transfer of the right to repayment;
 - (v) Condition 5 is that the terms of the deposit prevent partial withdrawals of, or additions to, the deposit;
- (b) each deposit in respect of which the following conditions are satisfied—
 - (i) Condition 1 is that the deposit was made with ACo, acting through its treasury department;
 - (ii) Condition 2 is that the deposit is evidenced by a certificate of deposit;
 - (iii) Condition 3 is that the amount payable is at least £50,000, exclusive of interest;

(13) A copy of the Programme Master Definitions Schedule, dated 19th January 2005, the provisions of which are expressly incorporated by the trust account contract (as restated), is appended to the transfer administration agreement at Appendix B.

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

- (iv) Condition 4 is that the amount is payable at a specified time which is not more than five years after the date on which the deposit is made;

“wholesale funding arrangements” means each relevant arrangement specified or described in Part B of Schedule 3 to the transfer administration agreement.

(2) References to different types of mortgage loans and mortgage offers in Part 2 of this Schedule are to be construed in accordance with Table 2 at the end of this paragraph.

(3) References to property, rights or liabilities in Part 2 of this Schedule do not include foreign property, rights or liabilities, except in paragraph 17.

(4) In sub-paragraph (3), foreign property, rights or liabilities consist of—

- (a) property situated outside the United Kingdom, and
- (b) rights or liabilities under the law of a place outside the United Kingdom.

Table 1

Classes of operational arrangements

| <i>Class</i> | <i>Arrangements within class</i> |
|--|--|
| Class 1 (professional, &c. arrangements) | Each arrangement specified in Part A of Schedule 2 to the transfer administration agreement. Any other arrangement for the provision to ACo of any type of professional or consultancy services. |
| Class 2 (credit services, &c. arrangements) | Each arrangement specified in Part B of Schedule 2 to the transfer administration agreement. Any other arrangement for the provision to ACo of any or any combination of the following— (a) credit scoring services; (b) credit reporting services; (c) credit or income checking services; (d) business forecasting services; (e) reporting or benchmarking services; (f) third party address or identity verification services; (g) services relating to the underwriting of mortgages by ACo; (h) other information or data services similar in kind to the services described in paragraphs (a) to (g). |
| Class 3 (services relating to financial crime arrangements) | Each arrangement specified in Part C of Schedule 2 to the transfer administration agreement. Any other arrangement for the provision to ACo of any services relating to the detection, prevention or reporting of fraud, money-laundering or other financial crime. |
| Class 4 (information technology and electronic communications, &c. arrangements) | Each arrangement specified in Part D of Schedule 2 to the transfer administration agreement. Any other arrangement for the provision to ACo of any or any combination of the following— |

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

| <i>Class</i> | <i>Arrangements within class</i> |
|--|---|
| | <ul style="list-style-type: none"> (a) hardware, software, network or other information technology products; (b) hardware, software, network or other information technology services; (c) hardware, software, network or other information technology support or maintenance services; (d) hardware, software, network or other information technology security services; (e) software development or escrow services; (f) website and intranet services; (g) online or hardcopy subscription services; (h) telephony, audio-visual communications or other electronic communications services; (i) data retention services; (j) business continuity services. |
| Class 5 (mortgage operations arrangements) | <p>Each arrangement specified in Part E of Schedule 2 to the transfer administration agreement.</p> <p>Any other arrangement for the provision to ACo of any or any combination of the following—</p> <ul style="list-style-type: none"> (a) mortgage applications or servicing services; (b) valuation or surveying services in relation to mortgages; (c) mortgage processing, administration or analysis services; (d) services relating to the registration of security granted in favour of ACo. |
| Class 6 (facilities management and utilities arrangements) | <p>Each arrangement specified in Part F of Schedule 2 to the transfer administration agreement.</p> <p>Any other arrangement for the provision to ACo of any or any combination of the following—</p> <ul style="list-style-type: none"> (a) facilities management or maintenance services; (b) vehicle management or maintenance services; (c) document storage, destruction or security services; (d) gas, electricity, water, or other utilities. |
| Class 7 (payment and account arrangements) | <p>Each payment scheme arrangement.</p> <p>Each arrangement specified in Part G of Schedule 2 to the transfer administration agreement.</p> <p>Any other arrangement for the provision to ACo of any or any combination of the following—</p> <ul style="list-style-type: none"> (a) services relating to the receipt, transfer or clearing of funds; (b) savings account servicing, processing or administration services. |
| Class 8 (debt management, &c. arrangements) | <p>Each arrangement specified in Part H of Schedule 2 to the transfer administration agreement.</p> |

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

| <i>Class</i> | <i>Arrangements within class</i> |
|--|--|
| | <p>Any other arrangement for the provision to ACo of any or any combination of the following—</p> <ul style="list-style-type: none"> (a) debt management, debt recovery or debt collection services; (b) services relating to the taking of property into possession, or relating to the sale or management of property which has been taken into possession; (c) receivership or other insolvency services in relation to customers. |
| Class 9 (advertising, brand, printing, stationery, &c. arrangements) | <p>Each arrangement specified in Part I of Schedule 2 to the transfer administration agreement.</p> <p>Any other arrangement for the provision to ACo of any or any combination of the following—</p> <ul style="list-style-type: none"> (a) advertising in relation to the ACo brand; (b) office stationery; (c) office equipment, or services relating to its maintenance; (d) other office supplies; (e) printing or mail services (f) public relations, media monitoring or media analysis services. <p>Any other arrangement for the provision by ACo of any sponsorship.</p> |
| Class 10 (cheque and cash collection, &c. arrangements) | <p>Each arrangement specified in Part J of Schedule 2 to the transfer administration agreement.</p> <p>Any other arrangement for the provision to ACo of services relating to the transfer of cash or cheques to or from ACo branches.</p> |
| Class 11 (treasury arrangements) | <p>Each arrangement specified in Part K of Schedule 2 to the transfer administration agreement.</p> <p>Any other arrangement for the provision to ACo of financial instrument trading, clearing or brokerage services.</p> |
| Class 12 (human resources arrangements) | <p>Each arrangement specified in Part L of Schedule 2 to the transfer administration agreement.</p> <p>Any other arrangement for the provision to ACo of any or any combination of the following—</p> <ul style="list-style-type: none"> (a) payroll services; (b) services relating to the recruitment, employment or professional development of employees or agency workers. |
| Class 13 (internal audit arrangements) | <p>Each arrangement specified in Part M of Schedule 2 to the transfer administration agreement.</p> |

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

| <i>Class</i> | <i>Arrangements within class</i> |
|---|---|
| | Any other arrangement for the provision to ACo of internal audit services. |
| Class 14 (company secretary and reporting arrangements) | Each arrangement specified in Part N of Schedule 2 to the transfer administration agreement. Any other arrangement for the provision to ACo of regulatory reporting or announcement services. |
| Class 15 (confidentiality arrangements) | Each arrangement specified in Part O of Schedule 2 to the transfer administration agreement. Any other arrangement which solely provides for or creates obligations of confidentiality between ACo and a third party in respect of information disclosed between the parties. |
| Class 16 (arrangements in respect of third party intellectual property) | Each arrangement specified in Part P of Schedule 2 to the transfer administration agreement. Any other arrangement which solely provides for the provision of any or any combination of the following— (a) the use by ACo of the intellectual property rights of a third party; (b) the use by a third party of the intellectual property rights of ACo. |

Table 2

Types of mortgage loan and mortgage offer

| <i>Defined term</i> | <i>Meaning</i> |
|--|--|
| Type 1 mortgage loan (specified loans and connected loans) | Any mortgage loan made by ACo in respect of which the following conditions are satisfied— (a) Condition 1 is that the mortgage loan is— (i) specified by virtue of Part A of Schedule 1 to the transfer administration agreement (by reference to its mortgage account number)(14), (ii) a mortgage loan which is secured on the same property as a mortgage loan which falls within sub-paragraph (i), (iii) a further advance made in relation to a mortgage loan which falls within sub-paragraph (i) or sub-paragraph (ii), or (iv) a ported mortgage loan where the original mortgage loan falls within sub-paragraph (i), (ii) or (iii); (b) Condition 2 is that the mortgage loan is made before the transfer time. |

(14) Schedule 1 to the transfer administration agreement identifies mortgage loans and mortgage offers by reference to the Initial Mortgage File and the Initial Mortgage Pipeline File respectively. These are both read only CD-ROMs which identify (by reference to account numbers and application numbers) as at midnight on 30th November 2009 the mortgage loans and mortgage offers which are to be transferred to BCo (in the case of loans, unless redeemed before the transfer time).

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

| <i>Defined term</i> | <i>Meaning</i> |
|--|---|
| Type 2 mortgage loan (loans made in consequence of specified offers made before the end of 30th November 2009) | Any mortgage loan made by ACo between the end of 30th November 2009 and the transfer time in consequence of an offer of a mortgage loan specified by virtue of Part B of Schedule 1 to the transfer administration agreement (by reference to the mortgage offer application number relating to that offer). |
| Type 3 mortgage loan (loans made in consequence of certain offers made after 30th November 2009) | Any mortgage loan made by ACo before the transfer time in consequence of an offer of a mortgage loan made after the end of 30th November 2009 where the offer was not— (a) an offer to make a further advance in relation to a mortgage loan made by ACo; or (b) an offer to make a ported mortgage loan. |
| Type 4 mortgage loan (loans amended in consequence of certain mortgage product switch offers) | Any mortgage loan made by ACo which is amended— (a) between the end of 30th November 2009 and the transfer time in consequence of a mortgage product switch offer which is specified by virtue of Part B of Schedule 1 to the transfer administration agreement (by reference to the mortgage offer application number relating to that offer); or (b) prior to the transfer time in consequence of a mortgage product switch offer made after the end of 30th November 2009. |
| Type 1 mortgage offer (specified offers made before the end of 30th November 2009) | Any offer of a mortgage loan made by ACo which is specified by virtue of Part B of Schedule 1 to the transfer administration agreement (by reference to the mortgage application number relating to that offer). |
| Type 2 mortgage offer (certain offers made after 30th November 2009) | Any offer of a mortgage loan made by ACo in respect of which the following conditions are satisfied— (a) Condition 1 is that the offer of a mortgage loan was made after the end of 30th November 2009; (b) Condition 2 is that the offer of a mortgage loan is not an offer to make a further advance in relation to a mortgage loan made by ACo; (c) Condition 3 is that the offer of a mortgage loan is not an offer to make a ported mortgage loan. |
| Type 3 mortgage offer (certain offers made after 30 th November 2009 in connection with existing mortgages) | Any offer of a mortgage loan made by ACo in respect of which the following conditions are satisfied— (a) Condition 1 is that the offer of a mortgage loan was made after the end of 30th November 2009; (b) Condition 2 is that the offer is made to a person to whom ACo has made a mortgage loan (“the existing mortgage loan”) which— (i) is a mortgage loan which falls within paragraph (a) of the definition of type 1 mortgage loan, and (ii) has, at the date on which the offer is made, not been redeemed; (c) Condition 3 is that the offer is of a further advance in relation to the existing mortgage loan or is an offer of a ported mortgage loan. |

| Defined term | Meaning |
|--------------------------------------|---|
| Type 1 mortgage product switch offer | Any mortgage product switch offer made by ACo which is— (a) a mortgage product switch offer specified by virtue of Part B of Schedule 1 to the transfer administration agreement (by reference to the mortgage offer application number relating to that offer); or (b) a mortgage product switch offer made after the end of 30th November 2009. |

PART 2

Property, rights and liabilities to be transferred (other than excluded property, rights and liabilities)

2. All property, rights and liabilities of ACo in respect of the customer accounts.
3. All property, rights and liabilities of ACo in respect of the following—
 - (a) each Type 1 mortgage loan, together with its related security;
 - (b) each Type 2 mortgage loan, together with its related security;
 - (c) each Type 3 mortgage loan, together with its related security;
 - (d) each Type 4 mortgage loan, together with its related security.
4. All rights and liabilities of ACo in respect of the following—
 - (a) each Type 1 mortgage offer;
 - (b) each Type 2 mortgage offer;
 - (c) each Type 3 mortgage offer;
 - (d) each Type 1 mortgage product switch offer.
5. All property, rights and liabilities of ACo in respect of the trust accounts.
6. All property, rights and liabilities of ACo in respect of the operational arrangements.
7. All property, rights and liabilities of ACo in respect of the intermediary arrangements.
8. All property, rights and liabilities of ACo in respect of the bank accounts specified in Part E of Schedule 1 to the transfer administration agreement.
9. All property, rights and liabilities of ACo in respect of the financial instruments specified in Part F of Schedule 1 to the transfer administration agreement.
10. All property, rights and liabilities of ACo—
 - (a) in respect of the shares of each relevant company limited by shares;
 - (b) in respect of ACo's membership of each relevant company limited by guarantee.
11. All property, rights and liabilities of ACo in respect of the freehold and leasehold real property of ACo specified in Part C of Schedule 1 to the transfer administration agreement.
12. All property, rights and liabilities of ACo in respect of the heritable property owned or held on lease by ACo specified in Part D of Schedule 1 to the transfer administration agreement.
13. All personal or moveable property of ACo other than—
 - (a) any business records which do not relate to the property, rights or liabilities transferred to BCo by this Order;

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

- (b) any records which are required by any enactment or accounting practice to be retained by ACo.
- 14. All property and rights in—
 - (a) the ACo brand, and
 - (b) any other intellectual property rights of ACo in respect of the property, rights or liabilities transferred by this Order.
- 15. The goodwill of ACo in the businesses transferred to BCo by this Order.
- 16. All rights and liabilities of ACo in respect of the undertaking given by ACo on 1st October 1997 to discharge the liabilities of Northern Rock (Guernsey) Limited.
- 17. All property, rights and liabilities of ACo in respect of the Irish branch.
- 18. All property, rights and liabilities of ACo in respect of those sterling, US dollar and Euro call accounts representing the amounts outstanding on the intercompany account between Northern Rock (Guernsey) Limited and ACo.
- 19. All property, rights and liabilities of ACo in respect of the sterling call account representing the amounts outstanding on the intercompany account between ACo and the Northern Rock Foundation, registered charity number 1063906.
- 20. All property, rights and liabilities of ACo in respect of the wholesale deposits.

PART 3

Excluded property, rights and liabilities

- 21. All property, rights and liabilities of ACo in respect of the wholesale funding arrangements.
- 22. All property, rights and liabilities of ACo in respect of the group bank accounts.
- 23. All property, rights and liabilities of ACo in respect of the retained arrangements.
- 24. All property, rights and liabilities of ACo in respect of the trust account contract.
- 25. All property, rights and liabilities of ACo in respect of any amounts outstanding on any intercompany account between ACo and any group undertaking of ACo (other than Northern Rock (Guernsey) Limited) as at the transfer time.
- 26. All property, rights and liabilities in respect of the leasehold property of ACo in respect of the Irish branch.

PART 4

Further provisions

Trust accounts, &c.

27.—(1) Paragraph (3) makes provision for how the trust account contract trust property is to be held as from the transfer time.

(2) In paragraph (1), “the trust account contract trust property” means the Total Property (within the meaning of the trust account contract), which is held by ACo on the trusts constituted by the trust account contract.

(3) The trust account contract trust property is to be held by BCo for itself absolutely.

(4) In connection with and in consequence of the transfer and sub-paragraphs (1) and (3), the property ACo is to be treated, as from immediately after the transfer time, as holding on trust under the trusts constituted by the trust account contract is—

- (a) ACo's beneficial interest in the trust constituted by clause 9.1 of the transfer administration agreement⁽¹⁵⁾ (which is described in that clause as “the Trust Account ACo Beneficial Share”), and
- (b) all sums from time to time standing to the credit of any bank account in the name of ACo which is used for the purpose of collecting, directly or indirectly—
 - (i) monies due in respect of mortgage loans which were made by ACo but which have been beneficially assigned to Granite Finance Trustees Limited, or
 - (ii) realisations from security related to mortgage loans which were made by ACo but which have been beneficially assigned to Granite Finance Trustees Limited.

(5) In connection with and in consequence of the transfer and sub-paragraphs (1), (3) and (4), any interest which was derived from ACo's beneficial interest in the trust account contract trust property immediately before the transfer time is, as from immediately after the transfer time, to be treated as derived from the property ACo is to be treated as holding on trust under the trusts constituted by the trust account contract by virtue of sub-paragraph (4).

Membership of companies

28.—(1) BCo is entitled as from the transfer time to all the rights, benefits and privileges of a member of each relevant company limited by shares and relevant company limited by guarantee.

(2) BCo enjoys the entitlement conferred by sub-paragraph (1) whether or not it is entered in the registers of members of the companies, notwithstanding any provision of the articles of association of the companies or of the 2006 Act, the Companies Act 1985⁽¹⁶⁾, any other enactment or any rule of law.

(3) In relation to each relevant company limited by shares, section 776 of the 2006 Act (duty of company as to issue of certificates etc. on transfer) has effect with the modifications specified in paragraph (4).

(4) The transfer is to be treated as—

- (a) a transfer under subsection (2)(a), and
- (b) lodged with the relevant company limited by shares at the transfer time.

(5) The following provisions of the 2006 Act are disapplied in relation to the transfer of shares in each relevant company limited by shares—

- (a) section 776(3) and (4) (qualifications as to duty to issue certificates);
- (b) section 777 (issue of certificates etc.: cases within the Stock Transfer Act 1982);
- (c) section 778 (issue of certificates etc.: allotment or transfer to a financial institution).

(6) BCo is entitled to be registered in the register of members of each relevant company limited by guarantee as from the transfer time, notwithstanding any provision of the company's articles of association.

⁽¹⁵⁾ Clause 9.1 of the transfer administration agreement provides that, with effect from immediately after the transfer time, BCo declares that it shall hold as trustee all sums from time to time standing to the credit of the Trust Accounts (as defined in the transfer administration agreement) on trust absolutely for itself and ACo in the manner and proportions set out in the transfer administration agreement.

⁽¹⁶⁾ 1985 c.6.

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

SCHEDULE 2

Article 8

Modifications to the 2004 Regulations

| <i>Regulation and subject</i> | <i>Modification or comment</i> |
|--|--|
| 2 Interpretation | After the definition of “liquidator” insert— ““Northern Rock plc” means Northern Rock plc, company registered number 03273685;”. |
| 9 Notification of relevant decision to the Authority | After paragraph (4) insert— “(4A) Immediately after the Northern Rock plc Transfer Order 2009 has been made, the Treasury must inform the Authority— (a) that the Order has been made; and (b) in general terms, of the practical effects that the Order may have.”. |
| 10 Notification to EEA regulators | After paragraph (1) insert— “(1A) Where the Authority receives the notification made in accordance with regulation 9(4A), the Authority must as soon as is practicable inform the relevant person— (a) that the Northern Rock plc Transfer Order 2009 has been made; and (b) in general terms, of the possible effect that Order may have on the business of Northern Rock plc.”. |
| 12 Publication of voluntary arrangement, administration order, winding-up order or scheme of arrangement | After Regulation 12 insert— “Publication of the Northern Rock plc Transfer Order 2009 12A.— (1) As soon as is reasonably practicable after the Northern Rock plc Transfer Order 2009 has been made, the Treasury must publish, or cause to be published, in the Official Journal of the European Union and in 2 national newspapers in each EEA State in which Northern Rock plc has a branch the following information— (a) a summary of the terms of that Order; (b) the statutory provisions in accordance with which that Order was made; (c) the time frame for making an application for permission to challenge by way of judicial |

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

| <i>Regulation and subject</i> | <i>Modification or comment</i> |
|--------------------------------|---|
| | <p>review the decision to make that Order; and</p> <p>(d) the address of the court competent to consider an application for permission to challenge that decision.</p> <p>(2) The information to be published in accordance with paragraph (1) shall be—</p> <p>(a) in the case of the Official Journal of the European Union, in the official language or languages of each EEA State in which Northern Rock plc has a branch;</p> <p>(b) in the case of the national newspapers of each EEA State in which Northern Rock plc has a branch, in the official language or languages of that EEA State.”.</p> |
| 19 Application of this Part | <p>At the end of paragraph (1)(c), omit “or”.</p> <p>In paragraph (1)(d) after “2004” insert—</p> <p>“; or</p> <p>(e) where the Northern Rock plc Transfer Order 2009 has been made.”.</p> |
| 21 Interpretation of this Part | <p>In paragraph (1)(b) for “or order” substitute “order or statutory instrument”.</p> <p>After paragraph (2) insert—</p> <p>“(2A) In this Part, references to the opening or adoption of a relevant reorganisation means, in the case of the Northern Rock plc Transfer Order 2009, the date at which the Order is made and references to the time of an opening must be construed accordingly”.</p> |

SCHEDULE 3

Article 9

Deemed authorisation period: Part IV Permission

| <i>Regulated activity</i> | <i>Investment type</i> | <i>Customer type</i> | <i>Other limitations</i> |
|---------------------------|------------------------|----------------------|--------------------------|
| Accepting deposits | Deposit | All | None |

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

| <i>Regulated activity</i> | <i>Investment type</i> | <i>Customer type</i> | <i>Other limitations</i> |
|--|---|-----------------------|--|
| Agreeing to carry on specified kinds of activity | | | For the purposes of this activity, “specified kinds of activity” means the other regulated activities referred to in this table |
| Dealing in investments as agent | (a) Contract for differences (excluding a spread bet and a rolling spot forex contract); (b) Option (excluding a commodity option and an option on a commodity future); (c) Certificate representing certain security; (d) Government and public security; (e) Instrument giving entitlements to investments; (f) Future (excluding a commodity future and a rolling spot forex contract); (g) Rolling spot forex contract; (h) Instrument creating or acknowledging indebtedness; (i) Right to or interest in investments (security); (j) Right to or interest in investments (contractually based investments) | Eligible Counterparty | For the purposes of this activity, the permission to deal in the type of investment specified in (i) and (j) extends only to the types of investments specified in (a) to (h) |
| Dealing in investments as principal | (a) Contract for differences (excluding a spread bet and a rolling spot forex contract); (b) Option (excluding a commodity option and an option on a commodity future); (c) Future (excluding a commodity future and a rolling spot forex contract); | Eligible Counterparty | For the purposes of this activity, the permission is limited to BCo carrying on the activity in the manner specified in article 16(1) (a) or (b) of the Financial Services and Markets Act 2000 (Regulated |

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

| <i>Regulated activity</i> | <i>Investment type</i> | <i>Customer type</i> | <i>Other limitations</i> |
|--|---|-----------------------------------|--|
| | (d) Rolling spot forex contract; (e) Right to or interest in investments (contractually based investments) | | Activities) Order 2001(17). For the purposes of this activity, the permission to deal in the type of investment specified in (e) extends only to the types of investments specified in (a) to (d) |
| Advising on investments (except on pension transfers and pension opt outs) | Non-investment insurance contract | Retail (non-investment insurance) | None |
| Arranging deals in investments | Non-investment insurance contract | Retail (non-investment insurance) | None |
| Assisting in the administration and performance of a contract of insurance | Non-investment insurance contract | Retail (non-investment insurance) | None |
| Dealing in investments as agent | Non-investment insurance contract | Retail (non-investment insurance) | None |
| Making arrangements with a view to transactions in investments | Non-investment insurance contract | Retail (non-investment insurance) | None |
| Administering a regulated mortgage contract | Regulated mortgage contract | Customer | None |
| Advising on regulated mortgage contracts | Regulated mortgage contract | Customer | None |
| Arranging for a person to enter into or to vary regulated mortgage contracts | Regulated mortgage contract | Customer | None |
| Entering into a regulated mortgage contract as lender | Regulated mortgage contract | Customer | None |

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

| <i>Regulated activity</i> | <i>Investment type</i> | <i>Customer type</i> | <i>Other limitations</i> |
|---|-----------------------------|----------------------|--------------------------|
| Making arrangements with a view to regulated mortgage contracts | Regulated mortgage contract | Customer | None |

SCHEDULE 4

Article 13

Relevant regulatory permissions

1. Accepting deposits.
2. Advising on investments.
3. Arranging deals in investments.
4. Assisting in the administration and performance of a contract of insurance.
5. Dealing in investments as agent.
6. Making arrangements with a view to transactions in investments.
7. Dealing in investments as principal.

SCHEDULE 5

Article 18

Shadow directorship, &c.

1. The following provisions of the 2006 Act—
 - (a) section 84 (criminal consequences of failure to make required disclosures);
 - (b) section 162 (register of directors);
 - (c) section 165 (register of directors' residential addresses);
 - (d) section 167 (duty to notify registrar of changes);
 - (e) sections 170 to 177 (general duties of directors);
 - (f) sections 182 to 186 (declaration of interest in existing transaction or arrangement) as applied to shadow directors by section 187;
 - (g) sections 188 and 189 (directors' long-term service contracts) as applied to shadow directors by section 223;
 - (h) sections 190 to 196 (substantial property transactions) as applied to shadow directors by section 223;
 - (i) sections 197 to 214 (loans etc. to directors) as applied to shadow directors by section 223;
 - (j) sections 215 to 222 (payments for loss of office) as applied to shadow directors by section 223;
 - (k) sections 227 to 229 (directors' service contracts) as applied to shadow directors by section 230;
 - (l) section 231 (contracts with sole member who is also a director);
 - (m) sections 260 to 269 (derivative claims in England and Wales or Northern Ireland and derivative proceedings in Scotland);

- (n) section 275 (duty to keep register of secretaries);
 - (o) section 276 (duty to notify registrar of changes);
 - (p) sections 854 to 858 (annual return)(18);
 - (q) section 1255 (offences by bodies corporate, partnerships and unincorporated associations).
2. The following provisions of the Insolvency Act 1986(19)—
- (a) section 214 (wrongful trading);
 - (b) section 249 (“connected” with a company).
3. The following provisions of FSMA 2000—
- (a) section 96A (disclosure of information requirements)(20);
 - (b) section 96B (disclosure rules: persons responsible for compliance)(21).

EXPLANATORY NOTE

(This note is not part of the Order)

This Order provides for the restructuring of Northern Rock plc, by the transfer of some of its business to a new company which is also wholly owned by the Treasury.

Article 2 contains definitions.

The business being transferred by the Order will be transferred from Northern Rock plc to Gosforth Subsidiary No.1 plc. However, the intention is for Northern Rock plc to be renamed Northern Rock (Asset Management) plc and for Gosforth Subsidiary No.1 plc to be renamed Northern Rock plc shortly before the transfer takes effect. In light of this, in the Order the generic names “ACo” and “BCo” are used to refer to Northern Rock plc and Gosforth Subsidiary No.1 plc respectively.

Article 3 (together with Schedule 1) effect the transfer, by identifying the categories and other descriptions of property, rights and liabilities that are to be transferred from ACo to BCo by operation of law.

In many cases reference is made to specific contracts or arrangements which are to be transferred (or which are excluded from the transfer). Listing such contracts and arrangements in full in this Order would result in this Order being extremely lengthy. In light of this, these particulars are provided in or by virtue of a separate document, the transfer administration agreement. This is an agreement dated 7th December 2009 made between ACo and BCo in connection with the provisions of this Order. The transfer takes effect, in part, by reference to the transfer administration agreement. This agreement and related documents are available for inspection on the Treasury’s website (<http://www.hm-treasury.gov.uk>). Copies can also be obtained from Victoria Tickle, Resolution Team, HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ.

Articles 4 and 5 make provision consequent on the fact that the transfer is effected by operation of law.

(18) Amended by S.I. 2008/3000.

(19) 1986 c. 45.

(20) Inserted by S.I. 2005/381.

(21) Inserted by S.I. 2005/381 and amended by the 2006 Act, Schedule 15, paragraphs 1 and 7.

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

Articles 6 and 7 make provision about third party rights and obligations. For example, article 6 provides that no third party is entitled to terminate a contract by virtue of the making of the Order or things done by, under, by virtue of or in consequence of the Order.

Article 8 (together with Schedule 2) applies the Credit Institutions (Reorganisation and Winding up) Regulations 2004 (S.I. 2004/1045) with modifications, in consequence of this Order constituting a reorganisation measure for the purposes of Directive 2001/24/EC on the reorganisation and winding up of credit institutions (OJ L125 5.5.2001 p.15).

Article 9 (together with Schedule 3) deems BCo to have certain permissions to carry out regulated activities for the purposes of the Financial Services and Markets Act 2000 (c. 8) ("FSMA 2000"). This provision operates for a short period ("the deemed authorisation period").

Article 10 makes provision in relation to persons performing controlled functions (within the meaning of FSMA 2000) for or in relation to BCo. For a short period ("the deemed approval period") the requirements of FSMA 2000 in relation to the performance of controlled functions are disapplied, so long as the Financial Services Authority ("FSA") is satisfied of the matters set out in paragraph (2).

Article 11 makes provision for how documents are to be construed. For example, a reference in a contract to ACo is to be treated as a reference to BCo if that contract is transferred to BCo by the Order.

Article 12 makes provision in relation to the transfer of employees of ACo.

Article 13 (together with Schedule 4) provides that certain provisions of contracts and other arrangements which relate to ACo holding certain permissions to carry out regulated activities have no effect.

Articles 14 and 15 make provision about services. For example, BCo may use services provided to it for the benefit of ACo, even where this is not authorised by the contract between BCo and the service provider. By way of further example, ACo may discharge obligations to provide services to others through BCo, even where this is not authorised in the contract between ACo and the recipient of services. These provisions only apply during a transitional period which ends at the end of 31st December 2010.

Article 16 makes provision in respect of contracts and other arrangements in relation to the Bacs schemes (as defined in article 2). For a transitional period, any provision in those contracts and arrangements which requires BCo to hold any credit rating or which provides for a consequence should BCo cease to hold such a rating has no effect.

Article 17 provides that, for a transitional period which ends at the end of 31st December 2010, BCo may deal with payments made to ACo. For example, this provision would enable BCo to cash a cheque made out to ACo.

Article 18 (together with Schedule 5) provides that certain persons are not to be treated as shadow directors of BCo or any group undertaking of BCo, or as acting in certain other capacities, for certain purposes.

Article 19 makes provision about the application of the Freedom of Information Act 2000 (c. 36) while BCo is wholly owned by the Treasury.

Articles 20 and 21 modify the rule making powers of the FSA.

Article 22 enables ACo and BCo, with the consent of the Treasury, to modify this Order in accordance with the procedure set out in the article, so long as this Order could have originally be made with that modification under the Banking (Special Provisions) Act 2008.

An Impact Assessment has not been produced for this Order as no impact on the private or voluntary sectors is foreseen.