

FINANCIAL SERVICES ACT 2012

EXPLANATORY NOTES

COMMENTARY

Part 8 – Amendments of Banking Act 2009

Special resolution regime and bank administration

Section 100: groups

565. *Section 100* extends certain powers under the Banking Act 2009 to banking group companies. “Banking group company” is defined in new section 81D, inserted by *subsection (5)* as an undertaking in the same group as a bank and which meets conditions specified in an order made by the Treasury.
566. *Subsection (4)* inserts new section 36A into the Banking Act 2009 to enable the Bank of England to exercise powers in relation to the directors (including the power to remove the director) of both the specified bank and of an undertaking which is a banking group company in respect of such a bank.
567. *Subsection (5)* inserts *new sections 81B to 81D*. *New section 81B* enables the Bank to exercise a stabilisation power involving the sale to a commercial purchaser or transfer to a bridge bank in respect of a banking group company. *New section 81B* sets out four conditions, all of which must be met before the Bank may exercise the power. The Bank must also consult the Treasury, PRA and FCA in certain cases. The Bank must have regard to the need to minimise the effect of the exercise of the powers on the rest of the group. *New section 81C* makes related modifications to the Banking Act 2009.