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DRAFT STATUTORY INSTRUMENTS

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**2014 No.**

**The Bank Recovery and Resolution Order 2014**

**Bridge bank**

**18.**—(1) Section 12 (bridge bank) is amended as follows.

(2) In subsection (1) for “is wholly owned by the Bank of England” substitute “meets the requirements of subsection (1A)”.

(3) For subsection (2) substitute—

“(1A) Those requirements are that the company—

- (a) is wholly or partially owned by the Bank of England,
- (b) is controlled by the Bank, and
- (c) is created for the purposes of receiving a transfer by virtue of this section with a view to maintaining access to critical functions and (in due course) selling the bank or its business.

(2) For the purpose of subsection (1) the Bank of England may make—

- (a) one or more share transfer instruments;
- (b) one or more property transfer instruments.”

(4) After subsection (3) insert—

“(3A) Where—

- (a) all or substantially all of the bridge bank’s assets, rights and liabilities have been transferred to a third party, or
- (b) following a transfer to the bridge bank under this section, no further transfer to the bridge bank is made under this section during the relevant post-transfer period,

the Bank of England must, without delay, take all necessary steps to wind up the bridge bank.

(3B) But subsection (3A)(b) does not apply if the bridge bank—

- (a) has merged with another entity,
- (b) has ceased to meet the requirements of subsection (1A)(a) or (b), or
- (c) has already been wound up.

(3C) “The relevant post-transfer period” means the period of two years beginning with the day of the transfer mentioned in subsection (3A)(a), subject to any extension under subsection (3D).

(3D) The Bank of England may extend (or further extend) the relevant post-transfer period by one year if it is satisfied that the extension—

- (a) would support one or more of the outcomes mentioned in subsection (3A)(a) or (3B)(a), (b) or (c), or
- (b) is necessary to ensure the continuity of essential banking or financial services.”

(5) In subsection (4), for “is wholly owned by the Bank of England” substitute “meets the requirements of subsection (1A)”.

- (6) For subsection (5)(a)(i) substitute—
- “(i) subsections (3) to (3B),
  - (ia) section 8ZA(3)(b),
  - (ib) section 12ZA(1)(b) and (2)(c).”