
DRAFT STATUTORY INSTRUMENTS

2014 No.

The Bank Recovery and Resolution Order 2014

General continuity obligation: share transfers

74.—(1) Section 66 (general continuity obligation: share transfers)(1) is amended as follows.

(2) In subsection (1)—

(a) in paragraph (a), after “11(2)(a)” insert “, 12(2)(a)”, and

(b) in paragraph (d), after “11(2)(a)” insert “, 12(2)(a)”.

(3) After subsection (1) insert—

“(1ZA) In this section a reference to insolvency includes a reference to (i) liquidation, (ii) bank insolvency, (iii) administration, (iv) bank administration, (v) receivership, (vi) composition with creditors and (vii) a scheme of arrangement.”.

(4) In subsection (1A), after “if a” insert “mandatory reduction instrument or”.

(5) After subsection (3) insert—

“(3A) The continuity obligation continues to apply despite the former group company entering insolvency, and may not be disclaimed by a liquidator under section 178(2) of the Insolvency Act 1986 or Article 152(1) of the Insolvency (Northern Ireland) Order 1989(2).”.

(6) After subsection (4) insert—

“(4A) But if the services and facilities provided in pursuance of the continuity obligation were provided to the transferred bank, under an agreement with that bank, before the share transfer instrument or order or the resolution instrument providing for the transfer was made, they are to continue for the duration of that agreement to be provided on the terms set out in that agreement (and subsection (4) does not apply).”.

(1) Section 66 was amended, and subsection (1A) inserted, by paragraph 18 of Schedule 2 to the Financial Services (Banking Reform) Act 2013 (c.33).
(2) SI 1989/2405 (N.I. 19).