



Banking Act 1979

1979 CHAPTER 37

PART I

CONTROL OF DEPOSIT-TAKING

The system of recognition and licensing by the Bank

3 Recognition and licences

- (1) Recognition as a bank for the purposes of this Act may be granted by the Bank on an application in that behalf by the institution concerned.
- (2) A full licence to carry on a deposit-taking business may be granted to an institution by the Bank on an application in that behalf or on an application for recognition or on the revocation of the institution's recognition.
- (3) Subject to subsection (5) below.—
 - (a) the Bank shall not grant to an institution recognition as a bank unless it is satisfied that the criteria in Part I of Schedule 2 to this Act are fulfilled with respect to the institution; and
 - (b) the Bank shall not grant a full licence to an institution unless it is satisfied that the criteria in Part II of that Schedule are fulfilled with respect to the institution.
- (4) The Bank shall grant neither recognition nor a licence to an institution which is not a body corporate if the whole of the assets available to the institution are owned by a single individual.
- (5) In the case of an institution whose principal place of business is in a country or territory outside the United Kingdom, the Bank may regard itself as satisfied that the criteria in paragraphs 3 and 6 of Schedule 2 to this Act or, as the case may be, paragraphs 7 and 10 of that Schedule are fulfilled if—

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- (a) the relevant supervisory authorities inform the Bank that they are satisfied with respect to the management of the institution and its overall financial soundness; and
 - (b) the Bank is satisfied as to the nature and scope of the supervision exercised by those authorities.
- (6) In subsection (5) above "the relevant supervisory authorities" in relation to an institution whose principal place of business is in a country or territory outside the United Kingdom means the authorities which exercise functions corresponding to those of the Bank under this Act in the country or territory where the institution's principal place of business is.
- (7) A grant of recognition and a full licence shall remain in force until—
- (a) it is surrendered by notice in writing given by the institution concerned to the Bank; or
 - (b) it is revoked in accordance with the following provisions of this Act.
- (8) The provisions of Part I of Schedule 3 to this Act shall have effect with regard to transitional licences and the provisions of Part II of that Schedule shall have effect with respect to the grant of recognition to certain corporate institutions which were in existence on 9th November 1978.

4 Annual report and list of recognised and licensed institutions

- (1) The Bank shall, as soon as practicable after the end of each of its financial years, make a report to the Chancellor of the Exchequer on its activities in that year in the exercise of the functions conferred on it by this Act
- (2) Every report under this section shall contain a list of the institutions which are recognised or licensed under this Act at the end of the financial year of the Bank to which the report relates.
- (3) Every report under this section shall set out the principles on which the Bank is acting, at the end of the financial year of the Bank to which the report relates, with respect to—
- (a) the interpretation and application of the criteria to be fulfilled by institutions applying for recognition or a licence; and
 - (b) the interpretation and application of the grounds for revocation of recognition or a licence ;
- and shall specify any material change in those principles which was made in the course of the year in question or is proposed to be made in the following year.
- (4) The Chancellor of the Exchequer shall lay a copy of every report made by the Bank under this section before each House of Parliament and the Bank shall arrange for the publication of every such report in such manner as it thinks appropriate.
- (5) Any reference in this section to a financial year of the Bank is a reference to a period of twelve months ending on the last day of February.
- (6) The Bank shall make available to any person, on request and on payment of such charge (if any) as the Bank may reasonably demand to cover the cost of preparation, a list of all the institutions which are recognised or licensed under this Act either at the date of the request or at such earlier date, being not more than one month earlier, as may be specified in the list.

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5 Recognition and licences: procedure on applications

- (1) An application for recognition or for a full licence—
 - (a) shall be made in such manner as the Bank may specify, either generally or in any particular case; and
 - (b) shall be accompanied by such information as the Bank may reasonably require, either generally or in any particular case, in order to reach a decision on the application.
- (2) If required to do so by notice in writing from the Bank given at any time after an application falling within subsection (1) above has been made and before a decision has been reached on the application, the applicant shall furnish to the Bank such additional information as the Bank may reasonably require in order to reach a decision.
- (3) Any person who knowingly or recklessly furnishes any information which is false or misleading in a material particular in connection with an application falling within subsection (1) above shall be liable—
 - (a) on summary conviction to a fine not exceeding the statutory maximum; and
 - (b) on conviction on indictment to imprisonment for a term not exceeding two years or to a fine or both.
- (4) If, on an application falling within subsection (1) above, the Bank proposes to refuse to grant recognition or, in the case of an application for a licence, to refuse to grant the licence applied for, the Bank—
 - (a) shall give notice in writing to the applicant of the action it proposes to take with respect to the application and of the reasons for that proposed action; and
 - (b) in the notice under paragraph (a) above shall also inform the applicant of the right to make representations in writing with respect to the proposed action of the Bank within such period of not less than twenty-eight days as may be specified in the notice; and
 - (c) before reaching a decision on the application shall take account of any representations made as mentioned in paragraph (b) above.
- (5) If, on an application falling within subsection (1) above, the Bank refuses to grant recognition or, as the case may be, the licence applied for, then, subject to subsection (6) below, the Bank shall give notice in writing to the applicant of its decision and the reasons for it before the expiry of the period of six months beginning with the date on which the application was received by the Bank.
- (6) In any case where, under subsection (2) above, the Bank requires additional information with respect to an application, the latest time for the giving of a notice under subsection (5) above with respect to that application shall be the expiry of whichever of the following periods first expires, namely—
 - (a) the period of six months beginning on the date on which the additional information is furnished to the Bank; and
 - (b) the period of twelve months beginning on the date on which the application was received by the Bank.