



Banking Act 1987 (repealed)

1987 CHAPTER 22

PART I

REGULATION OF DEPOSIT-TAKING BUSINESS

Directions

19 Directions to institutions.

- (1) The [^{F1}Authority] may give an institution directions under this section—
- (a) when giving it notice that the [^{F1}Authority] proposes to revoke its authorisation;
 - (b) at any time after such a notice has been given to the institution (whether before or after its authorisation is revoked);
 - (c) when giving the institution a notice of revocation under section 14(2) above by virtue of section 11(6)(b) above in the case of a members' voluntary winding up;
 - (d) at any time after the institution has served a notice surrendering its authorisation, whether with immediate effect or with effect from a later date specified in the notice;
 - (e) at or at any time after the expiry (otherwise than by virtue of section 12(8) above) of a restricted authorisation of the institution;
 - (f) at any time after a disqualification notice has been served on the institution under section 183 of the ^{M1}Financial Services Act 1986.
- (2) Directions under this section shall be such as appear to the [^{F1}Authority] to be desirable in the interests of the institution's depositors or potential depositors, whether for the purpose of safeguarding its assets or otherwise, and may in particular—
- (a) require the institution to take certain steps or to refrain from adopting or pursuing a particular course of action or to restrict the scope of its business in a particular way;
 - (b) impose limitations on the acceptance of deposits, the granting of credit or the making of investments;

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- (c) prohibit the institution from soliciting deposits either generally or from persons who are not already depositors;
 - (d) prohibit it from entering into any other transaction or class of transactions;
 - (e) require the removal of any director, controller or manager.
- (3) No direction shall be given by virtue of paragraph (a) or (b) of subsection (1) above, and any direction given by virtue of either of those paragraphs shall cease to have effect, if the [^{F1}Authority] gives the institution notice that it is not proposing to take any further action pursuant to the notice mentioned in that paragraph or if the [^{F2}Authority's] decision to revoke the institution's authorisation is reversed on appeal.
- (4) No direction shall be given by virtue of paragraph (d) of subsection (1) above, and any direction given by virtue of that paragraph shall cease to have effect, if the [^{F1}Authority] allows the institution to withdraw the surrender of its authorisation.
- (5) No direction shall be given to an institution under this section after it has ceased to have any liability in respect of deposits for which it had a liability at a time when it was authorised; and any such direction which is in force with respect to an institution shall cease to have effect when the institution ceases to have any such liability.
- (6) An institution which fails to comply with any requirement or contravenes any prohibition imposed on it by a direction under this section shall be guilty of an offence and liable—
- (a) on conviction on indictment, to a fine;
 - (b) on summary conviction, to a fine not exceeding the statutory maximum.
- (7) A contravention of a prohibition imposed under this section shall not invalidate any transaction.

Textual Amendments

- F1** Words in s. 19 substituted (1.6.1998) by 1998 c. 11, s. 23, **Sch. 5 Pt. I Ch. I para. 8**; S.I. 1998/1120, **art. 2**
- F2** Word in s. 19(3) substituted (1.6.1998) by 1998 c. 11, s. 23, **Sch. 5 Pt. I Ch. I para. 8(b)**; S.I. 1998/1120, **art. 2**

Modifications etc. (not altering text)

- C1** S. 19 continued (with modifications) (*prosp.*) by S.I. 2001/2657, **arts. 1, 10** (which S.I. 2001/2657 was revoked (8.10.2001) by S.I. 2001/3083, **arts. 1(2), 23**)
- S. 19 modified (*prosp.*) by S.I. 2001/2657, **arts. 1, 10(9)** (which S.I. 2001/2657 was revoked (8.10.2001) by S.I. 2001/3083, **arts. 1(2), 23**)
- S. 19 continued (with modifications) (1.12.2001) by S.I. 2001/3083, **arts. 1(2), 10**; S.I. 2001/3538, **art. 2(1)**
- S. 19 modified (1.12.2001) by S.I. 2001/3083, **arts. 1(2), 10(9)**; S.I. 2001/3538, **art. 2(1)**

Marginal Citations

- M1** 1986 c. 60.

20 Notification and confirmation of directions.

- (1) A direction under section 19 above shall be given by notice in writing and may be varied by a further direction; and a direction may be revoked by the [^{F3}Authority] by a notice in writing to the institution concerned.

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- (2) A direction under that section, except one varying a previous direction with the agreement of the institution concerned—
- (a) shall state the reasons for which it is given and give particulars of the institution's rights under subsection (4) and section 27 below; and
 - (b) without prejudice to section 19(3), (4) and (5) above, shall cease to have effect at the end of the period of twenty-eight days beginning with the day in which it is given unless before the end of that period it is confirmed by a further written notice given by the [^{F3}Authority] to the institution concerned.
- (3) Where a direction requires the removal of a person as director, controller or manager of an institution the [^{F3}Authority] shall give that person a copy of the direction (together with a statement of his rights under subsection (4) below) and, if the direction is confirmed, a copy of the notice mentioned in subsection (2)(b) above.
- (4) An institution to which a direction is given which requires confirmation under subsection (2) above and a person who is given a copy of it under subsection (3) above may, within the period of fourteen days beginning with the day on which the direction is given, make written representations to the [^{F3}Authority]; and the [^{F3}Authority] shall take any such representations into account in deciding whether to confirm the direction.
- (5) The [^{F3}Authority] may omit from the copies given to a person under subsection (3) above any matter which does not relate to him.

Textual Amendments

F3 Words in s. 20 substituted (1.6.1998) by 1998 c. 11, s. 23, **Sch. 5 Pt. I Ch. I para. 9**; S.I. 1998/1120, **art.2**

Modifications etc. (not altering text)

C2 S. 20 continued (with modifications) (*prosp.*) by S.I. 2001/2657, **arts. 1, 10** (which S.I. 2001/2657 was revoked (8.10.2001) by S.I. 2001/3083, **arts. 1(2), 23**)
S. 20 continued (with modifications) (1.12.2001) by S.I. 2001/3083, **arts. 1(2), 10**; S.I. 2001/3538, **art. 2(1)**

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