



# Banking Act 1987

## 1987 CHAPTER 22

### PART I

#### REGULATION OF DEPOSIT-TAKING BUSINESS

##### *Authorisations*

#### **12 Restriction of authorisation**

- (1) Where it appears to the Bank—
  - (a) that there are grounds on which the Bank's power to revoke an institution's authorisation are exercisable; but
  - (b) that the circumstances are not such as to justify revocation, the Bank may restrict the authorisation instead of revoking it.
- (2) An authorisation may be restricted—
  - (a) by imposing such limit on its duration as the Bank thinks fit;
  - (b) by imposing such conditions as it thinks desirable for the protection of the institution's depositors or potential depositors; or
  - (c) by the imposition both of such a limit and of such conditions.
- (3) A limit on the duration of an authorisation shall not be such as to allow the authorisation to continue in force for more than three years from the date on which it is imposed; and such a limit may, in particular, be imposed in a case in which the Bank considers that an institution should be allowed time to repay its depositors in an orderly manner.
- (4) The conditions imposed under this section 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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*Status: This is the original version (as it was originally enacted).*

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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;
  - (f) specify requirements to be fulfilled otherwise than by action taken by the institution.
- (5) Any condition imposed under this section may be varied or withdrawn by the Bank; and any limit imposed under this section on the duration of an authorisation may be varied but not so as to allow the authorisation to continue in force for longer than the period mentioned in subsection (3) above from the date on which the limit was first imposed.
- (6) An institution which fails to comply with any requirement or contravenes any prohibition imposed on it by a condition 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) The fact that a condition imposed under this section has not been complied with (whether or not constituting an offence under subsection (6) above) shall be a ground for the revocation of the authorisation in question but shall not invalidate any transaction.
- (8) An institution whose authorisation is restricted by the imposition of a limit on its duration may apply under section 8 above for a new authorisation and, if that authorisation is granted, the restricted authorisation shall cease to have effect.