

*These notes refer to the Banking Act 2009 (c.1)
which received Royal Assent on 12 February 2009*

BANKING ACT 2009

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 1: Special Resolution Regime

The stabilisation options

Section 12: Bridge bank

44. *Subsection (1)* provides that, where the general conditions (section 7) and the specific conditions (section 8) for the bridge bank stabilisation option are met, the Bank of England may transfer all or part of the business of a bank to a bridge bank. *Subsection (2)* provides that a transfer to a bridge bank may be effected only through a transfer of the some or all of the bank's property, rights and liabilities and is executed by one or more instrument(s) made by the Bank. As defined in subsection (1), a bridge bank is a company wholly owned by the Bank of England.
45. The code of practice to be made under section 5(1) must address matters relating to the management and control of bridge banks, which must address certain matters specified in *subsection (3)*.
46. Under *subsection (4)*, where a property transfer is made from a bridge bank (whether or not through means of a property transfer instrument) to a company wholly owned by the Bank of England, that company shall be treated as an 'onward bridge bank'. *Subsection (5)* provides for the nature of an onward bridge bank (by setting out the provisions of Part 1 which do and do not apply to onward bridge banks).