

SCHEDULES

SCHEDULE 11

CENTRAL COUNTERPARTIES

PART 5

SPECIAL RESOLUTION ACTION

General conditions

- 17 (1) A stabilisation power may be exercised in respect of a CCP only if the Bank is satisfied that each of the following conditions is met.
- (2) Condition 1 is that the CCP is failing or likely to fail.
- (3) Condition 2 is that—
- (a) having regard to timing and other relevant circumstances, it is not reasonably likely that (ignoring the stabilisation powers) action will be taken by or in respect of the CCP that will result in Condition 1 ceasing to be met, or
 - (b) in the Bank's assessment, the action that may be taken by or in respect of the CCP for the purpose of ensuring that Condition 1 is no longer met might have an adverse impact on the stability of the UK financial system.
- (4) Condition 3 is that the exercise of the power is necessary having regard to the public interest in the advancement of one or more of the special resolution objectives.
- (5) Condition 4 is that one or more of the special resolution objectives would not be met to the same extent by the winding up of the CCP.
- (6) For the purposes of Condition 1, a CCP is failing or likely to fail if one or more of the following apply—
- (a) the CCP is failing or is likely to fail to meet the recognition requirements (within the meaning of section 286 of FSMA 2000);
 - (b) the value of the assets of the CCP is less than the amount of its liabilities;
 - (c) the CCP is unable to pay its debts or other liabilities as they fall due;
 - (d) any of paragraphs (a) to (c) will, in the near future, apply to the CCP;
 - (e) extraordinary public financial support is required in respect of the CCP and sub-paragraph (9) does not apply to that support.
- (7) The Bank may treat Condition 1 as met if satisfied that it would be met but for the withdrawal or possible withdrawal of critical clearing services by the CCP.
- (8) The Bank must treat Conditions 1 and 2(a) as met if satisfied that those conditions would be met but for financial assistance provided by—
- (a) the Treasury, or

Status: This is the original version (as it was originally enacted).

- (b) the Bank (disregarding ordinary market assistance offered by the Bank on its usual terms).
- (9) This sub-paragraph applies where, in order to remedy a serious disturbance in the economy of the United Kingdom and preserve financial stability, the extraordinary public financial support takes either of the following forms—
- (a) a State guarantee to back liquidity facilities provided by the Bank, or
 - (b) a State guarantee of newly issued liabilities.
- (10) Before determining that Conditions 2, 3 and 4 are met the Bank must consult—
- (a) if the CCP is a PRA-authorised person, the PRA,
 - (b) the FCA, and
 - (c) the Treasury.