
STATUTORY INSTRUMENTS

1998 No. 1130

The Cash Ratio Deposits (Eligible Liabilities) Order 1998

Liabilities in respect of sterling deposits

4.—(1) In calculating the amount of an eligible institution's liabilities in respect of sterling deposits made with United Kingdom offices of the institution—

- (a) except in a case where sub-paragraph (b) applies, the total credit balances on the relevant accounts of any customer with those offices shall be reduced by the total debit balances on those accounts;
- (b) where the institution provides banking facilities to different undertakings within the same group, and compliance with any limit on the amount of those facilities is determined by reference to net amounts, the total credit balances on the relevant accounts of such undertakings with those offices shall be reduced by the total debit balances on those accounts; and
- (c) any interest which has accrued but has not yet been credited to an account shall be ignored.

(2) For the purposes of paragraph (1), an account with an eligible institution is a relevant account if the following conditions are satisfied—

- (a) the account is denominated in sterling;
- (b) where the account is held in the name of an individual, that individual is resident in the United Kingdom;
- (c) where the account is held in the name of an undertaking, the account is an account of a United Kingdom office of that undertaking;
- (d) the account and all other accounts which the institution treats as netted with that account are managed and controlled on a net basis; and
- (e) the institution has received a written opinion or, as the case may be, written opinions from its legal advisers that a legally enforceable right of set-off exists in respect of the account and all other accounts which the institution treats as netted with that account under the law of each jurisdiction whose law could affect the enforceability of such a right (including upon default, liquidation or bankruptcy or any analogous event under the law of such jurisdiction).