
EXPLANATORY NOTE

(This note is not part of the Order)

This Order specifies conditions which must be met in respect of an undertaking which is in the same group as a bank if it is to be a “banking group company” for the purposes of Part 1 of the Banking Act 2009 (c. 1) (“the Act”). Section 81B of the Act empowers the Bank of England to exercise a stabilisation power in respect of a banking group company to achieve a transfer to a commercial purchaser or a bridge bank.

For these purposes “bank” means a bank (as defined in section 2 of the Act), a building society, an investment firm or a recognised central counterparty which meets the conditions for the exercise of a stabilisation power.

A banking group company may be a parent or subsidiary undertaking of the bank or another company in the same group.

There are excluded from the meaning of “banking group company”—

- a mixed activity holding company where the bank is a subsidiary of an intermediate financial holding company;
- a subsidiary of such a mixed activity holding company, other than a parent or subsidiary of the bank, if it is neither a financial institution nor a subsidiary of a financial institution; and
- a covered bond vehicle or securitisation company which is not an investment firm or a financial institution (within the meaning given in Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26th June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012).

Article 4 amends the Banking Act 2009 (Restriction of Partial Property Transfers) Order 2009 (S.I. 2009/322) to restrict partial property transfers in respect of the property, rights or liabilities of a banking group company (unless it is a financial institution or a parent undertaking of the bank). Such a transfer must be necessary for carrying on the business, or any part of the business, of a banking institution, recognised central counterparty or other banking group company in the same group.

A full impact assessment of the effect that this Order will have on the costs of business and the voluntary sector is available from Her Majesty's Treasury, 1 Horse Guards Road, London SW1A 2HQ or on <http://www.hm-treasury.gov.uk/> and is published alongside the Order on <http://www.legislation.gov.uk/>.

Changes to legislation:

There are currently no known outstanding effects for the The Banking Act 2009 (Banking Group Companies) Order 2014.