
STATUTORY INSTRUMENTS

2021 No. 716

**The Payment and Electronic Money
Institution Insolvency Regulations 2021**

Objective 1: initial reconciliation

13.—(1) The administrator must carry out a reconciliation immediately after appointment, subject as follows.

(2) The purpose of the reconciliation is—

- (a) to identify any shortfall or excess in an asset pool, according to the institution's own records, which it would have settled, had it not entered special administration, and
- (b) to settle this with the institution's own bank accounts.

(3) The administrator must carry out the reconciliation using the method adopted by the institution when it last carried out a reconciliation to identify any shortfall or excess in the asset pool and to settle that shortfall or excess ("last reconciliation").

(4) Paragraph (1) does not apply where the administrator cannot identify any occasion on which the institution carried out a reconciliation of that kind.

(5) The reconciliation must be based on the records and accounts of the institution as they stood immediately after the last reconciliation.

(6) The administrator must take no further account—

- (a) of money received by the institution, or
- (b) of payments, transfers or transactions made by the institution,

of which account was taken in the last reconciliation.

(7) The administrator must take account of—

- (a) money received by the institution, and
- (b) payments, transfers and transactions made by the institution,

after the institution's last reconciliation and before the appointment of the administrator.

(8) The administrator must, where amount A exceeds amount B, transfer an amount equal to, or as close as possible to, the difference from the institution's own bank accounts to an appropriate relevant funds account.

(9) The administrator must, where amount B exceeds amount A, transfer an amount equal to the difference from the asset pool to the institution's own bank accounts.

(10) "Amount A" means the total amount of relevant funds which the institution is required to safeguard, according to its own records and accounts.

(11) "Amount B" means the total amount of relevant funds which are being safeguarded.

(12) In paragraph (11), the reference to "amount" is—

- (a) in the case of liquid assets, a reference to the amount of the cash proceeds of realising those assets without delay, and

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(b) in the case of insurance policies or guarantees, to be determined in accordance with the method adopted at the last reconciliation.

(13) This regulation does not apply to an institution which is also an investment bank within the meaning of the BA 2009 (see section 232 of that Act⁽¹⁾).

(14) Nothing in this regulation authorises an administrator to transfer funds from one of the institution's own bank accounts to a relevant funds account where to do so would interrupt a payment to a payment system operator to settle a payment transaction.

(15) This regulation does not apply to post-administration receipts (see regulation 16).

Commencement Information

II Reg. 13 in force at 8.7.2021, see [reg. 2](#)

(1) Section 232 was amended by the Financial Services Act 2012 (c. 21) and S.I. 2011/239 and 2017/443.

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