

SCHEDULE

PART 3

Calculation of Eligible Liabilities

Liabilities in respect of sterling deposits

21.—(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) the total credit balances on the relevant accounts of any customer with those offices must be reduced by the total debit balances on those accounts, and
- (b) any interest which has accrued but has not yet been credited must be ignored.

(2) For the purposes of sub-paragraph (1)(a), where the eligible institution provides banking facilities to different undertakings within the same group, and compliance with any limit on those facilities is determined by reference to net amounts, the total credit balances on the relevant accounts of such undertakings with those offices must be reduced by the total debit balances on those accounts.

(3) For the purposes of this paragraph, 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;
- (e) the institution has received a written opinion from its legal advisers that—
 - (i) 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, and
 - (ii) such a right exists under the law of each jurisdiction whose law could affect the enforceability of that right (including upon default, liquidation or bankruptcy or any analogous event under the law of that jurisdiction).