

## SCHEDULE

### PART 1

#### Interpretation

1. In this Schedule—

“credit items in the course of transmission”, in relation to an eligible institution, means standing orders and other credit transfers debited to customers’ accounts, and payment orders including cheques and bankers’ payments, in respect of which the eligible institution is required to make a payment and has not yet made it;

“debit items in the course of collection”, in relation to an eligible institution, means payment orders including cheques (other than cheques passed to United Kingdom offices of other eligible institutions for collection) and bankers’ payments in respect of which the eligible institution is entitled to receive a payment and has not yet received it;

“finance lease” means a lease granted on terms which have the effect of transferring to the lessee all or substantially all of the risk and rewards of ownership of the asset or assets subject to the lease;

“fixed assets”, in relation to an eligible institution, means assets which are intended for use on a continuing basis in the institution’s activities;

“group” has the meaning given by section 474(1) of the Companies Act 2006<sup>(1)</sup>;

“items in suspense”—

(a) includes, except as provided for in sub-paragraph (b), all credit balances in the books of an eligible institution that are not in customers’ names, but that relate to funds held on behalf of customers or others, including but not limited to—

- (i) accounts holding funds awaiting transfer to customers (other than accounts relating to interest accruing and interest suspense accounts);
- (ii) returnable application monies for issues of securities;
- (iii) funds of any customer awaiting investment which have been transferred to an account not in the name of the customer;
- (iv) funds transferred from the account of any customer to an account not in the name of the customer to meet acceptances, confirmed credits and similar obligations;
- (v) funds placed on account to meet travellers’ cheques issued by the eligible institution but not yet presented;
- (vi) valuation fees awaiting transfer to a person who has made a report on the value of land;
- (vii) accounts holding funds which the eligible institution has received as collecting agent on behalf of a charity;

(b) excludes balances awaiting settlement of securities transactions held in an account not in the name of the customer;

“net sterling liabilities to non-resident offices”, in relation to an eligible institution, means the amount by which the institution’s total sterling liabilities to non-resident offices exceed its total sterling claims on non-resident offices;

“non-resident banking subsidiary”, in relation to an eligible institution or a non-resident parent, means a body corporate incorporated in a country or territory outside the United Kingdom, or

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(1) 2006 c. 46.

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a partnership or other unincorporated association formed under the law of such a country or territory, whose sole or main business is banking and—

- (a) in the case of an undertaking with a share capital, all of whose voting share capital is beneficially owned by that eligible institution or that non-resident parent, or
- (b) in the case of any other undertaking, all of whose shares are beneficially owned by that eligible institution or that non-resident parent;

“non-resident offices”, in relation to an eligible institution, means the offices outside the United Kingdom of—

- (a) that institution,
- (b) any non-resident banking subsidiary of that institution, and
- (c) if that institution has a non-resident parent, that non-resident parent and any of its non-resident banking subsidiaries;

“non-resident parent”, in relation to an eligible institution, means a body corporate incorporated in a country or territory outside the United Kingdom, or a partnership or other unincorporated association formed under the law of such a country or territory which beneficially owns—

- (a) in the case of an undertaking with a share capital, all of the voting share capital of that institution, or
- (b) in the case of any other undertaking, all of the shares of that institution;

“over two year deposits” in relation to an eligible institution, means deposits—

- (a) made with the institution on terms to the effect that repayment cannot be required before the end of the period of two years beginning with the day on which the deposit is made (other than in exceptional circumstances outside the control of the depositor specified at the time the deposit is made), and
- (b) which have been reported as such deposits by the institution to the Bank;

“retransfer agreement” means—

- (a) a sale and repurchase agreement,
- (b) an agreement under which one party sells securities or other assets to another, and by a related transaction undertakes to purchase the same or equivalent securities or assets from that other party on a specified date, or at call, at a specified price, or
- (c) an agreement under which one party otherwise transfers securities or other assets to another in return for a cash payment, and as part of the same transaction undertakes to make a cash payment to that other party upon the transfer to it by that other party of the same or equivalent securities or assets on as specified date, or at call;

“sale and repurchase agreement” means an agreement under which one party sells securities or other assets to another, and as part of the same transaction undertakes to purchase the same or equivalent securities or assets from that other party on a specified date, or at call, at a specified price;

“securities” includes shares, stocks, debentures, debenture stock, loan stock and bonds;

“sterling deposit liabilities to non-resident offices”, in relation to an eligible institution, means sterling liabilities of the United Kingdom offices of that institution to its non-resident offices which—

- (a) fall within paragraph 8 or 10, and
- (b) have been reported as such liabilities by the institution to the Bank;

“total sterling claims on non-resident offices”, in relation to an eligible institution, means the total sterling claims of the United Kingdom offices of that institution on its non-resident offices which have been reported as such claims by the institution to the Bank;

“total sterling liabilities to non-resident offices”, in relation to an eligible institution, means the total sterling liabilities of the United Kingdom offices of that institution to its non-resident offices, which have been reported as such liabilities by the institution to the Bank;

“undertaking” has the meaning given in section 1161(1) of the Companies Act 2006;

“voting share capital” in relation to an undertaking, means issued shares carrying rights to vote in all or substantially all circumstances at general meetings of the undertaking; and, in determining for the purposes of this Schedule whether any shares carry rights to vote, any temporary suspension of voting rights attached to those shares must be ignored.

2. In paragraph 1, in the definitions of “non-resident banking subsidiary” and “non-resident parent”, references to shares are—

- (a) in relation to an undertaking with a share capital, references to allotted shares,
- (b) in relation to an undertaking with capital but no share capital, references to rights to share in the capital of the undertaking, and
- (c) in relation to an undertaking without capital, references to interests—
  - (i) conferring any right to share in the profits, or any liability to contribute to the losses, of the undertaking, or
  - (ii) giving rise to an obligation to contribute to the debts or expenses of the undertaking in the event of a winding up.

3. In this Schedule, in relation to an eligible institution which is—

- (a) a building society within the meaning of the Building Societies Act 1986<sup>(2)</sup>, or
- (b) an institution which is incorporated in, or formed under, the law of the Republic of Ireland and whose characteristics correspond to those of such a building society,

references to deposits made with an eligible institution include shares in the institution other than shares which are own funds within the meaning given in point (118) of Article 4(1) of [Regulation \(EU\) No 575/2013](#) on prudential requirements for credit institutions and investment firms<sup>(3)</sup>.

4.—(1) In this Schedule, references to liabilities in respect of sterling deposits made with United Kingdom offices of an eligible institution include sterling liabilities of the institution that are any of the following—

- (a) finance leases entered into by United Kingdom offices of the institution;
  - (b) accounts of such offices with United Kingdom offices of other eligible institutions which are overdrawn;
  - (c) stored value cards issued by such offices.
- (2) The liabilities referred to in sub-paragraph (1) exclude—
- (a) deposits made by non-resident offices of the institution with United Kingdom offices of the institution solely for the purpose of enabling the eligible institution to purchase fixed assets, and
  - (b) deposits made solely for the purpose of funding the depositor’s participation in a loan made, or to be made, to a third party.

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(2) 1986 c. 53.

(3) EUR 2013/575.

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(3) In this paragraph, “stored value cards” means a card, which includes any token, coupon, stamp, form, booklet or other document or thing, issued by an eligible institution under a relevant agreement.

(4) In sub-paragraph (3) a relevant agreement is an agreement which provides that—

- (a) upon production of the card the eligible institution will, or a third party may, supply goods or services (which may include the payment of cash) to the holder of the card, and
- (b) the value of those goods or services may not exceed the amount of any payment or payments previously made to the institution by the holder of the card or the balance remaining after previous transactions.

5. In this Schedule, references to certificates of deposit—

- (a) include negotiable or transferable deposits made on terms that are in all respects identical to the terms applying to deposits where a certificate of deposit could have been issued but has not been issued, but
- (b) exclude any certificates of deposit issued by an eligible institution which are then held by that institution.

6.—(1) For the purpose of determining the eligible liabilities of an eligible institution, where a transaction is treated in the books and records of that institution as having been entered into by, or with, an office of that institution in a particular country or territory, that transaction must be treated as such.

(2) Without limiting sub-paragraph (1), this includes in particular—

- (a) any transaction which is treated in the books and records of an eligible institution as giving rise to a liability on the part of a United Kingdom office of that institution to a non-resident office of that institution must be treated as giving rise to such a liability,
- (b) where a liability described in paragraph (a) relates to a deposit, that deposit must be treated as made with that United Kingdom office,
- (c) any transaction which is treated in the books and records of an eligible institution as giving rise to a claim on a non-resident office of that institution by a United Kingdom office of that institution must be treated as giving rise to such a claim.

7. For the purpose of determining the eligible liabilities of an eligible institution, where a transaction is treated in the books and records of that institution as having been entered into by, or with, a United Kingdom office of another eligible institution that transaction must be treated as such.