These notes refer to the Banking Act 2009 (c.1)
which received Royal Assent on 12 February 2009

BANKING ACT 2009

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Part 1: Special Resolution Regime

Transfer of property

Section 44: Reverse property transfer

117. Where the Bank of England has made a property transfer instrument to effect the bridge bank stabilisation option, it may make reverse property transfer instruments.

118. A reverse property transfer instrument may transfer property, rights or liabilities of a bridge bank back to the original transferor (i.e. the failing bank). Alternatively, where there has been an onward transfer to a particular type of onward transferee, the instrument may transfer property back from that onward transferee to the bridge bank. The reverse property transfer powers could only be used in this case, however, where the onward transferee was a company wholly owned by the Bank of England, a company wholly owned by the Treasury or a nominee of the Treasury. This limitation is to prevent the reverse property transfer powers from being exercisable following an onward transfer to a private sector party who wished to acquire the business of a bridge bank.

119. The general and specific conditions (sections 7 and 8, respectively) do not apply to reverse transfers. *Subsection (6)* provides that the Bank of England must consult the Treasury and the FSA before making the instrument.

120. *Subsection (7)* states that the Bank of England may make a supplemental property transfer instrument (as described in section 42) following the making of a reverse property transfer instrument.