



# HBOS Group Reorganisation Act 2006

## 2006 CHAPTER i

An Act to make new provision for the regulation and management of the Governor and Company of the Bank of Scotland upon its registration as a public company under the Companies Act 1985; to provide for the transfer of the undertakings of Capital Bank plc, Halifax plc and HBOS Treasury Services plc to the Governor and Company of the Bank of Scotland; to provide for the transfer of the assets of the Clerical, Medical and General Life Assurance Society to Clerical Medical Investment Group Limited; and for connected purposes. [21st June 2006]

### WHEREAS—

- (1) By an Act of the Parliament of Scotland passed in the fifth year of the reign of His Majesty King William the Third dated 17 July 1695 entitled “An Act of Parliament for Erecting a Bank in Scotland” the Governor and Company of the Bank of Scotland (“the Bank”) was incorporated “for the carrying on and managing of a publick bank”:
- (2) Powers of increasing its capital stock were conferred on the Bank and further provisions for the management and administration of its affairs were made by the following Acts of Parliament: 14 George III chapter 32, 24 George III session 2 chapter viii, 32 George III chapter 25, 34 George III chapter 19, 44 George III chapter xxiii, the [Bank of Scotland Act 1873 \(c. xcix\)](#), the [Bank of Scotland Act 1920 \(c. xxxi\)](#), the [Bank of Scotland Order Confirmation Act 1954 \(c. lvi\)](#), and the [Bank of Scotland Order Confirmation Act 1970 \(c. xxxiv\)](#); and the business and affairs of the Bank are regulated, managed, administered and carried on under and by virtue of those Acts (“the Bank of Scotland Acts 1695 to 1970”):
- (3) The Bank is now a wholly owned subsidiary of HBOS plc (“HBOS”), a public limited company incorporated in Scotland under the Companies Act [1985 \(c. 6\)](#):
- (4) Capital Bank plc (“Capital Bank”) is a public limited company incorporated in England under the Companies Act [1929 \(c. 23\)](#) that is a wholly owned subsidiary of the Bank which carries on and whose subsidiary companies carry on in the United Kingdom and elsewhere the businesses of banking and financial services and other related activities:
- (5) Halifax plc (“Halifax”) is a public limited company incorporated in England under the Companies Act [1985 \(c. 6\)](#) that is a wholly owned subsidiary undertaking of HBOS and which carries on and whose subsidiaries carry on in the United Kingdom and elsewhere the businesses of banking and financial services and other related activities:

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- (6) HBOS Treasury Services plc (“Treasury Services”) is a public limited company incorporated in England under the Companies Act 1985 that is a wholly owned subsidiary of the Bank which carries on in the United Kingdom and elsewhere the businesses of banking and financial services and other related activities:
- (7) The Clerical, Medical and General Life Assurance Society (“the Society”) was formed by a Deed of Settlement dated 14 February 1827 for the purposes of making or effecting assurances on lives and survivorships and other related activities:
- (8) By the Clerical, Medical and General Life Assurance Acts 1850 (c. ix) and 1887 (c. x), provision was made with regard to the administration and finances of the Society, in place of the Deed of Settlement, which was repealed; by the Clerical, Medical and General Life Assurance Act 1961 (c. xii), the persons assured became members of the Society; and by the Clerical, Medical and General Life Assurance Act 1974 (c. xi), the Society was incorporated:
- (9) By a scheme made on 31 December 1996 in accordance with Schedule 2C to the Insurance Companies Act 1982 (c. 50), the long-term business of the Society was transferred to Clerical Medical Investment Group Limited (“CMIG”), a subsidiary of HBOS Insurance & Investment Group Limited, which is a wholly owned subsidiary of HBOS, with the exception of certain assets of the Society that could not be transferred by such a scheme and are presently held by the Society on trust for CMIG:
- (10) For the better conduct of the business of HBOS and its subsidiaries and in order to enable the Bank to carry on its business to the best advantage it is expedient—
- (a) that the Bank be registered as a public company under Chapter 2 of Part 22 of the Companies Act 1985;
  - (b) to repeal, amend or replace various provisions of the Bank of Scotland Acts 1695 to 1970 regulating the Bank’s affairs that have become in many respects outmoded having regard to present-day requirements and practice, and to make further provision for the regulation and management of the Bank; and
  - (c) to provide for the fusion of the undertakings of the Bank, Capital Bank, Halifax and Treasury Services by the transfer to the Bank of the undertakings of Capital Bank, Halifax and Treasury Services:
- (11) For the better conduct of the business of HBOS and its subsidiaries and in order to enable CMIG to carry on its business to the best advantage it is expedient to provide for the transfer to CMIG of the remaining assets of the Society and the dissolution of the Society:
- (12) It is expedient that the Bank should be able to effect at the same time as the registration, the changes to the provisions concerning the regulation and management of the Bank, and the fusion of the undertakings:
- (13) It is expedient that the fusion of the undertakings should be effected economically and without interference with the conduct and continuity of the businesses carried on by HBOS and its subsidiaries:
- (14) It is expedient that the other provisions in this Act be enacted:
- (15) The objects of this Act could not have been attained without the authority of Parliament:

May it therefore please your Majesty that it may be enacted, and be it enacted, by the Queen’s Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

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## PART 1

### INTRODUCTORY

#### 1 Citation

- (1) This Act may be cited as the HBOS Group Reorganisation Act 2006.
- (2) This Act and the Bank of Scotland Acts 1695 to 1970 may be cited together as the Bank of Scotland Acts 1695 to 2006.

#### 2 Interpretation

- (1) In this Act, except in Schedule 1 and where the subject or context otherwise requires—
  - “the 1985 Act” means the Companies Act 1985 (c. 6);
  - “account” includes any contract or facility between a person and a transferor company by virtue of which money or any unit of account is, or may be, deposited or borrowed by any person;
  - “appointed day” means a day appointed for the purposes of Part 3 of this Act under section 9 (Appointed day);
  - “appointed undertaking” means such of the undertakings for which a day is appointed as the appointed day, and where a day is so appointed for only part of an undertaking means that part of the undertaking;
  - “the Bank” means the Governor and Company of the Bank of Scotland;
  - “the board of the Bank” means
    - (a) before the registration date, the governor and deputy governor of the Bank and the ordinary directors of the Bank for the time being as a body or their quorum; and
    - (b) on or after the registration date, the directors of the Bank as defined by the regulations;
  - “CMIG” means Clerical Medical Investment Group Limited;
  - “contract” includes any agreement, transaction, arrangement or understanding, whether or not conditional or in writing and whether or not governed by English or Scots law;
  - “convey” has the same meaning as in the Law of Property Act 1925 (c. 20);
  - “customer” includes any person having an account or other dealing with a transferor company;
  - “document” means anything in any form in which information of any description is recorded;
  - “enactment” means any enactment in this Act or in any general or local Act or in any order, rule or regulation made under any Act;
  - “existing” means existing, outstanding or in force immediately before an appointed day;
  - “financial year” means—
    - (a) in relation to a transferor company or, in respect of the period commencing on the registration date, the Bank, a financial year determined in accordance with the provisions of section 223 of the 1985 Act; and

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(b) in relation to the Bank in respect of the period before the registration date, any period in respect of which the regulations require the preparation of a profit and loss account;

“last financial year” means the last completed financial year of a transferor company or of the Bank, as the case may be, before an appointed day;

“liability” includes a duty and an obligation of any description (whether present or future, actual, contingent or prospective);

“the note issue enactments” means section 10 of the Bank Charter Act 1844 (c. 32), sections 1, 3 to 12, 14 and 16 of the Bank Notes (Scotland) Act 1845 (c. 38), section 11 of the Stamp Act 1854 (c. 83) and section 9 of the Currency and Bank Notes Act 1928 (c. 13);

“property” means property and assets of every description (whether present or future, actual or contingent), and includes property and assets held on trust or in a fiduciary capacity and security interests, rights, benefits and powers of every description;

“the registration date” has the meaning given in section 3 (commencement on registration of the Bank under the Companies Act 1985);

“the regulations” means the regulations for the management and administration of the Bank for the time being in force in accordance with—

(a) before the registration date, section 6 of, and the Second Schedule to, the [Bank of Scotland Act 1920 \(c. xxxi\)](#); or

(b) on and after the registration date, section 7 (management and administration of the Bank) of this Act;

“seal” includes a common seal and also any official seal which may be kept pursuant to section 39 or 40 of the 1985 Act;

“security interest” includes a mortgage or charge (in each case whether legal or equitable), debenture, bill of exchange, promissory note, guarantee, lien, pledge (whether actual or constructive), hypothecation, assignment by way of security, indemnity, right of set-off, counterclaim, flawed asset arrangement, commitment or other means of securing payment or discharge of a debt or liability;

“the Society” means the Clerical, Medical and General Life Assurance Society;

“transferor company” means Capital Bank plc, Halifax plc or HBOS Treasury Services plc and “transferor companies” means all of them;

“trustee” includes—

(a) a trustee or custodian trustee of any trust, settlement, covenant, contract or will (whether originally so appointed or not and whether appointed under hand or seal or by order of any court);

(b) an executor of the will, or administrator of the estate, of a deceased person;

(c) a judicial trustee appointed by order of any court;

(d) an attorney for another person; or

(e) any person acting in a fiduciary capacity;

“undertaking” means the business and all property and liabilities of a transferor company of whatever nature, but does not include—

(a) any seal or any documents relating to the constitution of that transferor company, or

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- (b) those documents comprising registers, indices, or minute books usually required to be kept by that transferor company at its registered office pursuant to the provisions of the 1985 Act;
- and “undertakings” means the undertakings of the transferor companies; and “will” includes a codicil and any other testamentary writing.
- (2) Any reference in this Act to property or liabilities of a transferor company is a reference to property or liabilities—
- (a) wherever they are situated or arise,
  - (b) whether or not they are capable of being transferred or assigned by the transferor company; and
  - (c) whether the transferor company is entitled or subject to them under the law of any part of the United Kingdom or under the law of any country or territory outside the United Kingdom.

## PART 2

### REGULATION AND MANAGEMENT OF THE BANK

#### **3 Commencement on registration of the Bank under the Companies Act 1985**

This Part shall come into force on the day on which the Bank is registered as a public company under Chapter 2 of Part 22 of the 1985 Act (“the registration date”).

#### **4 Name of the Bank**

- (1) Subject to subsection (2) below, from the registration date, the name of the Bank shall be Bank of Scotland plc.
- (2) The Bank may change its name by special resolution in accordance with the 1985 Act.

#### **5 Effect of registration and change of name**

- (1) Neither—
  - (a) the registration of the Bank as a public company under Chapter 2 of Part 22 of the 1985 Act, nor
  - (b) a change in the name of the Bank under section 4 (name of the Bank)shall affect any rights or obligations of the Bank (including the Bank’s rights under the note issue enactments) or render defective any legal proceedings by or against it.
- (2) Any legal proceedings that might have been continued or commenced against the Bank by its former name may be continued or commenced against it by its new name.

#### **6 Powers and objects of the Bank**

- (1) The business and objects of the Bank as set out in Schedule 1 shall be deemed to be the statement of the objects of the Bank for the purposes of Chapter 1 of Part 1 of the 1985 Act (company formation).