Changes to legislation: *There are outstanding changes not yet made by the legislation.gov.uk editorial team to The Bank of England Act 1998 (Macro-prudential Measures) (No.2) Order 2015. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

STATUTORY INSTRUMENTS

2015 No. 905

FINANCIAL SERVICES AND MARKETS

The Bank of England Act 1998 (Macro-prudential Measures) (No.2) Order 2015

Made - - - -	*25th March 2015*
Coming into force	
for the purpose of article 4(b)	*1st January 2019*
for the remainder	*6th April 2015*

The Treasury make the following Order in exercise of the powers conferred by sections 9I(2) and 9L of the Bank of England Act 1998 [F1].

In accordance with section 9L(2) of the Bank of England Act 1998, the Treasury has consulted with the Financial Policy Committee of the Bank of England.

In accordance with section 9N of the Bank of England Act 1998 [F2], a draft of this Order has been laid before Parliament and approved by a resolution of each House.

F1 Inserted by section 4 of the Financial Services Act 2012.
F2 1998 c.11. Inserted by section 4 of the Financial Services Act 2012 (c.21).

Citation and Commencement

1.—(1) This Order may be cited as the Bank of England Act 1998 (Macro-prudential Measures) (No.2) Order 2015.

(2) Articles 1 to 3, 4(a), 4(c) to 4(d) and 5 come into force on 6th April 2015.

(3) Article 4(b) comes into force on 1st January 2019.

Interpretation

2.—(1) In this Order—

"capital requirements directive" means Directive 2013/36/EU of the European Parliament and of the Council of 26th June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49EC [F3];

"Common Equity Tier 1 capital" has the meaning given by Article 50 of the capital requirements regulation;

"consolidated basis" has the meaning given by Article 4(1)(48) of the capital requirements regulation;

"cost benefit analysis" means—

(a) an analysis of the costs and benefits of any change in rules made pursuant to Part 9A of the Financial Services and Markets Act 2000 [F4] to give effect to a subsequent direction; and

(b) where the costs and benefits can reasonably be estimated and it is reasonably practicable to produce an estimate, an estimate of those costs and of those benefits;

"countercyclical capital buffer rate" has the meaning given in Article 128(7) of the capital requirements directive;

"Financial Policy Committee" has the meaning given by section 9B of the Bank of England Act 1998 [F5];

"G-SII" means a global systemically important institution, as identified by the PRA pursuant to Part 4 of the Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014 [F6];

"G-SII additional leverage ratio" means a leverage ratio calculated by reference to the rate of the G-SII buffer which the PRA requires a G-SII to maintain;

"G-SII buffer" has the meaning given by Article 128(3) of the Capital Requirements Directive;

"individual basis" in relation to a macro-prudential measure applicable to an institution, means the application of that measure in respect of that institution only;

"investment firm" has the meaning given by section 424A of the Financial Services and Markets Act 2000;

"leverage ratio" means an institution's Tier 1 capital divided by its total exposure measure, with this ratio expressed as a percentage;

[[F7]"O-SII additional leverage ratio" means a leverage ratio calculated by reference to the rate of the O-SII buffers which the PRA requires a relevant O-SII to maintain pursuant to Part 5ZA of the Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014;**]**

[[F8]"O-SII buffer" has the meaning given by regulation 34 of the Capital Requirements (Capital Buffers and Macro-prudential Measure) Regulations 2014;**]**

"PRA" means the Prudential Regulation Authority;

"PRA-authorised person" has the meaning given by section 2B of the Financial Services and Markets Act 2000 [F9];

[[F10]"relevant O-SII has the meaning given in regulation 34 of the Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014;**]**

[F11]...

[F12]...

[F13]...

"Tier 1 capital" has the meaning given by Article 25 of the capital requirements regulation;

"total exposure measure" has the meaning given by Article 429 (4) of the Capital Requirements Regulation;

"UK bank" means a UK institution which has permission under Part 4A of the Financial Services and Markets Act 2000 to carry on the regulated activity of accepting deposits, but excludes—

(a) a credit union within the meaning of section 31 of the Credit Unions Act 1979 [F14], or

(b) a person with permission under Part 4A of the Financial Services and Markets Act 2000 [F15] to effect or carry out contracts of insurance as principal;

"UK institution" means an institution which is established in the United Kingdom and is incorporated, or formed under the law of any part of the United Kingdom; and

"UK investment firm" means a UK institution which—

(a) has permission under Part 4A of the Financial Services and Markets Act 2000;

(b) is a PRA-authorised person by virtue of a designation under article 3 of the Financial Services and Markets Act 2000 (PRA-regulated Activities) Order 2013 [F16]; and

(c) is an investment firm.

F3 OJ L 176/338, 27.06.2013.
F4 Inserted by section 24 of the Financial Services Act 2012.
F5 Inserted by section 4 of the Financial Services Act 2012.
F6 SI 2014/894, amended by SI 2015/19.
F7 Words in art. 2(1) inserted (29.12.2020) by The Financial Holding Companies (Approval etc.) and Capital Requirements (Capital Buffers and Macro-prudential Measures) (Amendment) (EU Exit) Regulations 2020 (S.I. 2020/1406), regs. 1(4), **8(2)(d)**
F8 Words in art. 2(1) inserted (29.12.2020) by The Financial Holding Companies (Approval etc.) and Capital Requirements (Capital Buffers and Macro-prudential Measures) (Amendment) (EU Exit) Regulations 2020 (S.I. 2020/1406), regs. 1(4), **8(2)(f)**
F9 Inserted by section 6(1) of the Financial Services Act 2012.
F10 Words in art. 2(1) inserted (29.12.2020) by The Financial Holding Companies (Approval etc.) and Capital Requirements (Capital Buffers and Macro-prudential Measures) (Amendment) (EU Exit) Regulations 2020 (S.I. 2020/1406), regs. 1(4), **8(2)(a)**
F11 Words in art. 2(1) omitted (29.12.2020) by virtue of The Financial Holding Companies (Approval etc.) and Capital Requirements (Capital Buffers and Macro-prudential Measures) (Amendment) (EU Exit) Regulations 2020 (S.I. 2020/1406), regs. 1(4), **8(2)(b)**
F12 Words in art. 2(1) omitted (29.12.2020) by virtue of The Financial Holding Companies (Approval etc.) and Capital Requirements (Capital Buffers and Macro-prudential Measures) (Amendment) (EU Exit) Regulations 2020 (S.I. 2020/1406), regs. 1(4), **8(2)(c)**
F13 Words in art. 2(1) omitted (29.12.2020) by virtue of The Financial Holding Companies (Approval etc.) and Capital Requirements (Capital Buffers and Macro-prudential Measures) (Amendment) (EU Exit) Regulations 2020 (S.I. 2020/1406), regs. 1(4), **8(2)(e)**
F14 1979 c.34.
F15 Inserted by section 11(2) of the Financial Services Act 2012 (c.21).
F16 SI 2013/556.

Macro-prudential measures

3. Each of the measures set out in article 4 may be applied on, or by reference to, an individual basis or a consolidated basis.

Macro-prudential measures

4.—(1) For the purposes of section 9H(1) and 9L of the Bank of England Act 1998, the following measures (and any measures falling within a listed measure) are prescribed in relation to the PRA—