Draft Order laid before the House of Commons under paragraph 40(5) of Schedule 19 to the Finance Act 2011, for approval by resolution of that House.

DRAFT STATUTORY INSTRUMENTS

2011 No.

BANK LEVY

The Finance Act 2011 (Bank Levy: Amendment of Netting Agreements Provisions) Order 2011

Made - - - -	***
Coming into force - -	***

The Treasury make the following Order in exercise of the powers conferred by paragraph 40(1) of Schedule 19 to the Finance Act 2011(**1**).

A draft of this instrument was laid before, and approved by a resolution of, the House of Commons in accordance with paragraph 40(5) of Schedule 19 to the Finance Act 2011.

Citation, commencement and effect

1.—(1) This Order may be cited as the Finance Act 2011 (Bank Levy: Amendment of Netting Agreements Provisions) Order 2011 and comes into force on the date on which it is made.

(2) This Order has effect in relation to chargeable periods ending on or after 1 January 2011.

Amendment of Schedule 19

2. Schedule 19 to the Finance Act 2011 (the bank levy) is amended as follows.

Amendment of paragraph 16

3.—(1) Paragraph 16 (chargeable equity and liabilities of a UK banking group or a building society group) is amended as follows.

(2) In sub-paragraph (1)—

(a) in paragraph (a) omit "and N has assets which correspond to those liabilities"; and

(b) for paragraph (b) substitute—

(**1**) 2011 c. 11. This is the first exercise of the power.

"(b) M, or another member of the relevant group, recognises, as assets, amounts due from N or another entity which is not a member of the group ("N's liabilities"),".

(3) In sub-paragraph (2)——

(a) for paragraph (b) substitute—

"(b) references to amounts due from N or another entity which is not a member of the relevant group include securities provided by M, or another member of the relevant group, to N or another entity which is not a member of the relevant group as collateral, but only where M or another member of the relevant group recognises those securities in its balance sheet or statement of financial position, and";

(b) omit paragraph (c) (and the "and" after it);

(c) in paragraph (d)(i) omit "assets which correspond to"; and

(d) after paragraph (d) insert—

"Section 556 of CTA 2009 (meaning of securities and similar securities)(**2**) applies for the purposes of this sub-paragraph as it applies for the purposes of Chapter 10 of Part 6 of that Act."

(4) Omit sub-paragraph (3).

Amendment of paragraph 18

4.—(1) Paragraph 18 (chargeable equity and liabilities of a foreign banking group) is amended as follows.

(2) In sub-paragraph (8)—

(a) in paragraph (a) omit ", and N has assets which correspond to those liabilities"; and

(b) for paragraph (b) substitute—

"(b) M, or another entity within sub-paragraph (9), recognises, as assets, amounts due from N or another entity not within that sub-paragraph ("N's liabilities"),".

(3) In sub-paragraph (10)—

(a) in paragraph (b) for "N's assets corresponding to those liabilities are" substitute "N recognises assets in respect of those liabilities as";

(b) for paragraph (c) substitute—

"(c) references to amounts due from N or another entity not within sub-paragraph (9) include securities provided by M, or another entity within that sub-paragraph, to N or another entity not within sub-paragraph (9) as collateral, but only where M or that other entity within that sub-paragraph recognises those securities in its balance sheet or statement of financial position, and";

(c) omit paragraph (d) (and the "and" after it);

(d) in paragraph (e)(i) omit "assets which correspond to"; and

(e) after paragraph (e) insert—

"Section 556 of CTA 2009 (meaning of securities and similar securities) applies for the purposes of this sub-paragraph as it applies for the purposes of Chapter 10 of Part 6 of that Act."

(**2**) 2009 c. 4.