

Extending the special resolution regime

The Financial Services Act 2012 received Royal Assent on 19 December 2012 and its main provisions, relating to the new regulatory framework for financial services, came into force on 1 April 2013.

A limited number of provisions in the Act were not brought into force on 1 April 2013, notably those relating to the extension of the special resolution regime in the Banking Act 2009 to group companies, investment firms, and UK clearing houses.

The Treasury will consult on the secondary legislation that will support the extension of the special resolution regime before the end of the summer. This will include the secondary legislation that will set the conditions for the exercise of resolution powers over group companies, and provide for safeguards in the event of a partial property transfer from a failing entity. The government is aware of concerns over the potential application of the extended special resolution regime to some capital market arrangements, such as covered bonds. The government will consult on how best to preserve relevant arrangements in such capital market transactions in its consultation on the secondary legislation.

Further details of the content of the proposed secondary legislation will be made available in due course.