

**2016 No. XXX**

**BANK LEVY**

**The Bank Levy (Amendment of Schedule 19 to the Finance Act 2011) Regulations 2016**

|   |         |     |
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| <i>Made</i>                             | - - - - | *** |
| <i>Laid before the House of Commons</i> |         | *** |
| <i>Coming into force</i>                | - -     | *** |

The Treasury, in exercise of the powers conferred by paragraph 81 of Schedule 19 to the Finance Act 2011(a), make the following Regulations:

**Citation, commencement and effect**

1.—(1) These Regulations may be cited as the Bank Levy (Amendment of Schedule 19 to the Finance Act 2011) Regulations 2016 and come into force on [1st October 2016].

(2) These Regulations have effect in respect of accounting periods ending on or after [1st October 2016].

**Amendment of Schedule 19 to the Finance Act 2011**

2. Schedule 19 to the Finance Act 2011 is amended as follows.

**Amendment of Part 4 (chargeable equity and liabilities)**

3. In paragraph 31, for sub-paragraph (4) substitute—

“(4) Securities are “high quality” if—

- (a) they are debt securities issued by—
  - (i) the European Central Bank, a member State’s central bank or the central government of a member State,
  - (ii) the central bank of a country (other than a member State) where the exposure to the bank is assigned a credit assessment of at least credit quality step 1, as provided by Article 10(1)(b)(ii) of Commission Regulation 2015/61, or
  - (iii) the central government of a country (other than a member State) where the government is assigned a credit assessment of at least credit quality step 1, as provided by Article 10(1)(c)(ii) of Commission Regulation 2015/61, or
- (b) they are securities, including debt securities, issued by the multinational development banks or the international organisations described in Article 10(1)(g) of Commission Regulation 2015/61.”.

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(a) 2011 c. 4. Amendments have been made to Schedule 19 (including paragraph 81) by S.I. 2013/636 and Schedule 16 to the Finance Act 2014 (c. 26).

**Amendment of Part 8 (definitions)**

4.—(1) In paragraph 70(1)—

(a) for the definition of “high quality liquid asset” substitute—

““high quality liquid asset”, in relation to an entity or group of entities, means an asset (within the meaning of this Schedule) which—

(a) is a liquid asset to which Article 416 of Regulation (EU) No 575/2013 of the European Parliament and the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms applies, and

(b) falls within the description of “level 1 assets” given by Article 10(1) of Commission Regulation 2015/61;”;

(b) after the definition of “the chargeable period”, insert—

““Commission Regulation 2015/61” means Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions;”.

(2) Omit paragraph 70(4).

*Name*

*Name*

Two of the Lords Commissioners of Her Majesty’s Treasury

Date

**EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

The Regulations amend the definition of securities which are “high quality” and the definition of “high quality liquid assets” contained within Schedule 19 (bank levy) to the Finance Act 2011 (c. 4).

The amendments are made further to the requirements for liquidity buffers introduced by Regulation (EU) No 575/2013 of the European Parliament and the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (OJ L 176, 27.6.2013, p.1) and by Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions (OJ L 11, 17.1.2015, p.1).

The previous definitions referred to matters contained within section BIPRU 12.7.2 to 12.7.4 of the PRA Handbook, which matters no longer apply in consequence of the above EU legislation.

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