

## Minutes of the BLP meeting 09 March 2010

### Apologies

1. Apologies were received from Peter Beales (AFME), and Nikhil Rathi (HMT, and Chair of the Panel). HMT alternate Emil Levendođlu chaired the meeting.

### Minutes of the previous meeting

2. The minutes of the previous meeting of the BLP held on Tuesday 14 October 2010 were agreed.

### Horizon scanning

3. The panel **noted** workstreams at the European level on enhanced supervision and resolution arrangements, in particular: the European Commission consultation on resolution tools; review of the deposit guarantee schemes directive (DGSD) and the credit institutions winding up directive (CIWUD). The Panel **agreed** that the secretariat would invite Treasury officials to give a presentation on developments relevant to issues being considered by the Panel at the next meeting.
4. The panel **agreed** to circulate a note from the Treasury about implementation of changes to the Financial Collateral Arrangements Directive.
5. The panel **noted** the wide variation in the treatment of netting arrangement by some Members States, and that proposals are being considered at the European level for a directive dealing with derivatives and netting, which could assist in standardising the treatment.
6. The Panel **noted** comments from Treasury Legal Advisers that the Northern Rock plc Transfer Order 2009 (S.I. 2009/3226) (which effects the split of Northern Rock into two entities) applies and modifies provisions the Regulations implementing CIWUD thereby treating the split of as a reorganisation measure.
7. The panel **noted** the progress of the Financial Services Bill through Parliament. Since the last meeting, secondary legislation had been made to exclude insurers from the definition of 'bank' for the purposes of Parts 1-3 of the Banking Act 2009, and that secondary legislation had been laid in Parliament that if passed would enable building societies to grant floating charges to any central bank.

## Terms of reference

8. The panel discussed lessons learned from the advice-giving process, and how this should be reflected in the terms of the reference.
9. The panel **agreed** that where an advice-giving function of the Panel is designated to a subgroup, a draft of the advice should be circulated to the members of the Panel (excluding the Treasury) for comment. The subgroup Chair would determine whether comments are incorporated into the final advice. The advice should then be discussed at the next meeting of the full panel to ensure that the comments are recorded in the published minutes.
10. The Panel **agreed** to make the changes to the terms of reference, which could be agreed by correspondence, and subject to that agreement, published on the Treasury website.

## Safeguards

11. The panel **noted** that the safeguards subgroup was continuing to gather evidence, focussing on the small companies carve-out, and the implications of the failure of a bank with a large number of small corporate clients. The panel **noted** that a number of issues had arisen, including the appropriateness the criteria for eligibility for compensation under the Deposit Guarantee Schemes Directive, which currently treats small companies that are part of a wider corporate in the same way as individual small companies; and **noted** that the DGSD is currently under review. The panel **noted** that that the subgroup hopes to be in a position to provide advice before the next full Panel meeting on 2 June.
12. The panel **agreed** that Treasury would talk to contacts in the CBI about providing further information to the subgroup about the treatment of small companies.

## Code of Practice

13. The panel **noted** a paper from the Treasury setting out matters of interest to the subgroup on the Code of Practice, **noted** that the chair of the subgroup had gathered evidence relevant to sectoral issues, and **noted** that the group would meet on Friday 26 March 2009 to discuss the latest draft of the advice to the Treasury.

## Building society insolvency

14. The Panel **noted** the advice from the subgroup on building society insolvency that had been given to the Treasury.

## **Bank insolvency procedure (BIP) and bank administration procedure (BAP) rules**

15. The Panel **noted** comments from Treasury Legal Advisers about planned revisions to the bank insolvency procedure (BIP) and bank administration procedure (BAP) rules. Amendments to the rules will make certain necessary changes as a result of amendments to the general insolvency rules as part of the Insolvency Service's rules modernisation project; make relevant changes arising from issues identified during the development of the building society insolvency and special administration rules; and make certain technical amendments.
16. The panel **agreed** that as the changes are highly technical it was not necessary for the Panel to provide formal advice, but individual members may speak to Treasury Legal Advisers independently before the draft rules go to the insolvency rules committee (IRC).

## **Any other business**

17. The Panel **noted** the requirement in the draft terms of reference to produce an annual report to be published, and **agreed** that the secretariat would do an initial draft to be circulated to members and approved at the next meeting on 2 June before being published.