

Credit Institutions (Stabilisation) Act 2010

67. Prohibition of certain secured borrowings

67.—(1) This section applies to—

- (a) a local authority (within the meaning of the Local Government Act 2001), and
- (b) any other person or body prescribed under *subsection (5)*.

(2) A person or body to which this section applies shall not mortgage, pledge or otherwise encumber its own assets or revenues to secure any present or future indebtedness or any guarantee or indemnity given in respect of such indebtedness, without the consent of the Minister.

(3) The Minister shall not consent under *subsection (2)* unless he or she is satisfied that the relevant borrowing would not give rise to a breach of an obligation to the facility lenders.

(4) Where a security is granted in contravention of *subsection (2)* the facility lenders shall be taken to be entitled to share *pari passu* and *pro rata* in that security or encumbrance.

(5) The Minister may prescribe persons or bodies for the purposes of *subsection (1)(b)* by regulation.

(6) In making regulations under *subsection (5)*, the Minister shall have regard to the list of bodies included in General Government maintained by the Central Statistics Office.

(7) In this section “facility lender” means—

- (a) the International Monetary Fund,
- (b) the European Financial Stabilisation Mechanism,
- (c) the European Financial Stability Facility, and
- (d) the lender under any bilateral loan agreement with a Member State.