

To: **Heritable Bank Public Limited Company (FRN 139207) (“the Firm”)**

Of: **24 Great King Street, Edinburgh, EH3 6QN**

FIRST SUPERVISORY NOTICE

TAKE NOTICE: The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS (“the FSA”) has taken the following action.

ACTION

- 1) For the reasons listed below and pursuant to section 45(1)(a) and (c) of the Financial Services and Markets Act 2000 (“the Act”), the FSA has imposed a requirement on the permission granted to the Firm under Part IV of the Act (the “permission”).
- 2) The requirement is that the Firm must refrain from accepting any deposits into:
 - a) any existing deposit accounts; or
 - b) any new deposit accounts.

REASONS FOR ACTION

- 3) The FSA has concluded that the Firm is failing to satisfy threshold condition 4 (adequate resources) in Part 1 of Schedule 6 to the Act (the "threshold conditions") in that, in the opinion of the FSA, the Firm’s liquidity resources are not adequate in relation to the regulated activities which the Firm carries on.
- 4) Further, it appears to the FSA to be desirable, in the interests of the Firm’s actual and potential consumers, to impose the requirement on the Firm’s permission in view of the Firm’s liquidity position and the fact that, in the opinion of the FSA, there is no realistic prospect of the Firm’s liquidity position improving sufficiently and within a reasonable period.

EFFECTIVE DATE

5) The requirement takes effect from 10:30 BST on Tuesday 7 October 2008.

PUBLICATION

6) The FSA will publish this Notice in full when it takes effect, in order to protect the interests of consumers.

DECISION MAKER

7) The decision to give this notice was made by the Chairman of the Regulatory Decisions Committee.

IMPORTANT

8) This Notice is given to you in accordance with section 53(4) of the Act.

The Tribunal

9) You may refer this matter to the Financial Services and Markets Tribunal ("the Tribunal"). Under section 133 of the Act you have 28 days from the date of this Supervisory Notice to refer the matter to the Tribunal or such other period as specified in the Tribunal Rules or as the Tribunal may allow. A reference to the Tribunal is made by way of a written notice signed by you and filed with a copy of this Notice. The Tribunal's address is: 15-19 Bedford Avenue, London WC1B 3AS (telephone 020 7612 9700). The detailed procedures for making a reference to the Tribunal are contained in section 133 of the Act and the Tribunal rules.

10) You should note that the Tribunal Rules provide that at the same time as filing a reference notice with the Tribunal, you must send a copy of the notice to the FSA. Any copy notice should be sent to [REDACTED] at the FSA, 25 The North Colonnade, Canary Wharf, London E14 5HS.

11) You may also make written and oral representations to the FSA (whether or not you refer this matter to the Tribunal). If you wish to make representations you must do so by 5pm today or such longer period as may be permitted by the FSA by telephoning Timothy Herrington on 020 7066 3420. (See DEPP 3 of the Decision Procedure and Penalties manual.)

FSA contacts

12) For more information concerning this matter generally, you should contact [REDACTED] at the FSA (direct line: [REDACTED] / fax: [REDACTED]).

Tim Herrington

Chairman, Regulatory Decisions Committee