



Bank of England and Financial Services Act 2016

2016 CHAPTER 14

PART 1

THE BANK OF ENGLAND

Governance

1 Membership of court of directors

- (1) The Bank of England Act 1998 is amended as follows.
- (2) In section 1(2) (court of directors) after paragraph (b) insert—
“(ba) a Deputy Governor for markets and banking,”.
- (3) After section 1 insert—

“1A Power to alter membership of court of directors

- (1) The Treasury, after consulting the Governor of the Bank, may by order amend the list in section 1(2) so as to—
 - (a) alter the title of a Deputy Governor;
 - (b) add a Deputy Governor to the list;
 - (c) remove a Deputy Governor from the list.
- (2) An order under subsection (1)(a) or (c) must (by making saving provision or otherwise) secure that the alteration in the title of a Deputy Governor or the removal of a Deputy Governor from the list in section 1(2) does not have effect in relation to the individual (if any) who holds that office at the time the order is made.
- (3) An order under subsection (1)(b) may also add the Deputy Governor to which the order relates to the list in—

Status: This is the original version (as it was originally enacted).

- (a) section 9B(1) (membership of Financial Policy Committee);
 - (b) section 13(2) (membership of Monetary Policy Committee);
 - (c) section 30A(2) (membership of Prudential Regulation Committee).
- (4) An order under subsection (1)(c) may also remove from any of those lists the Deputy Governor to which the order relates.
- (5) Where an order under subsection (1) makes an amendment mentioned in column 1 of the following table, it may also make the amendment mentioned in the corresponding entry in column 2 of the table.

<i>Addition or removal of Deputy Governors</i>	<i>Corresponding change in membership of Committee</i>
Addition of one or more Deputy Governors to the list in section 9B(1)	Equal increase in the number of members appointed by the Chancellor of the Exchequer under section 9B(1)(e)
Removal of one or more Deputy Governors from the list in section 9B(1)	Equal reduction in the number of members appointed by the Chancellor of the Exchequer under section 9B(1)(e)
Addition of one or more Deputy Governors to the list in section 13(2)	Equal reduction in the number of members appointed by the Governor of the Bank under section 13(2)(b)
Removal of one or more Deputy Governors from the list in section 13(2)	Equal increase in the number of members appointed by the Governor of the Bank under section 13(2)(b)
Addition of one or more Deputy Governors to the list in section 30A(2)	Equal increase in the minimum number of members appointed by the Chancellor of the Exchequer under section 30A(2)(g)
Removal of one or more Deputy Governors from the list in section 30A(2)	Equal reduction in the minimum number of members appointed by the Chancellor of the Exchequer under section 30A(2)(g)

- (6) The power in subsection (5)—
- (a) to make an equal reduction in the number of members appointed under section 9B(1)(e), 13(2)(b) or 30A(2)(g), includes power to remove the power to make those appointments where an equal reduction would reduce the number of members so appointed to zero,
 - (b) to make an equal increase in the number of members appointed under section 9B(1)(e), 13(2)(b) or 30A(2)(g), includes power to reinstate the power to make those appointments where it has previously been removed under paragraph (a).
- (7) An order under subsection (1) may amend, repeal or revoke any provision made by or under any Act, including this Act, so as to make consequential provision.”

2 Term of office of non-executive directors

- (1) Paragraph 2 of Schedule 1 to the Bank of England Act 1998 (term of office of non-executive directors) is amended as follows.

(2) The existing text becomes sub-paragraph (1).

(3) After that sub-paragraph insert—

“(2) If it appears to Her Majesty that in the circumstances it is desirable to do so, Her Majesty may, before the end of the term for which a person is appointed as non-executive director, extend the person’s term of office on one occasion for a specified period of not more than 6 months.

(3) If a person whose term of office is extended under sub-paragraph (2) is subsequently re-appointed as non-executive director—

- (a) the length of the term of his or her re-appointment (or, if the person is re-appointed more than once, of the first re-appointment following the extension) is to be reduced by a period equal to the extension, but
- (b) the term of that re-appointment may itself be extended under sub-paragraph (2).”

3 Abolition of Oversight Committee

(1) The Bank of England Act 1998 is amended as follows.

(2) In section 2(2) (functions of court of directors)—

- (a) the words from “determining the Bank’s objectives” to the end become paragraph (a);
- (b) after that paragraph insert—

“(b) the functions mentioned in section 3A(2) (the “oversight functions”).”

(3) In section 3A (Oversight Committee)—

- (a) omit subsection (1);
- (b) in subsection (2), in the words before paragraph (a) for “functions of the Oversight Committee” substitute “oversight functions of the court of directors”;
- (c) in subsection (2)(d) for “Oversight Committee” substitute “court of directors”;
- (d) omit subsection (3);
- (e) in the heading for “Committee” substitute “functions of court of directors”.

(4) Omit section 3B (Oversight Committee: procedure).

(5) In section 3C (reviews) after subsection (1) insert—

“(1A) Where they consider that to do so would contribute to the discharge by the court of directors of any of its oversight functions, the non-executive directors of the Bank (or a majority of them) may arrange—

- (a) for a review to be conducted under this section in relation to any matter by a person appointed by those directors, and
- (b) for the person conducting the review to make one or more reports to the court of directors.”

4 Functions of non-executive directors

(1) Schedule 1 to the Bank of England Act 1998 (court of directors) is amended as follows.

(2) In paragraph 14 (remuneration)—

(a) at the beginning insert—

“(A1) The remuneration of the Governor and Deputy Governors of the Bank is to be determined by a sub-committee of the court of directors consisting of 3 or more non-executive directors of the Bank.”;

(b) in sub-paragraph (1) for “the Oversight Committee” substitute “that sub-committee”.

5 Financial stability strategy

(1) Paragraph 11 of Schedule 1 to the Bank of England Act 1998 (matters which may be delegated by court of directors) is amended as follows.

(2) In sub-paragraph (2) after “paragraph” insert—

“(a) include duties and powers conferred on the court of directors by section 9A (financial stability strategy), but

(b) except as mentioned in paragraph (a),”.

(3) After sub-paragraph (2) insert—

“(3) The court of directors retains responsibility for a duty or power which it delegates under this paragraph.”

6 Financial Policy Committee: status and membership

(1) Section 9B(1) of the Bank of England Act 1998 (Financial Policy Committee) is amended as follows.

(2) In the words before paragraph (a), for “sub-committee of the court of directors” substitute “committee”.

(3) For paragraph (b) substitute—

“(b) the Deputy Governor for financial stability,

(ba) the Deputy Governor for markets and banking,

(bb) the Deputy Governor for monetary policy,

(bc) the Deputy Governor for prudential regulation,”.

(4) In paragraph (e) for “4” substitute “5”.

7 Monetary Policy Committee: membership

(1) Section 13 of the Bank of England Act 1998 (Monetary Policy Committee) is amended as follows.

(2) In subsection (2)—

(a) after paragraph (aa) insert—

“(aaa) the Deputy Governor for markets and banking,”;

- (b) in paragraph (b) for “2 members” substitute “one member (to be known as the Chief Economist of the Bank)”.
- (3) For subsection (3) substitute—
 - “(3) The member appointed under subsection (2)(b) shall be a person who carries out monetary policy analysis within the Bank.”
- (4) For subsection (4) substitute—
 - “(4) Before appointing a person under subsection (2)(c) the Chancellor of the Exchequer must—
 - (a) be satisfied that the person has knowledge or experience which is likely to be relevant to the Committee’s functions, and
 - (b) consider whether the person has any financial or other interests that could substantially affect the functions as member that it would be proper for the person to discharge.”

8 Monetary Policy Committee: procedure

- (1) The Bank of England Act 1998 is amended as follows.
- (2) In section 15(1) (publication of Monetary Policy Committee minutes: usual rule)—
 - (a) for “After” substitute “As soon as reasonably practicable after”;
 - (b) omit the words from “before” to the end.
- (3) In section 15(3) (publication of Monetary Policy Committee minutes: special cases)—
 - (a) for “before the end of the period of 6 weeks beginning with the day of” substitute “as soon as reasonably practicable after”;
 - (b) for “before the end of the period of 6 weeks beginning with the day on which” substitute “as soon as reasonably practicable after”.
- (4) In paragraph 10 of Schedule 3 (meetings of Monetary Policy Committee)—
 - (a) in sub-paragraph (1) for “once a month” substitute “8 times in each calendar year”;
 - (b) after sub-paragraph (1) insert—
 - “(1A) The Committee shall meet at least once in any 10 week period.”
- (5) In paragraph 11 of Schedule 3 (proceedings of Monetary Policy Committee: quorum)
 - (a) in sub-paragraph (2) for “whom” to the end substitute “whom—
 - (a) one must be the Governor of the Bank or the Deputy Governor for monetary policy,
 - (b) unless both those mentioned in paragraph (a) are present, one must be either the Deputy Governor for financial stability or the Deputy Governor for markets and banking.”;
 - (b) in sub-paragraph (6) after “(5)” insert “and paragraph 13B”.
- (6) In Schedule 3, after paragraph 13A insert—
 - “13B (1) If a member of the Committee (“M”) has any direct or indirect interest (including any reasonably likely future interest) in any dealing or business which falls to be considered by the Committee—

- (a) M must disclose that interest to the Committee when it considers the dealing or business, and
 - (b) the Committee must decide whether M is to be permitted to participate in any proceedings of the Committee relating to any question arising from its consideration of the dealing or business, and if so to what extent and subject to what conditions (if any).
- (2) The Bank must issue and maintain a code of practice describing how members of the Committee and the Committee are to comply with sub-paragraph (1).
 - (3) The Bank may at any time revise or replace the code.
 - (4) Before issuing, revising or replacing the code, the Bank must consult the Treasury.
 - (5) The Bank must publish the current version of the code in whatever manner it sees fit.
 - (6) The Committee must comply with the code when taking decisions under sub-paragraph (1)(b)."

Financial arrangements

9 Audit

In the Bank of England Act 1998, after section 7 insert—

“7ZA Audit: role of Comptroller and Auditor General

- (1) Before appointing an auditor or auditors under section 7(5), the Bank must consult the Comptroller and Auditor General (“the Comptroller”).
- (2) The auditor or auditors appointed by the Bank must consult the Comptroller on the scope, timing and direction of the audit and on any audit plan (or any material revisions to an audit plan).
- (3) The Comptroller—
 - (a) has a right of access at any reasonable time to any document relating to the audit of the Bank’s accounts which the Comptroller may reasonably require, and
 - (b) may require any person holding or accountable for any such document to provide such information and explanation as are reasonably necessary.
- (4) Subsection (3) applies only to documents in the custody or under the control of the Bank.
- (5) An obligation imposed on a person as a result of the exercise of the powers conferred by subsection (3) is enforceable by injunction or, in Scotland, by an order for specific performance under section 45 of the Court of Session Act 1988.

- (6) The Comptroller (or a person nominated by the Comptroller) may attend any proceedings of the Bank's audit committee which are concerned with the audit of the Bank's accounts.
- (7) The "Bank's audit committee" means the committee or sub-committee within the Bank for the time being having responsibilities relating to the audit of the Bank's accounts."

10 Activities indemnified by Treasury

In the Bank of England Act 1998, after section 7A insert—

"7B Reports on Bank activities indemnified by Treasury

- (1) This section applies where the Treasury give an indemnity or guarantee to the Bank in respect of an activity or series of activities undertaken by the Bank.
- (2) The Treasury may direct the Bank to prepare a financial report in relation to the activity or series of activities to which the indemnity or guarantee relates.
- (3) A direction under subsection (2) may include directions as to—
 - (a) the financial years for which a report is to be prepared,
 - (b) the information to be contained in the report and the manner in which it is to be presented, and
 - (c) the methods and principles according to which any statement of financial information to be contained in the report is to be prepared.
- (4) A direction under subsection (2) may be revoked by a further direction.
- (5) The Bank must send any report that it prepares under subsection (2) to the Treasury.
- (6) The Treasury may send the report to the Comptroller and Auditor General ("the Comptroller") for review.
- (7) The review is to consider such matters as may be agreed between the Comptroller and the Treasury.
- (8) The Comptroller—
 - (a) has a right of access at any reasonable time to any document the Comptroller may reasonably require for the purposes of the review, and
 - (b) may require any person holding or accountable for any such document to provide such information and explanation as are reasonably necessary.
- (9) Subsection (8) applies only to documents in the custody or under the control of—
 - (a) the Bank;
 - (b) the auditor or auditors appointed by the Bank under section 7(5).
- (10) An obligation imposed on a person as a result of the exercise of the powers conferred by subsection (8) is enforceable by injunction or, in Scotland, by an order for specific performance under section 45 of the Court of Session Act 1988.

7C Accounts of Bank companies carrying on activities indemnified by Treasury

- (1) This section applies where the Treasury give an indemnity or guarantee to a company (“the company”) in which the Bank has an interest, in respect of an activity or series of activities undertaken by the company.
- (2) The Treasury may direct the company to send to the Comptroller and Auditor General (“the Comptroller”) accounts prepared by it in accordance with the Companies Act 2006 and any direction given by the Bank under section 7A(1).
- (3) A direction given under subsection (2)—
 - (a) may relate to all financial years, or to financial years specified in the direction;
 - (b) may be revoked by a further direction.
- (4) Where a direction given under subsection (2) has effect in relation to a financial year, the company is exempt from the requirements of Part 16 of the Companies Act 2006 (audit) for that financial year, and its balance sheet must include a statement to that effect.
- (5) The Comptroller must examine any accounts sent to the Comptroller under this section with a view to satisfying himself or herself that the accounts have been properly prepared in all material respects in accordance with the bases of preparation identified in the accounts.
- (6) After completing the examination the Comptroller must—
 - (a) certify the accounts and issue a report,
 - (b) send the certified accounts and the report to the Treasury, and
 - (c) if not satisfied that the accounts have been properly prepared in all material respects in accordance with the bases of preparation identified in the accounts, report to the House of Commons.
- (7) The Treasury must lay the copy of the certified accounts and the report before Parliament.
- (8) For the purposes of this section, the Bank has an interest in a company if—
 - (a) the Bank, or a nominee of the Bank, is a member of the company, or
 - (b) the company is a subsidiary undertaking of the Bank, within the meaning of section 1162 of the Companies Act 2006.”

11 Examinations and reviews

In the Bank of England Act 1998, after section 7C (inserted by section 10) insert—

“7D Examination by Comptroller and Auditor General

- (1) The Comptroller and Auditor General (“the Comptroller”) may carry out examinations into—
 - (a) the economy, efficiency and effectiveness with which the Bank has used its resources in discharging its functions;

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- (b) the economy, efficiency and effectiveness with which a Bank company has used its resources in discharging its functions.
- (2) An examination under this section may be limited to such functions (however described) of the Bank or the Bank company as the Comptroller considers appropriate.
- (3) An examination under this section is not to be concerned with the merits of the Bank's policy objectives.
- (4) An examination under this section is not to be concerned with the merits of—
 - (a) policy decisions taken by the Financial Policy Committee, the Monetary Policy Committee or the Prudential Regulation Committee;
 - (b) policy decisions taken by a committee or other body within the Bank for the time being having responsibilities for the supervision of payment systems, settlement systems or clearing houses, so far as the decisions relate to that supervision.
- (5) Subject to subsection (6), an examination under this section is not to be concerned with the merits of policy decisions taken by a committee or other body within the Bank for the time being having responsibilities for the exercise of any of the Bank's resolution functions, so far as the decisions relate to those functions.
- (6) Where the Bank has exercised relevant resolution functions in relation to a financial institution, subsection (5) does not prevent an examination under this section being concerned with the merits of policy decisions within that subsection which are relevant to the Bank's exercise of its resolution functions in relation to that institution (whether or not those policy decisions are also relevant to other financial institutions).
- (7) "Relevant resolution functions" are—
 - (a) any of the stabilisation powers;
 - (b) any of the Bank's functions (other than its functions as the Prudential Regulation Authority) under or by virtue of—
 - (i) Part 2 or 3, or section 233, of the Banking Act 2009,
 - (ii) Part 6 of the Financial Services (Banking Reform) Act 2013.
- (8) Before carrying out an examination under this section, the Comptroller must consult the court of directors of the Bank.
- (9) The Comptroller may report to the House of Commons the results of any examination carried out by the Comptroller under this section.
- (10) For the purposes of this section—
 - "Bank company" means—
 - (a) a company which is a subsidiary undertaking of the Bank, within the meaning of section 1162 of the Companies Act 2006;
 - (b) a company not within paragraph (a) in respect of which a direction under section 7C(2) has effect;
 - "resolution functions" means the Bank's functions (other than its functions as the Prudential Regulation Authority) under or by virtue of—
 - (a) Parts 1 to 3, and section 233, of the Banking Act 2009,

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- (b) Part 6 of the Financial Services (Banking Reform) Act 2013,
- (c) the Bank Recovery and Resolution (No. 2) Order 2014 ([S.I. 2014/3348](#));

“stabilisation powers” has the same meaning as in the Banking Act 2009 (see section 1(4) of that Act).

- (11) Section 6 of the National Audit Act 1983 (Comptroller may carry out economy, efficiency and effectiveness examinations) does not apply to the Bank or a Bank company.

7E Memorandum of understanding

- (1) The Bank and the Comptroller must prepare and maintain a memorandum of understanding about examinations under section 7D.
- (2) The memorandum must in particular include provision—
 - (a) as to functions of the Bank in respect of which the Comptroller will not usually consider it appropriate to carry out an examination;
 - (b) identifying the committees or other bodies referred to in section 7D([4](#)) ([b](#)) and ([5](#));
 - (c) establishing a procedure for resolving in a timely fashion any dispute between the Bank and the Comptroller as to whether a matter is (under section 7D(3) to ([6](#))) a matter with which an examination under section 7D is not to be concerned;
 - (d) for the publication of the views of the Bank and the Comptroller as to whether a matter is such a matter, in cases where a dispute between them cannot be resolved.

7F Review by the Treasury

- (1) The Treasury may appoint an independent person to conduct a review of the economy, efficiency and effectiveness with which the Bank has used its resources in discharging its functions as the Prudential Regulation Authority.
- (2) “Independent” means appearing to the Treasury to be independent of the Bank.
- (3) A review under this section may be limited to such of the Bank’s functions as the Prudential Regulation Authority (however described) as the Treasury may specify in appointing the person to conduct it.
- (4) A review under this section is not to be concerned with the merits of the Bank’s general policy or principles in pursuing the Bank’s objectives (including its objectives as the Prudential Regulation Authority).
- (5) On completion of the review, the person conducting it must make a written report to the Treasury—
 - (a) setting out the result of the review, and
 - (b) making such recommendations (if any) as the person considers appropriate.
- (6) A copy of the report must be—
 - (a) laid before Parliament, and
 - (b) published in such manner as the Treasury think fit.

- (7) Any expenses reasonably incurred in the conduct of the review are to be met by the Treasury out of money provided by Parliament.

7G Right to obtain documents and information

- (1) A person conducting an examination under section 7D or a review under section 7F—
- (a) has a right of access at any reasonable time to any document the person may reasonably require for the purposes of the examination or review, and
 - (b) may require any person holding or accountable for any such document to provide such information and explanation as are reasonably necessary for that purpose.
- (2) Subsection (1) applies to documents in the custody or under the control of—
- (a) the Bank;
 - (b) the auditor or auditors appointed by the Bank under section 7(5).
- (3) In the case of an examination under section 7D(1)(b), subsection (1) also applies to documents in the custody or under the control of—
- (a) the company to which the examination relates;
 - (b) the auditor or auditors of that company.
- (4) An obligation imposed on a person as a result of the exercise of the powers conferred by subsection (1) is enforceable by injunction or, in Scotland, by an order for specific performance under section 45 of the Court of Session Act 1988.

7H Restriction on disclosing information

Section 353A of the Financial Services and Markets Act 2000 (FCA not to disclose certain information received from the Bank) applies in relation to the Comptroller and Auditor General and the National Audit Office as it applies in relation to the Financial Conduct Authority.”

Prudential regulation

12 Bank to act as Prudential Regulation Authority

In the Financial Services and Markets Act 2000, for section 2A substitute—

“2A The Prudential Regulation Authority

- (1) The “Prudential Regulation Authority” is the Bank of England.
- (2) The Bank’s functions as the Prudential Regulation Authority—
- (a) are to be exercised by the Bank acting through its Prudential Regulation Committee (see Part 3A of the Bank of England Act 1998), and
 - (b) are not exercisable by the Bank in any other way.

- (3) References in this Act or any other enactment to the Prudential Regulation Authority do not include the Bank of England acting otherwise than in its capacity as the Prudential Regulation Authority.
- (4) References in this Act to the Bank of England do not (unless otherwise provided) include the Bank acting in its capacity as the Prudential Regulation Authority.
- (5) Subsections (3) and (4) do not apply to this section.
- (6) Subsection (4) does not apply for the interpretation of references to the court of directors of the Bank of England, or to a Deputy Governor or committee of the Bank.
- (7) The Prudential Regulation Authority is referred to in this Act as the PRA.

2AB Functions of the PRA

- (1) The PRA is to have the functions conferred on it by or under this Act.
- (2) Schedule 1ZB makes provision about functions of the PRA.
- (3) References in this Act or any other enactment to functions conferred on the PRA by or under this Act include references to functions conferred on the PRA by or under—
 - (a) the Insolvency Act 1986,
 - (b) the Banking Act 2009,
 - (c) the Financial Services Act 2012, or
 - (d) a qualifying EU provision that is specified, or of a description specified, for the purposes of this subsection by the Treasury by order.”

13 Prudential Regulation Committee

- (1) The Bank of England Act 1998 is amended as follows.
- (2) After Part 3 insert—

“PART 3A

PRUDENTIAL REGULATION

30A Prudential Regulation Committee

- (1) There is to be a committee of the Bank known as the Prudential Regulation Committee of the Bank of England.
- (2) The Prudential Regulation Committee is to consist of—
 - (a) the Governor of the Bank,
 - (b) the Deputy Governor for financial stability,
 - (c) the Deputy Governor for markets and banking,
 - (d) the Deputy Governor for prudential regulation,
 - (e) the Chief Executive of the Financial Conduct Authority,

- (f) one member appointed by the Governor of the Bank with the approval of the Chancellor of the Exchequer, and
 - (g) at least 6 members appointed by the Chancellor of the Exchequer.
- (3) The functions of the Prudential Regulation Committee are—
 - (a) its functions by virtue of section 2A of the Financial Services and Markets Act 2000 (which provides for the Bank's functions as the Prudential Regulation Authority to be exercised by the Bank acting through the Prudential Regulation Committee), and
 - (b) the functions conferred on it by this Act.
- (4) Schedule 6A has effect with respect to the Prudential Regulation Committee.

30B Recommendations by Treasury

- (1) The Treasury may at any time by notice in writing to the Prudential Regulation Committee make recommendations to the Committee about aspects of the economic policy of Her Majesty's Government to which the Committee should have regard—
 - (a) when considering how to advance the objectives of the Prudential Regulation Authority, and
 - (b) when considering the application of the regulatory principles set out in section 3B of the Financial Services and Markets Act 2000.
- (2) The Treasury must make recommendations under subsection (1) at least once in each Parliament.
- (3) The Treasury must—
 - (a) publish in such manner as they think fit any notice given under subsection (1), and
 - (b) lay a copy of it before Parliament.

30C Operational independence

- (1) The Bank must make arrangements to ensure compliance with—
 - (a) article 4.7 of the capital requirements directive, and
 - (b) article 3.3 of the recovery and resolution directive,(which require resolution functions and supervisory functions to be operationally independent of one another).
- (2) The Bank must prepare and issue a statement of its arrangements under subsection (1).
- (3) If there are material changes to the arrangements, it must prepare and issue a revised statement.
- (4) The Bank must consult the Treasury before issuing a statement under subsection (2) or a revised statement under subsection (3).
- (5) If it appears to the Treasury that any action proposed to be taken by the Bank would be incompatible with obligations of the United Kingdom under the provisions mentioned in subsection (1)(a) or (b), the Treasury may direct the Bank not to take that action.

(6) If it appears to the Treasury that any action which the Bank has power to take is required for the purpose of implementing those obligations, the Treasury may direct the Bank to take that action.

(7) In this section—

“the capital requirements directive” means [Directive 2013/36/EU](#) of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms;

“the recovery and resolution directive” means [Directive 2014/59/EU](#) of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms.”

(3) Before Schedule 7 insert the Schedule 6A set out in Schedule 1 to this Act.

14 Accounts relating to Bank’s functions as Prudential Regulation Authority

(1) Section 7 of the Bank of England Act 1998 (accounts) is amended as follows.

(2) After subsection (2) insert—

“(2A) The Bank shall also prepare for each of its financial years a statement of accounts in relation to—

- (a) income received and assets accrued by the Bank by virtue of its functions as the Prudential Regulation Authority, and
- (b) expenses and liabilities incurred by the Bank by virtue of its functions as the Prudential Regulation Authority.”

(3) After subsection (4) insert—

“(4A) In preparing a statement under subsection (2A) the Bank must comply with any directions given by the Treasury as to—

- (a) the information to be contained in the statement and the manner in which it is to be presented, and
- (b) the methods and principles according to which the statement is to be prepared.”

(4) In subsection (5), after “subsection (2)” insert “or (2A)”.

(5) After subsection (5) insert—

“(5A) The auditor’s report on a statement under subsection (2A) must state whether the auditor is satisfied that the Bank has complied with the requirements of Part 3 of Schedule 1ZB to the Financial Services and Markets Act 2000 (Prudential Regulation Authority fees and penalties).”

(6) In subsection (6), after “subsection (2)” insert “or (2A)”.

(7) After subsection (8) insert—

“(8A) A direction under subsection (4A) or a notice under subsection (7) may be revoked by a further direction or notice.”

15 Transfer of property etc to Bank

- (1) The property, rights and liabilities to which the company is entitled or subject immediately before this section comes into force transfer to and vest in the Bank of England, in its capacity as the Prudential Regulation Authority.
- (2) Subsection (1) has effect in spite of any provision (of whatever nature) that would otherwise prevent, penalise or restrict the transfer of the property, rights or liabilities.
- (3) In particular, it has effect regardless of a contravention, liability or interference with an interest or right that would otherwise exist by reason of such a provision having effect in relation to the terms on which the company is entitled to the property or right, or subject to the liability, in question.
- (4) A certificate by the Chancellor of the Exchequer that anything specified in the certificate has vested in the Bank of England under this section is conclusive evidence for all purposes of that fact.
- (5) In this section “the company” means the body corporate originally incorporated as the Prudential Regulation Authority Limited and renamed as the Prudential Regulation Authority by section 2A of the Financial Services and Markets Act 2000 (as it had effect before section 12 came into force).

*Consequential and transitional provision***16 Amendments relating to Part 1**

Schedule 2 makes amendments relating to this Part.

17 Saving and transitional provision relating to Part 1

Schedule 3 makes saving and transitional provision relating to this Part.