



Bank of England and Financial Services Act 2016

2016 CHAPTER 14

PART 1

THE BANK OF ENGLAND

Prudential regulation

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.

Status: This is the original version (as it was originally enacted).

- (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.