



Financial Services Act 2012

2012 CHAPTER 21

PART 1

BANK OF ENGLAND

3 Oversight Committee

- (1) The Bank of England Act 1998 is amended as follows.
- (2) For section 3 substitute—

“3A Oversight Committee

- (1) There is to be a sub-committee of the court of directors of the Bank (“the Oversight Committee”) consisting of the non-executive directors of the Bank.
- (2) The functions of the Oversight Committee are—
 - (a) keeping under review the Bank's performance in relation to—
 - (i) the Bank's objectives (that is, the objectives specified in relation to it in this Act and the other objectives for the time being determined by the court of directors of the Bank),
 - (ii) the duty of the Financial Policy Committee under section 9C, and
 - (iii) the Bank's strategy as for the time being determined by the court of directors of the Bank (including its financial stability strategy);
 - (b) monitoring the extent to which the objectives set by the court of directors of the Bank in relation to the Bank's financial management have been met;
 - (c) keeping under review the internal financial controls of the Bank with a view to securing the proper conduct of its financial affairs;
 - (d) the functions conferred on the Oversight Committee by the provisions listed in subsection (4).

Status: This is the original version (as it was originally enacted).

- (3) The court of directors of the Bank may arrange for specified functions of the Bank to be discharged by the Oversight Committee.
- (4) The provisions referred to in subsection (2)(d) are—
- (a) section 9B (review of procedures followed by Financial Policy Committee);
 - (b) section 16 (review of procedures followed by Monetary Policy Committee);
 - (c) paragraph 14 of Schedule 1 (remuneration of Governor and Deputy Governors);
 - (d) paragraph 5 of Schedule 2A (terms and conditions of office of members of Financial Policy Committee appointed under section 9B(1)(e));
 - (e) paragraph 9 of that Schedule (removal of members of Financial Policy Committee appointed under section 9B(1)(d) or (e));
 - (f) paragraph 4(2) of Schedule 3 (terms and conditions of office of members of Monetary Policy Committee appointed under section 13(2)(c));
 - (g) paragraph 9 of that Schedule (removal of members of Monetary Policy Committee appointed under section 13(2)(b) or (c));
 - (h) paragraph 15 of Schedule 1ZB to the Financial Services and Markets Act 2000 (terms of service and remuneration of members of the governing body of the Prudential Regulation Authority).

3B Oversight Committee: procedure

- (1) The chair of the court (designated under paragraph 13 of Schedule 1) is to chair meetings of the Oversight Committee (when present).
- (2) The Committee is to determine its own procedure, but this is subject to subsection (1) and subsection (5).
- (3) The Committee may invite other persons to attend, or to attend and speak at, any meeting of the Committee.
- (4) The Committee may delegate any of its functions to two or more of its members.
- (5) 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 that 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).

3C Reviews

- (1) In the discharge of any of its functions, the Oversight Committee may arrange—

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

- (a) for a review to be conducted under this section in relation to any matter by a person appointed by the Committee, and
 - (b) for the person conducting the review to make one or more reports to the Committee.
- (2) The persons who may be appointed to conduct a review include an officer or employee of the Bank.
- (3) A review under this section is a “performance review” if it—
 - (a) is arranged by the Committee in the discharge of any of its functions under section 3A(2)(a) and (b), and
 - (b) relates to past events.
- (4) If the person to be appointed to conduct a performance review is an officer or employee of the Bank, the appointment requires the consent of the Governor of the Bank.
- (5) In the case of a performance review, the Committee must have regard to the desirability of ensuring that sufficient time has elapsed—
 - (a) for the review to be effective, and
 - (b) to avoid the review having a material adverse effect on the exercise by the Bank of its functions.

3D Publication of reports of performance reviews

- (1) The Bank must give the Treasury a copy of any report made to the Oversight Committee by a person appointed under section 3C to conduct a performance review (as defined by subsection (3) of that section).
- (2) Subject to subsection (3), the Bank must also publish the report.
- (3) Subsection (2) does not require the publication of information whose publication at the time when the report is made would in the opinion of the court of directors of the Bank be against the public interest.
- (4) Where the court of directors decides under subsection (3) that publication of information at the time when the report is made would be against the public interest, it must keep under consideration the question of whether publication of the information would still be against the public interest.
- (5) Where the court of directors decides that publication of any information is no longer against the public interest, the Bank must publish the information.
- (6) The Treasury must lay before Parliament a copy of any report or other information published by the Bank under this section.

3E Recommendations resulting from review

- (1) This section applies where a report made by a person appointed under section 3C to conduct a review makes recommendations to the Bank as to steps to be taken by it.
- (2) The Oversight Committee must—
 - (a) monitor the Bank's response to the report, and

- (b) if or to the extent that the Bank accepts the recommendations, monitor the implementation of the recommendations.

3F Oversight Committee: further provisions

- (1) The documents to which the Oversight Committee is to have access in the discharge of its functions include documents considered, or to be considered, by the Financial Policy Committee or the Monetary Policy Committee.
- (2) One or two members of the Oversight Committee may attend any meeting of the Financial Policy Committee or the Monetary Policy Committee, but a person attending by virtue of this subsection may not speak unless invited to do so by the person chairing the meeting.
- (3) Subsection (2) does not affect—
 - (a) anything done in relation to the Financial Policy Committee by a member of that Committee who is also a member of the Oversight Committee,
 - (b) the powers of the Financial Policy Committee under paragraph 13 of Schedule 2A, or
 - (c) the powers of the Monetary Policy Committee under paragraph 13A of Schedule 3.”
- (3) In section 4 (annual report by the Bank), in subsection (2), for paragraph (a) substitute—
 - “(a) a report by the Oversight Committee on the matters for which it is responsible, and”.
- (4) In section 16 (functions of court of directors)—
 - (a) in subsection (1), for “court of directors of the Bank” substitute “Oversight Committee”,
 - (b) in subsection (2)—
 - (i) for “the court's function” substitute “the function of the Oversight Committee”, and
 - (ii) for “the Committee” substitute “the Monetary Policy Committee”,
 - (c) omit subsection (3), and
 - (d) accordingly, in the heading, for “court of directors” substitute “Oversight Committee”.