



Bank of England Act 1998

1998 CHAPTER 11

PART I

CONSTITUTION, REGULATION AND FINANCIAL ARRANGEMENTS

Constitution and regulation

1 Court of directors.

(1) There shall continue to be a court of directors of the Bank.

[^{F1}(2) The court shall consist of the following directors appointed by Her Majesty—

- (a) a Governor,
- (b) a Deputy Governor for financial stability,
- (c) a Deputy Governor for monetary policy,
- (d) a Deputy Governor for prudential regulation, and
- (e) not more than 9 non-executive directors.]

^{F2}(3)

(4) Schedule 1 shall have effect with respect to the court.

Textual Amendments

F1 S. 1(2) substituted for s. 1(2)(2A) (19.2.2013 for specified purposes, 1.4.2013 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\)](#) , **ss. 1(1)** , 122(3) (with [Sch. 20](#)) ; S.I. 2013/113 , [art. 2\(2\)](#) , [Sch. Pt. 4](#) ; S.I. 2013/423 , [art. 3](#) , [Sch.](#)

F2 S. 1(3) repealed (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#) , [s. 122\(3\)](#) , **Sch. 19** (with [Sch. 20](#)) ; S.I. 2013/423 , [art. 3](#) , [Sch.](#)

Status: Point in time view as at 01/04/2013.

Changes to legislation: Bank of England Act 1998, Part I is up to date with all changes known to be in force on or before 14 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

2 Functions of court of directors.

- (1) The court of directors of the Bank shall manage the Bank’s affairs, other than the formulation of monetary policy.
- (2) In particular, the court’s functions under subsection (1) shall include determining the Bank’s objectives (including objectives for its financial management) and strategy.
- (3) In determining the Bank’s objectives and strategy, the court’s aim shall be to ensure the effective discharge of the Bank’s functions.
- (4) Subject to that, in determining objectives for the financial management of the Bank, the court’s aim shall be to ensure the most efficient use of the Bank’s resources.
- [^{F3}(5) Sections 2A and 11 set objectives for the Bank in relation to financial stability and monetary policy; and subsections (2) to (4) above are subject to those sections.]

Textual Amendments

F3 S. 2(5) added (1.6.2009) by [Banking Act 2009 \(c. 1\)](#) , **ss. 238(2)** , 263(1) (with s. 247) ; S.I. 2009/1296 , art. 2 , Sch. para. 1

[^{F4}2A Financial Stability Objective

- (1) An objective of the Bank shall be to [^{F5}protect and enhance] the stability of the financial [^{F6}system] of the United Kingdom (the “Financial Stability Objective”).
- (2) In pursuing the Financial Stability Objective the Bank shall aim to work with other relevant bodies (including the Treasury [^{F7}, the Financial Conduct Authority and the Prudential Regulation Authority]).
- ^{F8}(3)]

Textual Amendments

F4 Ss. 2A-2C inserted (1.6.2009) by [Banking Act 2009 \(c. 1\)](#) , **ss. 238(1)** , 263(1) (with s. 247) ; S.I. 2009/1296 , art. 2 , Sch. para. 1

F5 Words in s. 2A(1) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#) , **ss. 2(2)(a)** , 122(3) (with Sch. 20) ; S.I. 2013/423 , art. 3 , Sch.

F6 Word in s. 2A(1) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#) , **ss. 2(2)(b)** , 122(3) (with Sch. 20) ; S.I. 2013/423 , art. 3 , Sch.

F7 Words in s. 2A(2) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#) , **ss. 2(3)** , 122(3) (with Sch. 20) ; S.I. 2013/423 , art. 3 , Sch.

F8 S. 2A(3) omitted (1.4.2013) by virtue of [Financial Services Act 2012 \(c. 21\)](#) , **ss. 2(4)** , 122(3) (with Sch. 20) ; S.I. 2013/423 , art. 3 , Sch.

[^{F9}^{F4} 2B Financial Stability Committee

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Textual Amendments

- F4** Ss. 2A-2C inserted (1.6.2009) by [Banking Act 2009 \(c. 1\)](#) , **ss. 238(1)** , 263(1) (with s. 247) ; S.I. 2009/1296 , [art. 2](#) , [Sch. para. 1](#)
- F9** S. 2B repealed (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#) , **ss. 4(4)** , 122(3) (with [Sch. 20](#)) ; S.I. 2013/423 , [art. 3](#) , [Sch.](#)

^{F10}_{F4} **Financial Stability Committee: supplemental** **2C**

Textual Amendments

- F4** Ss. 2A-2C inserted (1.6.2009) by [Banking Act 2009 \(c. 1\)](#) , **ss. 238(1)** , 263(1) (with s. 247) ; S.I. 2009/1296 , [art. 2](#) , [Sch. para. 1](#)
- F10** S. 2C repealed (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#) , **ss. 4(4)** , 122(3) (with [Sch. 20](#)) ; S.I. 2013/423 , [art. 3](#) , [Sch.](#)

^{F11}**3** **Functions to be carried out by non-executive members.**

Textual Amendments

- F11** Ss. 3A-3F substituted for s. 3 (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#) , **ss. 3(2)** , 122(3) (with [Sch. 20](#)) ; S.I. 2013/423 , [art. 3](#) ,

^{F11}**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).
- (3) The court of directors of the Bank may arrange for specified functions of the Bank to be discharged by the Oversight Committee.

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- (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).

Textual Amendments

F11 Ss. 3A-3F substituted for s. 3 (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#) , **ss. 3(2)** , 122(3) (with [Sch. 20](#)); [S.I. 2013/423](#) , [art. 3](#) ,

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).

Textual Amendments

F11 Ss. 3A-3F substituted for s. 3 (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#) , **ss. 3(2)** , 122(3) (with [Sch. 20](#)); [S.I. 2013/423](#) , [art. 3](#) ,

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3C Reviews

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

Textual Amendments

F11 Ss. 3A-3F substituted for s. 3 (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#) , **ss. 3(2)** , 122(3) (with [Sch. 20](#)) ; [S.I. 2013/423](#) , [art. 3](#) ,

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.

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Textual Amendments

F11 Ss. 3A-3F substituted for s. 3 (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#) , **ss. 3(2)** , 122(3) (with [Sch. 20](#)); [S.I. 2013/423](#) , [art. 3](#) ,

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.

Textual Amendments

F11 Ss. 3A-3F substituted for s. 3 (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#) , **ss. 3(2)** , 122(3) (with [Sch. 20](#)); [S.I. 2013/423](#) , [art. 3](#) ,

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.]

Textual Amendments

F11 Ss. 3A-3F substituted for s. 3 (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#) , **ss. 3(2)** , 122(3) (with [Sch. 20](#)); [S.I. 2013/423](#) , [art. 3](#) ,

4 Annual report by the Bank.

- (1) As soon as practicable after the end of each of its financial years, the Bank shall make to the Chancellor of the Exchequer a report on its activities in that year.
- (2) A report under this section shall, in particular, contain—

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- [^{F12}(a) a report by the Oversight Committee on the matters for which it is responsible,
[^{F13}...]
 - (aa) a report by the court of directors on the activities of the Financial Policy Committee of the Bank, and]
 - (b) a copy of the statement for the year prepared under section 7(2) and the report of the Bank’s auditors on it.
- (3) The report mentioned in subsection (2)(a) shall, in particular, include a review of the Bank’s performance in relation to its objectives and strategy, as determined by the court of directors of the Bank, in the financial year to which the report under this section relates.
- (4) A report under this section shall also contain—
- (a) a statement of the rate or rates at which [^{F14}non-executive directors] of the Bank have been remunerated in the financial year to which the report relates, and
 - (b) a statement of the Bank’s objectives and strategy, as determined by the court of directors of the Bank, for the financial year in which the report is made.
- (5) The Bank shall publish every report under this section in such manner as it thinks appropriate.
- (6) The Chancellor of the Exchequer shall lay copies of every report under this section before Parliament.

Textual Amendments

- F12** S. 4(2)(a) substituted (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), **ss. 3(3)**, 122(3) (with [Sch. 20](#)); [S.I. 2013/423](#), [art. 3](#), [Sch.](#)
- F13** S. 4(2)(aa) substituted for preceding word (1.4.2013) by [Financial Services Act 2012 \(c. 21\)](#), [s. 122\(3\)](#), **Sch. 1 para. 1** (with [Sch. 20](#)); [S.I. 2013/423](#), [art. 3](#), [Sch.](#)
- F14** Words in s. 4(4)(a) substituted (19.2.2013 for specified purposes, 1.4.2013 in so far as not already in force) by [Financial Services Act 2012 \(c. 21\)](#), [s. 122\(3\)](#), **Sch. 2 para. 4** (with [Sch. 20](#)); [S.I. 2013/113](#), [art. 2\(2\)](#), [Sch. Pt. 4](#); [S.I. 2013/423](#), [art. 3](#), [Sch.](#)

5 Custody and use of the seal.

- (1) The court of directors of the Bank shall have custody of the Bank’s seal.
- (2) The seal shall only be affixed to an instrument if the affixation has been authorised by the court or by a sub-committee of the court acting in exercise of delegated authority.
- (3) The affixing of the seal shall be attested by the signature of—
 - (a) two members of the court,
 - (b) one member of the court and the secretary to the court, or
 - (c) two other officers of the Bank authorised by the court for the purpose.

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Financial arrangements

6 Cash ratio deposits.

Schedule 2 (which makes provision about the maintenance of cash deposits with the Bank by certain financial institutions) shall have effect.

7 Accounts.

- (1) The Bank shall keep proper accounts and records in relation to the accounts.
- (2) The Bank shall prepare for each of its financial years a statement of accounts consisting of—
 - (a) a balance sheet as at the last day of the year, and
 - (b) a profit and loss account.
- (3) In preparing accounts under subsection (2), the Bank shall be subject to requirements corresponding to the relevant Companies Act requirements, except insofar as the accounts relate to the Issue Department.
- (4) The Bank may disregard a requirement to which it is subject under subsection (3) to the extent that it considers it appropriate to do so having regard to its functions.
- (5) The Bank shall appoint an auditor or auditors to audit its accounts, including any statement under subsection (2).
- (6) As soon as practicable after receiving the report of its auditors on a statement prepared under subsection (2), the Bank shall send a copy of—
 - (a) the report, and
 - (b) the statement,
 to the Chancellor of the Exchequer.
- (7) The Treasury may by notice in writing to the Bank require it to publish in such manner as it thinks fit such additional information relating to its accounts as the Treasury may specify in the notice, including information which the Bank has excluded under subsection (4) from a statement under subsection (2).
- (8) The Treasury shall consult the Bank before giving a notice under subsection (7).
- (9) In subsection (3), the reference to the relevant Companies Act requirements is to the requirements to which the directors of a company which is a banking company for the purposes of [^{F15}the Companies Act 2006] are for the time being subject under that Act [^{F16}(except sections 412 and 413 (directors' benefits))] in relation to the preparation of accounts under [^{F17}section 394] of that Act.

Textual Amendments

- F15** Words in s. 7(9) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 205(1)(a)** (with arts. 6, 11, 12)
- F16** Words in s. 7(9) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 205(1)(b)** (with arts. 6, 11, 12)
- F17** Words in s. 7(9) substituted (6.4.2008) by [The Companies Act 2006 \(Consequential Amendments etc\) Order 2008 \(S.I. 2008/948\)](#), art. 2(2), **Sch. 1 para. 205(1)(c)** (with arts. 6, 11, 12)

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8 Payments in lieu of dividends.

(1) In section 1 of the ^{M1}Bank of England Act 1946, in subsection (4), (amount payable to Treasury in lieu of dividends on Bank stock), for the words from “the sum” to the end there is substituted “ a sum equal to 25 per cent. of the Bank’s net profits for its previous financial year, or such other sum as the Treasury and the Bank may agree. ”

(2) In that section, at the end there is inserted—

“(6) In subsection (4) of this section, the reference to the Bank’s net profits for its previous financial year is to the profits shown in the audited accounts for that year less the amount of the tax charge so shown.”

(3) In Schedule 1 to that Act (supplemental provisions), after paragraph 11 there is inserted—

“11A (1) If, when a payment falls to be made under section 1(4) of this Act, the Bank’s accounts for the previous financial year have not been audited, the payment shall be made on the basis of the Bank’s estimate of the relevant amounts.

(2) If an amount estimated under sub-paragraph (1) of this paragraph differs from the amount shown in the audited accounts, an appropriate adjustment shall be made to the next payment under section 1(4) of this Act to be made after the difference becomes apparent.”

(4) In that Schedule, for paragraph 14 there is substituted—

“14 Any sum paid by the Bank to the Treasury in lieu of dividends shall be allowed as a deduction in assessing the Bank to corporation tax for the accounting period by reference to which the payment is calculated.”

Marginal Citations

M1 1946 c. 27.

Supplementary

9 Consequential amendments.

(1) In section 14 of the ^{M2}National Debt Reduction Act 1786 and section 32 of the ^{M3}Life Annuities Act 1808, for “deputy governor” there is substituted “ deputy governors ”.

(2) In section 55 of the ^{M4}National Debt Act 1870, the first reference to the Deputy Governor of the Bank of England shall be treated as a reference to a Deputy Governor of the Bank of England.

(3) In section 3(3) of the ^{M5}Bank of England Act 1946, after “this Act” there is inserted “ and the Bank of England Act 1998 ”.

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Marginal Citations

M2 1786 c. 31.

M3 1808 c. 142.

M4 1870 c. 71.

M5 1946 c. 27.

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