



# Banking Act 2009

## 2009 CHAPTER 1

### PART 7

#### MISCELLANEOUS

#### *Bank of England*

#### **238 UK financial stability**

- (1) After section 2 of the Bank of England Act 1998 (functions of court of directors) insert—

#### **“2A Financial Stability Objective**

- (1) An objective of the Bank shall be to contribute to protecting and enhancing the stability of the financial systems 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 and the Financial Services Authority).
- (3) The court of directors shall, consulting the Treasury, determine and review the Bank’s strategy in relation to the Financial Stability Objective.

#### **2B Financial Stability Committee**

- (1) There shall be a sub-committee of the court of directors of the Bank (the “Financial Stability Committee”) consisting of—
  - (a) the Governor of the Bank, who shall chair the Committee (when present),
  - (b) the Deputy Governors of the Bank, and

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*Status: This is the original version (as it was originally enacted).*

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- (c) 4 directors of the Bank, appointed by the chair of the court of directors (designated under paragraph 13 of Schedule 1).
- (2) The Committee shall have the following functions—
  - (a) to make recommendations to the court of directors, which they shall consider, about the nature and implementation of the Bank’s strategy in relation to the Financial Stability Objective,
  - (b) to give advice about whether and how the Bank should act in respect of an institution, where the issue appears to the Committee to be relevant to the Financial Stability Objective,
  - (c) in particular, to give advice about whether and how the Bank should use stabilisation powers under Part 1 of the Banking Act 2009 in particular cases,
  - (d) to monitor the Bank’s use of the stabilisation powers,
  - (e) to monitor the Bank’s exercise of its functions under Part 5 of the Banking Act 2009 (inter-bank payment systems), and
  - (f) any other functions delegated to the Committee by the court of directors for the purpose of pursuing the Financial Stability Objective.
- (3) The Treasury may appoint a person to represent the Treasury at meetings of the Committee; and the Treasury’s representative—
  - (a) may not vote in proceedings of the Committee,
  - (b) shall in all other respects be a member of the Committee, and
  - (c) may be replaced by the Treasury.
- (4) The Committee may co-opt other non-voting members.
- (5) The chair of the court of directors may replace members of the Committee appointed under subsection (1)(c).

### **2C Financial Stability Committee: supplemental**

- (1) The Committee shall determine its own procedure (including quorum).
  - (2) If a member of the Committee 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) he shall disclose his interest to the Committee when it considers the dealing or business, and
    - (b) he shall have no vote in proceedings of the Committee in relation to any question arising from its consideration of the dealing or business, unless the Committee has resolved that the interest does not give rise to a conflict of interest.
  - (3) The Committee may delegate a function under section 2B(2)(b) to (e) to two or more of its members, excluding—
    - (a) the Treasury representative, and
    - (b) co-opted non-voting members.”
- (2) At the end of section 2 of the Bank of England Act 1998 add—

“(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.”

### **239 Number of directors**

- (1) Section 1 of the Bank of England Act 1998 (court of directors) is amended as follows.
- (2) In subsection (2) omit “16”.
- (3) After subsection (2) insert—

“(2A) The number of directors must not exceed 9.”
- (4) The directors immediately before the day on which this section comes into force shall vacate office on that day (without prejudice to re-appointment).

### **240 Meetings**

- (1) Paragraph 12 of Schedule 1 to the Bank of England 1998 (court of directors: meetings) is amended as follows.
- (2) In sub-paragraph (1) for “once a month” substitute “7 times in each calendar year”.
- (3) For sub-paragraph (2) substitute—

“(2) Either of the following may summon a meeting at any time on giving such notice as the circumstances appear to require—

  - (a) the Governor of the Bank (or in his absence a Deputy Governor), and
  - (b) the chair of the court.”

### **241 Chair of court**

- (1) For paragraph 13(3) of Schedule 1 to the Bank of England Act 1998 (court of directors: chairing meetings) substitute—

“(3) The Chancellor of the Exchequer may designate—

  - (a) a member of the court to chair its meetings (“the chair of the court”), and
  - (b) one or more members of the court as deputies to chair its meetings in the absence of the chair of the court.”
- (2) For section 3(4) of that Act (sub-committee: chair) substitute—

“(4) The chair of the court (designated under paragraph 13 of Schedule 1) shall chair meetings of the sub-committee (when present).”

### **242 Quorum**

- (1) The Bank of England Act 1998 is amended as follows.
- (2) In section 3 (functions delegated to sub-committee)—
  - (a) omit subsection (3),

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- (b) in subsection (7) for “(3)” substitute “(4)”, and
  - (c) at the end of subsection (7) add “(including quorum)”.
- (3) In paragraph 13 of Schedule 1 (court of directors: proceedings)—
- (a) omit sub-paragraph (2),
  - (b) in sub-paragraph (6) for “(2)” substitute “(3)”, and
  - (c) at the end of sub-paragraph (6) add “(including quorum)”.

### **243 Tenure**

- (1) At the end of paragraph 1 of Schedule 1 to the Bank of England Act 1998 (Governor and Deputies: appointment) add—
- “(3) A person may not be appointed as Governor more than twice.
  - (4) A person may not be appointed as Deputy Governor more than twice.”
- (2) At the end of paragraph 6 of that Schedule (re-appointment) insert “(subject to paragraph 1(3) and (4))”.
- (3) After paragraphs 1 and 2 of Schedule 3 to that Act (Monetary Policy Committee: appointment) insert—
- “2A A person may not be appointed as a member of the Committee under section 13(2)(c) more than twice.”
- (4) At the end of paragraph 6 of that Schedule (re-appointment) insert “(subject to paragraph 2A)”.

### **244 Immunity**

- (1) The Bank of England has immunity in its capacity as a monetary authority.
- (2) In this section—
- (a) a reference to the Bank of England is a reference to the Bank and anyone who acts or purports to act as a director, officer, servant or agent of the Bank,
  - (b) “immunity” means immunity from liability in damages in respect of action or inaction, and
  - (c) a reference to the Bank’s capacity as a monetary authority includes a reference to functions exercised by the Bank for the purpose of or in connection with—
    - (i) acting as the central bank of the United Kingdom, or
    - (ii) protecting or enhancing the stability of the financial systems of the United Kingdom.
- (3) The immunity does not extend to action or inaction—
- (a) in bad faith, or
  - (b) in contravention of section 6(1) of the Human Rights Act 1998.

### **245 Weekly return**

Section 6 of the Bank Charter Act 1844 (Bank to produce weekly account) shall cease to have effect.

## **246 Information**

- (1) The Bank of England may disclose information that it thinks relevant to the financial stability of—
  - (a) individual financial institutions, or
  - (b) one or more aspects of the financial systems of the United Kingdom.
- (2) Information about the business or other affairs of a specified or identifiable person may be disclosed under subsection (1) only to—
  - (a) the Treasury;
  - (b) the Financial Services Authority;
  - (c) the scheme manager of the Financial Services Compensation Scheme (established under Part 15 of the Financial Services and Markets Act 2000);
  - (d) an authority in a country or territory outside the United Kingdom which exercises functions similar to those of the Treasury, the Bank of England or the Financial Services Authority in relation to financial stability;
  - (e) the European Central Bank.
- (3) This section—
  - (a) overrides a contractual or other requirement to keep information in confidence, and
  - (b) is without prejudice to any other power to disclose information.

## **247 Bank of England Act 1946**

Nothing in this Act affects the generality of section 4 of the Bank of England Act 1946 (directions and relations with other banks).