



# 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.
- (2) The court shall consist of a Governor, 2 Deputy Governors and 16 directors of the Bank, all of whom shall be appointed by Her Majesty.
- (3) On the day on which this Act comes into force, all persons who are, immediately before that day, holding office as director of the Bank shall vacate their office.
- (4) Schedule 1 shall have effect with respect to the court.

#### **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.

### **3 Functions to be carried out by non-executive members**

- (1) The functions mentioned in subsection (2) shall stand delegated to a sub-committee of the court of directors of the Bank consisting of the directors of the Bank.
- (2) The functions referred to are—
  - (a) keeping under review the Bank’s performance in relation to the objectives and strategy for the time being determined by the court of directors of the Bank,
  - (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, and
  - (d) determining how the functions under paragraph 14 of Schedule 1 (remuneration and pensions etc. of executive members of the court) should be exercised.
- (3) At a meeting of the sub-committee the quorum shall be 7.
- (4) The Chancellor of the Exchequer may designate one of the directors to chair the sub-committee.
- (5) If a member of the sub-committee has any direct or indirect interest in any dealing or business with the Bank which falls to be considered by the sub-committee—
  - (a) he shall disclose his interest to the sub-committee when it considers the dealing or business, and
  - (b) he shall have no vote in proceedings of the sub-committee in relation to any question arising from its consideration of the dealing or business, unless the sub-committee has resolved that the interest does not give rise to a conflict of interest.
- (6) In any proceedings of the sub-committee, a member shall have no vote in relation to any question arising which touches or concerns him but shall withdraw and be absent during the debate of any matter in which he is concerned.
- (7) Subject to subsections (3) to (6), the sub-committee shall determine its own procedure.
- (8) The sub-committee may delegate any of its functions to two or more of its members.

### **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—
  - (a) a report by the directors of the Bank on the matters for which the sub-committee constituted by section 3 is responsible, 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 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.

## **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.

### *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 the Companies Act 1985 are for the time being subject under that Act (except section 232) in relation to the preparation of accounts under section 226(1) of that Act.

## **8 Payments in lieu of dividends**

- (1) In section 1 of the 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.”

### *Supplementary*

## **9 Consequential amendments**

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

- (2) In section 55 of the 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 Bank of England Act 1946, after “this Act” there is inserted “and the Bank of England Act 1998”.

## PART II

### MONETARY POLICY

#### *Role of the Bank*

#### **10 Operational responsibility**

In section 4(1) of the Bank of England Act 1946 (power of the Treasury to give directions to the Bank), at the end there is inserted “, except in relation to monetary policy”.

#### **11 Objectives**

In relation to monetary policy, the objectives of the Bank of England shall be—

- (a) to maintain price stability, and
- (b) subject to that, to support the economic policy of Her Majesty’s Government, including its objectives for growth and employment.

#### **12 Specification of matters relevant to objectives**

- (1) The Treasury may by notice in writing to the Bank specify for the purposes of section 11—
  - (a) what price stability is to be taken to consist of, or
  - (b) what the economic policy of Her Majesty’s Government is to be taken to be.
- (2) The Treasury shall specify under subsection (1) both of the matters mentioned there—
  - (a) before the end of the period of 7 days beginning with the day on which this Act comes into force, and
  - (b) at least once in every period of 12 months beginning on the anniversary of the day on which this Act comes into force.
- (3) Where the Treasury give notice under this section they shall—
  - (a) publish the notice in such manner as they think fit, and
  - (b) lay a copy of it before Parliament.

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### *Monetary Policy Committee of the Bank*

#### **13 Monetary Policy Committee**

- (1) There shall be a committee of the Bank, to be known as the Monetary Policy Committee of the Bank of England, which shall have responsibility within the Bank for formulating monetary policy.
- (2) The Committee shall consist of—
  - (a) the Governor and Deputy Governors of the Bank,
  - (b) 2 members appointed by the Governor of the Bank after consultation with the Chancellor of the Exchequer, and
  - (c) 4 members appointed by the Chancellor of the Exchequer.
- (3) Of the 2 members appointed under subsection (2)(b)—
  - (a) one shall be a person who has executive responsibility within the Bank for monetary policy analysis, and
  - (b) the other shall be a person who has executive responsibility within the Bank for monetary policy operations.
- (4) The Chancellor of the Exchequer shall only appoint a person under subsection (2)(c) if he is satisfied that the person has knowledge or experience which is likely to be relevant to the Committee's functions.
- (5) Schedule 3 shall have effect with respect to the Committee.

#### **14 Publication of statements about decisions**

- (1) As soon as practicable after each meeting of the Monetary Policy Committee, the Bank shall publish a statement as to whether it was decided at the meeting that the Bank should take any action, other than action by way of intervening in financial markets, for the purpose of meeting its objectives under section 11 and, if it was, what the action is.
- (2) If, at any meeting, the Committee decides that the Bank should intervene in financial markets, it shall also consider at the meeting whether immediate publication of the decision would be likely to impede or frustrate the achievement of the intervention's purpose.
- (3) If the Committee decides under subsection (2) that immediate publication of a decision would not have the effect mentioned there, the Bank shall, when it publishes a statement under subsection (1) about the meeting, publish a statement as to what action by way of intervening in financial markets the Committee has decided the Bank should take.
- (4) If the Committee decides under subsection (2) that immediate publication of a decision would have the effect mentioned there, it shall keep under consideration the question of whether publication of the decision would still have that effect.
- (5) As soon as practicable after the Committee has decided that publication of a decision which has not been the subject of a statement under subsection (3) would no longer have the effect mentioned in subsection (2), the Bank shall publish a statement as to what action by way of intervening in financial markets the Committee decided the Bank should take and when the decision was made.
- (6) Publication under this section shall be in such manner as the Bank thinks fit.

## **15 Publication of minutes of meetings**

- (1) After each meeting of the Monetary Policy Committee, the Bank shall publish minutes of the meeting before the end of the period of 6 weeks beginning with the day of the meeting.
- (2) Subsection (1) shall not apply to minutes of any proceedings relating to—
  - (a) a decision to intervene in financial markets, or
  - (b) a decision about the publication of a decision to intervene in financial markets, unless the Committee has decided that publication of the decision to intervene would not be likely, or would no longer be likely, to impede or frustrate the achievement of the intervention's purpose.
- (3) Minutes of proceedings relating to—
  - (a) a decision to intervene in financial markets, or
  - (b) a decision about the publication of a decision to intervene in financial markets, shall, if not required to be published before the end of the period of 6 weeks beginning with the day of the meeting, be published by the Bank before the end of the period of 6 weeks beginning with the day on which a statement about the decision to intervene is published under section 14(5).
- (4) Minutes published under this section shall record, in relation to any decision of the Committee, the voting preference of the members who took part in the vote on the decision.
- (5) Publication under this section shall be in such manner as the Bank thinks fit.

## **16 Functions of court of directors**

- (1) The court of directors of the Bank shall keep the procedures followed by the Monetary Policy Committee under review.
- (2) In particular, the court's function under subsection (1) shall include determining whether the Committee has collected the regional, sectoral and other information necessary for the purposes of formulating monetary policy.
- (3) The court's function under subsection (1) shall stand delegated to the sub-committee constituted by section 3.

### *Information and reports*

## **17 Power to obtain information**

- (1) The Bank may by notice in writing require an undertaking to which this section applies to provide the Bank with such information as may be specified in the notice, being information about the relevant financial affairs of the undertaking which the Bank considers it necessary or expedient to have for the purposes of its functions under this Part.
- (2) A notice under subsection (1) may require information to be provided—
  - (a) in such form or manner as may be specified in the notice;
  - (b) at such time or times as may be so specified;
  - (c) in relation to such period or periods as may be so specified.

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- (3) An undertaking is one to which this section applies if it has a place of business in the United Kingdom and—
- (a) is an authorised institution, or a former authorised institution, within the meaning of the Banking Act 1987,
  - (b) is a European institution within the meaning of the Banking Coordination (Second Council Directive) Regulations 1992 which has lawfully established a branch in the United Kingdom for the purpose of accepting deposits or other repayable funds from the public,
  - (c) is a building society within the meaning of the Building Societies Act 1986,
  - (d) falls within the subsector “other monetary financial institutions”, as defined by paragraph 2.48 of Annex A to Council Regulation (EC) No. 2223/96, and is not a credit institution,
  - (e) carries on a business of granting credits secured on land used for residential purposes, and is not a credit institution,
  - (f) is a financial holding company as defined by Article 1 of Council Directive 92/30/EEC,
  - (g) has issued a relevant debt security, and is not a credit institution, or
  - (h) has acted as an agent in connection with arranging or managing the issue of a relevant debt security, and is not a credit institution.
- (4) The Treasury may by order provide which financial affairs of an undertaking are relevant for the purposes of this section, and may make different provision for different undertakings or classes of undertaking.
- (5) The Treasury may by order amend subsection (3).
- (6) Before making an order under this section, the Treasury shall consult—
- (a) the Bank,
  - (b) the Office for National Statistics,
  - (c) such persons as appear to them to be representative of persons likely to be materially affected by the order, and
  - (d) such other persons as they consider appropriate.
- (7) In this section—
- “credit institution” has the same meaning as in the Banking Coordination (Second Council Directive) Regulations 1992;
  - “relevant debt security” has the same meaning as in the Banking Act 1987 (Exempt Transactions) Regulations 1997 (or any regulations replacing them); and
  - “undertaking” has the meaning given by section 259 of the Companies Act 1985.

## 18 Reports

- (1) The Bank shall prepare and publish reports in accordance with the provisions of this section.
- (2) A report under this section shall contain—
- (a) a review of the monetary policy decisions published by the Bank in the period to which the report relates,



- (b) an assessment of the developments in inflation in the economy of the United Kingdom in the period to which the report relates, and
  - (c) an indication of the expected approach to meeting the Bank’s objectives under section 11.
- (3) A report under this section shall relate to—
- (a) a period of 3 months, or
  - (b) such other period as the Treasury and the Monetary Policy Committee may agree.
- (4) Periods to which reports under this section relate shall be successive, the first such period commencing on such day within the period of 3 months ending with the day on which this Act comes into force as the Treasury shall, after consultation with the Bank, specify in writing to it.
- (5) No report under this section shall be published without the approval of the Monetary Policy Committee.
- (6) A report under this section shall be published as soon as practicable after the end of the period to which it relates and in such manner as the Bank thinks fit.

#### *Treasury’s reserve powers*

### **19 Reserve powers**

- (1) The Treasury, after consultation with the Governor of the Bank, may by order give the Bank directions with respect to monetary policy if they are satisfied that the directions are required in the public interest and by extreme economic circumstances.
- (2) An order under this section may include such consequential modifications of the provisions of this Part relating to the Monetary Policy Committee as the Treasury think fit.
- (3) A statutory instrument containing an order under this section shall be laid before Parliament after being made.
- (4) Unless an order under this section is approved by resolution of each House of Parliament before the end of the period of 28 days beginning with the day on which it is made, it shall cease to have effect at the end of that period.
- (5) In reckoning the period of 28 days for the purposes of subsection (4), no account shall be taken of any time during which Parliament is dissolved or prorogued or during which either House is adjourned for more than 4 days.
- (6) An order under this section which does not cease to have effect before the end of the period of 3 months beginning with the day on which it is made shall cease to have effect at the end of that period.
- (7) While an order under this section has effect, section 11 shall not have effect.

### *Supplementary*

## **20 Interpretation of Part II**

In this Part, “the Monetary Policy Committee” means the Monetary Policy Committee of the Bank of England.

## **PART III**

### TRANSFER OF SUPERVISORY FUNCTIONS OF THE BANK TO THE FINANCIAL SERVICES AUTHORITY

#### *Transfer of functions to the Authority*

## **21 Transfer**

The following functions of the Bank are hereby transferred to the Authority—

- (a) its functions under—
  - (i) the Banking Act 1987,
  - (ii) the Banking Coordination (Second Council Directive) Regulations 1992, and
  - (iii) section 101(4) of the Building Societies Act 1986, (banking supervision functions),
- (b) its functions under—
  - (i) section 43 of the Financial Services Act 1986, and
  - (ii) the Investment Services Regulations 1995, (functions relating to the listing of money market institutions), and
- (c) its functions under section 171 of the Companies Act 1989 (functions relating to the listing of persons providing settlement arrangements).

## **22 Supplementary provisions**

Schedule 4 (transfer of functions: supplementary provisions) shall have effect.

## **23 Consequential amendments**

- (1) Schedule 5 (amendments of primary, and other principal, legislation consequential on the transfer of functions by section 21) shall have effect.
- (2) The Treasury may by order make such amendments or revocations of any instrument made under an Act as they think necessary or expedient in consequence of the transfer of functions by this Part.
- (3) If a reference in a relevant provision to the Bank is predicated on the continuing exercise by the Bank of any of the transferred functions, it shall, in relation to any time after the coming into force of this Act, have effect as a reference to the Authority.
- (4) In subsection (3), “relevant provision” means a provision which—
  - (a) has effect before, as well as after, the coming into force of this Act, and

- (b) is contained in a document other than an Act or an instrument made under an Act.

*Authority's position in relation to transferred functions*

## **24 Status**

In relation to the carrying out of any of the transferred functions—

- (a) the Authority shall not be regarded as acting on behalf of the Crown, and
- (b) its members, officers and servants shall not be regarded as Crown servants.

## **25 Liability**

(1) In section 43 of the Financial Services Act 1986, at the end there is inserted—

“(5) Neither the Authority nor any person who is, or is acting as, an officer or servant of the Authority shall be liable in damages for anything done or omitted in the discharge or purported discharge of any of the Authority’s functions under this section, unless it is shown that the act or omission was in bad faith.”

(2) In regulation 26 of the Investment Services Regulations 1995, at the end there is inserted—

“(6) That section shall also have effect as if the reference in subsection (5) to the Authority’s functions under the section included a reference to—

- (a) any function under these Regulations which is a function of the Authority by virtue of the Bank of England Act 1998, and
- (b) so much of any function of the Authority under these Regulations as is exercisable by virtue of that Act.”

(3) In section 171 of the Companies Act 1989, after subsection (6) there is inserted—

“(6A) Neither the Authority nor any person who is, or is acting as, an officer or servant of the Authority shall be liable in damages for anything done or omitted in the discharge or purported discharge of any of the Authority’s functions under this section, unless it is shown that the act or omission was in bad faith.”

## **26 Power to charge fees**

(1) Schedule 6 (banking supervision fees) shall have effect.

(2) In section 43 of the Financial Services Act 1986, after subsection (2) there is inserted—

“(2A) Without prejudice to the generality of the Authority’s power to impose conditions for admission to the list, the conditions for admission may include—

- (a) a condition having the effect of requiring the payment of an application fee, and
- (b) a condition having the effect of requiring the payment of periodic fees.

(2B) A condition of the kind referred to in subsection (2A)(a) or (b) above—

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- (a) may provide for the amount payable to be such as is specified in, or determined under, the condition, and
- (b) may make different provision for different cases.”

(3) In section 171 of the Companies Act 1989, after subsection (3) there is inserted—

“(3A) Without prejudice to the generality of the Authority’s power to impose conditions for admission to the list, the conditions for admission may include—

- (a) a condition having the effect of requiring the payment of an application fee, and
- (b) a condition having the effect of requiring the payment of periodic fees.

(3B) A condition of the kind referred to in subsection (3A)(a) or (b)—

- (a) may provide for the amount payable to be such as is specified in, or determined under, the condition, and
- (b) may make different provision for different cases.”

## 27 Power to channel information through agent

In section 39(1)(a) of the Banking Act 1987 (power to require the provision of information)—

- (a) after “provide the Bank,” there is inserted “or such person acting on behalf of the Authority as may be specified in the notice,” and
- (b) for “specified in the notice” there is substituted “so specified”.

### *Consequential changes to banking bodies*

## 28 Board of Banking Supervision

(1) In section 2 of the Banking Act 1987 (Board of Banking Supervision), for subsections (1) and (2) there is substituted—

“(1) There shall continue to be a committee known as the Board of Banking Supervision.

(2) The Board shall consist of—

- (a) two ex officio members, namely, the Chairman of the Authority and the holder of such other office within the Authority as the Chairman of the Authority may designate for the purposes of this provision; and
- (b) six independent members, that is to say, members appointed jointly by the Chancellor of the Exchequer and the Chairman of the Authority, being persons having no executive responsibility in the Authority.

(2A) The independent members shall elect one of their number to chair the Board.”

(2) In that section, in subsections (3), (4), (6) and (7), for “Bank”, wherever occurring, there is substituted “Authority”.

(3) In Schedule 1 to that Act (Board of Banking Supervision), for “Bank”, wherever occurring, there is substituted “Authority”.

## **29 Deposit Protection Board**

- (1) Schedule 4 to the Banking Act 1987 (Deposit Protection Board) paragraph 1 (constitution) is amended as follows.
- (2) In sub-paragraph (1), for paragraphs (a) to (c) (ex officio members of the Board) there is substituted—
  - “(a) the Chairman of the Authority, who shall chair the Board;
  - (b) the holder of such other office within the Authority as the Chairman of the Authority may designate for the purposes of this provision; and
  - (c) the Deputy Governor of the Bank of England responsible for financial stability;”.
- (3) For sub-paragraph (2) there is substituted—
  - “(2) The Chairman of the Authority shall appoint as ordinary members of the Board—
    - (a) three persons who are directors, controllers or managers of contributory institutions; and
    - (b) persons who are officers or employees of the Authority.”
- (4) For sub-paragraph (3) there is substituted—
  - “(3) An ex officio member of the Board may appoint an alternate member to perform his duties as a member in his absence as follows—
    - (a) the Chairman of the Authority or the holder of a designated office within the Authority may appoint an officer or employee of the Authority, and
    - (b) the Deputy Governor of the Bank of England may appoint an officer or employee of the Bank.”
- (5) In sub-paragraph (4) (appointment of alternates for ordinary members), in paragraph (b), for “Bank” there is substituted “Authority”.

### *Supplementary*

## **30 Interpretation of Part III**

In this Part—

“the Authority” means the Financial Services Authority;

“transferred functions” means the functions transferred to the Authority by this Part.

## PART IV

### MISCELLANEOUS AND GENERAL

#### *Miscellaneous*

#### **31 Qualifications of a designated agency**

In paragraph 1 of Schedule 7 to the Financial Services Act 1986 (constitution of a designated agency), in sub-paragraph (2) (members of the governing body to be appointed etc. by the Treasury and Governor of the Bank acting jointly), the words “and the Governor of the Bank of England acting jointly” are omitted.

#### **32 Listed institutions: exemption of transactions with Treasury**

In Schedule 5 to the Financial Services Act 1986 (transactions in relation to which institutions listed under section 43 are exempt from authorisation)—

- (a) in paragraph 1, after “with another listed institution”, there is inserted “, the Treasury”,
- (b) in paragraph 4(1)(b) and (2), after “listed institution” there is inserted “, the Treasury”, and
- (c) in paragraph 9(a), after “with another listed institution” there is inserted “, the Treasury”.

#### **33 Closure of National Savings Stock Register to gilts**

- (1) The Treasury may by order—
  - (a) make provision excluding gilts from registration in the Register on and after a day specified in the order,
  - (b) make provision for the transfer to the books of the Bank of the entries in the Register at the beginning of the day specified under paragraph (a) which relate to gilts, and
  - (c) make provision for the transfer to the Bank of rights and liabilities of the Director of Savings in relation to the registration of gilts in the Register or any transaction associated therewith.
- (2) The power conferred by paragraph (b) of subsection (1) includes power to make provision in relation to gilts which were not registered in the Register at the beginning of the day specified under paragraph (a) of that subsection, but which should have been.
- (3) An order under subsection (1) may contain such consequential, incidental, supplementary and transitional provisions as appear to the Treasury to be necessary or expedient.
- (4) Without prejudice to subsection (3), an order under subsection (1) may contain—
  - (a) provision requiring things done by, or in relation to, the Director of Savings, to be treated as done by, or in relation to, the Bank,
  - (b) provision requiring references in documents to the Register to be construed as references to the books of the Bank, and

- (c) provision requiring certificates issued by the Director of Savings in relation to registration in the Register to be treated as issued by the Bank in relation to registration in the books of the Bank.
- (5) An order under subsection (1) may—
  - (a) make different provision for different cases, and
  - (b) contain provision amending, or repealing or revoking, an enactment contained in—
    - (i) an Act, whenever passed, or
    - (ii) an instrument, whenever made, under an Act, whenever passed.
- (6) In this section—
  - “gilts” means stock or bonds of any of the descriptions included in Part I of Schedule 11 to the Finance Act 1942 (whether on or after the passing of this Act); and
  - “the Register” means the National Savings Stock Register.

#### **34 Provision of brokerage service in connection with gilt registration**

In section 47 of the Finance Act 1942 (transfer and registration of Government stock), after subsection (1) there is inserted—

- “(1ZA) Regulations under subsection (1) of this section may make provision with respect to the purchase and sale of such stock and bonds by any person, or any description of person, through the Bank of England and, in relation to purchase or sale under the regulations, may—
- (a) make provision with respect to the commission and fees payable, and
  - (b) make provision limiting the amount which any person, or any description of person, may purchase or sell on any day.”

#### **35 Section 207 of the Companies Act 1989: bearer securities**

Section 207 of the Companies Act 1989: bearer securities. 35. In section 207 of the Companies Act 1989 (power to make regulations enabling title to securities to be evidenced and transferred without a written instrument), there is inserted at the end—

- “(10) In subsection (1), the reference to transfer without a written instrument includes, in relation to bearer securities, transfer without delivery.”

#### **36 Disclosure of information: minor amendments**

- (1) In the Banking Act 1987, in section 86(2)(a), after “functions” there is inserted “or any functions in its capacity as a designated agency within the meaning of the Financial Services Act 1986”.
- (2) Section 86(5) of that Act as applied by paragraph 57(1) of Schedule 5 shall have effect with the following modifications—
  - (a) in the definition of “relevant functions”, at the end there is inserted “and its functions as a supervisor of systems for the transfer of funds between credit institutions and their customers”, and
  - (b) in the definition of “relevant recipient”, for “1 to 8” there is substituted “1 to 9”.

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

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- (3) Section 87(3A) of that Act as applied by paragraph 59(1) of Schedule 5 shall have effect with the following modifications—
- (a) in the definition of “relevant functions”, at the end there is inserted “and its functions as a supervisor of systems for the transfer of funds between credit institutions and their customers”, and
  - (b) in the definition of “relevant recipient”, for “1 to 8” there is substituted “1 to 9”.
- (4) Part V of that Act shall have effect, in relation to information relating to the business or other affairs of institutions which are authorised institutions, but not credit institutions, within the meaning of that Act, with the amendments made by the following regulations—
- (a) regulations 38, 39(2) to (4) and 40 to 42 of the Banking Coordination (Second Council Directive) Regulations 1992, and
  - (b) regulation 5 of the Financial Institutions (Prudential Supervision) Regulations 1996.

#### *General*

### **37 Restriction on disclosure of information**

Schedule 7 (which restricts the disclosure of information obtained for monetary policy or cash ratio deposit purposes) shall have effect.

### **38 Offences in relation to supplying information to the Bank**

- (1) A person who fails without reasonable excuse to comply with any requirement imposed on him under section 17(1) or paragraph 9 of Schedule 2 shall be guilty of an offence and liable on summary conviction to a fine not exceeding level 4 on the standard scale.
- (2) If after conviction of an offence under subsection (1) a person continues the failure for which he was convicted, he shall be guilty of a further offence under that subsection and liable on summary conviction to be punished accordingly.
- (3) A person who in purported compliance with a requirement imposed on him under section 17(1) or paragraph 9 of Schedule 2 provides information which he knows to be false or misleading in a material particular, or recklessly provides information which is false or misleading in a material particular, shall be guilty of an offence and liable—
  - (a) on conviction on indictment, to imprisonment for a term not exceeding 2 years, or to a fine, or to both, or
  - (b) on summary conviction, to imprisonment for a term not exceeding 3 months, or to a fine not exceeding the statutory maximum, or to both.

### **39 Offences by bodies corporate**

- (1) Where an offence under this Part committed by a body corporate is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, any director, manager, secretary or other similar officer of the body corporate, or any person who was purporting to act in any such capacity, he, as well



as the body corporate, shall be guilty of that offence and be liable to be proceeded against and punished accordingly.

- (2) Where the affairs of a body corporate are managed by its members, subsection (1) shall apply in relation to the acts and defaults of a member in connection with his functions of management as if he were a director of the body corporate.

#### **40 Orders**

- (1) Any power of the Treasury to make an order under this Act shall be exercisable by statutory instrument.
- (2) An order under—  
section 17(4) or (5),  
paragraph 1(2) or 5 of Schedule 2, or  
paragraph 3(2) of Schedule 7,  
shall not be made unless a draft of the order has been laid before and approved by resolution of each House of Parliament.
- (3) A statutory instrument containing an order under—  
section 23(2),  
paragraph 2(2) or 8 of Schedule 2,  
paragraph 1(5) of Schedule 4, or  
paragraph 3(3) of Schedule 7,  
shall be subject to annulment in pursuance of a resolution of either House of Parliament.
- (4) A statutory instrument containing an order under section 33 shall be subject to annulment in pursuance of a resolution of the House of Commons.
- (5) Section 19 contains its own provisions about parliamentary procedure in relation to an order under that section.

#### **41 General interpretation**

In this Act, “the Bank” means the Bank of England.

#### **42 Transitional provisions and savings**

Schedule 8 (transitional provisions and savings) shall have effect.

#### **43 Repeals**

The enactments and instruments specified in Schedule 9 are hereby repealed or revoked to the extent specified in the final column of that Schedule.

#### *Final provisions*

#### **44 Extent**

- (1) This Act extends to Northern Ireland.

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

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- (2) Section 33 extends to the Channel Islands and the Isle of Man.
- (3) The extent of any amendment, repeal or revocation by this Act is the same as that of the enactment amended, repealed or revoked.

**45 Commencement**

This Act shall come into force on such day as the Treasury may by order appoint.

**46 Short title**

This Act may be cited as the Bank of England Act 1998.