



Bank of England and Financial Services Act 2016

2016 CHAPTER 14

PART 1

THE BANK OF ENGLAND

Governance

1 Membership of court of directors

- (1) The Bank of England Act 1998 is amended as follows.
- (2) In section 1(2) (court of directors) after paragraph (b) insert—
“(ba) a Deputy Governor for markets and banking.”.
- (3) After section 1 insert—

“1A Power to alter membership of court of directors

- (1) The Treasury, after consulting the Governor of the Bank, may by order amend the list in section 1(2) so as to—
 - (a) alter the title of a Deputy Governor;
 - (b) add a Deputy Governor to the list;
 - (c) remove a Deputy Governor from the list.
- (2) An order under subsection (1)(a) or (c) must (by making saving provision or otherwise) secure that the alteration in the title of a Deputy Governor or the removal of a Deputy Governor from the list in section 1(2) does not have effect in relation to the individual (if any) who holds that office at the time the order is made.
- (3) An order under subsection (1)(b) may also add the Deputy Governor to which the order relates to the list in—

Status: This is the original version (as it was originally enacted).

- (a) section 9B(1) (membership of Financial Policy Committee);
 - (b) section 13(2) (membership of Monetary Policy Committee);
 - (c) section 30A(2) (membership of Prudential Regulation Committee).
- (4) An order under subsection (1)(c) may also remove from any of those lists the Deputy Governor to which the order relates.
- (5) Where an order under subsection (1) makes an amendment mentioned in column 1 of the following table, it may also make the amendment mentioned in the corresponding entry in column 2 of the table.

<i>Addition or removal of Deputy Governors</i>	<i>Corresponding change in membership of Committee</i>
Addition of one or more Deputy Governors to the list in section 9B(1)	Equal increase in the number of members appointed by the Chancellor of the Exchequer under section 9B(1)(e)
Removal of one or more Deputy Governors from the list in section 9B(1)	Equal reduction in the number of members appointed by the Chancellor of the Exchequer under section 9B(1)(e)
Addition of one or more Deputy Governors to the list in section 13(2)	Equal reduction in the number of members appointed by the Governor of the Bank under section 13(2)(b)
Removal of one or more Deputy Governors from the list in section 13(2)	Equal increase in the number of members appointed by the Governor of the Bank under section 13(2)(b)
Addition of one or more Deputy Governors to the list in section 30A(2)	Equal increase in the minimum number of members appointed by the Chancellor of the Exchequer under section 30A(2)(g)
Removal of one or more Deputy Governors from the list in section 30A(2)	Equal reduction in the minimum number of members appointed by the Chancellor of the Exchequer under section 30A(2)(g)

- (6) The power in subsection (5)—
- (a) to make an equal reduction in the number of members appointed under section 9B(1)(e), 13(2)(b) or 30A(2)(g), includes power to remove the power to make those appointments where an equal reduction would reduce the number of members so appointed to zero,
 - (b) to make an equal increase in the number of members appointed under section 9B(1)(e), 13(2)(b) or 30A(2)(g), includes power to reinstate the power to make those appointments where it has previously been removed under paragraph (a).
- (7) An order under subsection (1) may amend, repeal or revoke any provision made by or under any Act, including this Act, so as to make consequential provision.”

2 Term of office of non-executive directors

- (1) Paragraph 2 of Schedule 1 to the Bank of England Act 1998 (term of office of non-executive directors) is amended as follows.

- (2) The existing text becomes sub-paragraph (1).
- (3) After that sub-paragraph insert—
 - “(2) If it appears to Her Majesty that in the circumstances it is desirable to do so, Her Majesty may, before the end of the term for which a person is appointed as non-executive director, extend the person’s term of office on one occasion for a specified period of not more than 6 months.
 - (3) If a person whose term of office is extended under sub-paragraph (2) is subsequently re-appointed as non-executive director—
 - (a) the length of the term of his or her re-appointment (or, if the person is re-appointed more than once, of the first re-appointment following the extension) is to be reduced by a period equal to the extension, but
 - (b) the term of that re-appointment may itself be extended under sub-paragraph (2).”

3 Abolition of Oversight Committee

- (1) The Bank of England Act 1998 is amended as follows.
- (2) In section 2(2) (functions of court of directors)—
 - (a) the words from “determining the Bank’s objectives” to the end become paragraph (a);
 - (b) after that paragraph insert—
 - “(b) the functions mentioned in section 3A(2) (the “oversight functions”).”
- (3) In section 3A (Oversight Committee)—
 - (a) omit subsection (1);
 - (b) in subsection (2), in the words before paragraph (a) for “functions of the Oversight Committee” substitute “oversight functions of the court of directors”;
 - (c) in subsection (2)(d) for “Oversight Committee” substitute “court of directors”;
 - (d) omit subsection (3);
 - (e) in the heading for “Committee” substitute “functions of court of directors”.
- (4) Omit section 3B (Oversight Committee: procedure).
- (5) In section 3C (reviews) after subsection (1) insert—
 - “(1A) Where they consider that to do so would contribute to the discharge by the court of directors of any of its oversight functions, the non-executive directors of the Bank (or a majority of them) may arrange—
 - (a) for a review to be conducted under this section in relation to any matter by a person appointed by those directors, and
 - (b) for the person conducting the review to make one or more reports to the court of directors.”

4 Functions of non-executive directors

- (1) Schedule 1 to the Bank of England Act 1998 (court of directors) is amended as follows.
- (2) In paragraph 14 (remuneration)—
 - (a) at the beginning insert—

“(A1) The remuneration of the Governor and Deputy Governors of the Bank is to be determined by a sub-committee of the court of directors consisting of 3 or more non-executive directors of the Bank.”;
 - (b) in sub-paragraph (1) for “the Oversight Committee” substitute “that sub-committee”.

5 Financial stability strategy

- (1) Paragraph 11 of Schedule 1 to the Bank of England Act 1998 (matters which may be delegated by court of directors) is amended as follows.
- (2) In sub-paragraph (2) after “paragraph” insert—
 - “(a) include duties and powers conferred on the court of directors by section 9A (financial stability strategy), but
 - (b) except as mentioned in paragraph (a),”.
- (3) After sub-paragraph (2) insert—

“(3) The court of directors retains responsibility for a duty or power which it delegates under this paragraph.”

6 Financial Policy Committee: status and membership

- (1) Section 9B(1) of the Bank of England Act 1998 (Financial Policy Committee) is amended as follows.
- (2) In the words before paragraph (a), for “sub-committee of the court of directors” substitute “committee”.
- (3) For paragraph (b) substitute—
 - “(b) the Deputy Governor for financial stability,
 - (ba) the Deputy Governor for markets and banking,
 - (bb) the Deputy Governor for monetary policy,
 - (bc) the Deputy Governor for prudential regulation,”.
- (4) In paragraph (e) for “4” substitute “5”.

7 Monetary Policy Committee: membership

- (1) Section 13 of the Bank of England Act 1998 (Monetary Policy Committee) is amended as follows.
- (2) In subsection (2)—
 - (a) after paragraph (aa) insert—

“(aaa) the Deputy Governor for markets and banking,”;

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- (b) in paragraph (b) for “2 members” substitute “one member (to be known as the Chief Economist of the Bank)”.
- (3) For subsection (3) substitute—
 - “(3) The member appointed under subsection (2)(b) shall be a person who carries out monetary policy analysis within the Bank.”
- (4) For subsection (4) substitute—
 - “(4) Before appointing a person under subsection (2)(c) the Chancellor of the Exchequer must—
 - (a) be satisfied that the person has knowledge or experience which is likely to be relevant to the Committee’s functions, and
 - (b) consider whether the person has any financial or other interests that could substantially affect the functions as member that it would be proper for the person to discharge.”

8 Monetary Policy Committee: procedure

- (1) The Bank of England Act 1998 is amended as follows.
- (2) In section 15(1) (publication of Monetary Policy Committee minutes: usual rule)—
 - (a) for “After” substitute “As soon as reasonably practicable after”;
 - (b) omit the words from “before” to the end.
- (3) In section 15(3) (publication of Monetary Policy Committee minutes: special cases)—
 - (a) for “before the end of the period of 6 weeks beginning with the day of” substitute “as soon as reasonably practicable after”;
 - (b) for “before the end of the period of 6 weeks beginning with the day on which” substitute “as soon as reasonably practicable after”.
- (4) In paragraph 10 of Schedule 3 (meetings of Monetary Policy Committee)—
 - (a) in sub-paragraph (1) for “once a month” substitute “8 times in each calendar year”;
 - (b) after sub-paragraph (1) insert—
 - “(1A) The Committee shall meet at least once in any 10 week period.”
- (5) In paragraph 11 of Schedule 3 (proceedings of Monetary Policy Committee: quorum)—
 - (a) in sub-paragraph (2) for “whom” to the end substitute “whom—
 - (a) one must be the Governor of the Bank or the Deputy Governor for monetary policy,
 - (b) unless both those mentioned in paragraph (a) are present, one must be either the Deputy Governor for financial stability or the Deputy Governor for markets and banking.”;
 - (b) in sub-paragraph (6) after “(5)” insert “and paragraph 13B”.
- (6) In Schedule 3, after paragraph 13A insert—
 - “13B (1) 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—

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- (a) M must disclose that interest to the Committee when it considers the 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).
- (2) The Bank must issue and maintain a code of practice describing how members of the Committee and the Committee are to comply with sub-paragraph (1).
- (3) The Bank may at any time revise or replace the code.
- (4) Before issuing, revising or replacing the code, the Bank must consult the Treasury.
- (5) The Bank must publish the current version of the code in whatever manner it sees fit.
- (6) The Committee must comply with the code when taking decisions under sub-paragraph (1)(b).”