



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

Status: This is the original version (as it was originally enacted).

- (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.”