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# Bank of England and Financial Services Act 2016

## CHAPTER 14

### BANK OF ENGLAND AND FINANCIAL SERVICES ACT 2016

#### PART 1

##### THE BANK OF ENGLAND

###### *Governance*

- 1 Membership of court of directors
- 2 Term of office of non-executive directors
- 3 Abolition of Oversight Committee
- 4 Functions of non-executive directors
- 5 Financial stability strategy
- 6 Financial Policy Committee: status and membership
- 7 Monetary Policy Committee: membership
- 8 Monetary Policy Committee: procedure

###### *Financial arrangements*

- 9 Audit
- 10 Activities indemnified by Treasury
- 11 Examinations and reviews

###### *Prudential regulation*

- 12 Bank to act as Prudential Regulation Authority
- 13 Prudential Regulation Committee
- 14 Accounts relating to Bank's functions as Prudential Regulation Authority

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- 15 Transfer of property etc to Bank

*Consequential and transitional provision*

- 16 Amendments relating to Part 1  
17 Saving and transitional provision relating to Part 1

**PART 2**

FINANCIAL SERVICES

*The regulators*

- 18 Appointment of Financial Conduct Authority chief executive  
19 Treasury recommendations to Financial Conduct Authority  
20 Regulatory principles: diversity

*Conduct of persons working in financial services sector*

- 21 Extension of relevant authorised persons regime to all authorised persons  
22 Rules about controlled functions: power to make transitional provision  
23 Administration of senior managers regime  
24 Rules of conduct  
25 Misconduct  
26 Decisions causing a financial institution to fail: meaning of insolvency

*Enforceability of agreements*

- 27 Enforceability of agreements relating to credit  
28 Enforceability of agreements made through unauthorised persons

*Illegal money lending*

- 29 Illegal money lending

*Money laundering*

- 30 Money laundering

*Transformer vehicles*

- 31 Transformer vehicles

*Pensions*

- 32 Pensions guidance  
33 Advice about transferring or otherwise dealing with annuity payments  
34 Independent advice on conversions and transfers of pension benefits: appointed representatives  
35 Early exit pension charges

*Information about resolution planning*

- 36 Duty of Bank to provide information to Treasury

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*Financial Services and Markets Act 2000 consequential amendments*

- 37 Financial Services and Markets Act 2000 (Consequential Amendments and Repeals) Order 2001

**PART 3**

MISCELLANEOUS AND GENERAL

*Banknotes in Scotland and Northern Ireland*

- 38 Banks authorised to issue banknotes in Scotland and Northern Ireland

*General*

- 39 Consequential provision  
40 Extent  
41 Commencement  
42 Short title

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**SCHEDULES**

SCHEDULE 1 — Prudential Regulation Committee

SCHEDULE 2 — Amendments relating to Part 1

PART 1 — BANK OF ENGLAND ACT 1998

- 1 The Bank of England Act 1998 is amended as follows....  
2 In section 2 (functions of court of directors), for subsection...  
3 In section 2A(2) (financial stability objective) for “, the Financial...  
4 (1) Section 3A (oversight functions) is amended as follows.  
5 (1) Section 3C (reviews) is amended as follows.  
6 In section 3D(1) (publication of reports of performance reviews) for...  
7 In section 3E(2) (recommendations resulting from review) for  
“Oversight Committee”...  
8 (1) Section 3F (oversight: further provisions) is amended as follows....  
9 (1) Section 4 (annual report by the Bank) is amended...  
10 Omit section 7A(9)(a) (definition of “qualifying company”).  
11 In section 9B(4) (Financial Policy Committee) for “Oversight  
Committee” substitute...  
12 In section 9O (FPC recommendations within the Bank), after  
subsection...  
13 (1) Section 9Y (directions requiring information or documents) is  
amended...  
14 (1) Section 9Z (further provisions about directions under section 9Y)...  
15 In section 14 (publications of statements about decisions)—  
16 (1) Section 16 (functions of Oversight Committee) is amended as...  
17 In section 18(6) (reports) after “as soon as” insert “...  
18 In section 40(2) (orders) after “under—” insert— “ section 1A(1),...  
19 (1) Schedule 1 (court of directors) is amended as follows....  
20 (1) Schedule 2A (Financial Policy Committee) is amended as follows....  
21 (1) Schedule 3 (Monetary Policy Committee) is amended as follows....  
22 (1) Schedule 7 (restriction on disclosure of information) is amended...

PART 2 — OTHER ACTS

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*Bank of England Act 1946 (c. 27)*

23 In section 4(1) of the Bank of England Act 1946...

*House of Commons Disqualification Act 1975 (c. 24)*

24 In Part 3 of Schedule 1 to the House of...

*Northern Ireland Assembly Disqualification Act 1975 (c. 25)*

25 In Part 3 of Schedule 1 to the Northern Ireland...

*Financial Services and Markets Act 2000 (c. 8)*

- 26 The Financial Services and Markets Act 2000 is amended as...
- 27 Omit section 2O (independent reviews of PRA).
- 28 Omit section 2P (right to obtain documents etc for purposes...
- 29 In section 3C (duty to follow principles of good governance),...
- 30 (1) Section 3Q (co-operation by FCA and PRA with Bank...
- 31 In section 3R(2) (arrangements for provision of services by and...
- 32 After section 3S insert— Interpretation Interpretation In this Part  
“enactment” includes— (a) an enactment contained in...
- 33 (1) Section 137J (rules about recovery plans) is amended as...
- 34 (1) Section 137K (rules about resolution packs) is amended as...
- 35 (1) Section 138F (notification of rules) is amended as follows....
- 36 (1) Section 165 (regulators' power to require information: authorised  
persons...
- 37 (1) Section 165A (PRA's power to require information: financial  
stability)...
- 38 In section 187A(5A) (assessment: consultation by PRA with FCA) for...
- 39 (1) Section 189 (assessment procedure) is amended as follows.
- 40 In section 190(1A) (requests for further information), after “189(1A)”  
insert...
- 41 In section 192F(3) (consultation between regulators)— (a) for “either  
regulator”...
- 42 In section 192I(1)(a) (statement of policy relating to directions) after...
- 43 In section 285A(3)(a) (which introduces Part 1 of Schedule 17A)...
- 44 In section 345A (PRA disciplinary measures) omit subsection (6).
- 45 (1) Section 348 (restrictions on disclosure of confidential information)  
is...
- 46 (1) Section 353A (restriction on disclosing information received from  
Bank)...
- 47 In section 354B(2) (PRA's duty to co-operate) for the words...
- 48 Omit section 354C (PRA's general duty to provide information to...
- 49 In section 417(1) (definitions) after the definition of “authorised  
person”...
- 50 (1) Schedule 1ZB (Prudential Regulation Authority) is amended as  
follows....
- 51 (1) Schedule 17A (exercise of Part 18 functions by Bank...

*Banking Act 2009 (c. 1)*

- 52 The Banking Act 2009 is amended as follows.
- 53 In section 83ZZ (co-operation)— (a) at the end of paragraph...
- 54 (1) Section 83Z1 (delegation of enforcement functions) is amended as...

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- 55 In section 89L(2)(c)(i) (application of section 348 of Financial Services...
- 56 (1) Section 96 (ground for applying for bank insolvency order)...
- 57 (1) Section 108 (removal of bank liquidator by court) is...
- 58 In section 117(2)(a) (consents required for making of bank insolvency...
- 59 (1) In section 129A (modifications for banks not regulated by...
- 60 Omit section 204(4)(ba) (Bank may disclose information to PRA).
- 61 Omit section 246(2)(b) (Bank may disclose information to PRA).
- 62 Before section 257 insert— Bank of England” and “Prudential Regulation...
- 63 In section 261 (index of defined terms), at the appropriate...

*Financial Services Act 2012 (c. 21)*

- 64 The Financial Services Act 2012 is amended as follows.
- 65 In section 85(8) (definition of relevant functions) for “2A(6)” substitute...
- 66 (1) Section 117 (interpretation) is amended as follows.

*Financial Services (Banking Reform) Act 2013 (c. 33)*

- 67 In section 98(5)(d) of the Financial Services (Banking Reform) Act...

*Repeals*

- 68 The following provisions are repealed. Short title and chapter Extent...

SCHEDULE 3 — Saving and transitional provision relating to Part 1

*Interpretation*

- 1 In this Schedule— “the Bank” means the Bank of England;...

*Saving for orders under section 2A(6)(d) of the Financial Services and Markets Act 2000*

- 2 An order made under section 2A(6)(d) of the Financial Services...

*Prudential regulation strategy*

- 3 (1) Sub-paragraph (2) applies to the strategy determined by the...

*Prudential regulation budget*

- 4 (1) Sub-paragraph (2) applies to the budget adopted by the...

*Annual report*

- 5 (1) Sub-paragraphs (2) and (3) apply to the first report...

*Information*

- 6 (1) The company may disclose to the Bank any information...

*Corporation tax: intangible assets*

- 7 (1) This paragraph applies for the purposes of Part 8...

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### *Construction of enactments*

- 8 (1) Section 2A(1) and (3) of the Financial Services and...

### *Construction of other documents*

- 9 (1) Sub-paragraph (2) applies to any provision in a document...

### *Continuity: general provision*

- 10 (1) The transfer of functions from the company to the...  
11 (1) Sub-paragraph (2) applies to anything that—  
12 There may be continued by or in relation to the...

## SCHEDULE 4 — Extension of relevant authorised persons regime to all authorised persons

### *Amendments of Financial Services and Markets Act 2000*

- 1 The Financial Services and Markets Act 2000 is amended as...  
2 (1) Section 59 (approval for particular arrangements) is amended as...  
3 After section 59ZA insert— Designated senior management functions  
For the purposes of this Part the following are “designated...  
4 (1) Section 60 (applications for approval) is amended as follows...  
5 (1) Section 60A (vetting of candidates by relevant authorised persons)...  
6 (1) Section 61 (determination of applications) is amended as follows....  
7 In section 62A(4) (changes in responsibilities of senior managers -...  
8 In section 63(2A) (authorised person's duty to review approvals)—  
9 In the heading of section 63ZA (variation of senior manager's...  
10 (1) Section 63ZB (variation of senior manager's approval on initiative...  
11 (1) Section 63E (certification of employees by relevant authorised  
persons)...  
12 (1) Section 63F (issuing of certificates) is amended as follows....  
13 (1) Section 64A (rules of conduct) is amended as follows....  
14 (1) Section 64B (conduct rules) is amended as follows.  
15 (1) Section 64C (requirement to notify regulator of disciplinary  
action)...  
16 (1) Section 66A (misconduct: action by FCA) is amended as...  
17 (1) Section 66B (misconduct: action by PRA) is amended as...  
18 Omit section 71A (meaning of “relevant authorised person”).  
19 (1) Section 347 (record of authorised persons etc) is amended...  
20 In section 415B(5) (consultation in relation to enforcement action), in...  
21 In section 429(1)(a) (orders subject to affirmative resolution procedure)  
omit...

### *Consequential amendments of Financial Services (Banking Reform) Act 2013*

- 22 (1) The Financial Services (Banking Reform) Act 2013 is amended...

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