

Status: Point in time view as at 04/05/2016.

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VALID FROM 06/07/2016

SCHEDULES

VALID FROM 01/03/2017

SCHEDULE 1

Section 13

PRUDENTIAL REGULATION COMMITTEE

“SCHEDULE 6A

Section 30A

PRUDENTIAL REGULATION COMMITTEE

Interpretation

- 1 In this Schedule—
- “chief executive for prudential regulation” means the Deputy Governor for prudential regulation, acting in his or her capacity as a member of the Committee or by virtue of a delegation under paragraph 17;
 - “the Committee” means the Prudential Regulation Committee;
 - “prudential regulation strategy” means the strategy determined by the Prudential Regulation Authority under section 2E of the Financial Services and Markets Act 2000.

Appointment of members by Chancellor

- 2 Before appointing a person as a member of the Committee under section 30A(2)(g), 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.

Term of office of appointed members

- 3 (1) Appointment as a member of the Committee under section 30A(2)(f) or (g) is to be for a period of 3 years, but this is subject to sub-paragraph (2) and to paragraph 5.
- (2) Initially some appointments may be for shorter and different periods so as to secure that appointments expire at different times.
- 4 (1) A person may not be appointed as a member of the Committee under section 30A(2)(g) more than twice.

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- (2) For this purpose an appointment which by virtue of paragraph 3(2) is for a period of less than 3 years is to be disregarded.
- 5 (1) If it appears to the Chancellor of the Exchequer that in the circumstances it is desirable to do so, the Chancellor may, before the end of the term for which a person is appointed as a member of the Committee under section 30A(2)(g), extend the person's term of office on one occasion for a specified period of not more than 6 months.
- (2) The term being extended may be the person's first or second term or, in a case where paragraph 4(2) allows a third term, the person's third term.
- (3) If a person whose first term of office is extended is subsequently re-appointed under section 30A(2)(g)—
- (a) the length of the second term is to be reduced by a period equal to the extension of the first term, but
 - (b) the second term may itself be extended under sub-paragraph (1).
- (4) In a case where a person's second term of office is extended and paragraph 4(2) allows a third term, sub-paragraph (3) is to be read as if the references to first and second terms were references to second and third terms respectively.
- 6 (1) A person appointed under section 30A(2)(f) or (g) may resign the office by written notice to the Bank.
- (2) Where the notice relates to a person appointed under section 30A(2)(g) the Bank must give a copy of the notice to the Treasury.

Terms and conditions of appointment

- 7 (1) The terms on which a person is appointed as a member of the Committee under section 30A(2)(g) must be such as—
- (a) to secure that the member is not subject to direction by the Bank or the Treasury,
 - (b) to require the member not to act in accordance with the directions of any other person, and
 - (c) to prohibit the member from acquiring any financial or other interests that have a material effect on the extent of the functions as member that it would be proper for the member to discharge.
- (2) The terms and conditions on which a person holds office as a member of the Committee appointed under section 30A(2)(g) are to be determined by the court of directors.

Qualification for appointment

- 8 (1) The following persons are disqualified for appointment under section 30A(2)(f) or (g)—
- (a) a minister of the Crown;
 - (b) a person serving in a government department in employment in respect of which remuneration is paid out of money provided by Parliament.
- (2) The following persons are disqualified for appointment under section 30A(2)(g)
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- (a) a member of the Financial Policy Committee of the Bank appointed under section 9B(1)(e);
- (b) a member of the Monetary Policy Committee of the Bank appointed under section 13(2)(c).

Removal of appointed members

- 9 (1) A person appointed under section 30A(2)(f) or (g) vacates office on becoming a person to whom paragraph 8(1) applies.
- (2) The court of directors of the Bank may, with the consent of the Chancellor of the Exchequer, remove a member appointed under section 30A(2)(f) or (g) (“M”) if it is satisfied—
- (a) that M has been absent from 3 or more meetings of the Prudential Regulation Committee without the Committee's consent,
 - (b) that M has become bankrupt, that a debt relief order (under Part 7A of the Insolvency Act 1986) has been made in respect of M, that M's estate has been sequestrated or that M has made an arrangement with or granted a trust deed for M's creditors, or
 - (c) that M is unable or unfit to discharge M's functions as a member.
- (3) The court of directors may, with the consent of the Chancellor of the Exchequer, also remove a member appointed under section 30A(2)(g) (“M”) if it is satisfied that in all the circumstances M's financial or other interests are such as substantially to affect the functions as member which it would be proper for M to discharge.

Decision making

- 10 (1) Decisions of the Committee must be taken either—
- (a) at a meeting of the Committee in accordance with paragraphs 11 to 15, or
 - (b) in writing in accordance with paragraph 16.
- (2) Subject to paragraphs 11 to 16, the Committee is to determine its own procedure.

Meetings

- 11 The Governor of the Bank or any Deputy Governor of the Bank who is a member of the Committee may summon a meeting at any time by giving such notice as the person giving the notice thinks the circumstances require.
- 12 (1) At a meeting of the Committee, the proceedings are to be regulated as follows.
- (2) The quorum is to be determined by the Committee, but it must be not less than 3 and of those 3—
- (a) one must be the Governor of the Bank, the Bank's Deputy Governor for financial stability or the Bank's Deputy Governor for markets and banking,
 - (b) unless both the Governor and the Bank's Deputy Governor for financial stability are present, one must be the Bank's Deputy Governor for prudential regulation, and
 - (c) one must be a member appointed under section 30A(2)(g).

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- (3) The chair is to be taken by the Governor of the Bank or, if the Governor is not present, by the Deputy Governor for financial stability or the Deputy Governor for markets and banking.
- (4) The person chairing the meeting must seek to ensure that decisions of the Committee are reached by consensus wherever possible.
- (5) Where that person forms the opinion that consensus cannot be reached, a decision is to be taken by a vote of all those members present at the meeting (subject to paragraphs 13 and 14).
- (6) In the event of a tie, the person chairing the meeting is to have a second casting vote.
- 13 The chief executive of the Financial Conduct Authority must not take part in any discussion by or decision of the Committee which relates to—
- (a) the exercise of any functions of the Prudential Regulation Authority in relation to a particular person, or
 - (b) a decision not to exercise those functions.
- 14 (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—
- (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).
- 15 (1) The Committee may determine circumstances in which a member who is not present at, but is in communication with, a meeting is to be treated as present at it for the purposes of paragraph 12.
- (2) The Committee may invite other persons to attend, or to attend and speak at, any meeting of the Committee.

Decisions otherwise than at meetings

- 16 (1) The Committee may take a decision on a matter without a meeting if—
- (a) a majority of eligible members indicate in writing their agreement to the decision,

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- (b) the eligible members who indicate in writing their agreement to the decision would have constituted a quorum at a meeting of the Committee, and
 - (c) any other requirements determined by the Committee are met.
- (2) “Eligible members” are members of the Committee who would have been entitled to vote on the matter if the matter had been proposed for decision at a meeting of the Committee.

Delegation of functions

- 17 (1) The Committee may delegate such of its functions as it thinks fit to—
- (a) a member of the Committee,
 - (b) a sub-committee of the Committee consisting of—
 - (i) members of the Committee, or
 - (ii) one or more members of the Committee and one or more officers, employees or agents of the Bank,
 - (c) an officer, employee or agent of the Bank, or
 - (d) a committee consisting of officers, employees or agents of the Bank.

This is subject to sub-paragraphs (2) and (9).

- (2) The Committee must delegate to the chief executive for prudential regulation the following functions—
- (a) preparing for consideration by the Committee drafts of a prudential regulation strategy and any proposed revisions to that strategy;
 - (b) preparing for consideration by the Committee drafts of the annual budget required by paragraph 18 and any proposed variations of that budget;
 - (c) the day to day management of the Bank's functions as the Prudential Regulation Authority;
 - (d) the day to day implementation of the prudential regulation strategy.

This is subject to sub-paragraph (9).

- (3) A delegation under sub-paragraph (2)—
- (a) must identify any decisions (within sub-paragraph (9) or otherwise) that are not included in the delegation;
 - (b) may be on such terms and subject to such conditions as the Committee thinks fit.
- (4) Those terms and conditions—
- (a) may include provision about the manner of the exercise of the delegated functions;
 - (b) may be revised by the Committee from time to time.
- (5) Sub-paragraph (2) does not apply in the event of a vacancy in the office of Deputy Governor for prudential regulation.
- (6) The Bank must publish a statement setting out—
- (a) the functions which the Committee has delegated to the chief executive for prudential regulation,
 - (b) the terms and conditions on which each delegation is made, and

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(c) any decisions (within sub-paragraph (9) or otherwise) that are not included in the delegations.

(7) If there is a material change to any of those matters, the Bank must publish a revised statement.

(8) The requirement to delegate the functions mentioned in sub-paragraph (2) to the chief executive for prudential regulation does not prevent further delegation of those functions by the chief executive.

(9) The Committee may not delegate the following functions—

- (a) reporting to the Chancellor of the Exchequer under paragraph 19;
- (b) making rules under the Financial Services and Markets Act 2000;
- (c) determining, reviewing and revising the prudential regulation strategy under section 2E of that Act;
- (d) giving and reviewing guidance under section 2I of that Act;
- (e) giving and revoking directions under section 3I, 3J, 3M, 316 or 318 of that Act;
- (f) issuing statements under section 63ZD, 63C, 69, 142V, 192H, 192N, 210 or 345D of that Act;
- (g) issuing statements under section 80 of the Financial Services Act 2012.

Prudential regulation budget

- 18 (1) The Committee must, with the approval of the court of directors, for each of the Bank's financial years adopt an annual budget for the Bank's functions as the Prudential Regulation Authority.
- (2) The budget must be adopted before the start of the financial year to which it relates.
- (3) The Committee may, with the approval of the court of directors, vary the budget for a financial year at any time after its adoption.
- (4) The Bank must publish each budget, and each variation of a budget, in whatever way it thinks appropriate.

Annual reports

- 19 At least once a year the Committee must make a report to the Chancellor of the Exchequer on—
- (a) the adequacy of the resources allocated, in the period to which the report relates, to the Bank's functions as the Prudential Regulation Authority, and
 - (b) the extent to which the exercise of the Bank's functions as the Prudential Regulation Authority is independent of the exercise of its other functions.”

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SCHEDULE 2	Section 16
AMENDMENTS RELATING TO PART 1	
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SCHEDULE 3	Section 17
SAVING AND TRANSITIONAL PROVISION RELATING TO PART 1	
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VALID FROM 13/09/2018	
SCHEDULE 4	Section 21
EXTENSION OF RELEVANT AUTHORISED PERSONS REGIME TO ALL AUTHORISED PERSONS	
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