FINANCIAL STABILITY REPORT PRESS CONFERENCE

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Mark Carney: With that Sam and John and I would be pleased to take your questions.

Mike Peacock: Okay, give your name, organisation, wait for the mics and please restrict yourself to one question first time around. I'll take Faisal and then Joel.

Faisal Islam (BBC): Hello Governor, just to clarify, are you really saying that if there's a massive global trade war at the same time as a disorderly no-deal Brexit that the British banking system is strong enough? Might you, if that eventually comes to pass, be dealing with this or want to be dealing with this in another role at the International Monetary Fund?

Mark Carney: Sorry, I didn't catch the second part.

Faisal Islam (BBC): Might you want to be dealing with this in another role at the IMF now that, that vacancy is around?

Mark Carney: Well, let me address the first part, which is that the short answer is yes, absolutely, that's what the FPC is saying today and that's the value of exercises such as the stress test that we unveiled last time we were here for an FSR press conference in November of last year, which looked at a severe global stress. So, not just the global economy slowing, as it undoubtedly would in the event of a trade war, but actually falling, falling outright, contracting by 2.4% as I referenced, worse than the global financial crisis, so a real shock to the global economy. On top of that having the shock of a disorderly, not just a Brexit, not just a no-deal Brexit, but a disorderly no-deal Brexit. We went through detailed scenarios to look at particularly the latter situation, which we've published and testified to Parliament about. We concluded that the stress test that we had conducted for our banking system was worse than all of that, worse than the worst-case Brexit and a global-, a sharp global contraction. On top of that we'd also included actually fairly substantial misconduct fines for the banking system as well, so a triple whammy, if you will, of events that had happened at one time. Our stress test had all of that in there.

So, actually, in terms of the preparedness of the UK banking system, they're ready for that severe scenario and what would be very unwelcome individual events, nobody wants a global trade war and the cost of that, and nobody wants a disorderly Brexit. The country will choose the form of Brexit it takes, the future relationship, but nobody wants a disorderly move to that and certainly nobody wants both of those to happen at the same time. If it did, the system is ready for that and, you know, the thing that I-, just a quick comment on the second part of your question, you know, I committed to be here, to have an orderly-, there's a few orderly transitions and one of them is an orderly transition through October 31st and an orderly transition to my successor and, of course, I'll make sure that that is the case.

Joel Hills (ITV): Thanks very much, Joel Hills, ITV News. Governor, earlier this week Boris Johnson, during the leadership debate, repeated his commitment to taking Britain out of the European Union by October the 31st. He also said that the cost of no-deal, presumably disorderly or not, is vanishingly inexpensive if you prepare. Is he right and are we prepared?

Mark Carney: There has-, I won't go into specific comments, but I'll say what the FPC-, I'll reiterate what the FPC is saying today, which is that there have been extensive preparations that began the day after the referendum and continue to this day. There have been extensive preparations, there have been expensive preparations, as well, extensive and expensive preparations to ensure that the core of the financial system is ready for whatever form of Brexit it takes. Of course, for our job, to do our job it's to assume the worst and prepare for the worst and I'll just refer to my previous answer there and you will have seen Joel, in the report, there's a checklist of all of the major risks and with a handy traffic light, and that which was red and amber eighteen months ago is-, for the UK, at least, it's all green where we can control things. It's not all green, there's still a few ambers for Europe and a few of those European ambers spill over to us, but in terms of our preparations on the financial side we have done what's necessary, the major financial institutions have done what's necessary, we can't fully insulate ourselves from spill overs from Europe where there still are some things to be done.

So, that's the first block of preparation, the second block of preparation is the preparation of businesses in the country for a no-deal scenario. In terms of our surveys of business and our conversation with businesses we find that about 90% of UK businesses have some form of contingency planning in place, okay? Then roughly three-quarters of them view that they are as prepared as they can be. Now, that's not saying they would have no impact, in fact, when you map from what their expectations are in terms of what Brexit would mean for their business and the economy, they expect sales to go down, they expect employment to go down, they expect costs to go up and they expect the economy to slow. They've done what-, they're on the process of doing as much as they can do to prepare. When you look at other representations of the preparedness of UK exporters and I'm referring specifically to exporters that only export to the EU and historically have not had to do paperwork and be plugged into systems and deal with logistics associated with tariffs and other restrictions, it's a mixed picture. It's better than it was in November, there's been progress, but it's certainly not all the way there. That gets to the last block of preparation, which is what we would call sort of the preparedness of the UK system. Not the financial system, that's ready, but of the trade infrastructure of the country, so capacity at the ports, customs facilities and others, there has been progress there.

It's for the government to speak directly to that, it is not yet all the way there and, again, just-, this is a bigger issue for the real economy, I would suggest, than the financial system, but just like in the financial system, it matters how prepared the European side is because, and I'll give you a simple figure which I suspect you know, eight of ten trucks that come through Dover-Calais go back. So, you know, if you don't have a traffic jam in Kent, but you have one in Calais, you get a day's reprieve, so it's all interconnected, that's the challenge. So, real progress, the core thing that we can influence, the financial sector, the core of it is ready, I'll leave with one very important caveat though. Being ready for financial stability does not mean market stability, markets will adjust, potentially quite substantially if there is a no-deal Brexit and it also doesn't mean economic stability because even with the smooth adjustment this would still be a major economic adjustment, a major economic shock in a-, not just a short period of time, but virtually instantaneously.

Mike Peacock: Okay, Lucy and Jason?

Lucy White (Daily Mail): Hi, Lucy White from the Daily Mail.

Mark Carney: Hi.

Lucy White (Daily Mail): So, I understand that you've been looking at open-ended funds for a few years now, more from a perspective of economic risk than investor fairness, but obviously, you know, the Woodford Dilemma recently, has that put it sort of higher up on your priority list? As a side point to that, do you believe that a fund manager who is in Woodford's position, who is generally running a profitable business should be able to keep taking fees from investors in a suspended fund?

Mark Carney: Okay, in terms of, you're right, Lucy, we have been looking at this issue for a few years and, as I think I said in my remarks, it's a global issue and it's also a collective action issue, if I can put it that way. In other words, it's something that affects funds in the UK, funds in the US, funds in Europe, etc. Many of those funds invest in each other's economies, so it's all interlinked, so the first best way to address it from a financial stability perspective has been to try to get a global agreement and a common approach to this. We got a high-level agreement, we think we've got the right agreement at the Financial Stability Board two years ago, but as you probably picked out from our commentary and my remarks, we're disappointed how that has been taken from that agreement and translated into actual action.

So, that global process has made some progress, but not sufficient progress and that's why we're engaging with the FCA who, as you know, has direct responsibility for investment protection about what should be done here. From a financial stability perspective, I mean we take note of the Woodford situation, which is not a financial stability issue, it's definitely an investor protection issue and the FCA is looking at that and addressing it. It's symptomatic of a broader problem, we also note what's been happening in funds in leveraged lending and other riskier debt and the disconnect between the scale of the flows in, the illiquidity of the underlying assets. So, there's basically been a large growth in inflows and a fall, an actual fall in the turnover, the churn of the underlying assets at the same time. Yet these funds are offering daily liquidity. So, our sense is that the financial stability risks are increasing, which has added impetus to addressing this and trying to determine a domestic solution to what is a global problem. Obviously, we're going to continue to work internationally. In terms of the last bit of your question, I mean it's really a question-, first and foremost it's a question for the funds themselves and the individuals themselves and from the authorities' perspective it's a question for the FCA and I believe the CEO of the FCA has addressed that, thanks.

Jason Douglas (Wall Street Journal): Hi, Jason Douglas from the Wall Street Journal. Just going back to Brexit, a question on the current account deficit, if I may? The report talks about falling inflows to things like commercial real estate and into leveraged loans, I think also into equities.

Mark Carney: Yes.

Jason Douglas (Wall Street Journal): You've been warning about this sort of vulnerability for quite a while now. I guess my question is are the chickens starting to come home to roost with the current account deficit and the external financing risks and are we seeing any wider economic effects of this yet?

Mark Carney: Yes, Jason, I mean as you can appreciate the first best it's fine to run a large current account deficit, ideally, it's being run for the purposes of longer-term investment in your economy that ultimately gets to an equilibrium position. The strength of this economy, the attractiveness of this economy as an investment destination means that it can run a big current account deficit for a considerable period of time. You get more concerned about the current account deficit when a couple of things are happening. One, if there's strong growth of domestic debt, that's not the case here so that's good. Secondly, if you're borrowing in foreign currency, that's not the case here so that's also positive. Thirdly, though if the flows are not going in on average into productive investment over time and that's where when you start to see what you referenced, which there has been a deterioration in the quality of inflows, as they are measured, that are financing the current account deficit. There's been a very sharp fall in inbound, for example, leveraged lending, which is something on the order of low or mid-teens of what it had been, that's now the flow. Then on commercial real estate, fallen to about 40% of previous flows. One can speculate the reasons for it, you know, probably consistent with the uncertainty effects that we're seeing on business.

So, we do take note of that and what's crucial is that-, first and foremost is that we maintain every-, the elements that make the United Kingdom such an attractive place for investment, that starts with the macro-economic framework, of which this is one part, an important part I'd suggest, and that openness, that openness to trade and investment which has been a hallmark of this economy.

Mike Peacock: Larry and then Lucy?

Larry Elliott (The Guardian): Governor, there aren't that many bigger jobs than the one you're currently doing, but being managing director of the IMF would be one of them, are you interested in that as your next job?

Mark Carney: The first point, it's an absolute privilege to have this role and, you know, I almost should stop there. I do want to take the opportunity to praise the role that Christine Lagarde has played and the leadership she's played at the IMF and everything from structural changes she's made in terms of doubling the permanent capital of the institution, effectively, with the last quote round, to bringing the renminbi into the SDR. So, crucial, fundamental change, as you would appreciate, at international system. To broadening its policy advice, to very much include what we're talking about today, macro-prudential policy is a complement to monitoring fiscal policy, and a series of management changes there. In terms of I think we need to respect the process here and processes, I should say, which is that she has been nominated to be president of the ECB and, again, I'm going to salute her for her public service, that's obviously a critical role not just for Europe, but for the world, and she's extremely well-suited for it at these times. There's a process to confirm that and then there would be a formal process to select her successor and that process needs-, as per the Good Governance Advice of the IMF, should be open, transparent and merit-based, and so there'll come a time when that processes launches and that's probably the right time to answer that question.

Lucy Meakin (Bloomberg): Lucy Meakin from Bloomberg. What would you say to the climate protestors outside who believe that the BOE haven't put their money where their mouth is when it comes to climate change? Do you think the current mandate of the BOE actually gives it adequate room to do what needs to be done for climate-related risks?

Mark Carney: Yes, well, I think the bank has done a tremendous amount and has been one of the leaders on addressing the-, and since we're here with the FPC, addressing the financial stability risks from climate change, starting with actually identifying the framework to look at those risks. Being the first public institution to do that in terms of division between physical and transition risks and the importance of transition risks, something we did just five years ago, less than five years ago, in fact. Moving to catalyse a private-sector initiative led by Mike Bloomberg to get proper climate disclosure, not just static disclosure, but strategic disclosure through the TCFD, consequence of that has been $120 trillion of balance sheet across asset managers through to systemic banks and sovereign wealth funds that are now demanding that type of disclosure from the industry. That information, then the question is what do you do with that information? What does the market do with that information?

From our perspective the issue is how well do they manage the risks associated with the transition from where we are today to where, for example, in the UK where the government has now legislated, where Parliament, rather, has now legislated the country needs to go, which is carbon-neutral. That needs a system that can manage those transition risks. The first step in that or the most important step, and I wouldn't underplay how significant it is that the FPC and the PRA have decided to run this exploratory scenario for the UK financial system of how resilient are their strategies to different climate pathways? Including one that is consistent with the government's-, Parliament's objective, including other ones that could be more disruptive to the sector. That is absolutely frontier, it will take developments from the-, development of the technology, if you will, of managing those risks that need to be drawn out of the private sector with public sector input, and then rigorously implemented. That will have a huge impact in terms of the preparedness of the system.

So, you're shifting tens, hundreds of trillions of dollars into getting the right information, to managing the right risks, and that puts the system in a position to do what the country decides, ultimately. It's not for financial regulators to decide what the climate pathway is going to be, but it very much is our responsibility to make sure that the system is positioned to support it. I mean I think we can-, we're doing our job, but we have done our job in a way that has anticipated where the world is going, certainly where the UK is going, where the financial system is going. So, that's a shorter version of what I would say to those protestors, and then maybe the last thing I'll say is that we also are very conscious that as an institution we need to walk the walk, as well. So, we're adopting the TCFD, the same disclosures, our next annual report will have that, we have our senior managers responsible for this, we've cut our emissions already by 25% per head and we're going to cut them by two-thirds cumulative by 2030. In other words, consistent with a path to 1.5 degrees, which is the stretch target, as you know, for COP 21, thanks.

Mike Peacock: Okay, Tim and then Oscar.

Tim Wallace (The Daily Telegraph): Thanks, Tim Wallace at The Daily Telegraph. Governor, going back to the open-ended funds, is this going to be the end of daily liquidity for funds that invest in a liquid asset and, if so, is there a risk that you could precipitate the problems that you're trying to guard against? If investors think they won't be able to get their money out quickly they could run for the door now and you end up with the fire sales that you're worried about.

Mark Carney: Okay, let me start and I'll pass to John. Let me say on the second one, the risk we're running is that, that learned behaviour comes at the moment of an economic shock, right? There's a realisation that there's a series of funds that start to gate, they have to gate, because remember these funds have to treat their investors equally, which is part of the reason why once they-, and there's a debate about whether they're treating them equally if they allow all their liquidity to be used up by the first investors who show up and then everyone else gets holding the illiquid bag, effectively, which can be what happens. So, the risk is there's a shock, there's a learned behaviour and that itself is what helps seize up the market, and the fear of that is what helps seize up the market. There's also a responsibility to step back and see what's appropriate. I'll say this and then pass to John, which is that there are different ways to match that redemption to-, redemption period to the underlying asset and that's part of what we will explore at the FCA, but John might want to expand.

Jon Cunliffe: Yes, I'd say first there are funds that invest in assets that are liquid, where daily liquidity kind of makes sense and doesn't carry any risk. It's the illiquid portion that's grown and in those areas the question is why are fund managers offering daily liquidity? I think there may be a bit of a collective action problem here, a number of them can see the problem, we've had that from some fund managers, they can see the problem, so long as everybody else in the market is offering it, this is why it's a global issue, it's difficult for one fund not to offer it. The other point I make is for many people these funds are long-term investments, I mean there are some people who switch to more daily liquidity very quickly, but for many people what you hear from the fund industry is these are long-term pension-type investments, where you know that you're leaving your money there for a long time, you don't really need to be moving it around on a daily basis. So, it's not clear just how strong the consumer demand for absolute daily liquidity is. As to what you would put in its place, as the governor's said and as the report makes clear, the work we'll do with the FCA will try and find what are the sensible ways to better align the liquidity of the underlying asset with the redemption promise given by the fund.

Oscar Williams-Grut (Yahoo Finance): Hi, Oscar Williams-Grut from Yahoo Finance. Governor, I noticed that in the report you mentioned Libra, this new Facebook-led cryptocurrency project. I know you've outlined in speeches some of the broad concerns about this, but could you talk a little bit more specifically about what potential problems and issues could be posed by Libra? Also, maybe if you could let us know about what the outline of conversations you've had with your international counterparts around this, because I know this is something that a lot of others in other countries are looking at as well.

Mark Carney: Yes, well, let me start with the second and then I'll go to the specific, which is that as you're no doubt aware the G7 immediately struck a working group, actually John is our representative on that working group, so the G7 has-, and that working group's up and running, it's engaged both across officials and with the consortium as necessary to understand the proposition and to consider the risks, a wide range of risks and associated opportunities with it. The Financial Stability Board obviously will be engaged, I'll just say in terms of sequencing you have an issue which at present is structured largely around the G7 currencies and so it's natural that the G7 take the lead, at least initially, but obviously this would broaden out to the FSB in time. In terms of the issues, look, there are a very broad range of issues, the first though is that it's either successful or it isn't, if it's successful it becomes systemic because it would involve a very large number of users, and, you know, if you're a systemic payment system it's 5 sigma, you have to be on all the time, you can't have teething issues, you can't have people losing money out of their wallets.

I mean the standards are in a different zip code, to use the American term, than the standards often in other forms of technology and interaction, okay? That's the first thing. Secondly, and that relates to cyber and other issues, there are very important issues around the design of the actual stable coin and actually I won't get into the deep details of that, I mean I don't know if it would be worth it here, but that has to be rock solid, that has to be unquestioned in terms of the ability to exchange in and out. There can't be any-, sorry for the technical-, there can't be any basis risk, there can't be any rebalancing risks, there can't be anything that would give rise to some form of speculation about the stability of something that has to be absolutely stable. Because it's on-, it's going to be on the continuum of a payment system as opposed to a monetary unit, okay? So, a host of issues around that. Then there's a host of issues around managing the underlying assets, where the custody is for those underlying assets, you know, it's a tough job for a treasurer to think about managing the underlying assets, given the flows in and out. Fundamentally there's issues around any money-laundering and counter-terrorism financing, again, this is not learn-on-the-job stuff, it's got to be rock solid right from the start, or it's not going to start.

Now, I've raised a bunch of issues, John can amplify and add, I should though before I'll hand over, if you want, I should kind of circle back to the start which is that we, as a community, and I think G7 recognise it and certainly the Bank of England does, we've got to recognise that this is trying to solve a series of issues that exist in the system. It's way too expensive to do domestic payments, it's way too slow and that hurts consumers and businesses, it stifles innovation and it's far too expensive to send money cross-border and there are huge financial inclusion issues related to that and cost related to that. So, while we're trying to address all these issues we have to absolutely acknowledge the problem that they're trying to solve and if it's not this, we better have some answers for what else it is, because, I mean, if nothing else this serves the purpose of raising the bar of expectations of what our citizens deserve.

Jon Cunliffe: Yes, and I might just add two points. If you think about the current payment system, the number of actors in it, there are banks, there are payment systems, there are people who provide the credit cards, the people who provide the interface between the credit card and the reader in the shop. This isn't just about creating a coin, this is about creating an ecosystem and the important thing is to make sure that all part of the ecosystem are safe and meet the standards that people really demand when they're making payments and storing their money in a wallet or an account that enables them to make payments. So, it's the whole ecosystem that matters and the time to think about these things and get them right is when you're developing it, rather than develop one part of the system and then just see how the rest develops. The other point I'd make is there are other authorities who will be involved in this as well, so data protection is a big part of it, that's not for finance ministries or central banks. In the main, competition issues and the likes, there are a number of big issues that will need to be discussed and resolved.

Mike Peacock: Okay, anyone else on this side who hasn't asked a question? Yes, Caroline?

Caroline Binham (Financial Times): It's Caroline Binham from the Financial Times. This week Deutsche Bank cut 18,000 jobs, the bulk of which were in New York and London, are you satisfied with the way in which that restructuring was done? Do you think there are any prudential concerns and are you in contact with BaFin about it?

Mark Carney: The last bit?

Caroline Binham (Financial Times): Are you in contact with BaFin or Bundesbank about it?

Mark Carney: I presume it's alright, Caroline, I'm going to pass to Sam directly in the PRA's responsibility. Sam?

Sam Woods: Great, thanks, so that firm has faced some major challenges which have been very well aired in the public domain and, you know, I think it seemed to many people, including the other management of the firm, that they needed to take a pretty significant step in order to move the firm onto a stronger footing. So, we welcome the fact that they set out a pretty ambitious plan and our focus now is on making sure that it's safely executed, including here in London, and with that point in mind we're monitoring very closely both directly with the firm but also, of course, it's not only BaFin, but the ECB.

Mike Peacock: Okay, John?

John Rega (Politico): Thanks, from Politico, this is John Rega. I think this is for you, Governor Carney, your comments about Brexit, you spoke a lot about how, you know, you've done your work in getting the financial system ready, but other parts of the government have to do their bit. You also said that-, you seemed to emphasise that on the European side there seemed to be more to do. So, I'm just wondering, you know, what's your message for the political leaders on both sides on what remains to be done? Thanks.

Mark Carney: Well, John, the political side-, well, not the political side, the government side, broader public service here, has been working hard. It's an extremely complicated exercise, it's a huge exercise to rebuild a customs system from scratch and to build the necessary capacity in order to operate it in an economy that's a just in time economy. I mean this is-, the one thing that-, the flipside of all this, if you look at it, it's a marvel of just how integrated these economies are and how efficient they are under the current system and it needs to shift from one system to another potentially overnight, so that's a hugely difficult exercise. I won't speak for the public service but in working with them and our observations on the ground there is progress, but there is more to be done in terms of capacity and infrastructure, there's more to be done in terms of companies being plugged into the system as a system which is under WTO rules, as opposed to under the common market.

There are areas where there has been less progress, it would seem to us, in Europe on the port infrastructure, on the other side. There is not an analogue, at least to my knowledge, of the TSP approach here and the security approach that has been put in place here. So, it's a temporary adjustment, there's not an analogue on the continent. In the financial sector there are specific issues that we have highlighted in the report, particularly around unclear derivatives, where there is not adequate protection in some major justifications around so-called life cycle issues for unclear derivatives and those are risks that could build over time. There's a fundamental issue around data, which cuts from financial services across virtually all aspects of the economy, whereas the UK has already recognised EU data laws, the converse has not been true. Even though they're exactly the same laws and it's exactly the same system that's operating. That potentially, I mean it sets up a big risk that can be mitigated to some extent through so-called model clauses, but that's an imperfect solution and that itself has not been comprehensively implemented. Even if it were there's a significant legal risk which creates an incentive to separate data, which is easier said than done, it's incredibly costly, it's not clear it's been done on both sides in a way that's consistent.

So, those are just some of the examples that we would highlight and, you know, in something as complex as this I think you also have to step back and think, well, it's the things you don't know that also can get you in the end and we think in terms of headline financial stability issues, cross-border ones, we've addressed them in the UK, it's detailed in the report. We've now gone a level down in terms of a series of other issues which are not first order. To use a football analogy, they're the Championship, not the Premier League. Many of them are being addressed, but some of them, shared trading obligation would be one example, where European actions have potential to create some disruption. That could have knock-on effects. So, you know, I could go on, I won't, but it gives you a sense of some of the complexities that are still outstanding.

Mike Peacock: We've got time for two follow-ups, if anyone wants to come back in? Faisal, I will actually take Richard then as the last two, thank you.

Richard Partington (The Guardian): Hi, thank you, Richard Partington from The Guardian. I was just going to ask do you think that in reference to climate change again-, do you think that disclosure and stress testing is adequate to tackle this tragedy at the horizon? This market failure, if you will? Would it be not time to look at things such as macro-prudential tools? Credit guidances that people outside might be talking about? Or even green QE?

Mark Carney: Well, the first thing is that the tragedy on the horizon is solved by climate policy, so government policy for climate. So, whether it's certain regulations, an element of carbon pricing, those are the measures that bring the future to the present, those are the measures that internalise the externality, in this case it's a time-based externality. Within that framework the financial sector can play an incredibly important role, it can amplify the effectiveness of those policies, it can pull forward in time the impact of those policies and particularly if climate policy is credible and working towards a clearly defined goal and making progress towards that goal, then the financial sector will really kick in and that's where there is a virtuous circle. In order to do that the sector needs the information, so disclosure's clear, we also need to be in a position-, we can't be in a position, the financial system, where we say, 'Oh, you could tighten climate policy but for the fact that the financial system isn't ready.' You know, they haven't thought about their strategy under a higher carbon price or tighter energy restrictions or some other choice that parliament might make in terms of climate policy. So, we need to have the system ready for those potential paths and then the choice is taken by others. That's the symbiotic relationship between the two.

Faisal Islam (BBC): This institution has sort of asserted its independence from political interference for many centuries, I mean obviously there's a bit of a trend now across the world of political interference in central banks. As your successor is appointed what would you say to those politicians, given the heightened political sensitivities that we're living in right now? What would you say to them if they were judging your successor on their views of Brexit or they were judging your successor based on their closeness to future political leaders? Would you see that as a risk and a problem and something to warn against?

Mark Carney: It would have been better to take only one additional question, I think. That's a very astute question and I can see-, look, I mean part of being independent is not giving advice where you shouldn't give advice and, you know, we have a range of responsibilities and you've had a sense of them in terms of both the report and your questions here today, that span the short to the longer term, that all relate to financial stability, and we're addressing those. It's not my position to give advice to the government, it's the government's job to choose who sits in these committees, both internally and externally, and it's certainly not appropriate for me to provide perspective on it. Whoever sits in these committees though is guided by statutory framework and particularly for the Financial Policy Committee it's to identify the major risk to financial instability.

We have to do that under statute, and sometimes that means an uncomfortable message comes out that a certain domestic policy or international development in financial markets or something has a real risk for financial stability in the UK, we have a statutory responsibility to reveal our thinking on where we see the major risks. To the extent we can mitigate them, take action to mitigate those and so whoever sits on these committees, whether they're the governor or an external, independent member, they must abide by that. That's the strength of the FPC, because-, and I'll finish on this because I hope what you see is that whether it's a near-term risk like Brexit, we act in a way that gets the system ready, we don't wait around, we act to get the system ready because we have to worry about the worst-case. Or it's an issue like climate which has a longer horizon, we make sure that the system, and we started making-, doing this five years ago, making sure that the system was in a position so that if the country chooses to go a certain path, the financial system will be part of the solution, not part of the problem. Thanks.

Mike Peacock: Okay, thank you very much all for coming, hope to see you in a few weeks for our inflation report. Thanks.