

MEETINGS OF THE COURT OF DIRECTORS

PUBLISHED MINUTES 2015

Since April 2013 Court has been required by Paragraph 12 of Schedule 1 of the Bank of England Act to publish minutes of its meetings. The Act also provides that Court may withhold information from publication where this would in its opinion be against the public interest. Material has been withheld from publication under this provision and, absent further action by the Court, would not enter the public domain until normal archive release after 20 years. However at its meeting in December 2015, Court adopted a process for keeping past redactions under review, starting with 2013. At its meeting in December 2017 Court decided that a number of items withheld in 2015, along with a two further items from 2013, should no longer be withheld and these are reproduced below, with context where necessary. A further review, of items redacted in 2016, will be undertaken December 2018.

Text in *italics* has already been published.

10 April 2013

Chairman's Business

Mr Tucker reported on the first meeting of the Financial System Advisory Committee, a non-statutory subcommittee of Court, which had taken over some of the functions of the Financial Stability Committee (which had been a statutory committee under the 2009 Banking Act). There had been a discussion of cyber risks to the UK financial system as a whole and of the need for co-ordination of action with Government.

16 May 2013

Update on Polymer Banknotes

(Mr Salmon in attendance)

Mr Salmon said that following discussion with the Governors it had been agreed to postpone any public consultation on the introduction of polymer banknotes until the second half of the year, to coincide with the invitation to tender for the print contract.

15 July 2015

Publication of Audit Reports

(Mr Brown and Ms Scott in attendance)

Following earlier discussion in ARCO Court confirmed that it would not follow the FCA in agreeing to publish internal Audit reports. There was already visibility of the key issues discussed in ARCO through the published Court minutes. No request had been made by the

Treasury Committee, and there was no suggestion that they would do so: the TSC's concerns about FCA governance did not appear to extend to the Bank.

As discussed in ARCO, the approach to publication of redacted Audit Committee minutes was a matter for the executive to determine.

16 September 2015

PRA: Sandy Boss (Ms Branch in attendance)

Court endorsed the decision by the PRA Board to approve Ms Boss's proposed directorship of Enstar, a Bermuda-based holding company with interests in non-life insurance companies in the UK, subject to her not participating in Board discussions or decisions on non-life companies.

Ms Branch said that the PRA Board had been satisfied by the very broad recusals that had been proposed. The issue then had been how far these would restrict Ms Boss's contribution to the Board; but given that relevant insurance business accounted for no more than 10% of Board agendas this was seen as acceptable. Court would be notified of any significant increases. The Governor added that the Court, as appointing authority, had to find individuals with broad financial expertise to serve on the PRA, and the field would be reduced if it could not exercise judgment in managing conflicts as they arose. Ms Boss had extensive experience of investment banking and financial management and would continue to make a strong contribution to the Board.

Update on Investigations (Ms Branch in attendance)

Ms Branch updated Court on the progress of investigations previously reported to the Oversight Committee. She noted the continuing wide range of engagement of the Bank across a number of investigations and external prosecutions. Some of these arose because the Bank held key documents, or had insights or expertise, which the Serious Fraud Office (SFO), claimants, or another prosecuting authority wanted access to and assistance with.

LIBOR Trials

Following the guilty verdict in the Hayes trial, the SFO expected the second trial (against a number of brokers alleged to have conspired with Hayes) to commence in early October.

The prosecution of former traders and submitters at Barclays was scheduled for January 2016, and there was a significant pipeline of potential further charges.

PRA report

(Mr Fisher in attendance)

The Board had also set Internal Capital Guidance (Pillar 1 plus Pillar 2A) for the seven largest UK banks and building societies. The new assessment had led to an aggregate increase of £12bn: all the firms had sufficient capital resources to meet the new requirement.

26 October 2015

Update on Investigations

(Ms Branch)

Ms Branch updated Court on current investigations. She noted the range of demands on the legal department and consequent resource stretch, and said that a reorganisation was being implemented following the departure of one of the Heads of Division.

Relations with the SFO were working well with a higher level of transparency on both sides.

16 December 2015

£20 Polymer procurement – key contract terms

(Victoria Cleland)

Court approved the Bank's proposed approach to tendering the polymer substrate contract for the next £20 note.

Ms Cleland said that when the Bank contracted with Innova for the supply of polymer for £5 and £10 notes there was no other potential supplier that could meet the Bank's standards. At the time De La Rue (DLR) was still developing its own product. That product was now in production and DLR has issued notes in a number of countries. The proposal therefore was to run a competitive tender for the £20 substrate, subject to technical trials, with a view to a multi-source contract within an OJEU framework. This would fit our objectives including for continuity of supply, provided that the polymers were sufficiently identical to have no impact on the cash industry or the public's perception of the notes.