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News release

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Task Force Publishes Report on Whether New Statutory Powers are Needed to Deal with Major Operational Disruption

Sir Andrew Large, chairman of the Task Force on Major Operational Disruption in the Financial System, announced today that the Task Force had concluded that no new statutory powers are needed to deal with the aftermath of major operational disruption in financial markets.

The Task Force found that existing contractual mechanisms and legal provisions available to market participants and infrastructures were generally sufficient to allow the financial sector to manage risks appropriately. It concluded that such mechanisms, together with co-ordinated contingency planning across the public and private sectors were best suited to the particularly international and interconnected nature of the UK's financial markets.

However, the Task Force has put forward eight recommendations to further improve the UK's preparedness for dealing with major operational disruption in the financial system.

Sir Andrew Large commented:

"Considerable work has already been undertaken to address the potential impact of major operational disruption.

The focus of the Task Force has been on whether there is a need for new statutory powers. Our conclusion that no such powers are needed is not a signal that there is room for complacency. There are still areas where more needs to be done. We have therefore put forward a number of recommendations designed to improve the resilience of the UK's financial markets. It is important that they are implemented.

I should like to thank all those that have devoted considerable time to the work of the Task Force and its Working Groups. This is an important subject and I hope the financial community can continue to work together in taking forward the report's recommendations."

Notes to Editors

The Task Force's report is available here, and can also be found on the UK financial sector continuity website.

The establishment of the Task Force was announced by HM Treasury in June 2003 following the responses to its Green Paper "The Financial System and Major Operational Disruption" which was published in February 2003.

An accompanying report by the Financial Markets Law Committee has also been published today. The report, Issue 56: Emergency Powers Legislation, can be found on the Committee's website.

The members of the Task Force in addition to Sir Andrew Large as Chairman were:

William Blair QC

Alastair Clark

Keith Clark

Michael Foot

Mark Harding

James Sassoon

Bill Tudor John

William Lea

3 Verulam Buildings

Bank of England

Morgan Stanley

Financial Services Authority

Barclays Bank

HM Treasury

Lehman Brothers

Bank of England (Task Force Secretary)