



29 October 2004

## FINANCIAL SECTOR BUSINESS CONTINUITY PROGRESS REPORT

The Financial Sector Business Continuity Progress Report is published jointly today by HM Treasury, the Bank of England and the FSA, working together as the Tripartite Standing Committee on Financial Stability.

It records encouraging progress by both the public and private sectors in a number of areas over the past year to improve the resilience of the financial sector against major operational disruption. These include:

- Payment and settlement systems have reviewed and where necessary strengthened their rules and procedures to respond effectively to major operational disruption.
- The financial authorities have undertaken a number of initiatives to improve their ability to manage a crisis, including re-launching the financial sector continuity website ([www.fsc.gov.uk](http://www.fsc.gov.uk)) as a key communication tool.
- Work is in progress to review standard market contracts and market coordination arrangements to ensure they would be effective in the event of major operational disruption.

In the forthcoming year, the main priority for the authorities, working closely with the private sector, will be to make a formal assessment, across both firms and critical infrastructure, of the current level of resilience against a range of scenarios, which will then inform future work in this area. The second priority is to continue our programme of testing contingency arrangements, including on a market-wide basis. The next such exercise is planned for November 2004.

The report assesses in particular the progress made against the Recommendations put forward by the Task Force on major operational disruption in the Financial System, chaired by Sir Andrew Large, Deputy Governor of the Bank of England, in its report published in December 2003. The Task Force was asked by HM Treasury to consider whether new statutory powers were required to deal with major operational disruption affecting the financial system. It concluded that new powers specific to the financial sector were not required, but that further non-legislative improvements were necessary. The Report demonstrates that useful progress has been made so far, but that more work remains to be done over the forthcoming year.

Ends

### Note to Editors

Copies of the Business Continuity Progress Report are available from the Public Enquiries Group, Bank of England, Threadneedle Street, EC2R 8AH (Tel: 020 7601 4878) or from the tripartite financial sector continuity website <http://www.fsc.gov.uk/section.asp?catid=263>.