



**BANK OF ENGLAND**

# News release

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## **Memorandum of Understanding for Financial Stability**

HM Treasury, the Bank of England and the Financial Services Authority have today jointly published an updated Memorandum of Understanding for Financial Stability.

A framework for co-operation between the three authorities in this area was first set out in a Memorandum of Understanding in 1997. It has proved to be robust and effective as a basis for responding to financial stability risks. But financial markets and institutional roles have evolved over the past eight years and it is now appropriate to reflect those changes in the MoU itself. In particular, the response frameworks for managing both financial crises and major operational disruption have advanced significantly and this is spelled out in the new text.

### **Notes to editors**

1. The full MoU can be found under Key Resources (see below).
2. The Memorandum sets out a framework for monitoring and assessing, and coordinating the authorities' responses to, financial stability risks, including business continuity issues. The process is overseen by the Tripartite Standing Committee, comprising the Chancellor of the Exchequer, the Governor of the Bank of England and the Chairman of the Financial Services Authority. Normal practice has been for the Committee to meet at Deputies (official) level, on a monthly schedule but with provision for additional meetings, or upgrading to Principals level, as necessary. The Committee regularly reviews the key systemic risks to the UK's financial intermediaries and infrastructure and coordinates the three authorities' response and contingency planning.
3. The Memorandum also sets out the roles and responsibilities of each authority. The Bank of England contributes to the maintenance of the stability of the financial system as a whole, drawing on its macro-economic and financial analysis and on its operational involvement in markets, payment systems and other elements of market infrastructure. The Financial Services Authority is responsible for the authorisation and supervision of financial institutions, for supervising financial markets and securities clearing and settlement

systems, and for regulatory policy in these areas. HM Treasury has responsibility for the overall institutional structure of regulation and the legislation that governs it.

### **Key Resources**

Memorandum of Understanding for Financial Stability

<http://webarchive.nationalarchives.gov.uk/20100114080129/http://www.bankofengland.co.uk/financialstability/mou.pdf>