



BANK OF ENGLAND

News release

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17 February 2011

Interim Financial Policy Committee

In anticipation of legislation to create a Financial Policy Committee (FPC), outlined in the Government's consultation document 'A new approach to financial regulation: building a stronger system', published today, the Government and the Bank are today announcing the establishment of an interim Financial Policy Committee.

The Government envisages that the FPC will contribute to the Bank's financial stability objective by identifying, monitoring, and taking action to remove or reduce, systemic risks with a view to protecting and enhancing the resilience of the UK financial system. The interim FPC will undertake, as far as possible, the forthcoming statutory FPC's macro-prudential role. An important initial task will be to undertake preparatory work and analysis into potential macro-prudential tools. The Government's consultation document states that the interim FPC "...will play a key role in the development of the permanent body's toolkit by sharing its analysis and advice on macro-prudential instruments with the Treasury, to help inform the Government's proposals for the FPC's final macro-prudential toolkit".

The interim FPC will be a committee of the Bank's Court of Directors. The composition of the interim FPC's membership resembles closely that of the proposed statutory body. The Government has today announced the appointment of the following four external members of the interim FPC: Alastair Clark, Michael Cohrs, Donald Kohn and Richard Lambert. Further details are provided in the Treasury's news release at www.hm-treasury.gov.uk.

As previously announced, the other members of the interim FPC are: the Governor of the Bank of England, Mervyn King, as Chair; the Bank's Deputy Governor for Financial Stability, Paul Tucker (who will chair the Committee if the Governor is not present); the Bank's Deputy Governor for Monetary Policy, Charlie Bean; the Chief Executive of the Financial Services Authority, Hector Sants (in his capacity as future Deputy Governor for Prudential Regulation of the Bank of England and Chief Executive of the Prudential Regulation Authority); the Chairman of the Financial Services Authority, Adair Turner; the Bank's Executive Director for Financial Stability, Andy Haldane; and the Bank's Executive Director for Markets, Paul Fisher.

There will also be two non-voting members of the interim FPC: the Chief Executive designate of the Financial Conduct Authority, Martin Wheatley, and a representative of the Treasury.

Welcoming the new interim Committee, the Governor of the Bank, Mervyn King said: "The interim FPC will have important work to do as part of the new proposed regulatory framework. Macro-prudential regulation is one of the key elements of a renewed focus on assessing and reducing risks across the financial system as a whole. I welcome all its members, especially the new external members, and look forward to the challenge of contributing to a more stable financial system that is so essential to everyone."

The establishment of the interim FPC is part of the wider reform of financial regulation. Macro-prudential regulation is one of the key elements of a renewed focus on assessing and reducing risks across the financial system as a whole. Another key element is the proposed reforms to micro-prudential regulation for individual firms, which include the establishment of a Prudential Regulation Authority within the Bank of England, once legislation has been enacted.

Notes to Editors

1. The Government's consultation document 'A new approach to financial regulation: building a stronger system', is available at: www.hm-treasury.gov.uk.
2. The Government's consultation document states that the interim FPC will meet at least four times a year and will publish a record of its formal meetings. It will also be responsible for the Bank's bi-annual Financial Stability Report, which was previously the responsibility of the Financial Stability Committee (FSC) of Court.
3. The Financial Stability Committee (FSC) of Court will continue with its statutory responsibilities in relation to the Bank's existing financial stability objective under the Banking Act 2009 until new legislation is passed. Further details about the FSC are available in the Bank's Annual Report 2010 available at:
www.bankofengland.co.uk/publications/annualreport/2010/governanceandaccountability2010.pdf