



BANK OF ENGLAND

News release

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Payment Systems Oversight Report 2012

The Bank of England is today publishing the 2012 *Payment Systems Oversight Report*. The *Oversight Report* provides a public account of how the Bank has exercised its responsibilities in respect of payment system oversight during the period since the Bank's previous *Report* in April 2012.

Over the past year, payment systems overseen by the Bank have made good progress in reducing risks identified in the oversight process. Tiering in wholesale payments systems has decreased, and should reduce further as a number of banks progress their plans to join the CHAPS system as direct members. The deferred net settlement systems overseen by the Bank have improved their arrangements for managing credit risk. Progress has also been made in mitigating credit risks in CCP payment arrangements.

The *Report* also notes changes to the Bank's oversight regime that will come into effect on 1 April 2013, when the Bank assumes wider supervisory responsibilities for financial market infrastructures including central counterparties and securities settlement systems.

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Notes to Editors

The Bank uses the *Oversight Report* as a means of explaining how it is discharging its statutory responsibilities for payment systems oversight. These responsibilities were placed onto a statutory footing under Part 5 of the Banking Act 2009, as part of the bank's broader mandate for Financial Stability. (The Banking Act 2009 is available at: http://www.legislation.gov.uk/ukpga/2009/1/pdfs/ukpga_20090001_en.pdf).

The Bank oversees interbank payment systems that are 'recognised' by order by HM Treasury. HM Treasury has issued recognition orders for Bacs, CHAPS, CLS, FPS, the embedded payment arrangements within CREST, and the embedded payment arrangements within the CCPs operated by ICE Clear Europe Ltd and LCH.Clearnet Ltd.

A summary of the Bank's statutory framework for oversight was published in September 2009 and can be found at <http://www.bankofengland.co.uk/publications/other/financialstability/oips/oips090928.pdf>

Copies of the *Report* are available on the Bank's website:

<http://www.bankofengland.co.uk/publications/Documents/psor/psor2012.pdf>

The Bank published a consultation draft of its proposed approach to the supervision, from 1 April 2013, of financial market infrastructures in December 2012

(<http://www.bankofengland.co.uk/publications/Documents/news/2012/nr161.pdf>) and will publish a final version later this week.