



BANK OF ENGLAND

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The Bank of England's supervision of financial market infrastructures – Annual Report

The Bank of England's supervision of financial market infrastructures – Annual Report is published today.

The report provides an account of how the Bank has exercised its responsibilities in respect of financial market infrastructure supervision. It is the first such report since the Bank assumed new responsibilities for central counterparties (CCPs) and securities settlement systems in April 2013 and replaces the previous annual report on its supervision of payment systems last issued in March 2013.

Since assuming responsibility for the supervision of CCPs, the Bank has devoted a significant part of its supervisory effort to examining a number of key elements of CCPs' financial risk management. Over the past year, UK CCPs have introduced new and enhanced margin models as well as making a number of other improvements to their risk management arrangements. Additionally, all UK CCPs have now introduced arrangements to manage clearing member default losses that exceed their pre-funded resources.

Also over the past year, the UK retail payment systems Bacs and FPS have developed plans to eliminate settlement risk through participants prefunding their payments with cash held at the Bank of England. Implementation is expected by the end of 2014.

Finally, the Bank has been working, together with other UK authorities, towards meeting the recommendation of the Financial Policy Committee (FPC) to assess, test and improve the resilience of core parts of the UK financial sector to cyber attack.

The report also sets out issues the Bank expects to focus on over the coming year and how it has worked with the FCA and other regulatory authorities.

Key Resources

 [The Bank of England's supervision of financial market infrastructures - Annual Report \(574KB\)](#)

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