
Financial Stability Review—a profile of the new publication

In addition to its role in maintaining the integrity and value of the currency, the Bank aims to maintain the stability of the United Kingdom's financial system and to promote the effectiveness of the financial services industry.

Against that background, the Bank, in association with the Securities and Investments Board, launched a new publication, the *Financial Stability Review*, at the end of October. The *Review* will highlight developments, whether in the United Kingdom or overseas, which might affect the stability of the financial system. It will also promote the latest thinking on risk, regulation and market institutions, as well as providing a forum in which ideas about regulatory change can be debated dispassionately.

As well as carrying articles by staff from the Bank and the Securities and Investments Board, the *Review* will include contributions by risk practitioners, management of financial institutions, academics and others with an interest in the financial sector. It will also contain a regular feature describing major regulatory developments in the United Kingdom and overseas.

In the first issue:

Culture of regulation—successful supervision depends not only on having the right rules and tools, but also on getting the culture right. The Deputy Governor of the Bank of England looks at the lessons from the Bank's recent review of supervision.

Building society conversions—a number of major building societies are becoming banks. This article looks at the background to this development, the mechanics of changing status, and implications for the Bank of England as supervisor.

The SIB review of the metals markets—the London Metal Exchange (LME) is the largest exchange trading metal derivative contracts. The Securities and Investments Board is currently carrying out a review of the metals markets. John Mackeonis of the SIB describes how the LME differs from other investment exchanges, and explains the main regulatory issues under discussion.

Electronic money: public policy issues—many types of 'electronic money' are under development, promising more

convenient and efficient ways for consumers to pay, but also with potential risks.

Rating sovereign risk—Christopher Huhne, the Managing Director of sovereign ratings at IBCA, describes the risks in sovereign lending, and how rating agencies try to measure them.

Deposit protection and bank failures in the United Kingdom—bank failures are usually big news. But banks which have failed in the United Kingdom have mainly been small, with a low payout from the Deposit Protection Fund. This article looks at the weaknesses which were found to be present in a sample of bank failures since the Deposit Protection Scheme was established in 1982.

International regulatory co-operation—banks and securities firms are becoming more global, and the distinction between their business more blurred. What practical steps should be taken to ensure that regulatory arrangements for internationally active financial groups keep pace with changes in global finance?

CREST: its recognition and approval—the United Kingdom's new equity settlement system was launched on 15 July 1996. Brian Smith of the SIB explains why the design and implementation of CREST posed issues for regulators.

Bancassurance: European approaches to capital adequacy—banks and insurance companies are increasingly getting involved in each other's business. What capital treatment is appropriate for the banks?

From November 1996, the *Financial Stability Review* may be obtained from the Bank at a cost of £10 for a single copy (£5 for students). Subscriptions can be purchased for calendar year 1997 for £18 (£9 for students), which will cover two issues plus a copy of the *Banking Act Report*. An extra charge will be made to overseas subscribers to cover postage and packing. All enquiries regarding subscriptions should be addressed to Subscriptions, Financial Stability Review, Bank of England, London EC2R 8AH (Tel: 0171-601 5191). Back issues will also be available from the same address.