



HM TREASURY

Recognition Order

The Treasury:

- having complied with the requirements of section 186(1) of the Banking Act 2009 ("the Act") (including the requirement to notify CHAPS Clearing Company Limited in accordance with section 186(1)(b)); and
- having had regard to the factors specified in section 185(2) of the Act,

are satisfied that the recognition criteria specified in section 185(1) of the Act are met in respect of the inter-bank payment system specified in point 1.

Accordingly, the Treasury make this Recognition Order in exercise of the power conferred by section 184(1) of the Act.

1. SYSTEM SPECIFIED AS A RECOGNISED SYSTEM FOR THE PURPOSES OF PART 5 OF THE ACT:

CHAPS

2. ARRANGEMENTS CONSTITUTING THE RECOGNISED SYSTEM:

The system consisting of the formal arrangements and the standardised arrangements designed to facilitate or control payments to or from the members of CHAPS. These arrangements include:

- the CHAPS Rules;
- the infrastructure utilised to facilitate or control payments to or from the members of CHAPS.

SIGNED:

Tony Cunningham

Frank Roy

Two of the Lords Commissioners of Her Majesty's Treasury

DATE OF RECOGNITION: 5th January 2010

Notes

These notes do not form part of the Recognition Order

1. CHAPS provides real time gross settlement for sterling payments in the UK. CHAPS is generally used to make transfers of sterling between banks but is also used by businesses for business to business payments and by individuals purchasing high value items such as cars and houses. In 2008 CHAPS processed on average £280.7 billion payments by value and 136,196 payments by volume per day.¹
2. The Treasury are satisfied that the recognition criteria specified in section 185(1) of the Act are met by CHAPS, having regard to the factors specified in section 185(2) of the Act. The Treasury note, in particular, that at the time of recognition:
 - (a) CHAPS is one of the largest UK payment systems by total payment value;
 - (b) 29.9% of the total average payments by value effected through UK payment systems (referred to in the Bank of England's Payment Systems Oversight Report 2008) each day are processed through CHAPS;
 - (c) no other UK payment systems offer the real time gross settlement services provided by CHAPS;
 - (d) a number of payment systems (including CLS and the system operated as part of the LCH.Clearnet clearing house) use CHAPS' services; and
 - (e) the Bank of England uses CHAPS to make some payments as part of its monetary policy operations.
3. In accordance with section 186(1) of the Act, before making this Recognition Order, the Treasury consulted the Bank of England and notified the operator of CHAPS, CHAPS Clearing Company Ltd, and considered any representations made.

¹ *Payment Systems Oversight Report 2008*, Bank of England (April 2009).