



Level 8
1 Churchill Place
London

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christine.farnish@barclays.com

Banking Reform Consultation Responses
Banking Reform Team
HM Treasury
1 Horse Guards Road
London
SW1A2HQ

CC: FSA
Bank of England

By Email: banking.reform@hm-treasury.gov.uk

‘Financial stability and depositor protection: further consultation’ and ‘Financial stability and depositor protection: special resolution regime’ – Barclays Response

Barclays is grateful for the opportunity to respond to the consultation papers issued by the Tripartite Authorities and to participate in the important debate about the future regulation of the banking sector in the UK. This response sets out Barclays position on both ‘Financial stability and depositor protection: further consultation’ and ‘Financial stability and depositor protection: special resolution regime’.

We have also worked closely with the British Bankers Association on their responses and support the recommendations within these papers.

We have responded to your specific questions and policy proposals in an Annex to this letter, but would like to highlight a number of more general points.

As John Varley, Barclays Chief Executive, confirmed in his recent letter to the Chancellor, Barclays supports the Government’s aims regarding financial stability and depositor protection, and the principle of establishing a Special Resolution Regime (SRR). However, we have a number of concerns on the specifics.

Absolute clarity is needed on the respective responsibilities of the tripartite authorities. Great care is needed to ensure that the complex requirements to consult the other members do not lead to delays at a time when swift action is paramount.

A large quantity of the detail on the application of the SRR has been left to a Code of Practice. This Code must be published before the legislation is passed. It must be statutory and consulted on in full.

Financial stability powers must apply to all systemically important institutions, not just deposit takers. The Government should take time to ensure policy is relevant to all systemically important institutions.

We do not support the introduction of partial transfer as one of the SRR tools. If we fail to remove these provisions we risk seriously damaging one of the key pillars of London's competitiveness – contractual certainty under English law. We agree that there may be situations in which it is best to split a failing institution into smaller parts to be sold or wound down separately. But if this is to be done in an orderly fashion the authorities must first take control of the whole institution. We would suggest that the Bill is introduced without these powers. Alternatively the Bill could be constructed to enact in stages, so further detailed consideration can be given to the partial transfer question.

We support giving the FSCS access to the National Loans Fund, but continue to oppose the introduction of powers to introduce pre-funding. We also believe that the issue of how we fund depositor compensation must be separated from the issue of paying for the operating costs of the SRR. Further discussion is needed regarding funding the SRR.

Regarding payment systems, we believe there should be a presumption of recognition by HM Treasury for all payment systems that settle at the Bank of England. Any further changes to payments regulation must consider the globally interconnected nature of modern payments systems and be coordinated with foreign authorities.

We support moves to give the Bank of England statutory responsibility for financial stability. We also support the formation of a Financial Stability Committee, changes to the Court and changes to the procedure for future appointments.

We would have welcomed a greater degree of dialogue between the authorities and the industry over the summer months. We hope that lines of communication will remain open over the critical coming months.

The proposals put forward in these two papers are primarily focused on managing difficulties in a UK based institution without significant overseas businesses. It is important to consider the international aspects of financial stability and we welcome the publication of 'Financial Stability and Depositor Protection: Cross-border Challenges and Responses'. We will study this paper and detail and provided further comment where appropriate.

If you have any questions about our response, please do not hesitate to contact me directly.

Yours sincerely

Christine Farnish

Public Policy and Sustainability Director
Tel: 020 7116 6094
Email: Christine.Farnish@barclays.com

BARCLAYS RESPONSE TO 'FINANCIAL STABILITY AND DEPOSITOR PROTECTION: FURTHER CONSULTATION' AND 'FINANCIAL STABILITY AND DEPOSITOR PROTECTION: SPECIAL RESOLUTION REGIME'

Barclays supports the Government's aims regarding financial stability and depositor protection, and the principle of establishing a Special Resolution Regime.

CHAPTER 2 - STABILITY AND RESILIENCE OF THE FINANCIAL SYSTEM

Barclays is supportive of the work being undertaken within the EU on the ECOFIN Roadmap. However, this work needs to be consistent with developments in other international forums.

We welcome the strengthening of the role of the college of supervisors and the home country supervisor but caution that a distinction needs to be made between daily prudential supervision and crisis management.

We have concerns regarding the Commission's proposed revisions to the Capital Requirements Directive, especially on large exposures and securitisation. These amendments go beyond mere technical revisions and could have a fundamental impact on the functioning of the market. More work needs to be done, including increased dialogue with industry, to clarify an appropriate approach that will sustain liquidity, innovation and the EU's competitiveness.

The proposals on liquidity and risk management need to be consistent with the work of the Basel Committee.

CHAPTER 3 - REDUCING THE LIKELIHOOD OF BANK FAILURE

New Regulatory Powers

It is vital that efforts to maintain financial stability are focused on preventing a failure rather than on how an institution should be managed once it has failed. We applaud the FSA for considering its own role in maintaining financial stability and support the FSA's supervisory enhancement programme.

At a high level we agree that the Tripartite Authorities must have access to all the data they require and be able to share relevant data between themselves. However, it is important to recognise that providing data can be expensive and time consuming. We would expect the Authorities to ensure that any data requested is essential.

To ensure good quality data is available swiftly, the FSA must set out the types and forms of data it expects will be needed so that institutions can alter their systems accordingly. If systems are not correctly aligned it may be difficult or impossible to provide the requested data swiftly. If data is required at short notice, quality can be sub-optimal. Much of this data will be commercially sensitive, so great care must be taken when data is shared to ensure it remains secure.

It is right for the FSA to consider what more can be done to combat market abuse, but we remain to be convinced that it requires additional powers to do so given their range of existing powers and the acquisition of special prosecutor status.

Liquidity Support

We support giving the Bank of England statutory immunity from liabilities in damages arising from carrying out its responsibilities in relation to financial stability and other central bank functions. We also support taking steps to allow the Bank to realise collateral deposited with it more effectively.

We believe that building societies should, as far as possible, have the same rights and responsibilities as banks. We support moves to allow building societies to grant floating charges to central banks.

Regarding the Bank of England's weekly return, it is vital that the Bank of England chooses a consistent response; it should not suspend publication temporarily during a crisis. There is a need to keep official support confidential for a period. The Bank Return could be amended so that support does not have to be shown, even as "other assets". Alternatively a sufficiently long time lag could be introduced.

We support the Government legislating so that any charges granted to a central bank will be exempt from registration at Companies House.

We support changing the Disclosure and Transparency Rules to clarify that an issuer in receipt of liquidity support from a central bank may have a legitimate interest in delaying disclosure of that fact.

3.1) The Authorities are seeking views from respondents on the extent that contractual provisions, such as those set out above may prevent the Authorities from taking appropriate action; and the merits of the two approaches set out above.

In common with other financial institutions, it is Barclays policy to avoid entering into contracts which include negative pledges and similar restrictive covenants. Whilst some remain historically, they are overly restrictive and limit flexibility and are not required by investors in Barclays paper. We would be open to negative pledges being restricted through regulation or guidance.

Before any powers to override existing contractual provisions are introduced, it must be clear which contractual provisions will be affected. The coverage should be kept to a minimum – the fewer changes made the better to ensure we retain contractual certainty between parties within English Law.

Oversight of Payment Systems

Barclays fully supports moves to give the Bank of England statutory responsibility for the oversight of payment systems.

3.2) Are the criteria as set out, the right criteria and will they provide sufficient flexibility as payment systems evolve overtime?

and

3.3) Is there a preferred method for recognising payment systems?

We believe that there should be an automatic presumption of recognition by HMT of all payment systems that settle their business over Bank of England accounts. There should be no other form of recognition criteria.

Currently some clearly systemically important systems are not recognised (e.g. BACS, Link and Cheque & Credit), whilst others (e.g. CHAPS) are. However all of these systems settle over Bank of England accounts, using the same liquidity funding. It is the process of accounting through the central bank that provides payment systems with finality, and therefore certainty and stability. Furthermore, settlement members' accounts at the central bank are a key measure and source of available liquidity to meet commitments to payment systems. Consequently, we do not consider any other form of recognition criteria is as important or relevant.

Where payment systems and providers, such as Western Union and PayPal, operate to a different model, the incoming Payment Services Directive (PSD) sets out the prudential supervisory requirements for (non-credit) payment institutions. It is therefore difficult to see how the proposed criteria would be used, unless to supplement the PSD requirements. The criteria could be used to help determine whether payment systems should operate freely or need additional supervision, in order to protect users from risk of insolvency failure. It may also be appropriate for 'unrecognised' systems to inform users if they carry higher risks and lower protection levels than other systems.

The Bank of England should introduce criteria for determining the level at which a payment provider must become a full settlement member of any recognised payment system rather than operate via a third party. This will prevent unsustainable risk being introduced or carried by a sponsoring settlement member. This is likely to be a two-tiered, market percentage based approach¹.

There are significant global cross-dependencies with the payment systems of other G10 countries. The lack of a common and co-ordinated approach across G10 countries could have far reaching consequences if a major global institution has liquidity issues and decides which currency settlements take priority. This would enable global institutions to exploit differing regulatory approaches and prefer one settlement to the disadvantage of another. Alternatively, UK institutions and authorities could find themselves disadvantaged if other authorities place a global institution in special measures and utilise the firm's liquidity and/or collateral for their own benefit, by taking advantage of differences in time-zone.

¹ This will require direct membership when either the indirect member individually or the sponsoring member together with sponsored member(s) create a level of settlement market share that is inconsistent with prudential risk management and/or competition principles

3.4) Do you agree that the indicative list in paragraph 3.48 includes all the relevant payment systems which are of systemic or system-wide importance?

See above – we believe that there should be a regulatory presumption to recognise all payment systems, unless there are good reasons not to recognise a system. We cannot conceive of any reasons why the authorities would not want to recognise a payment system that settled over Bank of England accounts. Those payment systems that did not settle over central bank accounts are likely to be small scale and fall into the category of being a payment institution, within the meaning of the incoming Payment Services Directive, which provides authorisation criteria for such operations.

3.5) Are the powers, as set out above, necessary and appropriately graduated?

Most of these powers are already available to the authorities. However we think there are some additional powers that could be helpful:

- Power to set membership criteria, including minimum levels of collateral, credit rating, operational competency, and audit requirements.
- Greater focus on strategic architectural competency (common or interoperable technology and messaging infrastructures) between settlement institutions and the central bank (locally and globally), to better manage liquidity risks and costs. This would simultaneously give settlement banks the visibility and capability to manage their own liquidity exposure risks and minimise their liquidity costs. This would enable a more co-ordinated and joint approach and possible joint response to any operational or credit difficulties, at an earlier stage, potentially preventing or minimising later difficulties.
- Power to determine, through agreed and transparent criteria, whether an institution must be a direct member of a payment system. The criteria would also need to set out the steps for an institution to follow if it wanted or needed to transition from one category to the other because its level of business activity had changed.
- Power to set minimum regulatory requirements for non-recognised systems, including cash limits and consumer/user protection.

CHAPTER 4 - REDUCING THE IMPACT OF A FAILING BANK

Special Resolution Regime

Barclays supports the creation of a Special Resolution Regime and we remain broadly supportive of the new powers suggested in ‘Financial Stability and Depositor Protection: Special Resolution Regime’.

However, insufficient detail is available about the operation of the SRR and we are concerned about the proposed legislative timetable. It is proposed that significant amounts of detail regarding the SRR will be postponed to secondary legislation and a Code of practice. Any secondary legislation and the Code of practice setting out how the authorities will use the SRR tools must be published and consulted upon in advance of any legislation entering Parliament. The Code itself must be put on a statutory footing. If there is delay between passing primary and secondary legislation or if the proposed Code is non-statutory, legal

uncertainty will arise. If counterparties cannot receive clean legal opinions regarding certainty of contracting with UK banks, there will be a negative impact on the ability of banks to raise funds. We are concerned that the objectives of the SRR do not refer to operating with economic efficiency. It is important that the authorities consider the cost of action to both the financial sector and the wider economy.

We remain wholly opposed to the idea of a partial transfer of assets. We agree that there may be situations in which it is best to split a failing institution into smaller parts to be sold or wound down separately. But if this is to be done in an orderly fashion without damaging important principles of English law, the authorities must first take control of the whole institution. The industry as a whole has grave concerns regarding the impact of the proposals especially regarding netting agreements, collateral, and the suspension and variation of creditors' rights. The proposals could impact capital requirements and a bank's ability to raise funds. In addition, the proposed partial transfer powers do not address how these powers would apply to international groups or to the universal banking model.

In the case of Barclays, many of the retail banking, commercial banking and investment banking activities are carried on within the same legal entity - Barclays Bank PLC. The commercial and legal uncertainty created by the partial transfer proposals may require Barclays to separate legally its deposit taking activities from its investment banking activities so that those contracting in an investment banking capacity can do so without fear that their contractual rights might be negated. The impact would be similar to the US Glass-Steagall legislation which required separation of banking activities. Such a division would take years to execute due to the complex regulatory, tax and other analysis required and would be costly

There will be a serious impact on capital requirements if the partial transfer powers mean that claims in netting agreements have to be measured gross rather than net. A qualifying financial contract (QFC) approach has had limited success in the US – but this is far from an easy solution. There will also be an impact on capital requirements if the possibility of interference in collateral/security arrangements and partial transfers raises Loss Given Default (LGD) calculations.

We believe these concerns can all be addressed by removing the power to make a partial transfer. If HMT fail to remove these provisions we risk seriously damaging one of the key pillars of London's competitiveness – contractual certainty under English law. If the Authorities nevertheless feel that partial transfer powers are needed we believe that a large amount of further work on the detail will be required. We would suggest that the SRR Bill is introduced without these powers. The Bill could be constructed to enact in stages, so further detailed consideration can be given to the partial transfer question.

We agree that the SRR must cover building societies as well as banks, but further consideration is still needed on what the scope of the SRR should be. This needs to cover how it will impact UK incorporated banks' overseas branches; overseas banks' UK branches; holding and sister companies; and where vital/integral services are provided by a separately incorporated entity (e.g. Abbey's previous relationship with ANTS providing Treasury services).

4.1) The Authorities would welcome views on the most appropriate ways to deal with other relevant entities in investment banking groups with the aim of helping to maintain financial stability.

The assessment of whether a financial institution should be subject to the financial stability regime should be based on the systemic importance of the institution rather than whether or not it takes deposits. This means that the authorities need to be clear about the identities of such firms, even if they then keep this confidential, and ensure an appropriate day-to-day supervisory regime is applied to these institutions. Institutions that are likely to fall into this category are the US investment banks, exchanges and clearing houses. Systemically important institutions are not always banks. This means that the authorities may need powers that extend beyond the banking sector.

We believe that at a high level the tools required to manage any failing financial institution are broadly similar to the SRR powers already set out - new management, financial support, forced sale (as was the case with Bear Stearns), bridge bank, nationalisation etc. However, each additional institutional type covered will create unique challenges for the successful use of the SRR tools. As this has not yet been considered in detail the government should take the time necessary to ensure the legislation implementing the SRR is applicable to all relevant institutions.

4.2) Do you agree with the roles for the Authorities for the triggering and operation of the special resolution regime?

We believe that absolute clarity is needed on the roles and responsibilities of the tripartite authorities. The process set out should recognise the fast-moving nature of many financial crises and the essential need for speedy action. As Northern Rock shows, crises need to be dealt with swiftly to prevent further repercussions.

We believe:

- The FSA should be solely empowered to trigger the SRR.
- The Bank should run the SRR. It should have limited delegated authority to use public money in that it should be able to commit its own balance sheet without HMT authority, provided that there are no wider implications for the taxpayer.
- Decisions that have implications for the taxpayer including the wider commitment of public funds beyond the Bank's own funds, public ownership or the UK's compliance with international obligations, should be made by the Treasury.

There will often not be time for detailed consultations. By introducing a statutory requirement to consult, case law suggests that the authority in question may have to meet the following four requirements. These would seriously hinder their ability to act swiftly:

- The consultation must be at a time when proposals are still at a formative stage.
- The entity making the proposal must give sufficient reasons for the proposal in order to permit intelligent consideration and response by the parties who are being consulted.
- Adequate time must be given for consideration and response.
- The output of the consultation must be conscientiously taken into account in finalising proposals.

4.3) Respondents' views are sought on the practical considerations involved in developing an SRR.

Speed and decisiveness of execution are the keys to success. Experience shows that early resolution tends to be less expensive in the longer term, but may nevertheless require the commitment of public resource in order to ensure that transfers of ownership are successful (e.g. Bear Stearns) or that firms are quietly and calmly wound-up (e.g. JMB).

Speedy and decisive action also tends to minimise issues around maintaining confidentiality and will give international regulators certainty about how the interests of the wider institution are being treated. This means that their interventions are likely to be more measured.

The need for speed suggests that the authorities should conduct detailed scenario planning and develop generic plans for how they would operate a forced transfer of ownership; the creation of a Bridge bank; and bringing an institution into temporary public ownership. The authorities should agree which of these they would typically apply to the banks that they supervise. The final decision about which tool to use would depend on the circumstances of the individual failure, but this would allow the authorities to think through the issues involved in using the SRR tools. It may also allow some discussion with international partners.

4.4) What would be the best way to calculate the hypothetical net cost of depositor compensation payments, including the estimation of the recovery rate?

We oppose the proposal that the FSCS should fund the SRR. The issue of how we fund depositor compensation should be separated from the issue of paying for the operating costs of the SRR. We believe that whatever changes are made to the FSCS it must remain a specialist in depositor compensation with absolute clarity in its role and responsibilities. We believe that it is also presentationally important for maintaining public confidence that the FSCS is seen as being dedicated to the consumer, and not as a more general financial stability fund.

We understand the Bank of England's desire to secure funding for the SRR beyond the assets of the failed bank. The banking industry already pays for the Bank through Cash Ratio Deposits (CRDs). However, once the pre-funding issue has been resolved we are happy to discuss separate funding options for the SRR in more detail. However, the situations in which the industry will be required to support the SRR need to be clearly set out – with absolute clarity on who will take first losses. It would not be appropriate for other banks to protect investors and others that have chosen to take on risk.

The calculation of net cost is impossible with any certainty, as this is dependent on recoveries which will depend heavily on circumstances. Recoveries can take a long time – as long as the longest dated loan on the bank's books. It is unlikely therefore that the calculation will be made speedily.

Contingency plans for indirect members of Payments systems

Developing contingency plans for switching sponsoring settlement banks will create a significant quantity of redundant capacity and cost.

We are aware that the Bank has ‘invited’ certain large institutions in one system (CHAPS) to become direct members rather than continue as sponsored indirect or agency members. This was because of the volumes and values of payments made by the indirect or agency banks and the consequential risks brought to both the sponsor and the system. We therefore believe that in addition to considering contingency issues for indirect members, the authorities should also consider criteria for determining whether an institution has to be a direct settlement member.

Financial Collateral Agreements

There is insufficient detail for us to be able to comment. However, as a point of principle we would oppose the introduction of legislation to implement policy that has not yet been decided.

CHAPTER 5 - EFFECTIVE COMPENSATION ARRANGEMENTS FOR DEPOSITORS

We continue to believe that insolvency and compensation is an appropriate tool to manage the failure of a systemically important institution or an institution integral to the payments system. For systemically important institutions the SRR must be used to sell the institution, create a bridge bank or nationalise the failing institution to avoid causing major damage to financial stability and consumer confidence.

Compensation Limit and Coverage

We await the FSA’s forthcoming consultation on FSCS compensation coverage and limit with interest. We remain to be convinced that raising the compensation limit beyond £35,000 will have a significant effect on consumer confidence.

We favour retaining compensation by regulated institution. A move to by brand, whilst superficially appealing, would create operational difficulties for the FSCS. It will prove difficult to create a legal definition of ‘brand’ which consumers would recognise in all cases. What consumers consider to be a brand may fail to meet legal criteria. It may also lead to the creation of additional brands by institutions to increase coverage for their consumers. We would not support compensation by account as it would in effect offer near infinite coverage, create moral hazard and risk increasing systemic instability.

We continue to believe that an industry solution can be found to cover temporary balances above the compensation limit. We are working with the BBA and FSA on this issue. As bank recovery rates have historically been very high (even BCCI had an eventual recovery rate of 81%), it is likely that most customers would in time get the vast majority of their deposits back.

Faster Payout

We agree that depositors should receive compensation payments as rapidly as possible. However, we do not believe that a one week target is achievable. The balance sheets of major banks will take about this length of time to settle. For accounts that are used to make everyday purchases, a one week delay is both too short (balances potentially fluctuate as

payments clear and payments are potentially returned), and too long (the monies are needed for essentials).

Even if it were possible to make a one week payment, it would not be possible for the banking system to absorb all the customers of a major bank in terms of account opening, provision of debit cards, transfer of direct debits and standing orders etc. Banks maintain a certain amount of spare capacity to accommodate new customers and those transferring from other banks, but this would be quickly exhausted. Normal banking services to existing customers may well grind to a halt under the strain of trying to reallocate all these customers.

Whilst all customers will be seriously inconvenienced by even one week without access to their account, many will have multiple financial relationships that can help alleviate these issues (whether that is separate savings or current accounts or a credit card). However a significant proportion will have no other access to funds and as such there will be a disproportionate impact on certain groups. For example:

- Those on state benefits or very low incomes may not have sufficient alternative sources of funds to purchase basic essentials such as food.
- Customers on pre-payment meters for gas and electricity which automatically cut off supply.
- Customers reliant on travel may not be able to purchase petrol or public transport tickets.
- Those overseas at the time of the failure may not have access to secondary sources of funds and will also be hampered by lack of access to information.
- Customers who were relying on savings for a large purchase – e.g. buying a home, school fees.
- Customers who were reliant on an agreed line of credit – e.g. their overdraft or credit card.

This reinforces the point made above that the authorities should not use the compensation tool to deal with a bank that has significant volumes of payments business. Instead, one of the other SRR tools should be used to allow the infrastructure of the failing bank to be used and to allow consumers continuous access to their funds (as has been the case with IndyMac in the US). This is the best way to protect these vulnerable customers.

We are working closely with the BBA to create a system that would speed up payout by using existing infrastructure. The time it would take to complete all compensation payments would depend on both the size of the institution that has failed and the reason for its failure. Therefore, it is impossible to estimate how long it would take to make these payments even with this improved system.

Access to Information

We have no objection in principle to the FSA collecting data for the FSCS or the FSCS sharing this data with the Bank of England. However, any new information requirements should be set out and consulted on in full by the FSA.

Our understanding is that banks are in very different places in developing a single customer view. Barclays is still developing its systems, although this work is progressing well. Our experience is that it has been both time-consuming (several years) and expensive (tens of

millions). We understand that we are among the market leaders in this regard and some banks have yet to begin this process. If a requirement for a single customer view is introduced it must be sufficiently flexible to allow banks to use existing systems to best advantage and make the system changes that both meet the authorities' requirements and create commercial benefit.

Gross Payments

5.1) The Authorities would welcome further views on the best way of introducing gross payout when there are mutual debts.

We support moves to gross payout with the exception of overdrafts. However, this will require careful handling to avoid damaging the principle of set off. We would also urge the Government to keep the requirements as simple as possible, avoiding outcomes where the customer would have to repay compensation already paid.

FSCS Funding and Liquidity

5.2) The Authorities would welcome further views on a possible move to pre-funding and on the proposed legal framework for pre-funding and FSCS borrowing from the National Loans Fund.

Pre-funding

The structure of banking and the distribution of deposits between banks in the UK means that pre-funding is not appropriate, not as a matter of principle but because it would be an ineffective and a disproportionate response. We oppose pre-funding and we oppose the introduction of legislation to allow the introduction of pre-funding at a later date. If a decision on pre-funding is to be made in the future it must be consulted on in full and receive full legislative scrutiny.

Recent experience suggests that pre-funding of depositor protection arrangements does not increase consumer confidence sufficiently to stop a run on a failing institution. US depositors removed \$1.3bn over 11 days from IndyMac despite the FDIC's pre-funded compensation arrangements.

Given the manner in which UK deposits are concentrated in relatively few banks, the fund would have to be very large in order to be able to cover the failure of even a medium-sized bank. A fund of the size envisaged in the consultation paper, while representing a very significant contribution of capital, would barely cover half the retail deposits at Northern Rock and this point would be quickly amplified by the media.

We do not believe that the authorities can credibly maintain that they will allow the failure of a systemically significant UK deposit taker. The damage to the UK economy and its international standing would be catastrophic. The damage to public confidence in the financial system would be such that there could be significant second round systemic effects. If banks of this nature were to fail, the authorities will need to use different tools within the SRR.

Compensation should be the tool generally applied to minor or tertiary banks, which by their nature will have relatively low levels of eligible deposits. A post-funded scheme is appropriate for such circumstances.

It is vital that the authorities separate the issue of how we fund depositor compensation from the issue of paying for the operating costs of the SRR.

National Loans Fund

We fully support allowing the FSCS to borrow from the National Loans Fund to fund depositor compensation. Consumers will be more confident if they know that the FSCS is indefinitely supported by the National Loans Fund, to be repaid by the banking sector over time, than if they know there is an existing pot covering a small portion of their savings.

CHAPTER 6 - STRENGTHENING THE BANK OF ENGLAND AND TRIPARTITE CO-ORDINATION

Bank of England

We support moves to give the Bank of England statutory responsibility for financial stability. We also support the formation of a Financial Stability Committee, changes to the Court and changes to the procedure for future appointments. However we believe that the Bank of England should publicly consult on its detailed financial stability objectives and the remit for the Financial Stability Committee.

The Bank of England will need the resources (financial, skills and experience) necessary to discharge its financial stability functions. It will also need an action-oriented, execution-ready culture and deep insights into wider financial services markets. This represents a significant change and development of the Bank's current remit.

Improving Co-ordination Across the UK Authorities

It is vital that there is absolute clarity on the roles and responsibilities of the tripartite authorities. As previously noted the introduction of a statutory requirement to consult the other members of the tripartite authorities may seriously restrict the authorities' ability to act swiftly and decisively.

The authorities must have absolute clarity regarding the responsibility for communication. In times of crisis the authorities must speak with one voice. We would suggest that one of the authorities is designated lead communicator and all tripartite communications go via that outlet.

Barclays PLC
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