

**Lambeth, Dan**

---

**From:** Jim Buckley  
**Sent:** 17 April 2003 09:00  
**To:** 'FSMOD@hm-treasury.gov.uk'  
**Subject:** The financial system and major operational disruption: Cm 5751

FSM Team

The financial system and major operational disruption

I have been alerted to your consultation on this important issue by the Corporation of London and I have had the opportunity to read the paper and discuss it with colleagues in other City markets.

I think this is a very helpful approach by government to what is, quite clearly, an incredibly difficult area. The paper sets out many of those difficulties very clearly and prompts us in the City to think about what we are doing, corporately, to deal with such potential threats.

The way in which the paper is written seems to me to answer many of its own

questions: we need to be very cautious in this tricky area.

Overwhelmingly

the responses to major disruption must come from the markets themselves and

I find the consultation particularly useful in indicating that there might be high-level, enabling powers which would help practitioners at the time of

disruption. But the extent of those powers is very difficult to gauge and,

at this stage, my feeling is that government - at most - would not need to go further than tidying up the present arrangements for giving markets the broadest cover whilst they sort themselves out. This might be no more than

a power given to the Bank of England to declare some moratorium on settlements and similar activities for a very short period without direct intervention in the financial systems themselves. I suspect this stops short of the concept of a bank holiday since that would apply generally across the UK when it might not be necessary.

I am also particularly concerned that we in the City rely very heavily on telecommunications, and in large part fibre optic cables, to carry out our business. It is good that the Corporation of London is addressing the issue

of protecting these vital systems because, whatever legislative or other powers might in due course be put into place, without the communications infrastructure we will achieve nothing.

Thank you for the opportunity to offer these very brief and general comments on the paper.

Jim Buckley  
Chief Executive, The Baltic Exchange  
St Mary Axe  
London EC3 8BH