

FINANCIAL SERVICES ACT 2012

EXPLANATORY NOTES

COMMENTARY

Part 4 – Collaboration between Treasury and Bank of England, Fca Or Pra

Section 58: Duty of Bank to notify Treasury of possible need for public funds

511. *Subsection (1)* requires the Bank of England to notify the Treasury where it appears to the Bank that there is a material risk of circumstances arising in which public funds may be needed. *Section 65* provides for provision as to what the Treasury and the Bank regard as a “material risk” for these purposes to be included in a memorandum prepared by the Treasury, Bank and PRA.
512. The duty arises in three specified cases: where the Treasury or Secretary of State might reasonably be expected to regard it as appropriate to provide financial assistance to or in respect of a financial institution or institutions (*subsection (3)*); where it is reasonably to be expected that a power under Parts 1 to 3 of the Banking Act 2009 may be exercised and that the Treasury might reasonably be expected to regard it as appropriate to incur expenditure in connection with the exercise of that power (*subsection (4)*); or where the scheme manager of the Financial Services Compensation Scheme might reasonably be expected to request a loan from the National Loans Fund or other financial assistance from the Treasury in order to meet expenses of the Scheme (*subsection (5)*).