Exhibits

1.1 Control of foreign exchange dealing in the UK 10
1.2 Recommendations of the working group 17
1.3 The White Paper on Banking Supervision 34
1.4 Components of primary capital under the US/UK accord 41
1.5 Risk weights for on-balance-sheet items proposed under the US/UK accord 42
1.6 Conversion factors for off-balance-sheet items under the US/UK accord 43
1.7 Adjustments to be made to primary capital for calculation of the risk asset ratio (RAR) under the US/UK accord 45
1.8 Definition of capital included in the capital base under the BIS proposals 46
1.9 Risk weights by category of on-balance-sheet assets under the BIS proposals 47
1.10 Credit conversion factors for off-balance-sheet items under the BIS proposals 48
1.11 Credit conversion factors for interest rate- and exchange rate-related activities under the BIS proposals 49
1.12 The risk asset ratio methodology to be employed by banking regulators under the G10 capital accord of 1988 50
1.13 Transitional arrangements under the BIS proposals 52
1.14 Minimum standards for netting schemes set out in the Lamfalussy Report 53
1.15 Concessionary conversion factors which may be (temporarily) employed by banks adopting the original exposure method to calculate the loan equivalents arising from netted off-balance-sheet transactions 55
1.16 The expanded matrix of add-ons used from the end of 1995 by banks adopting the current exposure method to calculate the loan equivalents arising from non-netted off-balance-sheet transactions 56
1.17 Net replacement values 59
1.18 Primary loss allocations 60
Exhibits

1.19 The calculation of the capital charge for market risk under the internal models approach allowed, at national discretion, by the Basle Committee 67
1.20 The new RAR methodology to be employed under the Basle capital accord to accommodate market risk 72
1.21 Weighting factors to be employed in the calculation of general market risk capital charges for debt securities under the ‘maturity’ method 75
1.22 The Basle Committee’s proposed capital requirements for dealing with commodities risk 78
1.23 The Basle Committee’s principles for interest rate risk management 80
1.24 List of core principles for effective banking supervision 84
1.25 SRO structure under the Financial Services Act 1986 91
1.26 The Financial Services Act 1986 93
1.27 The structure of UK financial regulation pre-June 1998: a simplified model 96
1.28 The structure of UK financial regulation under the new Financial Services Act 97
1.29 Differences between the Basle agreement on capital adequacy assessment and the EC Directives on own funds and solvency ratios 105
1.30 The services covered by the ‘single passport’ under the Investment Services Directive 110
1.31 Alternative definition of own funds allowed, at national discretion, under the CAD 113
1.32 The RAR methodology employed by EU banking regulators since the implementation of the CAD on 1 January 1996 114
1.33 Differences between the EC and Basle Committee approaches to measuring and assessing market risk for firms engaged in investment business 115
1.34 BCCI: timetable of events 1972–98 121
1.35 BCCI: a comparison of suggested supervisory reforms 130
1.36 A summary of Lord Justice Bingham’s recommendations 132
1.37 The Bank’s response to the Bingham Report 133
1.38 The collapse of BFS and the Barings Group and its aftermath: a chronology of events 1986–98 136
1.39 Barings: the lessons to be learnt by the Bank according to the (independent members of the) Board 150
1.40 Arthur Andersen’s summary of recommendations 157
1.41 The proposed new organizational structure for S&S 160
2.1 S&S organogram (as at 1 March 1997) 208
2.2 List of institutions authorized as at 28 February 1998 216
2.3 The definition of ‘primary capital’ prior to the UK/US accord
2.4 Definitions of the ‘capital base’ and ‘adjusted capital base’ used by the Bank in assessing the capital adequacy of authorized institutions
2.5 The Bank’s approach to defining capital under the Own Funds Directive
2.6 The Bank’s approach to defining capital under the CAD
2.7 Risk weights applied to on-balance-sheet assets by the Bank pre-CAD
2.8 Potential credit exposure: proposed conversion factors for interest rate and foreign exchange rate contracts
2.9 Calculation of credit equivalent amounts: interest rate- and foreign exchange rate-related transactions
2.10 Credit conversion factors for off-balance-sheet risk applied by the Bank
2.11 The Bank’s treatment of interest rate- and foreign exchange rate-related instruments
2.12 Prudential return form (CAD1)
2.13 Capital requirements imposed under the CAD to deal with position risk
2.14 Scaling factors to be applied to net underwriting positions to derive the ‘reduced underwriting positions’ under the Bank’s proposals
2.15 Capital requirements imposed under the CAD to deal with settlement risk
2.16 Capital requirements imposed under the CAD to deal with counterparty risk
2.17 Capital requirements imposed under the CAD to deal with large exposures risk arising from intermediaries’ trading book business
2.18 Capital requirements imposed under the CAD to deal with foreign exchange risk
2.19 The new RAR methodology to be employed by UK-incorporated banks under the CAD
2.20 SLR1 form
2.21 Procedures adopted in the assessment of liquidity adequacy for banks other than large UK retail banks
2.22 LR form
2.23 The S3 return
2.24 The treatment of large exposures under the CAD: calculation of the incremental capital requirements for excess exposures extant for more than 10 days
2.25 Revised large exposures return
2.26 Country debt provisioning matrix