

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Fourth Delegated Legislation Committee

DRAFT SCOTTISH BANKNOTE (DESIGNATION OF
AUTHORISED BANK) REGULATIONS 2017

Tuesday 5 December 2017

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Saturday 9 December 2017

© Parliamentary Copyright House of Commons 2017

This publication may be reproduced under the terms of the Open Parliament licence, which is published at www.parliament.uk/site-information/copyright/.

The Committee consisted of the following Members:

Chair: MR PETER BONE

- | | |
|--|--|
| † Blackman, Kirsty (<i>Aberdeen North</i>) (SNP) | † Lopresti, Jack (<i>Filton and Bradley Stoke</i>) (Con) |
| † Bowie, Andrew (<i>West Aberdeenshire and Kincardine</i>) (Con) | McGovern, Alison (<i>Wirral South</i>) (Lab) |
| Bradshaw, Mr Ben (<i>Exeter</i>) (Lab) | † Reynolds, Jonathan (<i>Stalybridge and Hyde</i>) (Lab/Co-op) |
| † Clark, Colin (<i>Gordon</i>) (Con) | † Ross, Douglas (<i>Moray</i>) (Con) |
| † Eagle, Maria (<i>Garston and Halewood</i>) (Lab) | † Smith, Jeff (<i>Manchester, Withington</i>) (Lab) |
| † Fernandes, Suella (<i>Fareham</i>) (Con) | † Stuart, Graham (<i>Beverley and Holderness</i>) (Con) |
| † Hardy, Emma (<i>Kingston upon Hull West and Hessle</i>) (Lab) | † Vara, Mr Shailesh (<i>North West Cambridgeshire</i>) (Con) |
| † Harrison, Trudy (<i>Copeland</i>) (Con) | |
| † Jones, Andrew (<i>Exchequer Secretary to the Treasury</i>) | Sean Kinsey, Laura-Jane Tiley, <i>Committee Clerks</i> |
| Lee, Ms Karen (<i>Lincoln</i>) (Lab) | † attended the Committee |

Fourth Delegated Legislation Committee

Tuesday 5 December 2017

[MR PETER BONE *in the Chair*]

Draft Scottish Banknote (Designation of Authorised Bank) Regulations 2017

2.30 pm

The Exchequer Secretary to the Treasury (Andrew Jones): I beg to move,

That the Committee has considered the draft Scottish Banknote (Designation of Authorised Bank) Regulations 2017.

From 1 January 2019, the largest UK banks must separate core retail banking from investment banking. That ring-fencing is an important Government reform that will support financial stability and benefit the whole UK economy. As the Royal Bank of Scotland makes structural changes to prepare for ring-fencing, the draft regulations amend part 6 of the Banking Act 2009 and move the authority to issue banknotes in Scotland from one legal entity within the RBS banking group to another.

This is a technical change so that RBS can continue to issue banknotes. It has been agreed with RBS, the Bank of England and the Financial Conduct Authority, and it did not attract any controversy during consultation. If the draft regulations are passed, they will enable the issuance of banknotes in Scotland by RBS to continue. I commend the draft regulations to the Committee.

2.31 pm

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): Thank you for calling me to speak, Mr Bone. The Opposition are aware that these changes come about as a result of the ring-fencing of the banks. They are surely a positive sign that financial institutions are on track to implement ring-fencing regulations, which we hope will build a more sustainable and robust financial system, on schedule in 2018. We therefore have no objections to the changes, provided that the issuing party remains consistent in future.

I have no other matters to raise, but I will just say that I have always believed that, as we are one country and one United Kingdom—that is the will of everyone in each part of the UK—we should surely take steps to ensure that Scottish banknotes constitute legal tender not just in Scotland but in England, Wales and Northern Ireland. However, that is a little beyond the remit of the draft regulations.

2.32 pm

Andrew Jones: I am very glad that there is support across the House for these regulatory changes. It is important that currency continues to be issued. We have three issuing banks in Scotland and four in Northern Ireland, reflecting the financial history of those important parts of the United Kingdom. I hope that we can get the regulations in place without delaying Members too much further.

Question put and agreed to.

2.33 pm

Committee rose.