

JMB REVIEW COMMITTEE

First Meeting held on 14 December 1984

Present: The Governor
The Deputy Governor
Mr Cooke

Sir Peter Middleton
Mr Cassell
Mr Cobbold (Secretary)

1 Method of operation

The Committee agreed that it would seek to keep the use of written material to a minimum and would normally take oral evidence.

The Treasury representatives asked for copies of the statistical returns used by Banking Supervision Division and for summaries of our system of supervision and those of other major countries.

2 Projected timetable

It was agreed that the Committee should aim to have completed its report on changes to our system of supervision and the complementary report on possible amendments to the Banking Act by Easter.

The Committee agreed to reserve alternate Wednesday mornings from 9-10am for its meetings.

3 Subjects for discussion

All the subjects* listed on the agenda were felt to require consideration by the Committee. Methods of supervising internal control systems should also be considered.

It was agreed that Tony Wilson and Alan Hardcastle should be asked to meet the Committee as part of its consideration of the relationship between supervisors and auditors. It was suggested that the

* Relations with external auditors
Asset quality and inspection
Large exposures (Concentrations of Risk)
Parental support
Timeliness of data

Early warning systems
Adequacy and scope of data
Staffing and training in
Banking Supervision Division
Two-tier system

Committee should also consider the role played by non-executive directors and audit committees.

The subject of asset quality and inspection was felt to be fundamental as this related to the underlying philosophy of the present system of supervision.

It was agreed that the Committee should consider the sanctions used in other countries, short of revocation of deposit-taking authority, to deal with problems like late reporting.

4 Any other business

The Governor told the Committee that Price Waterhouse were most of the way through producing their report on JMB's loan book. They had been delayed by the bad state of the records. An interim report had been requested and the final report should follow quite quickly thereafter.

Sir Peter Middleton said that the Chancellor would make an oral statement to the House of Commons on Monday about the formation of the Committee.

5 Date and subject of next meeting

The Committee agreed to meet at 9 am on Wednesday 9 January to discuss Part 4 of the Bank's paper "Johnson Matthey Bankers: History, Analysis and Implications" and, if there was time, to consider the statistical information used by Banking Supervision Division.