



BANK OF ENGLAND

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14 January 2010

Stuart Allen

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Mr Williams

Via e-mail to request-24900-4d3afadc@whatdotheyknow.com

Dear Mr Williams

Thank you for your email dated 19 December 2009 in which you ask the following questions under the Freedom of Information Act 2000 ('Fol Act') in relation to banknotes issued by, or with the authority of, the Government of the Isle of Man:

- (1) Are these 'pound sterling' bank notes considered to form part of the currency base of the UK's sterling currency*
- (2) Any restrictions placed upon the Isle of Man as to the total value of banknotes that may be issued at any time*
- (3) Any restrictions placed upon the Isle of Man as to the designs of the island's banknotes*
- (4) Any requirement upon the island to back note issue with holdings of Bank of England notes or other securities*
- (5) Any obligation upon the United Kingdom to underwrite the value of banknotes issued by the island administration.*

May I first explain that the Isle of Man is a Crown Dependency. It does not form part of the United Kingdom ('UK') and has a high degree of domestic legislative and political autonomy.

Isle of Man currency is not legal tender in the UK and banknotes issued by the Isle of Man do not form part of the currency base of the UK's sterling currency. Under UK law there are no restrictions placed upon the Isle of Man as to the total value of banknotes that may be issued at any time or on

the design of notes issued. Moreover, under UK law, there is no requirement upon the island to back note issue with Bank of England notes or other securities. Nor is there any obligation upon the UK to underwrite the value of banknotes issued by the island's administration.

The issue of local currency in the Isle of Man is governed by the laws of the Isle of Man. You may wish to write to the Isle of Man government in respect of your questions regarding the application of Manx law. Their contact details can be found on their website at www.gov.im

Yours sincerely

A handwritten signature in blue ink, appearing to read 'S. R. Allen', with a stylized flourish at the end.

Stuart Allen

Deputy Secretary of the Bank