

Bank of England

Prudential Regulation Authority

The Prescribed Persons (Reports on Disclosures of Information) Regulations 2017

June 2022



Contents

Introduction	2
Disclosures	2
Appendices	6
Whistleblowing Case Examples	7
Useful Links	9

Introduction

1. The Bank of England ('the Bank'), of which the Prudential Regulation Authority ('PRA') forms a part of, are both Prescribed Persons as defined by Parliament under The Public Interest Disclosure (Prescribed Persons) Order 2014. The role of a prescribed person is to provide workers with an opportunity to make their public interest disclosure to a regulator, rather than their employer.

2. The Bank highly values the role whistleblowers can play to help us achieve our objectives and ensure that financial services are regulated effectively. Whistleblowing can provide a vital source of information which helps the Bank and PRA to identify risks to the firms we regulate by providing useful insights that we might not otherwise receive.

3. If you think a firm or individual is involved in wrongdoing within an area we regulate, and you want to report it confidentially, contact the Bank's whistleblowing team whistleblowing@bankofengland.co.uk, who will assign a dedicated case officer, listen to, and understand your concerns in full and provide advice and guidance to anyone who requires it. We do understand that the decision to disclose information can be difficult for an individual. Be assured that concerns which are raised, personal information, and any future communications will be treated in confidence.

4. Since April 2017, all 'Prescribed Persons' are required to report in writing annually on workers (whistleblowing disclosures) they have received. The report must be published within six months of the end of the reporting period. The report must contain, without including any information in the report that would identify a worker who has made a disclosure of information, or an employer or other person in respect of whom a disclosure of information has been made -

(a) the number of workers' disclosures received during the reporting period that the relevant prescribed person reasonably believes are -

- (i) qualifying disclosures within the meaning of section 43B of the Employment Rights Act 1996; and
- (ii) which fall within the matters in respect of which that person is so prescribed;

(b) the number of those disclosures in relation to which the relevant prescribed person decided during the reporting period to take further action;

(c) a summary of –

- (i) the action that the relevant prescribed person has taken during the reporting period in respect of the workers' disclosures; and
- (ii) how workers' disclosures have impacted on the relevant prescribed

person's ability to perform its functions and meet its objectives during the reporting period;

(d) an explanation of the functions and objectives of the relevant person.

Disclosures

In the Period 1 April 2021 to 31 March 2022 inclusive

(a)(i)	We received a total of 166 disclosures that have been subject to assessment against the Public Interest Disclosure Act 1998 ('PIDA') and discrete statutory requirements of the Bank and the PRA, to assess whether they are protected disclosures.
(a)(ii)	<p>We reasonably believed that 156 disclosures were protected disclosures within section 43B of the Employment Rights Act 1996 and subject to the Bank's and PRA's role as Prescribed Persons. The remaining 10 disclosures were not protected disclosures:</p> <ul style="list-style-type: none"> • 5 disclosures related to firms which are not regulated by the PRA or Bank (5 of which are regulated solely by the Financial Conduct Authority ('FCA'); • 3 disclosures related to firms which are regulated by the Bank but the issues fell outside of the Bank's or PRA's regulatory remit; and • 2 disclosures relate to individuals who do not identify or meet the definition of a whistleblower.
(b)	Regardless of the statutory basis of any disclosures, the information provided through the whistleblowing channel can contain vital information to further supervisory assessments. We therefore provided supervisory colleagues with all disclosures (protected and non-protected) to either consider, or for information purposes.
(c)(i)	<p>All protected disclosures were the subject of supervisory consideration, from which:</p> <ul style="list-style-type: none"> • 114 originated from the FCA; and • 42 were provided to both the PRA and FCA.
(c)(ii)	<p>Of the 156 protected disclosures that were subject to supervisory consideration:</p> <ul style="list-style-type: none"> • 4 disclosures contributed to significant regulatory or supervisory activity; • 20 disclosures provided intelligence, which were of prudential value; • 60 disclosures provided intelligence, but did not directly lead to any regulatory or supervisory activity; and • A further 72 disclosures are currently subject to ongoing supervisory assessment.¹ <p>Anonymised examples of the action taken in response to protected disclosures are included at the end of this Report.</p>

¹ Depending on the complexity, a whistleblowing disclosure may be subject to protracted assessment and engagement before conclusion of the case.

(d)	<p>An explanation of the functions and objectives:</p> <p>The Bank of England</p> <p>The Bank of England’s mission is to promote the good of the people of the United Kingdom by maintaining monetary and financial stability. The Bank of England is a prescribed person for:</p> <ul style="list-style-type: none">• the functioning of clearing houses (including central-counterparties);• administrating and overseeing SONIA, including calculation and publication;• payment systems and securities settlement systems;• the treatment, holding, and issuing of banknotes by the Scottish and Northern Ireland banks authorised to issue banknotes (and their agents);• the custody, distribution and processing of Bank of England banknotes under the Bank of England’s Note Circulation Scheme; and• the provision of a services relating to payment services. <p>Bank of England Intelligence and Whistleblowing Team Threadneedle Street London EC2R 8AH</p> <p>Tel: 020 3461 8703 Email: whistleblowing@bankofengland.co.uk</p> <p>The Prudential Regulation Authority</p> <p>The Bank of England Prudential Regulation Authority (PRA) regulates and supervises around 1,500 banks, building societies, credit unions, insurers, and major investment firms.</p> <p>The PRA has the general objective to promote the safety and soundness of the firms it regulates. It has a secondary objective to facilitate effective competition between firms.</p> <p>In relation to insurers, it has an additional objective, to contribute to securing an appropriate degree of protection for insurance policyholders.</p> <p>The PRA is a prescribed person for matters relating to the carrying on of deposit-taking business, insurance business, or investment business, and the safety and soundness of persons authorised for such purposes.</p> <p>Bank of England Intelligence and Whistleblowing Team Threadneedle Street London EC2R 8AH</p> <p>Tel: 020 3461 8703 Email: whistleblowing@bankofengland.co.uk</p>
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Appendices

1 Whistleblowing Case Examples **7**

2 Useful Links **9**

Whistleblowing Case Examples

The following anonymised examples are based on cases managed by the Bank's whistleblowing team.

Bank

- Data policy breaches.
- IT system failures and inadequacy of technical support.
- Poor speak up culture with staff unable to voice concerns through fear of detriment.

Action Taken: The whistleblower's concerns provided PRA Supervision with key context which corroborated existing supervisory assessments. The whistleblower's information was discussed at the Periodic Summary Meeting and was merged within the annual feedback letter to the firm. The whistleblower's disclosure was central in ensuring regulatory compliance, which will be subject to PRA monitoring.

Credit Union

- Poor governance, where key information provided to the board misrepresented the firm's capital position.
- A culture of bullying and intimidation.

Action Taken: The whistleblower's allegations corroborated key issues known to PRA supervision through firm engagement. The concerns were discussed with a third party who are conducting a review of the firm, whilst ensuring the confidentiality of the whistleblowing process. The whistleblower's information was significant and provided the reviewer with further investigative opportunities.

Bank

- Conflicts of interests that resulted in wrongdoing by senior management.
- Poor governance and risk/controls.
- Inadequate whistleblowing function.

Action Taken: The whistleblower's disclosure allowed the PRA to discuss their concerns with senior individuals, whilst ensuring confidentiality was maintained. The reported concerns contributed towards remediation on specific business functions and were effective in improving the firm's Speak Up culture, by restoring confidence in the internal whistleblowing procedure. The PRA is continuing to engage with the firm to ensure full compliance.

Insurance Firm

- Systemic underestimation of the firm's Capital/Solvency position in regulatory reporting requirement.
- A deliberate lack of action by senior management to resolve this issue.

Action Taken: The PRA were able to confidentially raise the whistleblower's concerns to third parties who were investigating the firm's capital position. The whistleblower's concerns were key in ensuring the firm undertook a review of its risk processes and initiated a remediation programme. The PRA continue to engage with senior individuals at the firm to verify the programme's progress.

Useful Links

Employment Rights Act 1996:

<https://www.legislation.gov.uk/ukpga/1996/18/contents>

Public Interest Disclosure Act 1998:

<https://www.legislation.gov.uk/ukpga/1998/23/contents>

The Prescribed Persons (Reports on Disclosures of Information) Regulations 2017:

<https://www.legislation.gov.uk/uksi/2017/507/regulation/5/made>

Whistleblowing: list of prescribed people and bodies:

<https://www.gov.uk/government/publications/blowing-the-whistle-list-of-prescribed-people-and-bodies--2/whistleblowing-list-of-prescribed-people-and-bodies>

Whistleblowing Prescribed persons guidance - Annual reporting requirements:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/604935/whistleblowing-prescribed-persons-guidance.pdf

Whistleblowing and the Bank of England:

<https://www.bankofengland.co.uk/whistleblowing>

PRA Supervisory Statement 28/15: 'Strengthening individual accountability in banking', July 2018:

<https://www.bankofengland.co.uk/prudential-regulation/publication/2015/strengthening-individual-accountability-in-banking-ss>

PRA Supervisory Statement 35/15: 'Strengthening individual accountability in insurance'

<https://www.bankofengland.co.uk/prudential-regulation/publication/2015/strengthening-individual-accountability-in-insurance-ss>

PRA Supervisory Statement 39/15: 'Whistleblowing in deposit-takers, PRA-designated investment firms and insurers', July 2018:

<https://www.bankofengland.co.uk/prudential-regulation/publication/2015/whistleblowing-in-deposit-takers-pra-designated-investment-firms-and-insurers-ss>