

Bank of England PRA

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

June 2023



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Introduction

1. The Bank of England (the Bank), of which the Prudential Regulation Authority (PRA) forms a part, 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 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 2022 to 31 March 2023 inclusive

(a)(i)	We received a total of 197 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 189 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 eight disclosures were not protected disclosures:</p> <ul style="list-style-type: none"> • five disclosures related to firms which are not regulated by the PRA or the Bank (three of which are regulated solely by the Financial Conduct Authority (FCA)); • one disclosure related to firms which are regulated by the Bank, but the issues fell outside of the Bank's or the PRA's regulatory remit; and • two disclosures related 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"> • 145 originated from the FCA; and • 40 were provided to both the PRA and FCA. • four were provided to the PRA but were not disseminated further.
(c)(ii)	<p>Of the 189 protected disclosures that were subject to supervisory consideration:</p> <ul style="list-style-type: none"> • three disclosures contributed to significant regulatory or supervisory activity; • nine disclosures provided intelligence, which were of prudential value; • 107 disclosures provided intelligence, which was retained for future reference but not currently actionable; and • A further 70 disclosures are currently subject to ongoing supervisory

	<p>assessment.¹</p> <p>Anonymised examples of the action taken in response to protected disclosures are included at the end of this Report.</p>
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¹ Depending on the complexity, a whistleblowing disclosure may be subject to protracted assessment and engagement before conclusion of the case.

(d) An explanation of the functions and objectives:

The Bank of England

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:

- 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.

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Email: whistleblowing@bankofengland.co.uk

The Prudential Regulation Authority

The PRA regulates and supervises around 1,420 banks, building societies, credit unions, insurers, and major investment firms.

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.

In relation to insurers, the PRA has an additional objective, to contribute to securing an appropriate degree of protection for insurance policyholders.

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.

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Whistleblowing Case Examples

The following anonymised examples, which highlight reported concerns and actions taken, are based on cases managed by the Bank and the PRA's Whistleblowing Team.

Bank

- A culture of fear and intimidation, intended to subvert governance, where senior managers and subordinates were openly and unfairly challenged.
- High attrition rate where key staff were replaced with those less qualified and disinclined to challenge.
- GDPR compliance was ignored and potentially subject to breaches.

Using the whistleblower's information, supervisors visited the firm to address significant concerns, focussing on governance, culture and to understand controlling influences. Board members were challenged on their independent decision-making, risk mitigation around conflicts of interest and to provide reassurance on retention of employees. PRA supervisors scrutinised senior manager recruitment, by reviewing applications, conducting pre-approval interviews and continuing to ensure the firm developed an effective governance operating model.

Whistleblowing disclosures were central in this case, providing valuable information, which corroborated existing information and enabled the PRA to address areas of concern.

Credit Union

- Inability to maintain an accurate record of financial accounts.
- Responsible staff lacking relevant experience and unable to provide the board with accurate financial information.
- A lack of appropriate governance committees to supervise financial transactions.

We engaged with the board of directors, where individuals shared financial control concerns, corroborating the whistleblower's allegations. We advised the firm of our expectations, that regulated firms should be able to manage their own governance issues as per their own rules. On conducting a supervisory review, we did not identify areas indicating prudential instability. However, we continue to assess the firm's ability in meeting our expectations in a proportionate way, through supervisory engagement.

This case is an example of how whistleblowing information provide us with an opportunity to identify areas that may require further regulatory scrutiny and also allow us to reiterate our supervisory expectations of firms.

Insurance

- Controlling shareholder exercised undue operational influence.
- Staff unable to speak up on wrongdoing through fear of detriment.
- Outsourcing of key corporate functions without Board approval.
- Concerns over Solvency Capital requirements due to low liquidity ratios with over-reliance on Quota Share Treaties.

We coordinated meetings with UK/EU Regulators to jointly review the firm's systems and governance controls. Whistleblowers were able to voice their concerns to various regulators, whilst maintaining confidentiality. Significant concerns led to the firm being instructed to commission an independent review, which focused on specific key areas and will be the subject of continued regulatory oversight.

This case again demonstrated how whistleblowers can provide vital sources of information which significantly helps us to identify risks to the firms we regulate.

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 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', December 2021

<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', June 2021

<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>