



Barclays Bank PLC (FRN 122702)

IMPOSITION OF NEW REQUIREMENTS PURSUANT TO SECTION 55M(5) OF THE  
FINANCIAL SERVICES AND MARKETS ACT 2000

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WRITTEN NOTICE

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To: Barclays Bank PLC

Of: 1 Churchill Place  
Canary Wharf  
London  
E14 5HP

Firm Reference Number: **122702**

Date: 9 May 2018

**TAKE NOTICE: The Prudential Regulation Authority of 20 Moorgate, London EC2R 6DA (the “PRA”) has decided to take the following action.**

**ACTION**

1. Pursuant to a section 168(5) investigation into Barclays Bank PLC<sup>1</sup> (“Barclays” or the “Firm”)’s whistleblowing systems and controls, the PRA has identified some areas that require further strengthening. Following discussions between the PRA and the Firm, you, Barclays have made an application dated 9 May 2018 pursuant to section 55M(5)(a) of the Act. The PRA has decided to grant the application and imposes the following requirement on you, the Firm:

**REQUIREMENT**

- 1.1. The Firm must provide written confirmation for each of the calendar years 2018, 2019 and 2020 detailing and disclosing:
  - 1.1.1. the number of whistleblowing cases opened and/or investigated in the relevant year that involve allegations against a Senior Manager and/or Director of the Group (the “Subject”). For each case identified, Barclays must also provide the PRA with:

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<sup>1</sup> Prior to 1 April 2018, Barclays Bank PLC consisted of both the ring-fenced and non-ring fenced bank. Following structural reform on 1 April 2018, Barclays PLC is the holding company, Barclays Bank PLC is the non-ring fenced bank and Barclays Bank UK PLC is the ring fenced bank (together “the Operational Companies”). An investigation into Barclays Bank PLC refers to the legal entity prior to 1 April 2018.

- a) a written overview setting out the Subject's identity, the nature of the allegations made, the steps taken by Barclays to investigate the allegations, including the management oversight and reporting structure of that investigation, any conclusions reached and any resulting outcome; and
  - b) a copy of GCWT's records evidencing the matters in 1.1.1(a).
- 1.1.2. the number of instances in that year where the Group has sought to identify an anonymous Whistleblower. For each instance identified, Barclays must also provide the PRA with:
  - a) a written overview setting out the steps taken by it to follow the process set out in the Whistleblowing Policy in relation to identifying an anonymous Whistleblower; and
  - b) a copy of GCWT's records evidencing the matters in 1.1.2(a).
- 1.1.3. the number of instances in which a person has in that year alleged to the Group that, as a Whistleblower, they were the subject of retaliation or other detrimental action by the Group. For each instance so identified, Barclays must also provide the PRA with:
  - a) a written overview setting out the steps taken by it to investigate those allegations, the conclusions reached in that investigation and any resulting outcome; and
  - b) a copy of GCWT's records evidencing the matters in 1.1.3(a).
- 1.2. If in relation to a given instance/case Barclays is unable to provide all of the material required (e.g. as its investigations have not yet concluded), Barclays shall confirm the material it cannot provide and shall provide it as soon as reasonably possible.
- 1.3. The Firm must provide the PRA with a copy of the material set out above in paragraph 1.1 by 5pm on 31 March of the calendar year following the year to which that material relates.
- 1.4. The Firm must also attest by 5pm on 31 March of each of 2019, 2020 and 2021, that:
  - 1.4.1. it has complied fully with the requirements of paragraph 1.1 and the material provided thereunder in relation to the preceding calendar year is accurate and complete;
  - 1.4.2. its systems and controls in the preceding calendar year complied with the PRA's General Organisational Rule 2A, in the event Barclays cannot attest such compliance, specifying all of the deficiencies that have been identified and explaining the steps Barclays will take to resolve them; and
  - 1.4.3. in the preceding calendar year its Senior Management and Directors (including Group Senior Management and Directors) have completed the Firm's whistleblowing training, including but not limited to how to recognise and respond to a whistleblow.
- 1.5. The attestation required under paragraph 1.4 above shall be provided in the form of a certificate set out in Annex A. The Firm shall ensure that the certificate is signed by its Whistleblowers' Champion or, in his absence, the Group Head of Compliance or an executive member of the Board of Directors of the Firm and prior to its submission to the PRA is provided to the Group Whistleblowers' Champion.
- 1.6. The PRA acknowledges that the material provided under paragraph 1.1 and 1.2 may contain confidential information, relating to both the Firm and its employees.

1.7. These requirements take effect on 9 May 2018 and will remain in place until after the submission of the third annual report and attestation. The PRA will review this requirement after 12 months.

## DEFINITIONS

2. The definitions below are used in this notice.

“the Act” means the Financial Services and Markets Act 2000

“Business day” has the meaning specified in the Glossary of the PRA’s Handbook

“Chief Security Office” or “CSO” means the Firm’s chief security office

“Director” means any executive or non-executive director

“the Firm” means Barclays Bank PLC headquartered at 1 Churchill Place, Canary Wharf, London E14 5HP

“GCWT” means the Group’s Global Compliance Whistleblowing Team or such other team within the Group that has responsibility from time to time for investigating concerns raised/allegations made by Whistleblowers in connection with Barclays

“GOR 2A” means the PRA’s General Organisational Rule 2A

“Group” means Barclays Bank PLC for the period up to March 2018; and Barclays Bank PLC, Barclays Bank UK PLC, Barclays Services Ltd and Barclays PLC from 1 April 2018

“Group Whistleblowers’ Champion” means the Senior Manager with the prescribed responsibility (n) for whistleblowing at the Holding Company

“Group Senior Management and Directors” means any Senior Manager and Director at Barclays PLC and Barclays Services Ltd

“Holding Company” means Barclays PLC from 1 April 2018

“the notice” means this Written Notice, including Section 1 and Annex A

“Operational Companies” mean Barclays Bank PLC and Barclays Bank UK PLC from 1 April 2018

“the PRA” means the Prudential Regulation Authority

“Requirement” means the requirements referred to in paragraphs 1.1

“Subsidiary” has the meaning specified in section 1159 of the Companies Act 2006

“Senior Manager” means any individual holding a SMF position at the Firm

“the Tribunal” means The Upper Tribunal, Tax and Chancery Chamber

“Whistleblowers” has the meaning given to that term in the FCA’s Handbook from time to time (and the singular term ‘Whistleblower’ shall be interpreted accordingly)

“Whistleblowers’ Champion” means the Senior Manager with the prescribed responsibility (n) for whistleblowing at the Firm

“Whistleblowing Policy” means any Barclays’ policy, procedure or guidance in force relating to whistleblowing

**DECISION-MAKER**

3. The decision to give this notice was made by Sam Woods, Deputy Governor for Prudential Regulation and Chief Executive Officer of the PRA, on behalf of the PRA. This application has been granted in consultation with the FCA.

**This arrangement will be published on the Financial Services register.**

**SECTION 1 OF THE WRITTEN NOTICE ISSUED BY THE PRUDENTIAL REGULATION AUTHORITY TO BARCLAYS BANK PLC (FRN 122702) ON 9 MAY 2018**

**SUMMARY OF REASONS**

1. On the basis of the facts and matters described below the PRA accepts the Firm's application for a voluntary requirement on the basis that it appears to the PRA that the requirement is desirable to advance the PRA's general objective to promote the safety and soundness of PRA-authorized persons.
2. The PRA, through its consultation paper<sup>2</sup> and later supervisory statement<sup>3</sup>, set out the importance that the PRA places on whistleblowing and a firm having appropriate mechanisms in place for whistleblowers to come forward. A well-run financial institution will seek to foster a culture that welcomes discussion and challenge. Employees should feel comfortable having an open dialogue in the workplace. Individuals may, however, be reluctant to speak out about misconduct because of the possibility of suffering personally as a consequence.
3. People voicing concerns – whether internally, to regulators, or to the press – may benefit from legal protections under the Public Interest Disclosure Act (PIDA). It is unlawful for a worker to be dismissed or victimised for making a protected disclosure, and they may be awarded compensation from their employer by an employment tribunal if that does occur. A remedy is, however, only available after the event, and this may not reassure everyone who is considering whether to speak out. Mechanisms to encourage people to voice concerns, by, for example, offering confidentiality to those speaking up, can provide further comfort to whistleblowers. The PRA whistleblowing rules seek to address these issues.
4. The PRA has some concerns around the Firm's whistleblowing systems and controls where risks may arise, following the conclusion of its investigation into the handling of a letter classified as a "whistleblow" and an attempt to trace the identity of the anonymous author during June to August 2016 (the "Whistleblowing Trace Events").
5. The PRA has decided to take this action following the Firm's notification of the Whistleblowing Trace Events to the PRA and FCA in March 2017, and the PRA and the FCA's section 168(5) investigation into the Firm and Mr Staley in April 2017. The PRA has concluded that the Whistleblowing Trace Events showed that the Firm's operation of its Whistleblowing Policies requires enhanced monitoring and scrutiny. In April 2017, the Firm commissioned two independent reviews of its policies, processes and controls relating to whistleblowing and other matters. The independent review relating to whistleblowing was conducted by Deloitte.
6. The PRA assesses firms not just against current risks, but also against those that could plausibly arise in the future. Where the PRA judges it necessary to intervene, it generally aims to do so at an early stage. In this matter, although since 2017 the Firm has taken steps to remediate the issues highlighted by the Whistleblow Trace Events (through amendments to the oversight of the Chief Security Office and enhancements to its whistleblowing systems and controls), the PRA considers it necessary to require the Firm to produce periodic information and to attest to information over that required by the PRA's whistleblowing rules such as GOR 2A.

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<sup>2</sup> PRA CP6/15 Whistleblowing in deposit-takers, PRA designated investment firms and insurers.

<sup>3</sup> PS24/15 Whistleblowing in deposit-takers, PRA designated investment firms and insurers.

7. Whilst not forming a view on the likelihood of future breaches by the Firm, this requirement will give greater information and assurance as to how the Firm's Whistleblowing Policies are operating in practice. The PRA therefore considers that the Firm should provide periodic whistleblowing reporting to the PRA and provide senior management attestation of that reporting so as to ensure the Firm's Whistleblowing Policies are operating effectively, thereby increasing the safety and soundness of the Firm.

#### **FACTS AND MATTERS RELIED UPON**

8. The Group is a trans-Atlantic consumer, corporate and investment bank. Barclays Bank and Barclays Bank UK are the entities authorised and regulated by the PRA which have regulatory permissions through which Barclays UK and Barclays International divisions conduct the majority of their UK based regulated activity.
9. Prior to 1 April 2018, Barclays Bank PLC consisted of both the ring-fenced and non-ring fenced bank. Following structural reform on 1 April 2018, Barclays PLC is the Holding Company, Barclays Bank PLC is the non-ring fenced bank and Barclays Bank UK PLC is the ring fenced bank (together "the Operational Companies"). The PRA and FCA investigation was conducted in relation to Barclays Bank PLC prior to structural reform. Following structural reform, the PRA's requirements are directed at the Operational Companies.
10. A section 168(5) investigation, under the Act, into the Firm was conducted by the PRA as a result of the Whistleblowing Trace Events and other matters. The Firm's own investigation, and subsequently the PRA's investigation, identified that, notwithstanding Barclays' Whistleblowing Policies in place during the Whistleblowing Trace Events, Mr Staley was able to instruct an attempt to identify the author of an anonymous letter.
11. Following the Whistleblowing Trace Events, in May 2017 the Firm commissioned (i) Deloitte to perform an independent review and benchmark analysis of Barclays' whistleblowing policies, processes and controls against market practices; and (ii) Clifford Chance to conduct an independent review of existing policies and processes relating to the CSO's investigations and engagement with law enforcement.
12. Deloitte concluded that the Firm had established detailed policies, processes and controls with the objective of ensuring that there is a robust mechanism for whistleblowers to flag concerns in confidence without fear of retaliation. It made recommendations for enhancement of certain of the Firm's whistleblowing policies and procedures.
13. Clifford Chance also made various recommendations in relation to the CSO's policies and processes, engagement with other parts of the Firm and external parties, case management functions, and training and compliance.
14. The PRA notes the findings of the reviews and the Firm's response to the recommendations. However, Deloitte's enhancements and Clifford Chance's recommendations highlighted that further clarity should be added to the Firm's existing whistleblowing arrangements and the CSO's office. In addition, once these new procedures and policies are in place, it can take some time to see how they operate in practice. Further, there is a risk that the Whistleblowing Trace Events may have a longer-lasting impact

on the Firm's whistleblowing culture. As such, the reporting and attestation required will give the PRA visibility about the change in culture and provide comfort that no future instances will occur.