



BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY



# **New Bank Start-up Unit**

What you need to know from the UK's financial regulators

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# Introduction

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The New Bank Start-up Unit has been set up by the UK's financial regulators, the Prudential Regulation Authority and the Financial Conduct Authority, to give you the information and support you need if you're thinking of becoming a new bank in the United Kingdom.

Any firm that wants to be a bank which means carrying on the regulated activity of accepting deposits must be authorised to do this by the PRA, which it will only do if the FCA is also content for it to be authorised.

This guide includes five sections with useful information for you to use if you're thinking of setting up a bank. This information can also be found on our website [www.bankofengland.co.uk/pr/nbsu/Pages/default.aspx](http://www.bankofengland.co.uk/pr/nbsu/Pages/default.aspx).

Thinking about becoming a bank?

Early stages

The **Early Stages** section goes through the basics, including whether setting up a bank is the right thing for you, and what the alternatives might be.

What do you need to do to get started?

Pre-application

If you decide that you want to become a bank, you may find the **Pre-application** section helpful. It includes details of the pre-application meetings which, in our experience, have been helpful to both sides as we share our expectations and you can work out what this means for you and your resources.

What happens when you apply to become a bank?

Application

You can look ahead to find out what happens when you apply to become a new bank in the **Application** section. The application section includes information about what we will assess, and how long it could take to give you a decision. It also takes you to an optional stage in the process, called mobilisation.

How can you build out your bank with confidence?

Mobilisation

The **Mobilisation** section sets out how you can build out your new bank with confidence. Based on our discussions with you, we may authorise you while you secure further investment, staff and IT, for instance.

What's life like as a new bank in the United Kingdom?

After authorisation

When you're fully authorised, you'll want to know more about what regulatory life is like as a new bank in the United Kingdom. What can you expect in the early days of being supervised, and in subsequent years? Answers to these, and other questions, are set out in the **After authorisation** section.

If there are any words or phrases that you don't understand, or a question that comes to mind, please check the FAQs (Appendix 1). We also have glossaries in the [PRA Rulebook](#) and [FCA Handbook](#). If you have any queries about becoming a new bank you can also email [NewBankStartupUnit@bankofengland.co.uk](mailto:NewBankStartupUnit@bankofengland.co.uk) or call 020 3461 8100.

# Thinking about becoming a new bank?

## Early stages

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This section includes questions to ask yourself if you're thinking about becoming a new bank, and next steps:

- **Is setting up a new bank right for you?**
- **What is a bank?**
- **What are the alternatives?**
- **Things to consider if you decide setting up a bank is right for you**

### Is setting up a new bank right for you?

Depending on your business plan or the activities you want to undertake, setting up a bank may not be the only, or in some cases, the most appropriate option. There are a number of alternatives to becoming a bank which allow you to provide some of the services that banks offer at a potentially lower cost than setting up a bank.

For example, if you want to take deposits and lend money on a not-for-profit basis to individuals who reside in a specific part of the country or work in the same industry, a credit union may be more appropriate. If you want to lend to local small businesses or non-profit organisations, setting up a community development finance institution may be an alternative.

While there are varying degrees of legal restrictions placed on the scope or size of some of these alternative options, bear in mind that these are matched by differing levels of regulation.

### What is a bank?

A bank is an entity that carries out deposit-taking business. More specifically the [PRA Rulebook](#) defines a 'bank' as:

1. a **firm** with a **Part 4A Permission** to carry on the **regulated activity** of accepting deposits and is a **credit institution**, but is not a **credit union**, **friendly society** or a **building society**; or
2. an **EEA bank** (EAA banks are in general subject to their home regulatory regime and are therefore excluded from the definition).

In addition, the [Financial Services and Markets Act 2000 \(Regulated Activities\) Order 2001](#) sets out the definition of the regulated activity of accepting deposits (see Chapter II Accepting Deposits). This definition clearly stipulates that money received by way of deposit is lent to others. You should consider if your business plans fall within this definition.

### What are the alternatives?

You can use our '[Should I become a bank?](#)' factsheet (Appendix 3) to see whether you might be a bank, or if an alternative might be more appropriate for what you want to do. See also our '[Alternatives to being a bank](#)' factsheet (Appendix 4) which includes more information about each of the alternatives.

## Things to consider if you decide setting up a bank is right for you

If you have considered the alternatives and have concluded that setting up a bank is the right route, there are some important things to consider before contacting us to start the authorisation process.

Questions include:

- Do you need to go through the authorisation process?
- What if your firm is already authorised?
- What will your bank do and how will it do it?
- Do you need to undertake any other regulated activities?
- What is the new bank authorisation process?
- When can you call yourself a bank?
- How can you access payment systems?
- What are the next steps?

Do you need to go through the authorisation process?

Depending on where your new bank will be based and whether you are currently operating as a bank elsewhere you may or may not need to go through the new bank authorisation process:

- if your new bank will be headquartered in the UK you will need to go through the new bank authorisation process and be authorised by the PRA and regulated by the PRA and the FCA.
- if you are already authorised as a bank elsewhere in the European Economic Area (EEA) then you can 'passport' into the UK directly, without applying to the UK regulators – further details on passporting can be found [here](#). However, if you want to open a subsidiary in the UK, you will need to go through the new bank authorisation process and be authorised by the PRA and regulated by the PRA and the FCA.
- international banks headquartered outside the EEA may operate in the UK through a branch, a subsidiary or both. You will need to go through the new bank authorisation process for either approach and will then, if successful, be authorised by the PRA and regulated by the PRA and the FCA. Please see the '[International banks](#)' factsheet (Appendix 5) for further details.

What if your firm is already authorised?

If your firm is already authorised you will need to apply to vary your permissions to add deposit-taking. While this is a different type of authorisations transaction, you will need to follow the same process as a new bank and you should start pre-application activities with us as normal.

What will your bank do and how will it do it?

Before contacting us you should consider the following key areas, as these are things we will initially want to focus on:

- Business plan
- Senior management, the board and governance
- Financial resources
- IT strategy
- Outsourcing

We would encourage all applicants to read 'A review of requirements for firms entering into or expanding in the bank sector' and the subsequent progress review which are both available [here](#). Although these were published in 2013 and 2014 respectively, they are still very relevant and include some material not available elsewhere, particularly the information in both documents on the PRA's approach to setting capital and liquidity requirements for new banks.

### Do you need to undertake any other regulated activities?

Depending on your business plan and the products you plan to offer, you will also need to consider any other regulated activities that your bank will undertake. For example, if you plan to offer any of the following you will need to be authorised by us:

- mortgages;
- consumer credit; and/or
- insurance mediation.

### What is the new bank authorisation process?

Setting up a new bank requires agreement from both regulators. While the PRA make the final decision on an application, the PRA can only authorise a new bank with the FCA's consent. If the FCA concludes that it cannot provide its consent, the PRA will be unable to authorise a new bank.

Authorisation is a structured process which is made up of the following distinct stages:

- **pre-application** – working with us to prepare your application to become a new bank;
- **application** - submitting your application for us to consider and use to decide whether to authorise your new bank; and
- **mobilisation** – an optional stage where the new bank, once authorised, completes its set up before starting to trade fully.

### When can I call myself a bank?

Not yet. The use of certain sensitive words such as 'bank' and 'banking' in registered company names is controlled by legislation in order to prevent the public from being misled. A firm cannot call itself a bank until it has been authorised.

You may begin the application process as 'Example Ltd' but only when you are authorised can you call yourself 'Example Bank Ltd'.

Website domain names and email addresses are controlled in a similar way and you should seek the FCA's consent before purchasing domain names that use sensitive words including 'bank' and 'banking'.

There is further information on sensitive business names [here](#).

### How can you access payment systems?

A payment system, put simply, is a means of moving money. All newly authorised banks will need access to payment systems.

You should consider your options for accessing payment systems as early as possible in order to be able to adequately reflect these in your plans. Firms can access a payment system through either direct access (where they have a direct relationship with the payment system operator (PSP)) or indirect access (where a direct PSP acts as their sponsor). Further information about direct and indirect access can be found on the [Payment Systems Regulator](#) and [Payments UK](#) websites.

### What are the next steps?

When you are ready to start the process, you should contact us and we will arrange an initial pre-application meeting with you.

# What do you need to do to get started?

## Pre-application

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This section covers the things for you to consider during the pre-application stage, and what happens next, including:

- What is the purpose of the pre-application stage?
- What do the pre-application meetings with us involve?
- What are our expectations of you and what you can expect from us?
- What are the pre-application timeframes?
- How do you start the pre-application process when you're ready?
- What are the next steps?

You may find it helpful to refer to the [FAQs](#) which include information on Small Specialist Banks, technology and the use of consultants.

### What is the purpose of the pre-application stage?

Our experience tells us that meeting with prospective new banks before they submit their application can be highly beneficial for both parties. Experience has also taught us that a number of structured formal meetings will help you:

- understand the authorisation process and what happens at the various stages;
- understand our expectations of you and in particular the PRA's and the FCA's [Threshold Conditions](#) (Appendix 6);
- identify any particular concerns that we might have early on and help you to decide whether you want to spend time and money on an application that may not progress further; and
- submit as complete an application as possible.

However, you do not have to meet us before you submit an application. You can send your application to us at any time and we will use our statutory powers as set out in FSMA to reach a decision on your application.

**At the end of the pre-application process we expect that you will have a clearer understanding of the resource implications for you and that your application, when you submit it, will be of sufficient quality for us to reach a decision as quickly as possible.**

### What do the pre-application meetings with us involve?

The pre-application meetings are intended to support your progress through the pre-application process and help you to submit an application which is as complete as possible. We have found that three meetings are sufficient with the potential for additional meetings depending on whether you take the mobilisation route and/or your proposals include the need for innovative or particularly complex IT systems or the outsourcing of key operational aspects of your business.

- **Initial meeting** – This is held after you submit your draft Business Plan. It provides an opportunity for you to discuss your plans with us and ask questions about the authorisation process including whether or not mobilisation is appropriate for you. It also provides us with an opportunity to get a sense of your plans and we will provide written feedback for you to respond to as your Business Plan develops.
- **Feedback meeting** – This is held after you have submitted, and we have reviewed, your updated Business Plan, which includes feedback from the initial meeting. We will again



provide written feedback which you will be expected to address in your updated Business Plan.

- **Mobilisation and/or IT/outsourcing meeting (optional)** – We may arrange this meeting if you are going to take the mobilisation route and/or your proposed business is particularly dependent on IT or outsourcing arrangements.
- **Challenge session** – This is held just before you submit your application with the aim of discussing your proposals in depth and with us providing detailed challenge on the content of your near-final Business Plan. You will be expected to incorporate feedback from the Challenge session in your application.

We will explain any changes to the content and number of pre-application meetings we have with you, as needed. Please remember these meetings provide you with the opportunity to discuss your plans and progress in detail face-to-face with us outside of the statutory timeframes that will apply when you submit your application:

- The meetings will typically be held at either the PRA’s or FCA’s offices in London where you will be expected to attend in person rather than by telephone or video conference. Exceptions will primarily be for internationally headquartered banks.
- You should send materials to us a minimum of **10 working days** (15 working days for a challenge session) before the meeting. This will allow us to review them thoroughly before we meet. If you cannot meet this deadline we may have to reschedule the meeting.
- Your advisors or consultants are welcome at all pre-application meetings but we do not expect them to speak on your behalf.
- We will send you an agenda before all meetings which will centre on your explanation of the materials that you have sent us and the attendees from each regulator.
- After each meeting we will provide you with formal written feedback.

### What are our expectations of you and what can you expect from us?

The table below outlines what you can expect from us and what we expect from you during the pre-application process.

You will:	We will:
<ul style="list-style-type: none"> <li>• Address or incorporate any feedback provided by us into your Business Plan before moving to the next stage.</li> </ul>	<ul style="list-style-type: none"> <li>• Aim to have the minimum number of meetings with you during the pre-application stage.</li> </ul>
<ul style="list-style-type: none"> <li>• Develop your plans, complete the necessary work, prepare and send materials in good time for meetings with us.</li> </ul>	<ul style="list-style-type: none"> <li>• Both attend all meetings unless we advise you otherwise.</li> </ul>
<ul style="list-style-type: none"> <li>• Be open, honest and co-operate with us.</li> </ul>	<ul style="list-style-type: none"> <li>• Be open, honest and give clear feedback on your proposals.</li> </ul>
<ul style="list-style-type: none"> <li>• Provide all information that you think we should be aware of.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Not</b> provide a consultancy service. You should engage others if you need this.</li> </ul>
<ul style="list-style-type: none"> <li>• Ensure key individuals at your firm who will drive the proposition forward are involved throughout the process and attend the pre-application meetings.</li> </ul>	<ul style="list-style-type: none"> <li>• Be involved in the pre-application process and will ensure it is as seamless as possible.</li> </ul>

### **What are the pre-application timeframes?**

The pace at which you progress through the pre-application stage is largely up to you. We expect you to keep us up to date on progress and will endeavour to hold pre-application meetings in as timely a way as possible. If, however, we do not hear from you for six months we will assume that you do not want to proceed with your application.

### **How do you start the pre-application process when you're ready?**

To start the pre-application process, you should contact us and we will arrange an initial meeting.

# Initial meeting

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The initial meeting gives you an opportunity to discuss your plans with us and for us to understand them. It will also allow us to highlight any areas we consider you will need to address before you can move further through the pre-application stage. You will also have the opportunity to ask us questions about the authorisation process.

In this section you can find out more about the initial meeting including:

- What do you need to know and do?
- What needs to happen before the meeting?
- What will happen at the meeting?
- What is mobilisation and is it right for you?
- What are the next steps?

## What do you need to know and do?

In advance of the initial meeting we will ask you to prepare a brief high-level summary of your business proposition, which can be in the form of a slide presentation. This should **not** be a 'sales pitch' that might be used with potential investors and as a minimum should contain the following:

- an explanation of why you want to be a bank; and
- your initial business proposition and strategy including:
  - business plan – what products you will be offering, how you will offer them and your target market;
  - sources of funding – how you propose to fund the business and whether you have any investors and/or funding in place;
  - owner and controllers – details of proposed owners and controllers, as far as they are known;
  - corporate governance – details of structure, board, senior management and governance arrangements, as far as they are known; and
  - project plan - an overview and timeline of your plan to set up the new bank.
- The [application forms and the supporting notes](#) are a helpful resource when preparing your business proposition.

## What needs to happen before the meeting?

Please send us materials for discussion a minimum of **10 working days** before the meeting so that we have time to review them and ensure we have as valuable a discussion as possible. If you cannot meet this deadline, we may have to reschedule the meeting.

## What will happen at the meeting?

At the initial meeting, you can expect to meet staff from the New Bank Start-up Unit, who will explain the application process (including our expectations) and the materials and information required from you if you progress to the next stage.

## What is mobilisation and is it right for you?

Mobilisation sees a new bank authorised earlier in the process so that it can secure further investment, recruit staff, invest in IT systems and commit to third-party suppliers with the certainty of being authorised. In return, the regulators limit the amount of business the new bank can undertake until it is fully operational. In essence, the new bank, having been authorised, mobilises itself to become fully operational. During the initial meeting we will discuss the mobilisation option and start to assess whether it is suitable for you.

See the Mobilisation stage for more information.

## **What are the next steps?**

At the end of the initial meeting, we will discuss the actions you will need to complete to take your application to the next stage. Within 10 working days of the meeting we will send you our formal feedback in a letter. You should continue to develop your business proposition and incorporate responses to our feedback into the next version.

# Feedback meeting

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## Why is the feedback meeting important?

In our experience, after the initial meeting firms' plans move from the theoretical to the practical. As such the feedback meeting is a key step in the development of your plans. This meeting gives you the opportunity to present your far more developed Business Plan incorporating the feedback from your initial meeting and offers us the opportunity to gain a more detailed understanding of your proposed business model.

In this section you can find out more about the Feedback meeting including:

- What do you need to know and do?
- What needs to happen before the meeting?
- What will happen at the meeting?
- What are the next steps?

## What do you need to know and do?

Your more developed Business Plan should cover the following points as a minimum:

- business plan – details of products, delivery channels and target market;
- business viability – competitive advantage, market research and how your bank will make money;
- financial resources – financial projections (for five years), capital and liquidity strategy, as appropriate;
- sources of funding – proposed funding model;
- owners and controllers – proposed owners and controllers;
- corporate governance – structure, board, senior management and governance arrangements;
- risk management – risk management and control framework;
- customer journey – products, pricing, complaint handling and on-boarding arrangements (including Anti-Money Laundering/Know Your Customer processes);
- outsourcing - details of key outsourcing arrangements;
- IT – IT infrastructure and systems and timescales for implementation and testing;
- recovery and resolution – recovery plans, if appropriate;
- policies and procedures – operational and regulatory policies and procedures;
- business continuity – business continuity plans, if appropriate;
- scope of permissions – details of the regulated activities you wish to undertake;
- project plan – project plan for setting up the bank; and
- if appropriate, Home State Supervisor (HSS) – views of your HSS if you are an international bank, including whether the HSS approves of your plans to expand in the United Kingdom.

You may find the [application forms and supporting notes](#) helpful when preparing your Business Plan.

## What needs to happen before the meeting?

Please send any materials a minimum of **10 working days** before the meeting so that we have time to review them and ensure we have as valuable a discussion as possible. If you cannot meet this deadline, we may have to reschedule the meeting.

## **What will happen at the meeting?**

At the feedback meeting you will meet your case officers from each of the regulators. We will discuss the regulatory implications of your proposals and any issues or concerns that we have. You will also have the opportunity to ask questions or discuss any issues you may have. We may also ask specialists from either regulator to attend the meeting if relevant to your application – we'll confirm any details in the agenda we send you ahead of the meeting. We will also discuss the materials and information required if you progress to the next stage.

## **What are the next steps?**

At the end of the feedback meeting, we will discuss the actions you will need to complete if you want to progress to the next stage. Within 10 working days of the meeting we will send you our formal feedback in a letter. You should continue to develop your Business Plan and incorporate responses to our feedback into the next version.

# Mobilisation and operational risk meetings

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## Why are the mobilisation and operational risk meetings important?

We may invite you to a mobilisation and/or operational risk meeting depending on whether you will be taking the mobilisation route and/or whether your proposals include the need for innovative or particularly complex IT systems or the outsourcing of key operational aspects of your business.

There could be one or two meetings depending on your plans.

In this section you can find out more about the mobilisation and operational risk meeting including:

- What do you need to know and do for the mobilisation and operational risk meeting?
- What needs to happen before the meeting?
- What will happen at the meeting?
- What are the next steps?

## What do you need to know and do - Mobilisation meeting?

If you will be taking the mobilisation route, at this meeting we will fully discuss the mobilisation option with you, including what we will expect as a minimum before you can enter mobilisation, what we will expect of you during mobilisation and the process for leaving mobilisation. We will also discuss what business (if any) you may conduct during mobilisation and what will happen if you are unable to complete your mobilisation activities within 12 months or to the required standard.

## What do you need to know and do – Operational risk meeting?

Where your proposition is heavily dependent on or involves innovative or particularly complex IT systems or you intend to outsource key operational aspects of your business (for example core banking systems, telephony or audit functions) we may arrange a separate meeting with our Technology, Resilience & Outsourcing specialists to focus on your IT systems and outsourcing agreements.

## What needs to happen before the meeting?

Please send us any materials a minimum of **10 working days** before the meeting so that we have time to review them and ensure we have as valuable a discussion as possible. If you cannot meet this deadline, we may have to reschedule the meeting.

## What will happen at the meeting – Mobilisation?

You should be prepared for a detailed discussion about the credibility of your mobilisation plans, how you expect to track and report progress, and identify and manage risks and issues. In return, we will discuss our expectations and how we will interact with you during your mobilisation phase.

## What will happen at the meeting – Operational risk?

For an operational risk meeting, you should be prepared for a detailed discussion about your IT systems and/or your proposed material outsourcing arrangements with our Technology, Resilience & Outsourcing specialists. In particular, how you expect to manage the risks attached to your IT systems (for example security, testing, software maintenance, and incident handling), how you plan to manage the operational risks associated with your use of third-party suppliers and your plans for monitoring and oversight of these arrangements. This meeting will usually take place at the FCA's offices and your PRA case officer may also attend. However, we may also visit your offices if we want to see a demonstration of your IT systems.

## **What are the next steps?**

At the end of the mobilisation and/or operational risk meetings, we will discuss the actions if your application progresses to the next stage. Within 10 working days of the meeting we will send you our formal feedback in a letter. You should continue to develop your Business Plan and incorporate responses to our feedback into the next version.



# Challenge session

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## Why is the challenge session important?

The challenge session is the culmination of the pre-application process and should take place just before you submit your application. At this stage your Business Plan should be fully developed and will form the basis of the discussion at the challenge session where we will offer an honest and open assessment of your plans.

The challenge session gives you the opportunity to outline and justify your business model to senior representatives from both regulators. During the challenge session you can expect rigorous challenge on your proposed business model from senior representatives from both regulators (as appropriate).

The aim of the challenge session is to test your business model and identify any remaining issues that need to be addressed before you submit your application. The challenge session is of benefit to both you and us as we can share priorities and concerns, and is an important part of forming a good working relationship between us.

At the end of the challenge session we will provide feedback on your readiness to submit an application. Any issues identified at the meeting will also be summarised in a formal feedback letter. We will expect you to address all the feedback points before you submit your application. This should help you to submit as complete an application as possible; minimising delays that could be faced during the assessment period.

In this section you can find out more about the challenge session including:

- What do you need to know and do?
- What needs to happen before the meeting?
- What will happen at the meeting?
- What are the next steps?

## What do you need to know and do?

You will need to have a fully developed Business Plan which you will need to be able to discuss in detail including:

- business plan – details of products, delivery channels and target market;
- business viability – competitive advantage, market research and how the bank will make money;
- financial resources – financial projections (for five years), capital (Internal Capital Adequacy Assessment Process - ICAAP) and liquidity (Internal Liquidity Adequacy Assessment - ILAA), as appropriate;
- sources of funding – proposed funding model;
- owners and controllers – proposed owners and controllers;
- corporate governance – structure, board, senior management and governance arrangements;
- risk management – risk management and control framework;
- customer journey – products, pricing, complaint handling and on-boarding arrangements (including Anti-Money Laundering/Know Your Customer processes);
- outsourcing - details of key outsourcing arrangements;
- IT – IT infrastructure and systems and timescales for implementation and testing;
- recovery and resolution – recovery plans, if appropriate;
- policies and procedures – operational and regulatory policies and procedures;
- business continuity – business continuity plans, if appropriate;

- scope of permissions – details of the regulated activities you wish to undertake; and
- mobilisation plan – project plan for mobilisation, if appropriate.

The application [forms and the supporting notes](#) are a helpful resource when preparing your Business Plan.

Depending on whether you plan to take the mobilisation route or not, the level of detail required in your Business Plan when you submit your application can vary. Your case officers will discuss with you which of the above will need to be more or less developed for your challenge session. If you plan to be fully operational at authorisation all of the above will need to be in a near-final state before the challenge session.

### **What needs to happen before the meeting?**

You **must** send us the challenge session materials a minimum of **15 working days** before the meeting so that we have time to review them and ensure we have as valuable a discussion as possible. If you cannot meet this deadline, we **will** reschedule the meeting.

### **What will happen at the meeting?**

The challenge session will be attended by your case officers along with senior representatives from both regulators. We expect several of your executives and, where possible, non-executives to attend. You should expect the meeting to last about two hours.

You can expect rigorous, detailed challenge on any aspect of your Business Plan (including your ICAAP and ILAA) as we assess whether you are ready to submit your application.

### **What are the next steps?**

At the end of the challenge session, we will discuss next steps and actions with you and within 10 working days of the meeting we will send you our formal feedback in a letter. If you go on to submit an application, you should finalise your Business Plan and incorporate responses to our feedback from the challenge session.

# What happens when you apply to become a new bank? Application

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After the pre-application meetings, including the challenge session, you should be ready to submit your formal application for us to assess and decide whether to authorise your new bank.

This section covers the things you need to do to submit your application, and what happens next, including:

- Where can you find the forms?
- What happens when you submit your application?
- What will we assess?
- Why is completeness important?
- What are the Threshold Conditions?
- Who will we interview?
- How long will we take to give you a decision on your application?
- The decision
- What happens if your application is not approved?

## Where can you find forms?

You can find all the forms you need to complete on the Bank of England's [website](#).

Before you submit your application, you should review it to check you have provided adequate responses to all questions and enclosed any supporting documents. We also strongly recommend that you address all the issues and actions we have identified with you during the [pre-application](#) stage before you submit your application.

It is important to always be open and honest with us as the success of your application will be affected if we find you have deliberately withheld information or provided false or incomplete facts. You should also provide us with any other information that you think we should be aware of. If you are in doubt about anything, then please disclose it. If the information you provide is inaccurate, or incomplete, this will delay your application.

## What happens when you submit your application?

When you submit your application you will need to send the PRA for where to send your application:

- two printed copies of all of the documents;
- two electronic copies of all of the documents (on a memory stick, DVD, or other method); and
- a cheque made payable to the Financial Conduct Authority for the application fee of £25,000. Further details are available in Section 10 of the application form available [here](#).

When we receive your application at the PRA we will:

- log your application and distribute copies to the FCA; and
- assign case officers from the PRA and FCA, who will usually be the same people who guided you through the pre-application stage.

You should expect to receive written confirmation of receipt of your application from the PRA along with confirmation of your case officers within five working days. This confirmation will also briefly outline the assessment process. The key points are that we will:

- assess your application including whether it is complete or incomplete (see 'What will we assess?' and 'Why is completeness important?' below), and whether you will meet and

continue to meet each regulator's Threshold Conditions (see 'What are the Threshold Conditions?' below);

- arrange a formal monthly catch-up call with you. This is a chance for all parties to update on progress and discuss any issues;
- interview a number of senior management and non-executive directors, in line with current regulations (see 'Who will we interview?' below);
- be in touch if we want to visit you; and
- write to you, usually within eight weeks, with the results of this assessment and, if necessary, ask for any outstanding information.

## **What will we assess?**

We will review the following information as part of our assessment:

- business plan/viability;
- financial resources, as appropriate;
- sources of funding;
- owner and controllers;
- corporate governance;
- risk management;
- customer journey;
- outsourcing;
- IT;
- policies and procedures;
- recovery and resolution, as appropriate; and
- business continuity.

We will also set the capital and liquidity levels you will need to hold based on the Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAA) which you submit as part of your application. The PRA's decisions will be communicated to you in writing, either in the letter with the results of our assessment or separately (as appropriate). This assessment is not applicable for non-EEA branches. However, the PRA will look at capital and liquidity on a whole firm basis.

## **Why is completeness important?**

When you do submit an application, the first assessment we will make is whether your application is complete or not. This affects the statutory deadline by which we must make a decision on your application as follows:

- Complete applications - we have a six month statutory deadline to assess an application that has been deemed complete.
- Incomplete applications - we have a 12 month statutory deadline to assess an application which has been deemed incomplete.

For your application to be assessed as complete you will need to have provided us with all of the required application forms, which have been fully and correctly completed, and the information provided must be of sufficient quality and detail to allow us to complete our assessment.

We also expect you to have incorporated responses to our feedback provided during the pre-application stage.

## What are the Threshold Conditions?

We will assess whether – on the information provided in your application - as an authorised firm you will meet and continue to meet each regulator’s Threshold Conditions.

The PRA’s Threshold Conditions for banks are:	The FCA’s Threshold Conditions for banks are:
<ul style="list-style-type: none"><li>• Legal status</li><li>• Location of offices</li><li>• Prudent conduct of business</li><li>• Suitability</li><li>• Effective supervision</li></ul>	<ul style="list-style-type: none"><li>• Effective supervision</li><li>• Appropriate non-financial resources</li><li>• Suitability</li><li>• Business model</li></ul>

There are clearly a number of similarities. The PRA assessment will focus on its statutory objective to promote the safety and soundness of banks. The FCA’s assessment will focus on its statutory objectives of protecting consumers; protecting and enhancing the integrity of the UK financial system; and promoting effective competition in the interests of consumers. More detail on the PRA’s and FCA’s Threshold Conditions can be found in the [factsheet](#) (Appendix 6).

## Who will we interview?

We will assess applicants for key roles in your bank to make sure they are suitable for the role and have the skills, capabilities and behaviours required. We may invite them for an interview. The interviews are designed to ensure that individuals taking on senior roles at authorised firms are aware of their responsibilities. It is also a chance for the regulators to look at a candidate’s knowledge of the firm and the sector that it will operate in.

Typically, we will consider interviewing those applying for these roles:

- Senior independent director
- Chair of Risk and/or Audit Committee
- Chief Executive Officer
- Head of Branch (for branches of non EEA-firms)
- Risk Director/Chief Risk Officer
- Finance Director/Chief Finance Officer

For banks that are not branches our assessment will also consider how appointments to the board will contribute to a balanced and effective board at your new bank.

If we have any concerns we can choose to interview a role at any level in the firm.

Interviews explained
Interviews will be held at either the PRA’s or FCA’s offices in London and can take up to 90 minutes.
The composition of the interview panel will be determined on a case-by-case basis and will usually include senior representatives from both regulators along with your case officers.
We expect the candidate to understand and be able to explain fully their regulatory responsibilities, their role and how their skills, knowledge or previous experience equips them to carry out the role.

## How long will it take to give you a decision on your application?

We will endeavour to assess an application and reach a decision within six months. This is a voluntary deadline that both the PRA and FCA will try to meet but it is not guaranteed. Throughout our assessment we may have queries or require further information from you. You can help to make the process as efficient as possible by responding promptly and comprehensively to our queries.

## The decision

Both regulators will make a decision independently on whether or not to authorise your new bank. While the PRA will make the final decision on your application, it may only authorise a new bank with the FCA's consent. If the FCA does not provide its consent, the PRA will be unable to authorise your bank.

Your case officers will make a recommendation to approve or refuse your application. The decision to approve or refuse your application also incorporates the recommendation, or not, of all senior managers or any other transactions linked to your application (such as waivers).

The decision to authorise a firm is made by an independent decision maker at each of the regulators. Your case officers will **not** decide whether to approve or refuse your application.

If we decide to approve your application, we will be in touch with you and include the following:

- **Authorisation letter** - which will include the details of any restrictions you are subject to, in particular if you are taking the mobilisation route;
- **Scope of Permission Notice** – which is your Part 4A permission and will set out the date from which the permission has effect, which regulated activities you have permission to carry on and any requirements or limitations; and
- **Welcome pack.**

You will also see your bank's details on the [Financial Services Register](#) from the date you will be authorised as shown in the Authorisation Letter.

## What happens if your application is not approved?

If it looks likely that we're going to refuse your application, we will let you know both orally and in writing, giving you time to address our concerns. If you are unable to address these concerns, we will issue you with a 'minded to refuse' letter, which will set out our concerns and detail which Threshold Conditions and/or specific rules have not been satisfied.

If you are unable to address our concerns, you may decide to withdraw your application and reapply when you are in a position to do so.

However, if you decide that you wish to proceed, we will escalate your case for a decision by senior management at both regulators. If they agree with the case team's recommendation (to propose to refuse the application), the PRA or the FCA, as the case may be, will issue you with a Warning Notice.

At this stage, you will still be able to either withdraw your application or make representations (orally and/or in writing) to the relevant PRA or FCA decision makers. If they do not agree with the case team's recommendation, the case will be referred back to your case officers who will resume assessing your application.

If you decide to make representations, the relevant PRA or FCA decision makers will take your representations into account in deciding whether or not to refuse the application. If the decision makers decide not to issue a Decision Notice, your application will be referred back to your case officers who will resume assessing your application.

If, having heard any representations, the decision makers decide to refuse your application, a Decision Notice will be issued to you. The Decision Notice will notify you of your right to refer the decision to refuse your application to the Upper Tribunal (Tax and Chancery Chamber). If you decide not to refer the Decision Notice to the Tribunal, the PRA will issue you with a Final Notice and details of this may be published on the PRA's website.

# How can you build out your new bank with confidence? Mobilisation

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As part of 'A review of requirements for firms entering into or expanding into the banking sector' available [here](#), we introduced an alternative route to becoming a fully operational bank. This involves the new bank being authorised at an earlier stage to help it secure further investment, recruit staff, invest in IT systems and commit to third-party suppliers, etc. with the certainty of being authorised. In return, we limit the amount of business the new bank can undertake until it is fully operational. We refer to this as the mobilisation route. Mobilisation is also sometimes referred to Authorisation with Restriction or AWR.

In this section you can find out more about mobilisation including:

- Is mobilisation right for all new banks?
- What are the benefits of using the mobilisation route?
- What do you need to have in place to be authorised and use the mobilisation route?
- How is mobilisation different from being fully operational at authorisation?
- What happens during mobilisation?
- What do we expect during mobilisation?
- How do you exit mobilisation?
- What if there are problems during mobilisation?

## Is mobilisation right for all new banks?

Mobilisation is generally suitable for start-up banks which may not have the upfront investment, or need that time to build IT systems, infrastructure, recruit staff or engage with third-party suppliers.

Mobilisation is **not** usually suitable for existing banks that have the resources, capital and infrastructure to allow them to set the bank up at speed before being authorised. This could include establishing a UK branch or a UK subsidiary of a well-established international firm. In these cases we expect the firm will utilise existing IT systems and other infrastructure and can call on their parent for financial resources. However, we will consider the use of the mobilisation route on a case-by-case basis.

## What are the benefits of using the mobilisation route?

Banks that have taken the mobilisation route have told us that the certainty of being authorised allows them to proceed with far greater confidence and to invest in the build-out of the bank. You will need to complete all of your mobilisation activities and be fully operational before you start to trade fully and this can be done with the confidence of being authorised. Another benefit is that you will need to provide less information when you submit your application (see 'How is mobilisation different from being fully operational at authorisation?' below).

## What do you need to have in place to be authorised and use the mobilisation route?

We expect the following, as a minimum, to be in place to be able to authorise a bank that intends to use the mobilisation route:

- business plan – a fully developed business plan including financial resources plan and financial projections for the first five years demonstrating that your business model is viable and sustainable;



- financial resources - a fully developed Internal Capital Adequacy Assessment Process (ICAAP) and the Internal Liquidity Adequacy Assessment Process (ILAAP) and the minimum capital requirement in place;
- corporate governance – high level corporate governance/structure with the key ‘guiding minds’ in place. As a minimum this would include the Chairman, CEO and a second senior executive. Please note we expect other key roles to be filled shortly after a bank enters mobilisation, for example the MLRO but this will be considered on a case-by-case basis;
- customer journey – near final customer journey including details of products, pricing, and on-boarding arrangements;
- risk management – draft risk management and control structures;
- IT - high-level outline of IT infrastructure and systems and material outsourcing arrangements;
- policies and procedures – under development;
- recovery and resolution – draft Recovery Plan;
- business continuity – draft Business Continuity Plan; and
- project plan – a credible and realistic mobilisation plan, that your board has endorsed, which includes all of the activities required to complete the build-out of your bank.

Depending on the nature of your bank and business model, it may be necessary for you develop some elements further before authorisation. Conversely, you may be able to defer certain elements until during mobilisation. We will make you aware of this during the pre-application stage when we discuss your mobilisation plan with you.

## **How and why do we restrict the amount of business the new bank can undertake?**

We will place a requirement on the new bank to limit the amount of business it can undertake until the build-out is complete and the bank is ready to be fully operational. For example, the requirement may allow the bank to accept deposits, but will limit the amount to reflect the lack of infrastructure and controls in place at the start of mobilisation.

Typically we will cap the level of deposits that a new bank can accept to £50,000. Once fully operational, we will remove the requirement and the bank can start to trade fully.

We anticipate firms will want to progress quickly through the mobilisation phase. This could take as little as three months but cannot continue indefinitely and should take no longer than 12 months.

## **How is mobilisation different from being fully operational at authorisation?**

The key difference is that the new bank is authorised at an earlier stage and will appear on the Financial Services Register as an authorised firm. This does not mean we are only considering authorising the bank or that the authorisation is subject to some conditions being met. You will be an authorised bank, just with a limit on the business you can undertake.

## **Mobilisation and Threshold Conditions**

As noted above, as an authorised firm you will need to meet and continue to meet each regulator’s Threshold Conditions. This is true regardless of whether you take the mobilisation route or are fully operational at authorisation.

The difference during mobilisation is that with the restriction in place on the amount of business that a new bank can undertake, the requirements for meeting our Threshold Conditions are proportionately lower. However, prior to exiting mobilisation, you **must** be able to demonstrate to

us that you will meet our Threshold Conditions **without** the limit on the amount of business the bank can undertake as is the case with a new bank that is fully operational at authorisation.

The table below provides a comparison between the information requirement for a bank that wants to be fully operational at authorisation and one that mobilises.

<b>Assessment area</b>	<b>Fully operational at authorisation</b>	<b>Mobilisation route</b>
<b>Business plan/viability</b>	Fully developed	Fully developed
<b>Financial resources Sources of funding ICAAP &amp; ILAAP</b>	Fully developed	Fully developed
<b>Corporate governance Structure Board Senior management</b>	Fully developed Substantially in place All key senior management identified	High-level structure Key 'guiding minds' in place with senior roles critical to mobilisation identified and ready to be recruited
<b>Customer journey including details of products, pricing, and on-boarding arrangements</b>	Fully developed	Near final
<b>Recovery Plan</b>	Fully developed	Draft
<b>Business Continuity Plan</b>	Fully developed	Draft
<b>Risk management and control structures</b>	Fully developed	High-level outline
<b>IT infrastructure and systems</b>	Fully developed	High-level outline
<b>Material outsourcing arrangements</b>	Fully developed	High-level outline
<b>Policies and procedures</b>	Fully developed	Not required but development should be planned
<b>Mobilisation plan</b>	n/a	Fully developed and signed off by the board

It is important to stress the authorisation threshold for banks that mobilise is not lower: all of the information above will be required regardless of which route you take. However, when taking the mobilisation route you should be ready to submit an application more quickly than by the traditional route.

## **What happens during mobilisation?**

During mobilisation you will be focused on completing the build-out of the bank. This could include (but is not necessarily limited to) the following:

- fully capitalising the bank;
- finalising senior management appointments and staff recruitment and training;
- finalising your customer journey, including details of products, pricing, and on-boarding arrangements;
- building-out control functions such as Risk, Internal Audit and Compliance;
- build, test and implementation of systems and IT infrastructure;
- completing policies and procedures;

- finalising outsourcing arrangements;
- finalising your Recovery Plan; and
- finalising your Business Continuity Plan.

These activities will depend on the nature of your firm and its business model. The list of mobilisation activities applicable to you will be discussed with you prior to entering mobilisation and will also be clearly articulated in your welcome pack and letter.

Mobilisation activities do not have to be done in strict sequence and you can decide when to complete them. You may decide to start working on some activities prior to entering mobilisation as this may allow more time to complete them. However, you should be aware of the risks involved in commencing any of the activities without the certainty of being authorised.

## What do we expect during mobilisation?

During mobilisation you should remember the bank will be an authorised firm and you must meet the standards set out in both the [FCA Handbook](#) and the [PRA Rulebook](#). You may also have to provide us with relevant information to show you are meeting these standards. More detail on your statutory reporting obligations can be found [here](#).

In particular, mobilisation can be very capital intensive and you should be mindful of not breaching your minimum capital requirements at any point. Capital for new applicants under mobilisation is often set at the minimum capital requirement as required by the European Capital Requirements Directive, plus an add-on for wind-down costs. These funds must not be used to meet the costs of mobilisation.

You will also be expected to submit regular progress reports (including details of any issues or slippages) against your mobilisation plan to us and provide evidence of your progress towards becoming fully operational. For example, copies of policies and procedures and your final Recovery Plan.

We will provide you with regular feedback through face-to-face meetings, telephone calls or by email.

As a regulated firm you may also need to obtain our approval if:

- A new investor acquires an interest in your bank;
- An existing investor increases their stake;
- An existing controller decreases their stake or ceases to have an interest in the bank;
- You change your business model; or
- You need to apply for waivers or modifications to alter your compliance obligations.

If you are unsure whether you will need our approval you should contact your case officers who will be able to help.

## How do you exit mobilisation?

We anticipate that firms will want to progress quickly through the mobilisation phase. This could take as little as three months but cannot continue indefinitely and should take no longer than 12 months.

Your case officer will help you when the time comes as you will need to remove the requirement restricting the business you can undertake by submitting a Variation of Permission (VoP) application via [Connect](#). However, this VoP will not be approved until you have completed all of your mobilisation activities and are ready to start trading fully. As part of this process, we may ask for confirmation from your board that you have successfully completed mobilisation.

Once we have approved your VoP, you will be sent written confirmation that the requirement has been removed and you can start to trade fully. You can find more information on the VoP process on the Bank of England's [website](#). Any changes will be reflected for your bank on the [Financial Services Register](#) from the date on which the VoP takes effect.

### **What if there are problems during mobilisation?**

In our experience banks often underestimate the amount of time required to build-out the bank during mobilisation. In particular, the amount of time it takes to build, test and implement IT systems can be greater than expected. We always encourage firms to ensure their timetable includes appropriate levels of contingency while bearing in mind our expectation that mobilisation should not take longer than 12 months.

If you have concerns you will not be able to meet the terms of your mobilisation plan you should discuss these with your case officers as soon as possible. Similarly, if we have concerns about your progress, we will discuss these with you and may ask you to prepare a revised mobilisation plan.

However, if you are unable to complete mobilisation within 12 months, or to the required standard, we may take steps to remove your authorisation or you may decide to apply to cancel your authorisation.

# What's life like as a new bank in the United Kingdom? After authorisation

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Being an authorised bank in the United Kingdom brings with it a number of obligations. You must meet the standards set out in both the [FCA Handbook](#) and the [PRA Rulebook](#) and must provide us with relevant information to show you are meeting these standards. You will also be subject to ongoing supervision by both regulators.

This section provides more detail on:

- What are the Threshold Conditions, Fundamental Rules and Principles for Businesses?
- What is our supervisory approach for new banks?
- What can you expect in the early days of being supervised and in subsequent years?
- Where can you find out more about regulatory fees and levies?
- What do you need to know to complete regulatory reporting?
- What are the key regulatory systems?
- How can you keep up to date with regulatory information?

## What are the Threshold Conditions, Fundamental Rules and Principles for Businesses?

As an authorised firm you will need to ensure that you meet the PRA's and the FCA's Threshold Conditions at all times – please see [Threshold Conditions](#) (Appendix 6) for more detail.

In addition to the Threshold Conditions, there are:

- Eight PRA Fundamental Rules, which are high-level rules which collectively act as an expression of the PRA's general objective of promoting the safety and soundness of regulated firms; and
- Eleven FCA Principles for Businesses which are a general statement of firms' fundamental obligations under the regulatory systems.

Please see the [Fundamental Rules and Principles for Businesses](#) (Appendix 7) for more detail.

The [PRA Rulebook](#) and the [FCA Handbook](#) also set out more detailed requirements on authorised firms. There are also a number of EU regulations which directly impose requirements on banks in areas such as capital requirements.

It is vital that boards and senior management understand the PRA's and the FCA's Threshold Conditions, the Fundamental Rules, the Principles for Businesses, the more detailed rules in the PRA Rulebook, the FCA Handbook and the directly applicable EU regulations and that they establish within their firms a culture that supports adherence to the spirit and the letter of the requirements.

## What is our supervisory approach for new banks?

As a bank you will be supervised by the PRA for prudential matters and the FCA for conduct matters. The table below summarises each regulator’s approach to supervision.

PRA	FCA
<p>The PRA’s supervisory approach relies significantly on judgement. The PRA supervises firms to judge whether they are safe and sound, and whether they meet, and are likely to continue to meet, the PRA’s Threshold Conditions.</p> <p>Its approach is forward looking and assesses firms not just against current risks, but also against those that could plausibly arise in the future. The PRA focuses on those issues and those firms that pose the greatest risk to the stability of the UK financial system.</p> <p>You can read more about the PRA’s approach to banking supervision on the Bank of England’s <a href="#">website</a>.</p>	<p>The FCA’s supervisory approach is designed around its three operational objectives of protecting the consumer, promoting competition and enhancing the integrity of markets.</p> <p>Firms are categorised as either ‘fixed portfolio’ or ‘flexible portfolio’ with most newly authorised banks moving into the flexible portfolio.</p> <p>You can read more about the FCA’s approach to supervision <a href="#">here</a> and in particular the FCA’s approach to supervision of flexible portfolio firms <a href="#">here</a>.</p>

## What can you expect in the early days of being supervised, and in subsequent years?

In practical terms, the approach to supervision also recognises that newly authorised banks often require more support in their early years.

PRA and FCA	
<p>As a newly authorised bank you can expect the following:</p> <ul style="list-style-type: none"> <li>• access to the New Bank Start-up Unit helpline;</li> <li>• access to your supervisors at both the PRA and the FCA;</li> <li>• regular capital and liquidity reviews, if appropriate;</li> <li>• monthly regulatory update emails (requires free subscription);</li> <li>• invitations to seminars targeted at new and prospective banks;</li> <li>• invitations to seminars specifically targeted at banks’ senior management non-executive directors (NEDs); and</li> <li>• invitations to events, alongside other firms, on key topics.</li> </ul>	
PRA	FCA
<p>As a new bank there is a standard supervisory timetable which includes:</p> <ul style="list-style-type: none"> <li>• monthly – you will have a catch-up call with your supervisor. You will be asked to provide materials, such as board papers, management information, committee minutes, audit report, etc. before the call;</li> <li>• after six months – we will conduct an internal Mid-Point Review. You should</li> </ul>	<p>As a new bank within our flexible portfolio:</p> <ul style="list-style-type: none"> <li>• you will have an introductory meeting with your supervisors once you are fully operational. At this meeting we will also discuss the types of events which should warrant further contact with supervision going forward;</li> <li>• you will have subsequent meeting(s) with supervision. The frequency of these meetings will predominately be</li> </ul>

<p>not expect to receive any specific communication regarding this meeting unless we have concerns; and</p> <ul style="list-style-type: none"> <li>around 12 months – we will conduct an internal review of your firm at a Periodic Summary Meeting (PSM) - see below.</li> </ul>	<p>determined by your business model;</p> <ul style="list-style-type: none"> <li>your day-to-day contact with the FCA will be via the New Bank Start-up Unit helpline;</li> <li>you will be subject to event-driven, reactive supervision (Pillar II) and issues and products supervision (Pillar III);</li> <li>overall though you should expect your day-to-day contact with the FCA to be less than with the PRA.</li> </ul>
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<b>PRA Periodic Summary Meeting</b>
<p>The Periodic Summary Meeting (PSM) is an annual internal meeting held by the PRA to review your firm. It is a cornerstone of the PRA’s supervisory process and represents a chance for your supervisor to discuss your firm with senior PRA management.</p> <p>It normally takes place shortly after your Capital Supervisory Review and Evaluation Process (C-SREP) and your Liquidity Supervisory Review and Evaluation Process (L-SREP) and will set the supervisory agenda and outline your capital requirements for the coming year.</p> <p>There are three parts to a PSM:</p> <ol style="list-style-type: none"> <li>fact finding on-site visits or desk-based reviews, which may focus on any or all of the following: capital, liquidity, governance, risk management and business model;</li> <li>an internal PRA review; and</li> <li>a formal letter outlining our thoughts and your obligations.</li> </ol> <p>If appropriate, we will also contact your Home State Supervisor as part of the PSM.</p>

<b>PRA Capital and liquidity reviews</b>
<p>The Capital Supervisory Review and Evaluation Process (C-SREP) and Liquidity Supervisory Review and Evaluation Process (L-SREP) can take the form of either visits from the PRA or a desk-based review. If we do visit your firm, the C-SREP and L-SREP visits will usually be carried out separately.</p> <p>The PRA may want to meet with a number of senior managers and NEDs to discuss the firm’s capital and risk management policies as set out in the ICAAP, ILAA and supporting documents. The PRA will ask for these documents about a month in advance of the meeting.</p> <p>The PRA has committed to reviewing the capital requirements for new firms on an annual basis, typically for the first five years of operation. For liquidity requirements, we may review after one year before moving to biennial reviews.</p> <p>More information on the C-SREP can be found in PRA Supervisory Statement 31/15 <a href="#">‘The Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP)’</a>.</p> <p>More information on the L-SREP can be found in PRA Supervisory Statement 24/15 <a href="#">‘The PRA’s approach to supervising liquidity and funding risks.’</a></p>

### FCA Introductory meeting and subsequent meetings

The introductory meeting is an opportunity for FCA Supervision to get to know your firm better, explain our expectations around your conduct framework and open channels of communication.

The FCA will require an outline of your business plan and strategy. In the meeting, we will jointly design a customised interaction plan based on the specific characteristics of your firm and our risk appetite.

As part of this interaction plan, there will be subsequent meeting(s) where you will update us on progress to date and discuss challenges so far.

The frequency of these meetings will predominately be based on your business type and risks to our objectives.

### When should you contact the FCA?

At our introductory supervisory meeting we will discuss the types of events where you should contact us. **The list below is not exhaustive** but does include some examples of events (where they are material) where you should contact FCA Supervision.

#### Retail Banking

- changes to **business model** and/or **strategy**;
- failings of **IT infrastructure** which impact the customer;
- **financial crime** and **anti-money laundering** issues;
- notification of **consumer redress** and **remediation exercises**;
- **governance** and **senior management changes**; and
- **data breaches**.

#### Wholesale Banking

- changes to **business model** and/or **strategy**;
- failings of **IT infrastructure** which impact the customer;
- **governance** and **senior management changes**;
- **conflict of interest management** breaches; and
- material **financial crime** and **anti-money laundering** issues.

As your firm becomes established both regulators will move you to their usual supervisory processes for banks. The timing of this will be different for each firm and potentially different for each regulator and we will discuss this with you at the appropriate stage.

### Where can you find out more about regulatory fees and levies?

As an authorised firm you will need to pay an annual fee. The amount you will be charged will depend on the type of regulated activities your firm carries out, the extent of your firm's activities and how much it costs us to regulate these types of activities. You can find more about regulatory fees and levies on the [FCA's website](#).

### What do you need to know to complete regulatory reporting?

As an authorised firm, you will be required to submit reports. The reports you will need to submit will be based on the regulated activities you undertake and the nature of your firm (i.e. if you are a UK headquartered bank, a subsidiary or a branch of an international bank). This will include providing the PRA with the information it needs to monitor your financial position and performance and the FCA with more conduct-focused information on sales, complaints etc.



If your firm has a return due for submission but has not conducted any regulated activities from the date of authorisation to the reporting end date, you will still be required to submit the return.

You are also obliged to submit your regulatory returns in a timely, accurate and efficient manner. If you fail to submit your regulatory return(s) by the due date(s), you will incur an administrative fee of £250.

You will submit many of these returns via our GABRIEL system (see below) where you can also view your reporting schedule. There may be other returns that are collected outside of GABRIEL but where applicable your supervisor will provide you with templates and any instructions.

## What are the key regulatory systems?

**GABRIEL** – As an authorised firm, you will be obliged to submit regulatory returns. These returns must be submitted through our GABRIEL system, which is an online regulatory reporting system for the collection, validation and storage of regulatory data. You can register for GABRIEL [here](#). More information is provided in the Welcome Pack that you receive when you are authorised.

Once you have done this, you will be able to view your firm's reporting schedule which details the returns that you are required to submit over the next 12 months, and when they are required.

You can find more information and help with GABRIEL [here](#).

**Connect** – You will need to use Connect to submit applications for some regulatory transactions and, to keep your Standing Data up to date. Standing Data is basic information about your firm, which is required in order for the PRA and FCA to undertake their supervisory duties. This includes: registered name of the firm; trading name(s) of the firm; country of incorporation; registered office; principal place of business; website address; telephone number; the name and email address of the principal compliance contact; name and address of the firm's auditor; and accounting reference date. You can register for Connect [here](#).

You can find more information and help with the Connect system [here](#).

## How can you keep up to date with regulatory information?

There are several ways for you to keep up to date with changes to the regulatory landscape.

The [PRA homepage](#) on the Bank's website includes the latest news and publications, and links to key initiatives. It also includes all [PRA publications](#), including policy publications which banks can search by sector and type of publication. Likewise, the [FCA website](#) includes all FCA Consultation Papers and Policy Statements.

You should also:

- Look out for the [PRA Regulatory Digest](#) – a monthly newsletter for people interested in the UK financial services industry that highlights key regulatory news and publications delivered for the month. Readers are encouraged to continue to visit the [Bank of England website](#) throughout the month, 'subscribe to alerts' (free) and visit the calendar for upcoming news and publications.
- Register to receive the [FCA Regulation round-up](#) – a monthly email to all regulated firms updating you on the latest news. Readers can also keep up to date with the latest news and publications on the [FCA's website](#).
- Keep updated of European and international developments for the banking sector by referring to the websites for the [European Banking Authority](#), [Basel Committee on Banking Supervision](#), and [Financial Stability Board](#).

- Seminars – these are held periodically for senior management, NEDs and advisors. It is a chance for firms to hear directly from staff at the regulators about key issues that are of interest to banks.
- Consider making contact with other organisations such as trade bodies that represent the banking industry, such as the [British Bankers Association](#) and the [Association of Foreign Banks](#).

## Appendices

**1. Frequently asked questions**

[www.bankofengland.co.uk/pr/ Documents/authorisations/newfirmauths/nbsu faqs.pdf](http://www.bankofengland.co.uk/pr/ Documents/authorisations/newfirmauths/nbsu faqs.pdf).

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**2. Who we are?**

[www.bankofengland.co.uk/pr/ Documents/authorisations/newfirmauths/whowear e.pdf](http://www.bankofengland.co.uk/pr/ Documents/authorisations/newfirmauths/whowear e.pdf).

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**3. Should I become a bank?**

[www.bankofengland.co.uk/pr/ Documents/authorisations/newfirmauths/shouldibe comeabank.pdf](http://www.bankofengland.co.uk/pr/ Documents/authorisations/newfirmauths/shouldibe comeabank.pdf).

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**4. Alternatives to being a bank**

[www.bankofengland.co.uk/pr/ Documents/authorisations/newfirmauths/alternativ estobeingabank.pdf](http://www.bankofengland.co.uk/pr/ Documents/authorisations/newfirmauths/alternativ estobeingabank.pdf).

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**5. International banks**

[www.bankofengland.co.uk/pr/ Documents/authorisations/newfirmauths/internatio nalbanks.pdf](http://www.bankofengland.co.uk/pr/ Documents/authorisations/newfirmauths/internatio nalbanks.pdf).

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**6. The PRA's and FCA's Threshold Conditions**

[www.bankofengland.co.uk/pr/ Documents/authorisations/newfirmauths/threshold conditionsfactsheet.pdf](http://www.bankofengland.co.uk/pr/ Documents/authorisations/newfirmauths/threshold conditionsfactsheet.pdf).

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**7. Fundamental Rules and Principles for Businesses**

[www.bankofengland.co.uk/pr/ Documents/authorisations/newfirmauths/fundamen talrulesprinciples.pdf](http://www.bankofengland.co.uk/pr/ Documents/authorisations/newfirmauths/fundamen talrulesprinciples.pdf).

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**8. How to start a bank**

[www.bankofengland.co.uk/pr/ Documents/authorisations/newfirmauths/howtostar tabank0316.pdf](http://www.bankofengland.co.uk/pr/ Documents/authorisations/newfirmauths/howtostar tabank0316.pdf).

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