BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

FINAL NOTICE

To: Mr James Edward Staley

Reference Number: JXS02208
Date: 11 May 2018

1. ACTION

1.1. For the reasons given in this notice, the PRA imposes a financial penalty of £321,230 on Mr James Edward Staley pursuant to section 66 of the Act.

1.2. Mr Staley agreed to settle at an early stage of the PRA's investigation and therefore qualified for a 30% (stage 1) discount under the PRA's Settlement Policy. Were it not for this discount, the PRA would have imposed a financial penalty of £458,900 on Mr Staley.

2. SUMMARY OF REASONS FOR ACTION

Background

2.1. The PRA took this action as a result of Mr Staley's conduct whilst CEO of Barclays Group during the Relevant Period.

2.2. Mr Staley was appointed CEO of Barclays Group on 1 December 2015, and performed this role throughout the Relevant Period. He was approved by the PRA to carry out the SMF1 (Chief Executive) function at Barclays under the Senior Managers Regime. The role of a CEO is an important one, and includes setting an example to the firm's employees, and communicating to them the Board's expectations in relation to the firm's culture, values and behaviours.

2.3. As part of his role Mr Staley was required to comply with Individual Conduct Rule 2 (ICR 2), which provided that he must act with due skill, care and diligence. As set out more fully in this notice, the PRA considers Mr Staley failed to comply with

ICR 2 in the way he acted in response to an anonymous letter that Barclays received raising concerns about its hiring process.

2.4. On 21 June 2016, a member of the Group Board received the First Letter. The letter's anonymous author was expressed to be a Group shareholder; it raised concerns regarding Employee A, the Group's process for hiring him and Mr Staley's role in dealing with those concerns at a previous employer[1]. On 23 June 2016, Mr Staley was asked by a member of the Executive Committee and another senior Group employee to address the Group Board in respect of the First Letter.

2.5. Mr Staley considered that the First Letter fell outside of the firm's Whistleblowing Policy as its author did not purport to be a Group employee. He believed the author was likely someone outside of the Group with whom he had worked previously, and that the allegations were false and submitted for malicious reasons. Mr Staley was concerned the allegations were an attack on Employee A, and that they could undermine his ability to hire senior individuals from competitor firms, which was an important part of his strategy for the Group.

2.6. On 23 and 26 June 2016, Mr Staley discussed the First Letter with two individuals outside of the Group. He also disclosed a copy of the First Letter to one of these individuals. Mr Staley did this as they were friends of Employee A and he thought they could act as a support for him if the First Letter became public.

2.7. On 24 June 2016, the Group received a Second Letter expressing similar concerns to the First Letter. Mr Staley recognised the Second Letter could fall within the scope of the Group's Whistleblowing Policy as it purported to come from an employee, and so did not attempt to identify its author. Mr Staley became increasingly concerned the Letters may be part of a campaign aimed at undermining his hiring strategy. On 28 June 2016, with a view to pre-empting further allegations being made, Mr Staley instructed Group Security to try to identify the First Letter's author. Whilst Mr Staley recognised there was a real possibility the Letters were sent by the same people, he believed they were outside of the Group; he failed to appreciate the real risk that the authors of both Letters were Group employees.

[1] For the avoidance of doubt, the Authority makes no comment on the accuracy of the allegations made in relation to Employee A in either of the First or Second Letters referred to in this notice.

2.8. On 29 June 2016, Mr Staley was told that Group Compliance might be treating the First Letter as a whistleblow, and was advised by senior colleagues (including from Group Compliance) not to attempt to identify its author. He accepted this advice. Group Security was also told to cease its efforts to identify the author of the First Letter, which it did.

2.9. Following a request from Mr Staley for an update, on 8 July 2016 Group Compliance updated Mr Staley on its investigation into the allegations in the First Letter. Group Compliance told Mr Staley that the allegations about the recruitment process appeared to be unsubstantiated and that Group Compliance expected to conclude its investigation shortly. Mr Staley mistakenly understood this to mean the First Letter was no longer being treated as a whistleblow. However, he failed to confirm this expressly with Group Compliance, and also failed to inform Group Compliance that he intended to resume steps to try to identify the First Letter's author. Following that discussion, Mr Staley instructed Group Security to resume its efforts to identify the First Letter's author.

Breaches and failures

2.10. The PRA considers that, in the circumstances, Mr Staley failed to act with due skill, care and diligence as required by ICR 2.

2.11. Mr Staley was the subject of (and a key witness in relation to) aspects of the complaint made by way of the First Letter. Whilst Mr Staley viewed the complaint as unjustified and submitted for malicious reasons, he also believed that there was some factual basis for the historic allegations in relation to Employee A – the complaint was therefore not one that could be immediately dismissed. A CEO exercising due skill, care and diligence ought in the circumstances to have identified that:

(1) He had a conflict of interest in relation to the First Letter, and should have taken particular care to maintain an appropriate distance from the investigation into it. This included not taking steps (i) to involve himself in the investigation of the complaints in the First Letter, which risked interfering (and being perceived as interfering) with Group Compliance's investigation process or (ii) which could be seen to be seeking to put pressure on the complainant to withdraw or not repeat their complaint.

(2) There was a real risk that he would not be able to form an objective view on how Barclays should respond to the First Letter.

(3) Once the complaint was in the hands of Group Compliance, it was important that Group Compliance retained control over its investigation.

2.12. Mr Staley failed to identify any of these matters, and instead allowed his own interest in the complaint to override his objectivity. As a result, he failed to take appropriate steps to mitigate the conflict of interest he had in connection with the First Letter – instead, he sought to direct some of the steps taken by Barclays in connection with the First Letter.

2.13. In particular, by involving himself in the investigation into the First Letter, Mr Staley risked compromising the independence of Group Compliance's investigation process by instructing Group Security to try to identify the author of the First Letter, a step he took without consulting other colleagues (including those in Group Compliance with conduct of its investigation). Mr Staley's failure to exercise impartial judgement is further evidenced by his decision to discuss the First Letter with two individuals outside of Barclays; in doing so he failed to maintain (and to be seen to be maintaining) an appropriate distance from the formal investigation into that letter.

2.14. Further, from 29 June 2016 Mr Staley was on notice that the First Letter was being treated by Barclays as a potential whistleblow. As a non-expert in whistleblowing, Mr Staley ought to have recognised that he needed to consult explicitly with those in Barclays who had primary responsibility for (and an expertise in relation to) whistleblowing. He did not do so. In particular, Mr Staley:

(1) failed to obtain express confirmation (either in the 8 July 2016 discussion or in writing afterwards) that the First Letter was not a whistleblow and that it was permissible for steps to be taken to identify its author;

(2) failed to inform Group Compliance (either in the 8 July 2016 discussion or afterwards) that he intended to attempt to identify the First Letter's author; and

(3) instead relied on his own misunderstanding of the 8 July 2016 discussion, without making any formal record of the discussion and his reasons for re-instructing Group Security to try to identify the First Letter's author.

Given the conflict of interest and his lack of objectivity as set out above, Mr Staley acted unreasonably in proceeding in this way and, in doing so, risked undermining confidence in Barclays' Whistleblowing Policy and the protections it afforded to whistleblowers.

2.15. Further, in light of the Second Letter Mr Staley ought to have recognised that there was a real possibility (given the similarity in the allegations they contained) that the First Letter also fell within the scope of Barclays' Whistleblowing Policy. A CEO exercising due skill, care and diligence in these circumstances would have appreciated that identification of the First Letter's author could not be handled in isolation from the Second Letter – attempting to identify the First Letter's author or to put pressure on them to withdraw or not repeat their complaint risked leading back to and putting pressure on the author of the Second Letter, who Mr Staley had recognised (correctly) could fall within the scope of the Group's Whistleblowing Policy. Had Mr Staley consulted properly with his colleagues (in particular Group Compliance) he would have appreciated this risk.

2.16. More detailed information on the facts and matters relied on by the PRA in its decision-making process regarding Mr Staley can be found in Annex A.

3. REASONS WHY THE PRA TOOK ACTION

3.1. The PRA is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms. The PRA's role is to promote the safety and soundness of those firms.

3.2. The imposition of a financial penalty on Mr Staley supports the PRA's general objective of promoting the safety and soundness of the firms which it regulates. The action the PRA has taken emphasises the importance of ensuring that senior individuals in a firm act with due skill, care and diligence. Given the crucial role of the CEO, the standard required of Mr Staley under ICR2 is more exacting than for other employees. Where (as happened here) the CEO is faced with circumstances that undermine or risk undermining the impartiality of their judgement, they need

to ensure that appropriate standards of governance (including independence of decision-making) are maintained.

3.3. Further, the PRA considers that whistleblowers play a vital role in exposing poor practice and misconduct in the financial services sector. It is critical that individuals who wish to raise concerns feel able to speak up anonymously and without fear of retaliation. Mr Staley's actions, as set out more fully in Annex A, fell short of the standard of due skill, care and diligence expected of a CEO in a PRA authorised firm. Mr Staley risked compromising the value of an important resource by which the financial services industry and regulators can identify poor behaviours. That risk was exacerbated given the high profile of Mr Staley and Barclays within the financial services industry.

3.4. The full particulars relevant to this matter are set out in Annex A. Mr Staley's failings and breaches are detailed in Annex B. The basis for the sanction the PRA has decided to impose is set out in Annex C. The definitions used in this Notice are set out in Annex D and the relevant statutory, regulatory and policy provisions are in Annex F.

4. SANCTION

4.1. Taking into account the above facts and matters and the relevant factors set out in the PRA's Penalty Policy, the PRA considers that Mr Staley's breach of ICR 2 warrants the imposition of a financial penalty of £458,900. That penalty was reduced by a 30% discount to £321,230 because Mr Staley settled the matter at Stage 1.

4.2. The basis and computation for this penalty are set out at Annex C.

5. PROCEDURAL MATTERS

5.1. The procedural matters set out in Annex E are important.

Miles Bake
Head of Legal, Enforcement and Litigation Division,
for and on behalf of the PRA

ANNEX A – FACTS AND MATTERS RELIED ON

1. Overview of the Group's corporate structure during the Relevant Period

1.1. The Group is a trans-Atlantic consumer, corporate and investment bank. During the Relevant Period it was comprised of Barclays UK, which conducts UK personal and business banking, and Barclays International, which is made up of its Corporate Banking business, Investment Bank, Barclaycard operations outside the UK and its Private Bank and Overseas Services. Barclays Bank Plc is the entity authorised by the PRA and regulated by the FCA and PRA which has regulatory permissions through which its Barclays UK and Barclays International divisions conduct the majority of their UK based regulated activity.

1.2. During the Relevant Period the Group Board reported to the Chairman of Barclays, and consisted of the CEO (Mr Staley), the Chairman, Deputy Chairman and Senior Independent Director, the Group Finance Director, the Company Secretary and eight non-executive directors. Mr Staley also chaired the Group Executive Committee which consisted of the Heads of various significant business units and functions within the Group.

2. The role and expectations of the CEO

2.1. The CEO is the most senior executive director on the board, and therefore has a crucial role to play in ensuring that their firm meets the standards expected of it. A CEO is expected to identify conflicts of interest and be appropriately alert to potential whistleblowing situations. As such, they are expected to demonstrate the highest standard of integrity and to act with due skill, care and diligence in carrying out their functions.

2.2. The CEO has responsibility for proposing strategy to the board and for delivering the strategy as agreed. Further, the CEO has, with the support of the executive team, primary responsibility for setting an example to the firm's employees, and communicating to them the expectations of the board in relation to the firm's culture, values and behaviours.

2.3. Further, a CEO of an authorised firm must comply with ICR 2, acting with due skill, care and diligence at all times in performing their role. The standard is an objective one and requires a CEO to exercise the degree of due skill, care and diligence as a reasonable CEO would exercise in like circumstances.

2.4. The steps that a person needs to take to comply with ICR 2 will be informed by, amongst other things, the circumstances, the specific nature of their role and their experience. Given the crucial role of the CEO, the expectations of the CEO will be more exacting than for other employees of their firm. This is consistent with the CEO's responsibility for setting an example to the firm's employees. For example, where a CEO is faced with circumstances that might undermine the impartiality of their judgement, they need to ensure that appropriate standards of probity and governance are maintained.

3. Barclays' whistleblowing function

3.1. During the Relevant Period, the I&W Team was a sub-function of Group Compliance. The Head of the I&W Team reported to the Group Head of Compliance. The I&W Team was responsible for:

(1) facilitating the reporting of 'Inappropriate Conduct' (defined in Barclays' policy as "Behaviour and/or practices counter to Barclays Values and Behaviours involving Barclays or its Employees, which relate to wrongdoing or unethical behaviour");

(2) triaging reports of Inappropriate Conduct and co-ordinating the investigation of valid reports;

(3) escalating serious instances of Inappropriate Conduct to senior management;

(4) providing dedicated support to and protection of employees who report Inappropriate Conduct;

(5) setting a framework for investigations of Inappropriate Conduct;

(6) analysing the outcome of investigations (without taking responsibility for the direction or conduct of any required remediation); and

(7) providing periodic management information of valid reports of Inappropriate Conduct to senior management.

3.2. The I&W Team consisted of a whistleblowing team, a number of investigation teams and an operations team. The Director of the whistleblowing team reported to the Head of the I&W Team and had primary responsibility for determining whether a concern was a whistleblow or not on a day-to-day basis. If they had any queries or issues regarding this determination, they could discuss these with the Head of the I&W Team. The whistleblowing team received reports alleging inappropriate conduct, registered these and allocated them to the appropriate area, for example, an investigations team, Human Resources or Compliance.

4. The applicable regulatory regime on whistleblowing

4.1. The key events as described in this Notice took place during a time when the Authority's regulatory regime in relation to whistleblowing was changing.

4.2. From 31 December 2006 to 6 September 2016 the FCA's Handbook provided guidance in relation to whistleblowing by reference to the legal requirements in PIDA. The purpose of this guidance was not to provide a comprehensive guide to PIDA, but to remind firms of the provisions of PIDA, and to encourage them to consider adopting and communicating to workers appropriate internal procedures for handling workers' concerns as part of an effective risk management system. Further, from 2 April 2015 the PRA introduced various requirements relating to whistleblowing processes in the General Organisational Requirements section of its Rulebook.

4.3. Following the PCBS's recommendations in 2013, the PRA brought into effect new rules to formalise firms' whistleblowing procedures. A detailed summary is contained in Annex F to this Notice, but in overview:

(1) From 7 March 2016, firms were required to appoint a whistleblowers' champion, who had responsibilities (broadly speaking) for overseeing the integrity, independence and effectiveness of the firm's policies and procedures on whistleblowing. This included overseeing the firm's transition to its new whistleblowing arrangements to comply with the new rules taking effect from 7 September 2016.

(2) From 7 September 2016, the revised whistleblowing regime came into full effect with enhanced requirements as to the arrangements that a firm

must put in place for the disclosure of reportable concerns by whistleblowers. As at that date the following terms were used:

(a) 'Whistleblower' which referred to 'any person' who has disclosed or intends to disclose a 'reportable concern' (i.e. not just workers).

(b) 'Reportable concern' which was defined to include: (a) anything that would be the subject-matter of a protected disclosure, including beaches of rules; (b) a breach of the firm's policies and procedures; and (c) behaviour that harms or is likely to harm the reputation or financial well-being of the firm.

4.4. The events which are the subject of this Notice fall within the period where Barclays' obligations in relation to whistleblowing were as referred to in paragraph 4.2 above, save that Barclays was required to also have a whistleblowers' champion and to be working towards implementation of the wider regime by the 7 September 2016 deadline. However, given that the PRA rules on whistleblowing were in flux a CEO in the circumstances in which Mr Staley found himself in, in the Relevant Period ought to have been particularly sensitive to whistleblowing issues.

5. The Group's policy on whistleblowing

5.1. The Group's Whistleblowing Policy during the Relevant Period applied to all employees of any entity within the Group. The Whistleblowing Policy strongly encouraged employees to speak up about behaviours and practices that contradict the values of the Group and relate to wrongdoing or unethical behaviour. The Whistleblowing Policy defined such behaviours and practices as 'Inappropriate Conduct', including, but not limited to, the following examples:

(1) A material breach of any laws or regulations applicable to the Group.

(2) Anything that is significantly detrimental to the Group, its employees or its customers.

(3) Suppression or concealment of any of the behaviours or practices that constituted Inappropriate Conduct under the policy.

5.2. The Whistleblowing Policy sought to facilitate the ability for employees to raise concerns confidentially and, where permitted, anonymously. The Whistleblowing Policy defined an "Employee" as *"All employees and workers of any entity within Barclays...".*

5.3. The Whistleblowing Policy only allowed for one exception to the rule that the identity of an anonymous whistleblower should be protected: where the I&W Team found that the allegations made by the whistleblower were false and submitted for malicious reasons, then steps could be taken to identify the whistleblower and take disciplinary action against them. In practice, Group Compliance decided whether there were grounds to identify an anonymous whistleblower and directed any resulting activity to that end.

5.4. The Whistleblowing Policy protected employees of the Group from *being "(directly or indirectly) dismissed, demoted, suspended, threatened, harassed or subject to Detriment because they have reported Inappropriate Conduct"*.

5.5. In practice, the I&W Team took a cautious approach to whether an anonymous report was classified as a whistleblow; further, when investigating reports the I&W Team did not differentiate between reports from internal and external sources. This was in part because of the difficulty in determining whether an anonymous whistleblow in fact came from an employee or an external source.

5.6. Mr Staley understood that the key principle of the Group's Whistleblowing Policy was to make employees feel comfortable bringing conduct or control issues to the attention of the Group and voiced his support for that goal in his communications with Group employees. During the Relevant Period, Mr Staley was aware that employees of the Group could report conduct issues anonymously and that the reason for this was to protect them against any potential retaliation. Mr Staley correctly understood that at that time the Whistleblowing Policy applied to Group employees and not external parties.

5.7. Further, Mr Staley was aware that the scope of the regulatory regime in relation to whistleblowing was expanding in the way set out in paragraph 4.3(2) above. For example, on 28 July 2016 Mr Staley attended a Group Board meeting at which the application of the Group's Whistleblowing Policy to anonymous correspondence was noted. One of the agenda items for this meeting was the Group Board's approval for various changes to the Terms of Reference of the BAC

(which is an internal committee that reviews and audits, amongst other things, the effectiveness of the Group's whistleblowing procedures). The Group Board approved those changes, which included the addition of the requirement for the BAC to *"ensure that management has internal arrangements in place to handle any type of whistleblowing disclosure by any person (including anonymous disclosures)* [emphasis added]".

6. Chronology of Events

Receipt of the First Letter

6.1. On 21 June 2016, one of the members of the Group Board received the First Letter, the author of which identified themselves as 'John Q. Public' and a long-term institutional shareholder of the Group. The First Letter raised concerns regarding the appointment by the Group of Employee A, including concerns of a personal nature about Employee A, Mr Staley's knowledge of and role in dealing with those issues at a previous employer, and the appropriateness of the Group's recruitment process for appointing Employee A. The First Letter was stated to have been copied to other members of the Group Board, but not Mr Staley.

6.2. On 21 June 2016, the First Letter was forwarded to Group Compliance. On receipt of the First Letter (and unknown to Mr Staley at the time), Group Compliance considered it to be a whistleblow and the I&W Team subsequently opened a whistleblowing case into allegations contained in the First Letter.

6.3. On or before 23 June 2016, Mr Staley was told about, and provided with a copy of, the First Letter. When Mr Staley first read the First Letter he did not consider it to be a whistleblow as he thought it highlighted an issue about the hiring of Employee A rather than a conduct issue, purported to come from a shareholder rather than an employee of the Group, related to an event that did not happen at Barclays and, in his view, the allegations it contained were false and malicious. Mr Staley believed the author of the First Letter was someone who had worked with Employee A and Mr Staley at a former employer.

6.4. However, Mr Staley believed that certain of the historic allegations in relation to Employee A were correct. Further, certain of the matters underlying the complaints in the First Letter were factually accurate – in particular, Mr Staley had instigated Employee A's hiring by Barclays (although he had not played a

part in the bank's interview and hiring process). (For the avoidance of doubt, the PRA makes no comment in this Notice on the accuracy of the allegations in the Letters relating to Employee A.)

6.5. On 23 June 2016, Mr Staley was asked by a member of the Executive Committee and another senior Group employee to address the Group Board in respect of the First Letter. Mr Staley informed the Group Board:

(1) of the background to the personal issues relating to Employee A alleged in the First Letter and that they were historic;

(2) of the steps he had taken to ensure a suitable HR recruitment process (which he was not involved in) was conducted before Employee A was hired;

(3) that the decision to hire Employee A had not been taken by him; and

(4) that he was confident Employee A remained a good hire for the Group.

6.6. On 23 June 2016, Mr Staley emailed a copy of the First Letter to a friend and former colleague of Mr Staley and Employee A. On 26 June 2016, Mr Staley discussed the First Letter with another friend and former colleague of Mr Staley and Employee A. Neither of these individuals were employees of the Group. Mr Staley corresponded with these individuals regarding the First Letter to set up a support network for Employee A in case the First Letter became public.

Receipt of the Second Letter

6.7. On 24 June 2016, a Barclays Group office in New York received the Second Letter, which was addressed to an employee in the Americas Division and sent anonymously (albeit it was purported to have been drafted by a group of Barclays' employees). The Second Letter expressed similar concerns relating to Employee A as those in the First Letter.

6.8. Mr Staley was aware of the Second Letter by 28 June 2016. Mr Staley considered that the Second Letter could fall within the scope of Barclays' whistleblowing policy as it purported to come from a Group employee, and so did not take any steps to identify its author (even though he considered it likely its author was also

the author of the First Letter). Mr Staley believed that, rather than the First Letter being an isolated incident, the Letters were potentially part of a campaign to attack both Employee A and Barclays. This raised in Mr Staley's mind the need to find a way to stop this campaign by finding out who was sending the Letters, proving that they were not whistleblows and that their contents were false.

6.9. In light of the similarity in the allegations they contained, Mr Staley recognised that there was a real risk that both Letters had been sent by the same people. He considered that these individuals were outside of the Group (at the previous employer referred to in paragraph 3 above). However, he failed to recognise the real possibility that both Letters were sent by Group employees.

6.10. On 29 June 2016, the I&W Team logged the Second Letter as a whistleblowing case on the case management system (this was unknown to Mr Staley at the time).

First instruction by Mr Staley to Group Security to try to identify the author of the First Letter

6.11. Mr Staley considered it important to the strategy and future of the Group that it should be able to hire and retain senior people, and he was worried that the First Letter might compromise his ability to do that. He also thought that the Group had an obligation to protect the wellbeing and integrity of its employees, and considered the First Letter was an attempt to "assassinate" the character of Employee A.

6.12. Given his concerns, on 28 June 2016 Mr Staley asked Group Security to get the First Letter from Group HR and to try to identify its author (one of the functions of Group Security was to conduct investigations relating to internal and external security threats against the Group). Mr Staley approached Group Security as he had prior interactions with it in relation to other security matters. Group Security asked Group HR for the First Letter and informed Mr Staley that it had done so. However, Group Security did not receive a copy of the First Letter following this (or a subsequent) request.

6.13. On 28 June 2016, Group Security also contacted colleagues based in the US to inform them that they may be required to examine a letter and envelope to

identify the author and to ask them to check what options might be available to identify the sender of a letter via their contacts in the US.

Internal discussions and events in relation to the Letters

6.14. In a meeting on 29 June 2016 involving the Group Head of Compliance, Group General Counsel, Group Human Resources Director and Mr Staley's Chief of Staff Mr Staley was advised that:

(1) it was generally not a good idea to try to identify the author of an anonymous letter;

(2) Group Compliance might consider that the First Letter was a whistleblow;

(3) if the Letters were considered to be whistleblows, they would have to be dealt with in accordance with the Whistleblowing Policy and Mr Staley should not get involved; and

(4) as the Letters could be considered to be whistleblows, Mr Staley should not try to identify the authors.

6.15. This meeting was the first occasion on which Mr Staley understood that the First Letter might be treated as a whistleblow.

6.16. Although frustrated, Mr Staley accepted this advice and did not take further steps to try to identify the author of the First Letter at this point. The I&W Team told Group Security it was not acceptable to trace the author of an anonymous letter. Group Security had not at that time taken any specific steps to identify the author, and told the Barclays' employees in the US that their help in attempting to identify the author of an anonymous letter was no longer needed.

6.17. On 5 July 2016, Mr Staley received the Whistleblowers' Champion Monthly Report for June 2016 from the I&W Team, which included a high level summary of significant whistleblowing cases opened by the GCWT in that month. The report included two linked case references alongside a brief description that referred to an anonymous letter containing allegations that an employee had historically behaved in a manner contrary to the Group's values. The two linked cases were references to the I&W Team's investigations in relation to the Letters.

6.18. On 7 July 2016, Mr Staley asked his office to seek an update from the I&W Team as to whether the Letters were whistleblows. The I&W Team confirmed to Mr Staley's office that they were treating the Letters as whistleblows. Mr Staley and his office do not recall whether this was communicated to him at this time.

6.19. On 8 July 2016, Mr Staley received an oral update from Group Compliance about the recruitment process for appointing Employee A and the treatment of the First Letter as a whistleblow. Mr Staley was told that the investigation had yet to formally conclude, but that the allegations around the recruitment process in the Letters appeared to be unsubstantiated; Group Compliance told him that this was not a circumstance in which it would try to identify the author of the Letters.

6.20. Mr Staley does not recall details of what was said on the telephone call of 8 July 2016. However, he mistakenly understood that he was being told by Group Compliance that, as the allegations appeared to be unsubstantiated, the First Letter was no longer being treated as a whistleblow, and so concluded that it was within his authority as CEO to decide how to proceed in relation to it. However, even though he was aware of the sensitivities and risks to the Group in tracing the source of anonymous correspondence from the discussion on 29 June 2016, Mr Staley did not seek express confirmation from Group Compliance that (i) the First Letter was no longer being treated as a whistleblow or (ii) it was permissible to try to identify its author. Mr Staley failed to inform Group Compliance that he intended to resume steps to try to identify the First Letter's author. Had Mr Staley taken those steps, he would have identified that Group Compliance was still treating the First Letter as a whistleblow and that any steps to identify its author were for Group Compliance to take.

6.21. Following the call on 8 July 2016, Group Compliance recorded that Mr Staley had been updated and that there were no follow up issues or concerns.

Resumption of attempt to identify the author of the First Letter

6.22. On 11 July 2016, Mr Staley told Group Security that he had received clearance to try to identify the author of the First Letter and asked Group Security to engage with his office. Mr Staley did not inform his fellow Group Board or Executive Committee members, Group Compliance (including the I&W team), Legal or HR of this instruction nor did he seek their advice/assistance on its implementation.

6.23. On 12 July 2016, Mr Staley's office sent a copy of the envelope of the First Letter to Group Security which then arranged for the original envelope to be sent to a Barclays employee in the US who engaged with their contacts in the US to try and identify the author. On 27 July 2016, these contacts provided the Barclays employee in the US with the date, time, location and cost of the purchase of postage for the First Letter. This information was circulated to Group Security and Mr Staley on the same day.

6.24. On 2 August 2016, Mr Staley sent a text message to Group Security asking for an update on the attempt to identify the author of the First Letter. Group Security responded saying that it was seeking to obtain video footage of the purchase of the postage for the First Letter from US contacts.

6.25. On 3 August 2016, Group Security informed Mr Staley that it had been unable to identify the author of the First Letter and that it could not obtain the video footage. Mr Staley replied to Group Security, asking if there was any way it could attempt to respond to the author of the First Letter. On 5 August 2016, Group Security confirmed that this would not be possible.

6.26. The Authority has not identified any further communications after 5 August 2016 between Group Security and Mr Staley relating to identifying the author of the First Letter.

6.27. By 13 September 2016, the I&W Team had substantively concluded its investigation and made a finding that the allegations in the Letters were "*unsubstantiated*" and that "*nothing untoward [had] been identified*". The I&W Team formally closed the two linked cases in respect of the First and Second Letters on 9 January 2017.

6.28. In early 2017, Barclays' Board became aware of Mr Staley's attempt to identify the author of the First Letter and commissioned an investigation. In early March 2017, in light of the preliminary findings of that investigation, Barclays made notifications to the FCA and PRA. In late March 2017, the Barclays' Board considered the conclusions of the investigation and discussed the matter further with the FCA and PRA. On 7 April the PRA and FCA opened into investigations into this matter.

6.29. In response to the Barclays' Board's findings, Mr Staley apologised to the Board for his error in becoming involved with, and not applying appropriate governance around, the attempt to identify the author of the First Letter, and in taking action to attempt to identify the author of the First Letter.

ANNEX B – BREACHES AND FAILINGS

1. As a result of the facts and matters set out in Annex A, the PRA considers that Mr Staley has breached ICR 2.

2. **FAILINGS**

2.1. Mr Staley was the subject of (and a key witness in relation to) aspects of the complaint made by way of the First Letter. Whilst Mr Staley viewed the complaint as unjustified and submitted for malicious reasons, he also believed that there was some factual basis for the historic allegations in relation to Employee A – the complaint was therefore not one that could be immediately dismissed. A CEO exercising due skill, care and diligence ought in the circumstances to have identified that:

(1) He had a conflict of interest in relation to the First Letter, and should have taken particular care to maintain an appropriate distance from the investigation into it. This included not taking steps (i) to involve himself in the investigation of the complaints in the First Letter, which risked interfering (and being perceived as interfering) with Group Compliance's investigation process or (ii) which could be seen to be seeking to put pressure on the complainant to withdraw or not repeat their complaint.

(2) There was a real risk that he would not be able to form an objective view on how Barclays should respond to the First Letter.

(3) Once the complaint was in the hands of Group Compliance, it was important that Group Compliance retained control over its investigation.

2.2. Mr Staley failed to identify any of these matters, and instead allowed his own interest in the complaint to override his objectivity. As a result, he failed to take appropriate steps to mitigate the conflict of interest he had in connection with the First Letter – instead, he sought to direct some of the steps taken by Barclays in connection with the First Letter.

2.3. In particular, by involving himself in the investigation of the First Letter, Mr Staley risked compromising the independence of Group Compliance's investigation process by instructing Group Security to try to identify the author of the First Letter, a step he took without consulting other colleagues (including

those in Group Compliance with conduct of its investigation). Mr Staley's failure to exercise impartial judgement is further evidenced by his decision to discuss the First Letter with two individuals outside of Barclays; in doing so he failed to maintain (and to be seen to be maintaining) an appropriate distance from the formal investigation into that letter.

2.4. Further, from 29 June 2016 Mr Staley was on notice that the First Letter was being treated by Barclays as a potential whistleblow. As a non-expert in whistleblowing, Mr Staley ought to have recognised that he needed to consult explicitly with those in Barclays who had primary responsibility for (and an expertise in relation to) whistleblowing. He did not do so. In particular, Mr Staley:

(1) failed to obtain express confirmation (either in the 8 July 2016 discussion or in writing afterwards) that the First Letter was not a whistleblow and that it was permissible for steps to be taken to identify its author;

(2) failed to inform Group Compliance (either in the 8 July 2016 discussion or afterwards) that he intended to attempt to identify the First Letter's author; and

(3) instead relied on his own misunderstanding of the 8 July 2016 discussion, without making any formal record of the discussion and his reasons for re-instructing Group Security to try to identify the First Letter's author.

Given the conflict of interest and his lack of objectivity as set out above, Mr Staley acted unreasonably in proceeding in this way and, in doing so, risked undermining confidence in Barclays' whistleblowing policy and the protections it afforded to whistleblowers.

2.5. Further, in light of the Second Letter Mr Staley ought to have recognised that there was a real possibility (given the similarity in the allegations they contained) that the First Letter also fell within the scope of Barclays' Whistleblowing Policy. A CEO exercising due skill, care and diligence in these circumstances would have appreciated that identification of the First Letter's author could not be handled in isolation from the Second Letter – attempting to identify the First Letter's author or to put pressure on them to withdraw or not repeat their complaint risked leading back to and putting pressure on the author of the Second Letter, who Mr Staley had recognised (correctly) could fall within the scope of the Group's

Whistleblowing Policy. Had Mr Staley consulted properly with his colleagues (in particular Group Compliance) he would have appreciated this risk.

2.6. Given the crucial role of the CEO, the standard required of Mr Staley under ICR 2 is more exacting than for other employees. Where (as happened here) the CEO is faced with circumstances that undermine or risk undermining the impartiality of their judgement, they need to ensure that appropriate standards of governance (including independence of decision-making) are maintained.

2.7. Further, whistleblowers play a vital role in exposing poor practice and misconduct in the financial services sector. It is critical that individuals who wish to raise concerns feel able to speak up anonymously and without fear of retaliation. Mr Staley's actions fell short of the standard of due skill, care and diligence expected of a CEO in a PRA authorised firm: he risked compromising the value of an important resource by which the financial services industry and regulators can identify poor behaviours. That risk was exacerbated given the high profile of Mr Staley and Barclays within the financial services industry.

ANNEX C- PENALTY ANALYSIS

1. FINANCIAL PENALTY

1.1. The PRA Penalty Policy stipulates that the PRA will consider all the relevant circumstances of each case when deciding whether to take action against a person for a penalty under section 66 of the Act either to impose a penalty or issue a public censure. The PRA Penalty Policy sets out a non-exhaustive list of factors that may be of particular relevance when the PRA determines whether it is appropriate to issue a public censure rather than impose a financial penalty.

1.2. The PRA has considered the disciplinary and other options available to it and has concluded that a financial penalty is the appropriate sanction in this particular case.

Step 1: disgorgement

1.3. Pursuant to paragraph 17 of the PRA Penalty Policy, at Step 1 the PRA seeks to deprive an individual of any economic benefits derived from or attributable to the breach of its requirements, where it is practicable to ascertain and quantify them.

1.4. There is no evidence that Mr Staley derived any economic benefit from the breach including profit made or loss avoided.

Step 2: seriousness of the breach

1.5. Pursuant to paragraph 18 of the PRA Penalty Policy, at Step 2 the PRA determines a starting point figure for a punitive penalty having regard to the seriousness of the breach by the relevant individual, including any threat or potential threat it posed or continues to pose to the advancement of the PRA's statutory objectives. Pursuant to paragraph 20 of the PRA Penalty Policy, the PRA will ordinarily determine a figure at Step 2 based on the individual's annual income. "Annual income" means the gross amount of all benefits, including any deferred benefits received by the individual from the employment in connection with which the breach of the PRA's requirements occurred. The PRA ordinarily calculates an individual's annual income during the tax year preceding the date

when the breach ended ("relevant income").

1.6. In this instance given that Mr Staley was only in role at Barclays for 4 months of the financial year ending April 2016, we have explored alternative appropriate starting points. On balance, given the 12 months preceding the breach most closely maps the Relevant Period and the period of the misconduct, we have decided that this is the most appropriate starting point.

1.7. Mr Staley's total gross pay and share awards pro-rated for the 12 months preceding the breach gives the appropriate starting point. This is £4,589,048.62.

Step 2 Factors

1.8. Pursuant to paragraph 20(d) of the PRA's Penalty Policy, in determining the seriousness of the breach, the PRA will apply an appropriate percentage rate to the individual's relevant income to produce a figure at Step 2 that properly reflects the nature, extent, scale and gravity of the breach. The PRA considers the percentage rate of Mr Staley's relevant income should be **10%** for the following reasons:

(1) Mr Staley was a very senior individual within Barclays and had a high level responsibility for the area of the business affected by the breach.

(2) the impact of the breach may have been low in the sense that there was no financial impact on Barclays. However, the PRA assesses PRA-approved persons not just against crystallised risks, but also against those that may arise in the future. Should Mr Staley have identified the author(s) of the Letters the damage to the whistleblowing culture would have been high and may have deterred future whistleblowers.

(3) Notwithstanding the seriousness that the PRA places on whistleblowing, Mr Staley's behaviour was at the lower end of the scale in terms of seriousness of a breach of ICR 2, it was not prolonged, it was a failure in relation to one incident and he accepted advice from his colleagues to step aside from tracing the author(s) when told to.

(4) Mr Staley has not been previously the subject of PRA or FCA disciplinary action. Furthermore, there is no evidence to suggest that

Mr Staley is likely to commit a similar breach in the future - his conduct would appear to be an isolated incident.

1.9. Therefore the Step 2 figure is 10% of **£4,589,048.62 = £458,900.**

Step 3: mitigating and aggravating factors

1.10. Pursuant to paragraph 24 of the PRA Penalty Policy, the PRA may increase or decrease the starting point figure for a punitive penalty determined at Step 2 (excluding any amount to be disgorged pursuant to Step 1, which is not applicable in this instance) to take account of any factors which may aggravate or mitigate the breach or other factors which may be relevant to the breach or the appropriate level of penalty in respect of it. The factors that may aggravate or mitigate the breach include those set out at paragraphs 25 and 26 of the PRA Penalty Policy.

1.11. The PRA considers that the following factors are relevant:

(1) Mr Staley's cooperation during the investigation was appropriate but did not go beyond what the PRA's investigation team would normally expect;

(2) Mr Staley has no previous disciplinary record in respect of the PRA's regulatory requirements; and

(3) The breach took place during a critical period of the whistleblowing regime which would come into force within the following months.

(4) The action proposed by the FCA to impose a financial penalty on Mr Staley in relation to the same facts and matters.

1.12. The PRA remains of the view that its financial penalty is appropriate and proportionate in the circumstances therefore it does not propose to make any adjustment to the figure at this stage.

1.13. Step 3 figure is therefore **£458,900.**

Step 4: adjustment for deterrence

1.14. Pursuant to paragraph 27 of the PRA Penalty Policy, if the PRA considers the penalty determined following Steps 2 and 3 is insufficient effectively to deter the person who committed the breach and/or others who are subject to the PRA's regulatory requirements from committing similar or other breaches, it may increase the penalty at Step 4 by making an appropriate adjustment to it.

1.15. The PRA does not consider an adjustment for deterrence is appropriate in this instance. The Step 4 figure is, therefore, **£458,900**. Given the facts of the case and the seriousness of the breach, the PRA considers that this figure is appropriate in the circumstances and will send a clear message to the senior managers of firms, to the regulated community more widely and the public as to the high standards of regulatory behaviour required and the importance that the PRA places to the whistleblowing regime.

Step 5: settlement discount – application of any applicable reductions for early settlement or serious financial hardship

1.16. Pursuant to paragraph 29 of the PRA Penalty Policy, the PRA and the individual on whom a penalty is to be imposed may seek to agree the amount of the penalty and any other appropriate settlement terms. The PRA Settlement Policy provides that the amount of the penalty which would otherwise have been payable may, subject to the stage at which a binding settlement agreement is reached, be reduced. Paragraph 26 of the PRA Settlement Policy provides that, where the PRA proposes to impose a financial penalty under the Act and a proposed settlement agreement is negotiated by the parties, approved by the PRA's settlement decision makers and concluded, the person concerned will be entitled to a reduction in the amount of the financial penalty (as set out at paragraph 28 of the PRA Settlement Policy).

1.17. The PRA considers that a financial penalty of **£458,900** (reduced to **£321,230** by a 30% discount for settlement with Mr Staley at Stage 1) is appropriate and proportionate by reference to Mr Staley's misconduct. The PRA considers that by imposing this Mr Staley and others will be effectively deterred from engaging in similar behaviour in the future.

1.18. The PRA therefore imposes a total financial penalty of **£321,230** on Mr Staley

for breaching ICR 2.

ANNEX D – DEFINITIONS

1. **The definitions below are used in this Final Notice:**

'the Act' or 'FSMA' means the Financial Services and Markets Act 2000

'the Americas Division' means the division which runs the Group's businesses in North, Central and South America

'the Authority' or 'PRA' means the Prudential Regulation Authority

'BAC' means the Board Audit Committee of Barclays Bank Plc, which derives its authority from, and reports to, the Group Board

'Barclays' means Barclays Bank Plc, the entity authorised by the PRA and regulated by the PRA and FCA which has regulatory permissions through which its Barclays UK and Barclays International divisions conduct the majority of their UK based regulated activity

'Barclays International' is Barclays' transatlantic wholesale and consumer bank

'Barclays UK' is Barclays' UK personal and business bank

'Barclays Values and Behaviours' are a set of positive values and behaviours set out in Barclays' code of conduct against which the performance of Group employees is assessed

'CEO' means Chief Executive Officer

'Employee A' means the Barclays employee who was the subject of various allegations in the Letters

'Executive Committee' means the Group Executive Committee of Barclays

'FCA' means the body corporate previously known as the Financial Services Authority and renamed on 1 April 2013 as the Financial Conduct Authority

'First Letter' means the letter dated 15 June 2016 addressed to the Chairman of the Group Board from an author using the pseudonym 'John Q. Public' and identifying themselves as an anonymous representative of a long-term institutional shareholder of Barclays

'GCWT' means the Global Compliance Whistleblowing Team which is part of the I&W Team

'Group' means Barclays Group which includes Barclays, Barclays UK and Barclays International

'Group Board' means the Board of Directors of the Group

'Group Compliance' means the Compliance function of the Group

'Group Legal' means the Legal function of the Group

'Group HR' means the Human Resources function of the Group

'Group Security' means the Security function of the Group

'Handbook' means the FCA's Handbook of rules and guidance

'ICR2' means Individual Conduct Rule 2

'the I&W Team' means the Investigations & Whistleblowing team within Group Compliance

'Letters' means the First Letter and Second Letter collectively

'PCBS' means the UK Parliamentary Commission on Banking Standards

'PRA' means the Prudential Regulation Authority

'PRA Penalty Policy' means 'The Prudential Regulation Authority's approach to enforcement: statutory statements of policy and procedure, April 2013 (as updated in January 2016)' - Chapter 2 Statement of the PRA's policy on the imposition and amount of financial penalties under the Act'

'PRA Settlement Policy' means 'The Prudential Regulation Authority's approach to enforcement: statutory statements of policy and procedure, April 2013 (as updated in January 2016) – Chapter 4 - Statement of the PRA's settlement decision-making procedure and policy for the determination of the amount of penalties and the period of suspensions or restrictions in settled cases'

'PIDA' means the Public Interest Disclosure Act 1998

'Policy Statements' means the FCA Policy Statement 15/24 and the PRA Policy Statement 24/15 both published on 6 October 2015

'the Relevant Period' means 1 June 2016 to 5 September 2016

'the Rulebook' means the PRA Rulebook

'Second Letter' means the undated anonymous letter addressed to an employee in the Group's Americas Division, received by the Group's office in New York on 24 June 2016, the authors of which identified themselves as employees of Barclays

'the Tribunal' means the Upper Tribunal (Tax and Chancery Chamber)

'US' means the United States of America

'UK' means the United Kingdom

'Whistleblowing Policy' means version 3.1 of the "Raising Concerns (Whistleblowing) Global Policy" dated July 2015, the Group's whistleblowing policy in place at the time of receipt of the Letters

ANNEX E - PROCEDURAL MATTERS

1. DECISION MAKER

1.1. The settlement decision makers made the decision which gave rise to the obligation to give this Notice.

1.2. This Final Notice is given to Mr Staley under and in accordance with section 390 of the Act.

2. MANNER OF AND TIME FOR PAYMENT

2.1. The financial penalty must be paid in full by Mr Staley to the PRA by no later than 25 May 2018, 14 days from the date of this Notice.

2.2. If all or any of the financial penalty is outstanding on the 26 May 2018, the day after the due date for payment, the PRA may recover the outstanding amount as a debt owed by Mr Staley and due to the PRA.

3. PUBLICITY

3.1. Sections 391(4), 391(6A) and 391(7) of the Act apply to the publication of information about the matter to which this Notice relates. Under those provisions, the PRA must publish such information about the matter to which this Notice relates as the PRA considers appropriate. The information may be published in such manner as the PRA considers appropriate. However, the PRA may not publish information if such publication would, in the opinion of the PRA, be unfair to the person with respect to whom the action was taken, prejudicial to the safety and soundness of PRA-authorised persons or prejudicial to securing an appropriate degree of protection to policyholders.

4. PRA CONTACTS

4.1. For more information concerning this matter generally, contact Jim Calveley at the PRA (direct line: 020 7601 8534 Email: Jim.Calveley@bankofengland.gsi.gov.uk).

ANNEX F – RELEVANT STATUTORY AND REGULATORY PROVISIONS

1. RELEVANT STATUTORY PROVISIONS

1.1. The PRA's general objective is promoting the safety and soundness of PRA-authorised persons and is set out in section 2B of the Act.

1.2. Section 66 of the Act provides that the PRA may take action against a person if it appears to the PRA that they are guilty of misconduct and the PRA is satisfied that it is appropriate in all the circumstances to take action against them.

1.3. Section 66B of the Act provides that for the purposes of action by the PRA under section 66, a person is guilty of misconduct if any of conditions A to C is met in relation to the person. Section 66B (2) sets out Condition A, which from 6 July 2016 stated that:

'(a) the person has at any time failed to comply with rules made by the PRA under section 64A, and

(b) at that time the person was –

(i) an approved person,

(ii) an employee of a relevant PRA-authorised person, or

(iii) a director of a PRA-authorised person.'

1.4. For the period 10 May 2016 to 5 July 2016, ss66B(b) extended only to an approved person or an employee of a relevant PRA-authorised person.

1.5. Section 66(3)(b) of the Act provides that if the PRA is entitled to take action against a person under section 66, it may publish a statement of his misconduct.

1.6. Sections 66B(9) and 71A of the Act defines a '*relevant authorised person'* as a UK institution which:

(1) meets condition A or B, and

(2) is not an insurer.

1.7. Condition A is that the institution has permission under Part 4A of the Act to carry on the regulated activity of accepting deposits.

1.8. Condition B is that:

(1) the institution is an investment firm;

(2) it has permission under Part 4A of the Act to carry on the regulated activity of dealing in investments as principal; and

(3) when carried on by it, that activity is a PRA-regulated activity.

2. RELEVANT REGULATORY PROVISIONS

2.1. Relevant Rulebook Provisions

Individual Conduct Rules

2.2. The PRA Rulebook sets out the Individual Conduct Rules which apply to certain individuals in PRA authorised firms.

2.3. Individual Conduct Rule 2 provides that a person (to whom the Individual Conduct Rules apply), must act with due skill, care and diligence.

2.4. The Individual Conduct Rules apply in relation to a person who is approved under section 59 of the Act to perform a Senior Management Function in relation to a PRA authorised firm.

General Organisational Requirements

2.5. The PRA Rulebook sets out General Organisational Requirements (GORs) in relation to the systems and controls which firms are required to have in place.

Relevant provisions: in force (relating to Whistleblowing) from 7 March to 6 September 2016

2.6. GOR 2.1 provided that a firm must have robust governance arrangements, which include a clear organisational structure with well defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks it is or might be exposed to, and internal control mechanisms, including sound administrative and accounting procedures and effective control and safeguard arrangements for information processing systems.

2.7. GOR 2.9 provided that a firm must have in place appropriate procedures for its employees to report breaches internally through a specific, independent and autonomous channel. It also provided that channel may be provided through arrangements provided for by social partners.

2.8. From 7 March 2016, firms were required to appoint and assign responsibilities to a whistleblowers' champion - as required by the PRA's Policy Statement 24/15.

Relevant provisions: in force for Whistleblowing from 7 September 2016 to date

2.9. From 7 September 2016, new and specific whistleblowing rules and guidance came into force in GOR 2A. These expanded the scope of the rules to include internal whistleblowing procedures, training to all staff of these procedures, no contractual barriers preventing employees from making protected disclosures and the whistleblowers' champion.

2.10. As a result of the PRA Whistleblowing Instrument 2015 (PRA 2015/80) new definitions were included in the GORs as follows:

(1) *'worker'*

has the meaning as defined by section 230(3) of the Employment Rights Act 1996 and as extended under section 43K of the Employment Rights Act 1996.

(2) *'Reportable concern'*

'means a concern held by any person in relation to the activities of a firm, including:

(a) any matter that, if disclosed, would be the subject-matter of a protected disclosure including a breach of any rule

(b) a failure to comply with the firm's policy and procedures; and

(c) behaviour that has or is likely to have an adverse effect on the firm's reputation or financial well-being.

2.11. GOR 2A provides that a firm must establish, implement and maintain appropriate and effective arrangements for the disclosure of reportable concerns by a person, including a firm's employee, internally through a specific, independent and autonomous channel. The channel may be provided through arrangements with third parties, including social partners, subject to any applicable requirement under the Outsourcing Part.

Relevant PRA Policy

2.12. PRA PS24/15 "*Whistleblowing in deposit-takers, PRA-designated investment firms and insurer*" October 2015

PRA Approach to Supervision of Banks

2.13. *The Prudential Regulatory Authority's Approach to Banking Supervision, June 2014* (as updated in March 2016) sets out how the PRA carries out its role in respect of deposit-takers and designated investment firms. One of the purposes of the document is to communicate to regulated firms what the PRA expects of them, and what they can expect from the PRA In the course of supervision.

PRA Approach to Enforcement

2.14. The PRA's policy on the imposition of a financial penalty or public censure is set out in The *Prudential Regulatory Authority's approach to enforcement: statutory statements of policy and procedure, April 2013* (as updated in January 2016). This sets out the PRA's approach to exercising its main enforcement powers under the Act. In particular:

(1) The PRA's approach to the imposition of penalties is outlined at Annex 2 Statement of the PRA's policy on the imposition and amount of financial penalties under the Act; and

(2) The PRA's approach to settlement is outlined at Annex 4 - *Statement of the PRA's settlement decision-making procedure and policy for the determination of the amount of penalties and the period of suspensions or restrictions in settled cases.*