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# News release

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## **New accountability regime for banks and insurers comes into force**

The Senior Managers Regime for the banking sector and the Senior Insurance Managers Regime both come into force today. The new regimes will hold individuals working at all levels within relevant firms to appropriate standards of conduct and ensure that senior managers are held to account for misconduct that falls within their area of responsibility.

In June 2013, the Parliamentary Commission for Banking Standards (PCBS) published its report “Changing Banking for Good” setting out recommendations for legislative and other action to improve professional standards and culture in the UK banking industry. This was followed by legislation in the Banking Reform Act 2013. The launch of the new regime by the Prudential Regulation Authority and Financial Conduct Authority implements the recommendations made by the PCBS.

As previously announced, the PRA and FCA will apply key principles of the Senior Managers Regime to senior members of staff in both regulators. The PRA and FCA have today published an explanation of how they will be applying the regime internally. This includes a description of the core responsibilities of those carrying out Senior Management Functions.

The internal application of the Senior Managers Regime reflects the PRA and FCA’s functions as public authorities and regulators. The wording of responsibilities has been tailored to ensure it is relevant to the particular functions the PRA and FCA have as regulators.

As a subsidiary of the FCA, the Payment Systems Regulator (PSR), has also applied the Senior Managers Regime internally.

Tracey McDermott, Acting Chief Executive at the Financial Conduct Authority, said:

“Today marks the beginning of a new era of increased individual accountability. The Senior Managers regime is not designed to re-invent the way that firms organise themselves but to reflect and ensure clarity about how this operates in practice.

“We are determined to embed a culture of personal responsibility within the banking sector.

We hold ourselves to the highest professional standards and so we have decided to apply the fundamental principles of the Regime to our senior staff.

“By building on our existing framework of accountability, we will further bolster the transparency with which we are run, and reinforce the standards to which we hold ourselves.”

Andrew Bailey, Deputy Governor, Prudential Regulation, Bank of England and CEO of the PRA said:

“Appropriate and robust accountability for senior managers in financial institutions is a crucial part of the effective functioning of the economy.

At the heart of the new accountability regime, which comes into force today, is one very simple principle - you can delegate tasks but you cannot delegate responsibility. This means that senior managers at banks and insurers should know what they are responsible for and can be held accountable for failings in their area. This is a crucial milestone in our drive for greater accountability in financial services.

Regulators also need to have high standards of conduct so we are applying the core principles of the Senior Managers Regimes to our senior staff to ensure that we are holding ourselves to the standards that we expect of our regulated firms.”

ENDS

#### Notes to editors

1. [The FCA's application of Senior Managers Regime internally](#)
2. [The PRA's application of Senior Managers Regime internally](#)
3. [The PSR's application of Senior Managers Regime internally](#)
4. [PCBS report: Changing Banking for Good. Volume 1 and Volume 2](#)
5. On 1 April 2013 the FCA became responsible for the conduct supervision of all regulated financial firms and the prudential supervision of those not supervised by the Prudential Regulation Authority (PRA)
6. The FCA has an overarching strategic objective of ensuring the relevant markets function well. To support this it has three operational objectives: to secure an appropriate degree of protection for consumers, to protect and enhance the integrity of the UK financial system, and to promote effective competition in the interests of consumers
7. Find out [more information about the FCA](#)