



BANK OF ENGLAND

News release

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Strengthening accountability, remuneration rules and whistleblowing

Today the Prudential Regulation Authority (PRA) has published a package of final rules, guidance and proposals on accountability, remuneration and whistleblowing. These give important clarity to the PRA's supervisory approach in these areas.

Accountability

Further developing the accountability regime, the PRA has published its final policy, rules and guidance on regulatory references¹. They represent a robust yet proportionate framework to prevent the 'recycling' of individuals with poor conduct records across PRA-regulated firms. It is now for firms to implement, develop and make a success of the regime.

The PRA is also consulting on a series of targeted improvements to the Senior Managers Regime and Senior Insurers Managers Regime², including draft guidance on the PRA's expectations on the statutory duty of responsibility and the related concept of reasonable steps³.

Remuneration

The final rules on buy-outs of variable remuneration⁴ are intended to ensure that the buy-outs do not undermine existing rules on malus and clawback, allowing employees to avoid the proper consequences of their actions.

The PRA is consulting on a unified supervisory statement on remuneration⁵. This will consolidate three existing supervisory statements; provide additional guidance on other elements of remuneration; and confirm the PRA's expectation that firms need to adhere to the requirements set out in the EBA Guidelines on Sound Remuneration Policies from 1 January 2017. The proposed rules will ensure greater alignment between risk

¹ [PS27/16: Strengthening accountability in banking and insurance: PRA requirements on regulatory references \(part II\)](#)

² [CP34/16: Strengthening accountability in banking and insurance: amendments and optimisations](#)

³ [Update to SS28/15: Strengthening individual accountability in banking](#) and [Update to SS35/15: Strengthening individual accountability in insurance](#)

⁴ [PS26/16: Buy-outs of variable remuneration](#)

⁵ [CP33/16: The PRA's approach to Remuneration](#)

and individual reward, discourage excessive risk-taking and short-termism, and encourage more effective risk management.

Whistleblowing

Consistent with industry best practice, the PRA proposes to extend, where possible, existing whistleblowing rules to ensure people working at UK branches of banks and insurers are aware of how to safely raise concerns they may have to the regulator, and challenge poor practice and behaviour⁶. These rules will apply to UK branches of non-EEA deposit-takers and both EEA and non-EEA insurers, including reinsurers, from September 2017.

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⁶ [CP35/16: Whistleblowing in UK branches](#)