

Policy Statement | PS8/15

# Supervising international banks: the Branch Return

April 2015



BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY



Prudential Regulation Authority  
20 Moorgate  
London EC2R 6DA

Prudential Regulation Authority, registered office: 8 Lothbury, London EC2R 7HH.  
Registered in England and Wales No: 07854923



BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY

Policy Statement | PS8/15

# Supervising international banks: the Branch Return

April 2015

This policy statement contains the final rule to implement the Branch Return, as proposed in *PRA Consultation Paper CP4/14*, 'Supervising international banks: the Prudential Regulation Authority's approach to branch supervision', February 2014.



## 1 Introduction

1.1 In Consultation Paper CP4/14<sup>(1)</sup> (the CP) the Prudential Regulation Authority (PRA) consulted on two rules applicable to Incoming Firms and Third Country Firms. In Policy Statement PS8/14,<sup>(2)</sup> the PRA provided feedback to the responses to both the draft rules and made a finalised rule in respect of one of these: a requirement for firms to take all steps within their control to ensure that resolution plans provided adequately for the resolution of the UK branch.

1.2 The second rule consulted upon in the CP would introduce a twice-yearly Branch Return, which would provide information about the UK activities of these firms. PS8/14 explained that this rule would be brought into force at a later date, allowing the PRA to absorb the lessons from a second, voluntary pilot collection of the return. The purpose of this Policy Statement (PS) is to provide an update on the development of the Branch Return and a finalised rule.

1.3 In the CP, the PRA considered the way the policy advances the PRA's objectives, the impact on mutuals, consistency with the Regulatory Principles,<sup>(3)</sup> impact on equality and diversity, and the costs and benefits of the proposed policy. The PRA's findings on these issues are unchanged following consultation and consideration of the feedback received.

1.4 This PS is relevant to Incoming Firms and Third Country Firms which are banks or PRA designated investment firms.

1.5 The rule as set out in Appendix 1 is to be made under the PRA's general rule-making power, section 137G of Financial Services and Markets Act (FSMA).

## 2 Update on the development of the Branch Return

2.1 The second pilot involved all 152 firms within scope, ie that were Incoming Firms and Third Country Firms. There were a very small number of instances where, reflecting particular circumstances, the relevant supervisor made a decision not to include a firm in the exercise. The PRA received completed Branch Returns from 131 firms, a response rate of 86%. This is a high rate of response for a voluntary exercise and the efforts made by firms are appreciated.

2.2 The Branch Return has already shown itself to be of value in this pilot. It has supported the implementation of the PRA's risk appetite for branches, informed supervisory strategy for individual firms, allowed a cross-firm view with regard to certain specific risks and provided insights to support policy formulation.

2.3 The substance of the Branch Return is not materially changed since the initial version contained in the CP. As stated in PS8/14, the PRA has provided guidance on the form to clarify what to include in certain fields. The final version of the Return is at the link set out in the Annex to Appendix 1.

(1) *PRA Consultation Paper CP4/14*, 'Supervising international banks: the Prudential Regulation Authority's approach to branch supervision', February 2014; [www.bankofengland.co.uk/pr/Pages/publications/supervisingintbankcon.aspx](http://www.bankofengland.co.uk/pr/Pages/publications/supervisingintbankcon.aspx).

(2) *PRA Policy Statement PS8/14*, 'Supervising international banks: the Prudential Regulation Authority's approach to branch supervision', September 2014; [www.bankofengland.co.uk/pr/Pages/publications/ps/2014/ps814.aspx](http://www.bankofengland.co.uk/pr/Pages/publications/ps/2014/ps814.aspx).

(3) Section 3B of the Financial Services and Markets Act (FSMA) 2000.

**PRA 2015/47 PRA RULEBOOK: CRR FIRMS; NON CRR FIRMS: BRANCH RULES INSTRUMENT  
2015**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules); and
  - (2) section 137T (General supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**Pre-conditions to making**

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

**PRA RULEBOOK: CRR FIRMS; NON CRR FIRMS: BRANCH RULES INSTRUMENT 2015**

- D. The PRA makes the rules in the Annex to this instrument.

**Commencement**

- E. This instrument comes into force on 1 July 2015.

**Citation**

- F. This instrument may be cited as the CRR Firms; Non CRR Firms: Branch Rules Instrument 2015.

**By order of the Board of the Prudential Regulation Authority**

29 April 2015

## Annex

In this Annex new text is underlined and deleted text is struck through.

Part

# **INCOMING FIRMS AND THIRD COUNTRY FIRMS**

---

Chapter content

...

**3. BRANCH RETURN**

**4. FORM**

Links

**3**     **BRANCH RETURN**

---

- 3.1     A firm must provide the PRA with information in accordance with the Branch Return Form. The information must be provided as at 30 June and 31 December each year and provided, by electronic means, within 30 days of the date to which the information relates.

**4**     **FORM**

---

- 4.1     The Branch Return Form can be found here:  
<http://www.bankofengland.co.uk/pradocuments/crdiv/branchreturntemplate.xls>