
From: Freedom of Information
Sent: 30 April 2013 13:18
To:
Cc: Freedom of Information
Subject: Freedom of Information : Right to know request
Attachments: FOI2933 Information provided (1) 20130430.pdf; FOI2933 Information provided (2) 20130430.pdf

Our ref: FOI2933

Dear

We refer to your request under the Freedom of Information Act 2000 (the Act), for the following information:

"I would be grateful if you could email me copies of any summaries or notes from the round tables referred to in Annex 8 of the 'Review of requirements for firms entering into or expanding in the banking sector.'"

As you may be aware, as at 1 April 2013 the Financial Services Authority ceased to exist and was replaced by two different organisations responsible for different aspects of regulation. Your request has been dealt with by the Financial Conduct Authority (FCA). To find out more about the differences please visit our new website at the following link: www.fca.org.uk

Turning now to your request, we can confirm that the FCA holds the information you have requested and we attach the information we are able to provide to you.

However, we are unable to provide the remainder of the information to you for the reasons set out below.

Firstly, we consider that the names of the individuals who attended the roundtable meetings are their personal data. As you are aware from Annex 8 of the Review document, both roundtable meetings were held under the so-called Chatham House Rule. This Rule provides that ". . . *neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.*" We also consider that what individuals undertake in a professional capacity is considered as personal and we are protecting the names on the basis of fairness to all individuals. Therefore the Personal Information exemption in s.40 of the Act applies to the names of the individuals.

• **Section 40 (Personal Information)**

To the extent that the information that we hold contains personal data about an individual, section 40 (2)(b) of the Act provides that "Any information to which a request for information relates is also exempt information if ... either the first or second condition below (see sections 40(3) and 40(4) of the Act) is satisfied".

We have applied this exemption because the first condition (as stated in section 40(3) of the Act) is satisfied as some of the information requested comprises the personal data of individuals other than yourself which, if disclosed, would breach the Principles in the Data Protection Act 1998 ("DPA"). The individuals' expectations were that their involvement and views expressed would be kept confidential, and so disclosure of the names would be a breach of Principle 1 of the DPA, as it would not be lawful or fair to the individuals concerned. They have not given their consent for their personal details to be made public, they would reasonably not expect the information in question to be made public and the release of such information may be detrimental or upsetting to the individuals themselves.

The above exemption is an 'absolute' exemption, and so it is not necessary to balance the public interest for and against disclosing the information.

In addition, we are unable to provide some information to you as it is information which the FSA (now succeeded by the FCA) has received for the purpose of carrying out its regulatory function under the Financial Services and Markets Act 2000 ("FSMA"), and so the following exemption applies.

- **Section 44 (Prohibitions on disclosure)**

Section 44 provides that information is absolutely exempt if its disclosure (otherwise than under the Act) is prohibited by or under any enactment. Section 348 of the FSMA restricts the FCA from disclosing "confidential information" it has received except in certain limited circumstances (none of which apply here).

Confidential information for these purposes is defined as information which relates to the business or other affairs of any person and which was received by the FCA, or its predecessor the FSA, for the purposes of or in the discharge of its functions under FSMA and which is not in the public domain. Consequently the FCA is prohibited from disclosing to you any of this information which is not in the public domain.

Disclosure of any such confidential information would be in breach of s.348 of FSMA and is a criminal offence.

This exemption is also an 'absolute' exemption, and so it is not necessary to balance the public interest for and against disclosing the information.

If you are unhappy with the decision made in relation to your request you have the right to request an internal review. If you wish to exercise this right you should contact us within three months of the date of this email.

If you are not content with the outcome of the internal review, you also have a right of appeal to the Information Commissioner at:

*Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF*

*Telephone: 01625 545 700
Website: www.ico.gov.uk*

Yours sincerely

Information Access Team
Financial Conduct Authority

Notes from Banking Authorisation Roundtable

Banking Authorisation Roundtable

**Date: Thursday 4th October 2012
Committee Room D**

**Start Time: 10.00 am
End Time: 12.00 pm**

Summary

The purpose of the roundtable was to hear directly from banks their experience of the FSA's authorisation process with a view to alleviating (where possible) the barriers to setting up a new bank in the UK.

The participants have been drawn from firms who have all been (or are about to be) authorised as deposit takers

Positive Feedback

- experience of the authorisation process was generally very good
- thought overall experience of process was good
- thought interaction with the FSA was good
- thought authorisation process was generally a good experience
- were pleased with the FSA's courtesy and openness
- said that the FSA authorisations team had been excellent

Things firms wanted (during the initial discussion, i.e. before the new approach was presented):

- More stage gate approach rather than binary (allows firms to plan better e.g. recruitment)
 - More certainty on timings (for start-up firms the investors always press for a launch date, for existing firms the group senior management always want to know start date)
More clarity on what the FSA wants (instead of firms having to guess what the FSA wants)
 - More differentiation to be made between start-ups versus existing businesses, specifically more credit to be given for the experience that existing businesses can demonstrate
 - During process, same engagement on liquidity as for capital, i.e. both early
 - Governance requirements to be proportional to firm size and (less for small/simple, more for big/complex)
 - Shorter process to authorisation stage (the length of the current process is a problem because the firms plans can evolve over time so documents become out of date and need updating).
 - New firms to be on a level playing field with existing firms, specifically around capital and liquidity buffers,
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Discussion of aspects of the new approach

Overall comments:

- "Massive step forward".
- "New approach is far more commercial"
 - Although authorised earlier, doesn't let firm do business earlier and investors exposed to possibility that limitations never get lifted

Challenge Session step

Firms liked the challenge session step.

Suggestions to maximise its potential were:

- FSA to give constructive feedback (rather than just absorb information and respond "that's for you to decide" or "that should be proportional").
- FSA to bring the full hierarchy to the meeting, so that if there is a subsequent change in personnel then enough FSA staff know about the application to keep momentum.
- FSA senior decision makers to attend challenge session

- Challenge session to be "off the record" so that discussion can be more frank
- FSA to request a short paper (e.g. 5 pages) from the firm prior to the session.
- At the session FSA to outline how the process will be made proportional to the application – in terms of start-up vs existing, small simple model vs large complex model
 - suggested that firms should present to the FSA as if we were potential investors.
- FSA to be open to firms requesting subsequent challenge sessions (due to evolution of firm's plans).
- Best if both PRA & FCA involved in session.

Concerns about new approach

Although authorisation comes earlier, investors still have the risk that the limitations never get lifted.

Other things firms would like to see

It would be helpful if the new approach differentiated between start-ups and existing firms e.g. allow existing firms to skip some steps.

Handbook could be made more readable about requirements for banking authorisation (guidelines more helpful than principles).

Notes from Banking Authorisation Roundtable

**16 January 2013
Committee Rooms A & B, 25TNC
8.30am - 10.30am**

Summary

The purpose of this roundtable was two-fold. Firstly, to gain additional input and comment directly from banks on their experience or perception of the FSA's current authorisation process; and secondly, to gain feedback on our proposals to reduce the barriers to banks entering into or expanding in the UK.

Positive Feedback

- The proposed process was regarded as a huge step forward, particularly as it seeks to reduce ambiguity around a positive outcome much earlier on in the process.
- Early authorisation (albeit with a restriction) will make it: easier to raise capital; invest in IT infrastructure with greater certainty; recruit the right people and ease other operational build-out difficulties faced by firms under the existing process.
- Positive feedback on the proposed changes to capital and liquidity requirements.
- The timescales for the revised authorisation process were also viewed as positive.
- Enhanced communication and allocation of a case officer by PRA right at the start of the application process was considered very helpful.
- The new challenge sessions have also provided clarity on what is expected from applicant firms and what to expect from the application process.

Things firms wanted/were concerned about

- Clarity on how PRA and FCA will work together during the application process.
- There is general expectation that PRA & FCA websites will be user-friendly and will provide greater detail than the current FSA website.
- Expectation that the challenge sessions will provide more clarity on our conduct requirements.
- More information on how new business models will be assessed by regulators.
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- Change in the investor perception via a strong PR message that we have reviewed our requirements and processes and we have made improvements.

Wider industry issues:

- Difficulties of new banks accessing payment systems.
 - How can other business models be encouraged in light of the constraints on Credit Unions.
 - Applicants facing a conduct requirements mismatch in light of pending changes to the FSA/FCA regulatory scope (consumer credit/second charge mortgages).
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