Mr Andrew Tyrie  
Chairman  
Treasury Select Committee  
House of Commons  
Millbank  
SW1P 3JA

Andrew Bailey  
Deputy Governor

31 March 2014

Thank you for your letter of the 23\textsuperscript{rd} January raising the recommendation made in the Parliamentary Commission on Banking Standards fifth report that "the PRA and FCA give consideration as to how best they can mobilise the support and advice from the accumulated experience of former senior management in the banking industry" (paragraph 991). In particular, you suggest an advisory forum.

I gave this recommendation careful consideration last year especially bearing in mind that the PRA employs Senior Advisors and has independent Non-Executive Directors on its board.

The PRA Board acts as the decision maker for the most significant supervision decisions. You will appreciate this is very different from the FSA board where supervision was not part of the day to day activity of the board. Our senior advisors provide independent challenge to supervisors at all stages of the supervision approach as well as more informal advice and mentoring to supervisors on a regular basis. I believe that this approach is better placed to provide the continuous independent challenge and advice supervisors need than the necessarily periodic meetings a panel or forum would entail.

Senior Advisors in the PRA are drawn from ex-bankers and insurers who have operated on the board or at very senior levels during their executive careers. Currently there are six advisors.

Whilst I fully understand the spirit of your idea to set up a forum, I do not believe that such an approach would supply the amount of exposure to senior people for supervisors that is needed. Actively engaging on a continuous basis with independent and experienced Senior Advisors is the best way of supporting and challenging the PRA supervisory approach.

Yours Sincerely

Andrew Bailey

Prudential Regulation Authority, 20 Moorgate, London EC2R 6DA. T +44 (0)20 7601 4444 www.bankofengland.co.uk

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