



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

Rt. Hon. Nicky Morgan MP
Chair of the Treasury Committee
House of Commons
Committee Office

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BANK CONFIDENTIAL

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Dear Chair

Direction to the Prudential Regulation Authority to investigate the prudential regulation of the Co-operative Bank plc during the period 2008 – 2013.

Further to the letter to you from David Thorburn in March 2018, I am pleased to provide you with an update on the independent review of the supervision of the Co-operative Bank between 2008 and 2013.

Following David Thorburn's resignation from the Prudential Regulation Committee in March, I have now been designated as the Senior Responsible Officer for the above investigation on behalf of the PRA.

As you are aware, Mark Zelmer has been appointed to conduct the independent review. Appropriate governance arrangements are now in place for the investigation and Mr Zelmer has secured independent professional support to conduct his review, which includes the appointment of Grant Thornton UK LLP.

The PRA will ensure that Mr Zelmer has access to any additional external support and the resources that he requires in order to conduct the independent review. Mr Zelmer is being paid at a rate of £1500 per day spent on the review, plus expenses.

As is normal practice in these matters, we have now agreed a Protocol for the Conduct of the Inquiry with Mr Zelmer, the FCA and HMT. Arrangements are being made to publish the Protocol on the Bank of England's website.

While acknowledging the independent nature of Mr Zelmer's review, the PRA remains accountable for delivery of the investigation and will continue to use its best endeavours to ensure that it is completed within the timescale set out in the Direction.

I have written in similar terms to Economic Secretary to the Treasury.

Please do not hesitate to contact me if you require any additional information.

Yours sincerely,

**Dr Norval Bryson
Senior Responsible Officer &
Prudential Regulation Committee External Member**