



The Rt Hon George Osborne MP
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Dear Chancellor

Thank you for your letter regarding the Senior Managers & Certificate Regime: extension to UK branches of foreign banks.

Bearing in mind the importance of creating a banking industry in the UK that meets the needs of our economy and complies with the standards that wider society is entitled to expect, I welcome your intention to apply the Senior Managers & Certification Regime ("SM&CR") across the industry, including foreign banks which operate here through branches.

We agree that it is important that the SM&CR should be applied in a proportionate and appropriate way to such branches just as it should be applied in an appropriate and proportionate way to all UK banks.

We recognise that the application of these principles may mean that the requirements that apply to different kinds of institutions may vary. In doing this, we will take account of what is necessary to achieve an appropriate level of protection for consumers, the integrity of the UK financial system and effective competition, as well as the business that an institution does, the responsibilities that its senior managers actually have and the UK's obligations under EU law.

We plan to publish our detailed proposals in relation to both UK institutions and UK branches of foreign banks in a joint consultation with the PRA this year.

Yours sincerely,

John Griffith-Jones

Chairman