



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

Mr David Casa, MEP

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Sam Woods

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Dear Mr Casa —

Thank you for your letter dated 21 March regarding Pilatus Bank.

The PRA considers that the financial crime allegations in your letter fall primarily in the remit of the Financial Conduct Authority (FCA), with whom we have been keeping in close contact with on this matter¹. The statutory general objective of the PRA is to promote the safety and soundness of PRA-authorized persons, including by seeking to ensure that their business is carried on in a way which avoids any adverse effect on the financial stability of the UK.

As you note, Pilatus Bank is authorized in Malta. It has established a registered branch in the UK, passporting in as an authorized EEA firm. In addition to its branch, Pilatus Bank has a registered freedom of services passport in the UK. A firm from another EEA state can passport into the UK on a 'branch' basis (if it opens an office in the UK) or a 'services' basis (if it wishes to provide services from its home country) and will still be regulated by its home-state regulator, which for Pilatus Bank is the Malta Financial Services Authority (MFSA). When the PRA receives an inward passporting notification from an EEA supervisory authority, we complete a review based on the potential impact on our objectives which is intended to prepare for supervision of the firm. Pilatus Bank has since informed us that the branch is now closed and the branch passporting notice is in the process of being withdrawn.

As you may be aware, the MFSA recently issued a directive and public notice stating that it has required Pilatus to obtain the MFSA's prior approval before effecting any movement of the Bank's assets. We will continue to be actively engaged with the FCA and the Malta state regulator in relation to this.

In the meantime, if we can be of any further assistance, please do not hesitate to contact my office.

Yours sincerely

Sam Woods
Deputy Governor and CEO, Prudential Regulation Authority

¹ The FCA's objectives are set out at s.1B, 1C, 1D and 1E FMSA. Specifically, s.1D sets out the FCA's objective in relation to protecting and enhancing the integrity of the UK financial system