

Bank of England PRA

TO: PCF Bank Limited (in liquidation) [FRN: 747017]

OF: 8th Floor Central Square, 29 Wellington Street, Leeds LS1 4DL

FIRST SUPERVISORY NOTICE

TAKE NOTICE: The Prudential Regulation Authority of 20 Moorgate, London, EC2R 6DA has decided to take the following action.

ACTION

For the reasons set out in Section A below, and pursuant to section 55J(3) of the Act, the PRA proposes to vary the Part 4A permission of the Firm by removing the regulated activity of accepting deposits (under Article 5 RAO) from the Firm's Part 4A permission.

EFFECTIVE DATE

This variation of the Firm's Part 4A permission will take effect on 4 September 2024 ("the effective date").

PROCEDURAL MATTERS

The procedural matters set out in Section B are important.

RELEVANT STATUTORY AND REGULATORY PROVISIONS

The relevant statutory and regulatory provisions are set out in Section C.

DEFINITIONS

The definitions below are used in this Notice.

"Act" means the Financial Services and Markets Act 2000

"Firm" means PCF Bank Limited (in liquidation)

"HMP" means a Panel of Heads of Divisions and Managers

"Notice" means this First Supervisory Notice, including Sections A, B and C

"Part 4A permission" is as defined in section 55A(5) of the Act

"PRA" means the Prudential Regulation Authority

"RAO" means The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001

"Threshold Conditions" means the conditions set out in Part 1E of Schedule 6 to the Act

DECISION MAKER

The decision to give this Notice was made by HMP on behalf of the PRA.

A handwritten signature in black ink that reads "Paul Brione". The signature is written in a cursive style with a large initial 'P' and a distinct 'B'.

Paul Brione, Head of Division, Authorisations

For and on behalf of HMP

SECTION A OF THE SUPERVISORY NOTICE ISSUED BY THE PRUDENTIAL REGULATION AUTHORITY TO PCF BANK LIMITED (in liquidation) (FRN 747017) ON 03/09/2024 (a First Supervisory Notice)

REASONS FOR PROPOSED ACTION

1. On the basis of the facts and matters described below, it appears to the PRA that:
 - a. the Firm is failing or likely to fail to satisfy Threshold Condition 5D (business to be conducted in a prudent manner).
 - b. it is desirable to exercise the PRA's section 55J(3) power to vary the Firm's Part 4A permission in order to advance the PRA's general objective under section 2B of the Act (to promote the safety and soundness of PRA-authorized persons).

FACTS AND MATTERS RELIED ON

2. The PRA has the power to vary the Firm's permission to remove the regulated activity of accepting deposits (under Article 5 RAO) pursuant section 55J(3) of the Act, where an appropriate criterion in section 55J(1) of the Act is satisfied.
3. On 9 November 2022, the Firm announced that it would be withdrawing from the UK market. The Firm agreed a sale of its loan book in July 2023, and subsequently implemented its wind down plan. On 6 October 2023, the Firm repaid all deposits to customers and on 7 October 2023 transferred all loans to another firm which acquired them. The Firm filed for creditors' voluntary liquidation, which was granted by the Court on 6 June 2024, and a liquidator has subsequently been appointed.
4. The Firm is no longer carrying on any PRA-regulated activities and all existing SMF holders under the Senior Managers and Certification Regime have left the business. The Firm has repaid all deposits, transferred its loan book, and the liquidator is in the process of determining and repaying all remaining creditors and distributing the assets of the Firm. It therefore appears to the PRA that the Firm does not have, or soon will not have, the necessary financial and non-financial resources to meet Threshold Condition 5D, therefore it is failing, or likely to fail, this Threshold Condition.
5. Notwithstanding the fact that the Firm is not carrying on any PRA-regulated activities and that it poses little risk to the PRA's primary objective, the Firm's ongoing status as a PRA-authorized person requires the PRA to use resources to supervise the Firm. These resources could otherwise be used to supervise other firms and thereby advance the PRA's primary objectives. As a result, it appears desirable to the PRA to take the action set out in this Notice in order to advance the PRA's primary objectives.
6. The variation of the Firm's permission will take place on the effective date. In accordance with section 55Y(3) of the Act, the PRA reasonably considers that, having regard to the grounds on which it is exercising its own-initiative variation power, it is necessary for the variation to take effect on that date. The Firm is failing, or is likely to fail, to satisfy Threshold Condition 5D as it does not hold the

appropriate financial or non-financial resources. Until the variation of permission takes effect, the Firm is under a regulatory burden and therefore the PRA considers it appropriate to vary the permission as at the effective date. Further, as set out in paragraph 5, until the notice takes effect, PRA resource which could otherwise be used to supervise other firms is expended on this Firm, therefore, specifying the effective date frees the supervisory resource and advances the PRA's primary objectives. In addition, the PRA is required under Regulation 11(3) of The Credit Institutions (Reorganisation and Winding up) Regulations 2004 to vary or to cancel the Firm's Part 4A permission to accept deposits as soon as reasonably practicable.

7. For the reasons set out above, on the effective date the PRA will vary the Part 4A permission of the Firm by removing the regulated activity of accepting deposits (under Article 5 RAO) from the Firm's Part 4A permission.

SECTION B OF THE SUPERVISORY NOTICE ISSUED BY THE PRUDENTIAL REGULATION AUTHORITY TO PCF BANK LIMITED (in liquidation) (FRN 747017) ON 03/09/2024

PROCEDURAL MATTERS

Decision-Maker

1. The decision which gave rise to the obligation to give this Notice was made by HMP.
2. This Notice is given to the Firm under section 55Y(4) of the Act and is being served on the Firm by email in accordance with Regulation 2 of the Financial Services and Markets Act 2000 (Service of Notices) Regulations 2001/1420.
3. The following statutory rights are important.

Consultation

4. Before varying the Firm's permission as set out in this Notice, the PRA consulted the Financial Conduct Authority pursuant to section 55J(5) of the Act.

Representations

5. The Firm has the right to make representations to the PRA.
6. If the Firm wishes to make written representations, it must do so by 18 September 2024. Written representations should be addressed to HMP Secretariat at the PRA, 20 Moorgate, London EC2R 6DA.
7. If the Firm wishes to make oral representations in addition to any written representations, it should inform HMP Secretariat at PRASecretariat-Representations@bankofengland.co.uk of that fact as soon as possible and in any event by no later than 18 September 2024. If the Firm does not notify the PRA by 18 September 2024, it will not, other than in exceptional circumstances, be permitted to make oral representations.
8. The Firm may request an extension of time for making representations, and such a request should be made as soon as possible and, in any event, no later than 18 September 2024. A decision-maker will decide whether to grant an extension, taking into account whether it is fair in all the circumstances to allow the extension.

The Tribunal

9. The Firm has the right to refer the matter to which this Notice relates to the Tribunal which, amongst other things, hears references arising from decisions of the PRA. Under paragraph 2(2) of Schedule 3 of the Tribunal Procedure (Upper Tribunal) Rules 2008, the Firm has 28 days from the date on which this Notice is given to the Firm to refer the matter to the Tribunal.

10. A reference to the Tribunal can be made by way of a reference notice (Form FTC3) signed by the Firm and filed with a copy of this Notice. The Tribunal's contact details are:
The Upper Tribunal (Tax and Chancery Chamber), 5th Floor, Rolls Building, Fetter Lane, London EC4A 1NL (telephone: 020 7612 9700; email: uttc@justice.gov.uk).
11. The Firm should note that a copy of the reference notice (Form FTC3) must be sent to the PRA at the same time that a reference is filed with the Tribunal. A copy of the reference notice should be sent to HMP Secretariat at the PRA, 20 Moorgate, London EC2R 6DA; email: PRASecretariat-Representations@bankofengland.co.uk
12. The Firm should also note that they may make representations to the PRA regarding this Notice whether or not they have referred the matter to the Tribunal.

Confidentiality and publicity

13. The Firm should treat this Notice as confidential prior to its publication. For the avoidance of doubt, this does not prevent the Firm from obtaining professional advice or from making disclosures or notifications required by law or contract. If any such disclosure or notification is made, the Firm should notify the PRA of the nature and recipient of that disclosure or notification.
14. Under section 391(5) of the Act, when this Notice takes effect the PRA is required to publish such information about the matter to which this Notice relates as it considers appropriate. Under section 391(6A) of the Act, the PRA may not publish this information if, in its opinion, publication of the information would be:
 - (a) unfair to the person with respect to whom the action was taken; or
 - (b) prejudicial to the safety and soundness of PRA-authorised persons.
15. In the PRA's opinion, it is appropriate to publish this Notice on its effective date. In particular, publication of the notice will, with reference to the Statement of Policy titled "The Prudential Regulation Authority's allocation of decision making and approach to supervisory decisions":
 - (a) reinforce publicly the PRA's statutory objectives and its policies; and
 - (b) inform society as a whole of the action it is taking and the reasons for it.
16. The PRA does not consider that either of the criteria set out under section 391(6A) of the Act are met. In particular, the Firm is in liquidation so publication of the Notice would not be unfair to the Firm.
17. Therefore, the PRA has decided to publish this Notice on 4 September 2024.

PRA contacts

18. For more information concerning this matter generally, the Firm should contact HMP Secretariat at PRASecretariat-Representations@bankofengland.co.uk) at the PRA.

SECTION C OF THE SUPERVISORY NOTICE ISSUED BY THE PRUDENTIAL REGULATION AUTHORITY TO PCF BANK LIMITED (FRN 747017) ON 03/09/2024**RELEVANT STATUTORY AND REGULATORY PROVISIONS**

1. Under section 2B(2) of the Act, the PRA's general objective is: promoting the safety and soundness of PRA-authorised persons.
2. Section 55J(1) of the Act allows the PRA to exercise its own-initiative variation power under section 55(J)(3) to vary a firm's Part 4A permission where:
 - (a) a firm is failing, or is likely to fail, to satisfy the Threshold Conditions for which the PRA is responsible;
 - (b) a firm has failed, during a period of at least 12 months, to carry on a regulated activity to which its Part 4A permission relates; or
 - (c) it is desirable to exercise the power in order to advance any of the PRA's objectives.
3. Section 55J(3)(a) of the Act grants power to the PRA to, among other things, vary a firm's Part 4A permission on its own-initiative where the test in section 55J(1) of the Act is met.
4. Section 55Y(3) of the Act permits the own-initiative variation of a permission to take effect immediately (or on a specified date) only if the regulator concerned, having regard to the ground on which it is exercising its own-initiative variation power, reasonably considers that it is necessary for the imposition of the requirement to take effect immediately (or on that date).
5. Threshold Condition 5D (contained in Part 1E of Schedule 6 of the Act) requires certain PRA-authorised persons to conduct their business in a prudent manner, and in particular to have appropriate financial and non-financial resources.