

# Bank of England PRA

## Appendix 1 – List of questions

Consultation paper | CP19/23

September 2023



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**This document outlines the questions posed as part of this consultation.**

## Chapter 1 – Overview

1. The PRA invites feedback on the proposals set out in this consultation, including:
  - a. the specific reform proposals per chapter;
  - b. the cost benefit analysis set out within Chapter 10; and
  - c. the implementation timeline set out above.

The PRA encourages respondents to provide relevant data and evidence wherever possible to support any feedback provided, to help inform the PRA's final policy decisions.

## Chapter 2 – Investment Flexibility

2. Do you have any comments on the proposed criteria for the inclusion of assets with highly predictable cashflows?
3. Do you have any comments on whether the proposed cap of 10% of the MA benefit being generated by assets with highly predictable cashflows affects: (i) risks to the PRA's primary objectives, particularly to safety and soundness, and policyholder protection, and (ii) the benefits to the PRA's secondary objectives, particularly the growth objective?
4. Do you have any comments on whether the proposed controls to mitigate the additional risks to the quality of matching changes adequately capture the additional risks from the widening in asset eligibility?
5. Do you have any comments on the proposed standard approaches for assets with highly predictable cash flows, including the proposed calibrations for the strength of the FS addition for assets and the allowance for reinvestment and/or rebalancing costs? This includes a yield to worst approach for economic optionality and provisioning for c ¼ of the additional MA benefit for event driven optionality.
6. Do these calibrations demonstrate adequate allowance for the additional retained risks, given the need for the MA to be earned with a high degree of confidence?
7. Do you have any comments on the proposal to permit a deterministic approach to determining the asset cashflow projections, or should the PRA require a more sophisticated approach?
8. Do you have any further investment case studies in addition to ones shared previously with the PRA?

## Chapter 3 – Liability Eligibility

9. Do you have any comments on the PRA's proposals on liability eligibility?

10. Do you have any comments on the PRA's proposal to allow the guaranteed elements of WP annuity liabilities into the MAP subject to these guaranteed elements being able to be organised and managed separately in accordance with 4 and 5 of the MA regulations?

## Chapter 4 – Credit ratings under the MA

11. Do you have any comments on the PRA's proposed expectations in respect of SIG assets?

12. Do you have any comments on the PRA's proposals in respect of internal credit assessments?

## Chapter 5 – MA Permissions, Breaches and Consequential amendments

13. Do you have any comments on the PRA's proposals on MA permissions, breaches or consequential amendments?

## Chapter 6 – Matching adjustment attestation

14. Do you have any comments on the proposed standardised wording for the attestation?

15. Do you have any comments on the suggested list of factors that firms should consider in attesting to the FS covering all retained risks?

16. Do you have any comments on the proposed level of confidence that firms should have in the MA, taking into account its material contribution to firms' capital resources and its role in reducing capital requirements in relation to credit risks?

17. Do you have any comments on the proposal not to require public disclosure of the evidence underlying the attestation, and the appropriate balance between the need to ensure commercially sensitive information remains confidential with the objective of providing for more market discipline and transparency on firms' MA?

## Chapter 7 – Assumptions underlying the MA

18. Do you have any comments on the PRA's proposals on assumptions underlying the MA?

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## **Chapter 8 – Matching Adjustment Asset and Liability information return data collection**

19. Do you have any comments on the PRA's proposals on the MALIR?

## **Chapter 9 – Notching**

20. Do you have any comments on the PRA's proposals on notching?

## **Chapter 10 – Cost Benefit Analysis**

21. Do you have any comments on the cost benefit analysis?