

**PRA RULEBOOK: CRR FIRMS, NON CRR FIRMS: INDIVIDUAL ACCOUNTABILITY (NO. 2)
INSTRUMENT 2016**

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 60 (Applications for approval);
 - (2) section 63F (Issuing of certificates);
 - (3) section 64C (Requirement for relevant authorised persons to notify regulator of disciplinary action);
 - (4) section 137G (The PRA’s general rules); and
 - (5) section 137T (General supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G (2) (Rule-making instrument) of the Act.

Pre-conditions to making

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of the proposed rules and had regard to representations made.

PRA Rulebook: CRR Firms, Non CRR Firms: Individual Accountability (No.1) Instrument 2016

- D. The PRA makes the rules in Annexes A, B, C, D, E and F to this instrument.

Commencement

- E. This instrument comes into force on 7 March 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms, Non CRR Firms: Individual Accountability (No.1) Instrument 2016.

By order of the Board of the Prudential Regulation Authority

24 February 2016

Annex A

Amendments to Certification Part

In this Annex new text is underlined and deleted text is struck through.

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to every *firm* that is:

- (1) a *CRR firm*;
- (2) a *credit union*; or
- (3) a *third country CRR firm* in relation to the activities of its establishment in the *UK*.

...

1.2 In this Part, the following definitions shall apply:

...

significant risk taker

means

(1) ~~any an employee of a CRR firm who meets any of the criteria set out~~ whose professional activities have a material impact on the firm's risk profile, including any employee who is deemed to have a material impact on the firm's risk profile in accordance with criteria set out in Articles 3 to 5 of the *Material Risk Takers Regulation*; or

...

(3) ~~subject to Remuneration 3.2 to 3.3, any employee of a third country CRR firm who would have met any of the criteria set out in Articles 3 to 5 of the *Material Risk Takers Regulation*~~ fall within (1) if it had applied in relation to him or her, unless the firm has deemed the employee not be a material risk taker under Remuneration 3.2.

Annex B

Amendments to the Notifications Part

In this Annex new text is underlined and deleted text is struck through.

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11 CONDUCT RULES: NOTIFICATIONS

...

- ~~11.2~~ If a *firm* knows or suspects that a *person* has failed to comply with any conduct rules it must notify the *PRA*.
- ~~11.3~~ If a *firm* is required to notify the *PRA* in compliance with 11.2 based on a suspicion, it must notify the *PRA* of any subsequent determination it makes in relation to that matter.
- ~~11.4~~ If a *firm* is required to notify the *PRA* in compliance with 11.2 to 11.3 based on a determination, it must notify the *PRA* of any different determination it subsequently makes in relation to that matter.
- 11.25 If a *firm* takes disciplinary action against a *person* relating to any action, failure to act, or circumstance that amounts to a breach of any conduct rule it must notify the *PRA*.
- 11.36 If a *firm* is required to notify the *PRA* under 11.2 ~~to 11.5~~ in respect of *persons* performing *certification functions*, it must do so within seven business days of the point at which it determined the relevant requirement applied, by submitting Form L. A *firm* must not unreasonably delay its determination of whether or not the requirement applies.
- 11.47 If a *firm* is required to notify the *PRA* under 11.2 ~~—11.5~~ in respect of a *person* performing a *senior management function*, it must do so within seven business days of the point at which it determined the relevant requirement applied, by submitting:
- (1) if the circumstances set out in Senior Managers Regime – Applications and Notifications 5.2 apply, Form C;
 - (2) and in all other cases, Form D.
- A *firm* must not unreasonably delay its determination of whether or not the requirement applies.
- 11.58 If a *firm* becomes aware of information which would reasonably be material to the assessment of the fitness and propriety of a *PRA approved person*, or a *person* in respect of whom an application for approval to perform a *PRA senior management function* has been made, it must inform the *PRA* on Form D, or (if it is more practical to do so and with the prior agreement of the *PRA*) by fax or e-mail, as soon as practicable.
- 11.69 A *firm* other than a *credit union* must submit:
- (1) Form C and Form D using the *ONA system*; and
 - (2) Form L using the *PRA* email address specified in Form L.
- 11.74~~0~~ A *credit union* must submit:
- (1) Form C and Form D using the *ONA system* or in the manner set out in Notifications 7;
 - (2) Form L using the *PRA* email address specified in Form L.

11.814 If, under any rule in this Chapter:

- (1) a *firm* is required to make a notification; and
- (2) the information technology systems used by the *PRA* fail and online submission is unavailable for 24 hours or more,

until such time as facilities for online submission are restored a *firm* must submit the specified form in the way set out in Notifications 7.

11.912(1) Form C may be found [here](#).

(2) Form D may be found [here](#).

(3) Form L may be found [here](#).

Annex C

Amendments to the Senior Managers Regime – Applications and Notifications Part

In this Annex, deleted text is struck through.

1 APPLICATION TO PERFORM A SENIOR MANAGEMENT FUNCTION

....

2.4 The *PRA* directs that a *firm* must not use Form E for a *PRA senior management approval application* if:

- (1) a notification has been made or should be made to the *PRA* or *FCA* under any of the following:
 - (a) section 63(2A) of *FSMA* (Duty to notify regulator of grounds for withdrawal of approval);
 - (b) ~~section 64B(5) of *FSMA* (Notification of non-compliance with Conduct Rules or equivalent *FCA* rules);~~
 - (c) section 64C of *FSMA* (Requirement for relevant authorised persons to notify regulator of disciplinary action);

...

8 FORMS

8.1

- (4) Form C may be found [here](#).
- (5) Form D may be found [here](#).

...

Annex D

Amendments to Form C

In this Annex new text is underlined and deleted text is struck through.

...

Form C: Notice of ceasing to perform controlled functions (including senior management functions)

...

List of controlled functions

Section 3

...

3.03- For Relevant Authorised Persons, does the firm also seek to notify the *FCA* and/or *PRA* under one or ~~more~~ both of section 63(2A) (Duty to notify regulator of grounds for withdrawal of approval), ~~section 64B(5) (Breach of conduct rules)~~ or section 64C (Requirement for Relevant Authorised Persons to notify regulator of disciplinary action) of the Financial Services and Markets Act 2000-?

YES NO

If the firm has answered "No", please go to section 4

If the firm has answered "Yes", please complete the below:

3.04 If the firm is making a notification under question 3.03 based on ~~of~~ any ~~known or suspected~~ breach(es) of the individual or senior manager conduct rules set out in the *FCA's* ~~C-CON~~ COCON or *PRA's* Conduct Rules, please complete the relevant boxes below. -

	Tick the rule(s) relevant to this notification	Tick if this is a known breach	Tick if this is a suspected breach
Individual Conduct Rules			
Rule 1: You must act with integrity	<input type="checkbox"/>		

3.05 For each breach please provide the following information. Please attach additional sheets as necessary.

Details of the ~~known or suspected~~ breach:

3.06 If the firm is making a notification under section 64C (Requirement for relevant authorised persons to notify regulator of disciplinary action) of the Financial Services and Markets Act 2000, please provide details below of disciplinary action taken and the reasons for this action. Please do not repeat information already included in the answers to Questions 3.04 and 3.05 above. If necessary please cross refer to the answers provided.

3.07 If the firm is making a notification under section 63(2A) (Duty to notify regulator of grounds for withdrawal of approval) of the Financial Services and Markets Act 2000, please provide details below. Please do not repeat information already included in the answers to Questions 3.04 and 3.05 above. If necessary please cross refer to the answers provided.

...

Annex E Amendments to Form D

In this Annex new text is underlined and deleted text is struck through.

Form D: Notification of changes to personal information or application details and disciplinary action related to conduct

...

What sections should you complete?

The question below will help you determine the sections of the form you must complete

Please select the outcome

...

...

Notifications under ~~Section section 64B(5) or 64C~~ of the Financial Services and Markets Act 2000

YES You must complete sections 1, 2, 6 & 7

...

Fitness and Propriety – Notifications under ~~Section 64B(5) or section 64C~~ of the Financial Services and Markets Act 2000 Section 6

This section should be completed by a firm that is a relevant authorised person to:

- ~~(a) make a notification under section 64B(5) (Breach of conduct rules) of the Financial Services and Markets Act 2000 of known or suspected breach of the individual or senior manager conduct rules set out in the FCA's COCON or PRA Conduct Rules;~~
- ~~(b) (a) make a notification of disciplinary action (as defined in section 64C (Requirement for relevant authorised persons to notify regulator of disciplinary action) of the Financial Services and Markets Act 2000) due to any action, failure to act or circumstance that amounts to a breach of the individual or senior manager conduct rules set out in the FCA's COCON or PRA Conduct Rules;~~
- ~~(c) (b) make a follow up notification to update a determination that has previously been the subject of a notification that has been made by the firm in relation to (a) or (b) (as appropriate and to the extent required by, in the case of the FCA FCA, SUP 10C, SUP 15.6.4R and SUP 15.11.8 G or in the case of the PRA PRA, Notifications 11.4 and 11.5 in the PRA's Rulebook).~~

6.01 Initial or update on previous notification

6.01.1 Is the firm updating a previous notification made under ~~section 64B(5) or~~ section 64C of the Financial Services and Markets Act 2000?

YES NO

If the firm has answered "No", please go to section 6.02

If the firm has answered "Yes", please complete the below:

Date of previous notification:

Please provide brief details of prior notification including reference number:
Description of the update to the previous notification (this includes updates to previous notifications made under section 64B(5) (Breach of Conduct Rules) and 64C (Requirement for relevant authorised persons to notify regulator of disciplinary action) of the Financial Services and Markets Act 2000):

6.02 Notification of ~~breaches of the individual or senior manager conduct rules and/or disciplinary action where the reason for taking the disciplinary action is any action, failure to act or circumstance that amounts to a breach of the individual or senior manager conduct rules:-~~

6.02.1 ~~If the firm is making a notification under section 64B(5) of the Financial Services and Markets Act 2000~~ Please include details in the relevant boxes below of any known or suspected breach(es) of the individual or senior manager conduct rules set out in the FCA's COCON or PRA Conduct Rules, ~~please complete the relevant boxes below~~ relevant to this notification.

	Tick the rule(s) relevant to this notification	Tick if this is a known breach	Tick if this is a suspected breach
...			

6.02.2 For each breach of an individual or senior manager conduct rule please provide the following information. Please attach additional sheets as necessary.

Relevant rule(s): Date when known or suspected breach came to the attention of the firm: Date or period of known or suspected breach:
<u>Further d</u> Details of the known or suspected breach:

6.02.3 ~~If the firm is making a notification under section 64C of the Financial Services and Markets Act 2000, please~~ Please provide details below of disciplinary action taken and the reasons for this action. Please do not repeat information already included in the answers to Questions 6.02.1 and 6.02.2 above. If necessary please cross refer to the answers provided.



Annex F
Amendments to Form L

In this Annex new text is underlined and deleted text is struck through.



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

Application number
(for PRA use only)

Form L: Notifications of ~~breach of conduct rules and related~~ disciplinary action in relation to an employee performing a certification function

PRA Rulebook Reference: Notifications 11

7 March 2016

A *firm* should only use this Form to make a notification in relation to an employee performing a *certification function* specified by the PRA. Notifications of ~~conduct rules breaches~~ disciplinary action relating to a *person* performing a *Senior Management Function* should be made using Form C or Form D, as set out in Notifications 11-7.

Name of individual
(to be completed by firm)

Name of *firm*

Firm Reference Number (FRN)

Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA
United Kingdom
Telephone +44 (0) 203 461 7000
Email PRA.firmenquiries@bankofengland.co.uk
Website www.bankofengland.co.uk/PRA

Registered as a Limited Company in England and Wales
No 07854923. Registered Office: 8 Lothbury Road,
London, EC2R 7HH

**Form L: Notifications of ~~conduct breaches and related~~ disciplinary action for employees performing a PRA
certification function**

Contact Details**Section 1**

1.01 a Who should the *PRA* contact at the *firm* in relation to this notification?

b Position

c Telephone

d Fax

e E-mail

f Business address

Postcode

Details of individual subject to notification **Section 2**

Details of individual

2.01	Individual Reference Number (IRN) – If applicable		
2.02	Title (e.g. Mr, Mrs, Ms, etc)		
2.03	Surname		
2.04	ALL forenames		
2.05	Date of birth	/ /	
2.06	Nationality		
2.07	National Insurance Number (or Passport number)		
2.08	Job Title or Position		
2.09	Additional entities or firms to which the <u>breach-notification</u> is relevant (FRN / Firm name)		

Details of known or suspected breach disciplinary action Section 3

This section should be completed by a firm to

~~(a) make a notification under section 64B(5) of the Financial Services and Markets Act 2000 of a known or suspected breach of the Individual Conduct Rules set out in Chapter 2 of the Conduct Rules Part of the PRA Rulebook (Conduct Rules 2) by a person performing a certification function as specified in Certification 2;~~

make a notification under section 64C of the Financial Services and Markets Act 2000 of disciplinary action (as defined in section 64C(2)) due to any action, failure to act or circumstance that amounts to a breach of any Individual Conduct Rule set out in Conduct Rules 2;

~~(b) make a follow up notification to update a determination that has previously been the subject of a notification made by the Firm in relation to (a). See Notifications 11.3 and 11.4 in the PRA Rulebook.~~

~~**3.01** Is the firm updating a determination that has previously been the subject of a notification made under section 64B(5) of the Financial Services and Markets Act 2000?~~

~~YES NO~~

~~If the firm has answered "No", please go to section 3.02~~

~~If the firm has answered "Yes", please go to section 3.04~~

~~**3.02 Known or suspected breach. 3.01 Conduct Rule Breach:** If the firm is making a notification under section 64B(5) of the Financial Services and Markets Act 2000 of a Please identify the relevant Individual Conduct Rules set out in PRA Conduct Rules 2 which have been breached which form the basis of the disciplinary action taken known or suspected breach of the Individual Conduct Rules set out in PRA Conduct Rules 2, please complete the relevant boxes below.~~

<u>Individual Conduct Rules</u>	<u>Tick the rule(s) relevant to this notification</u>
Rule 1: You must act with integrity	
Rule 2: You must act with due skill, care and diligence	
Rule 3: You must be open and cooperative with the FCA, the PRA and other Regulators	

	Tick the rule(s) relevant to this notification	Tick if this is a known breach	Tick if this is a suspected breach
Individual Conduct Rules			
Rule 1: You must act with integrity.			
Rule 2: You must act with due skill, care and diligence.			
Rule 3: You must be open and cooperative with the FCA, the PRA and other regulators.			

3.03 **Details of breach:** For each breach please provide the following information: (If there is insufficient space, please continue on a separate sheet of paper and clearly identify the section and question to which the additional information relates.)

3.02

a Date when ~~known or suspected~~ breach(es) came to the attention of the firm:

b Date or period of ~~known or suspected~~ breach(es):

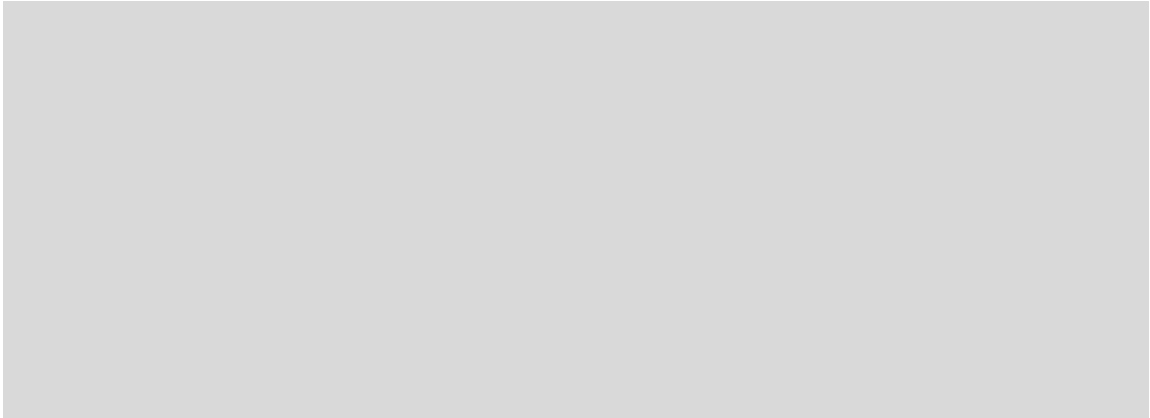
c Details of the ~~known or suspected~~ breach(es):

3.04 **Update to previously notified known or suspected breach(es) disciplinary action:**

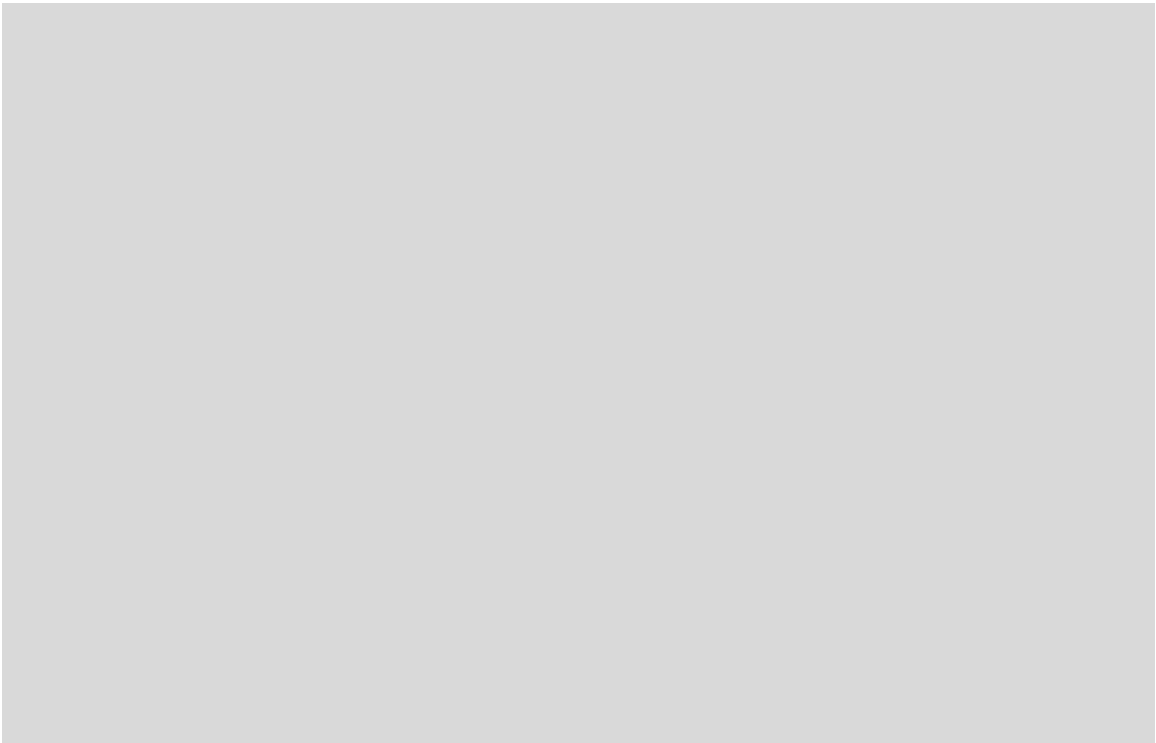
3.03

~~—~~ **a** Date of previous notification to which this update relates

~~—~~ **b** Update Details:



3.05 ~~Disciplinary action. If the firm is making a notification under section 64C of the Financial Services and Markets Act 2000 and Notifications 11.5, please~~ Please provide details below of disciplinary action taken and the reasons for this action. If the individual is appealing against the firm's decision, please include details here. Please do not repeat information already included in the answers to Question 3.03; if necessary please cross refer instead:



3.04 Update to previously notified known or suspected breach(es) disciplinary action:

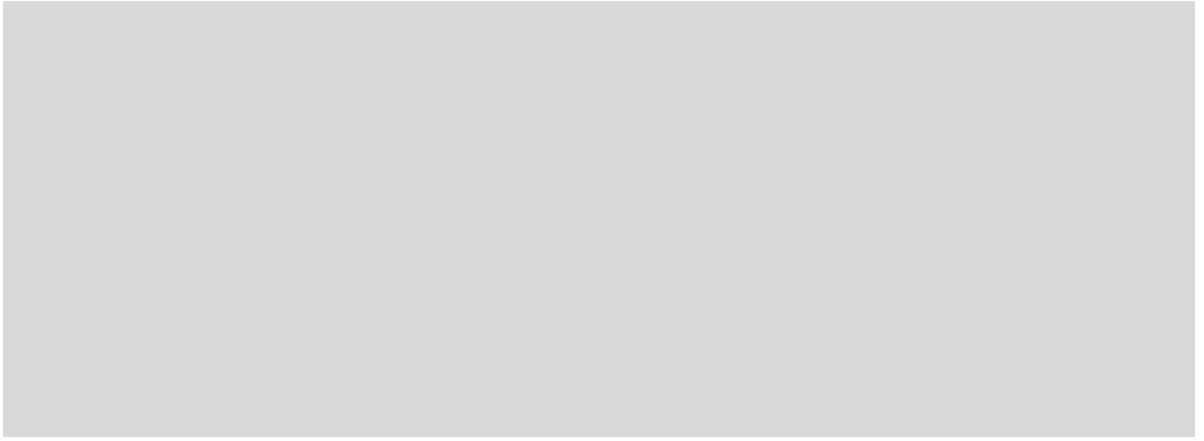
3.05

a Date of previous notification to which this update relates



b Update Details¹ ÷

¹ This should include any appeal made subsequent to a previous notification or the outcome of any appeal previously notified.



Declarations and signatures

Section 4

Knowingly or recklessly giving the *PRA* information which is false or misleading in a material particular may be a criminal offence (section 398 of the Financial Services and Markets Act 2000). It should not be assumed that information is known to the *PRA* merely because it is in the public domain or has previously been disclosed to the *PRA* or another regulatory body. If there is any doubt about the relevance of information, it should be included.

In addition to other regulatory responsibilities, *firms* have a responsibility to disclose to the *PRA* matters of which it or they would reasonably expect to be notified. Failure to notify the *PRA* of such information may lead to the *PRA* taking action against the *firm*.

For the purposes of complying with the Data Protection Act, the personal information in this form may be used by the *PRA* to discharge its statutory functions and in accordance with the Data Protection Act. It will not be disclosed for any other purposes without the permission of the *firm*.

The *firm* confirms that the information in this Form is accurate and complete to the best of its knowledge and belief. The *firm* will notify the *PRA* immediately if there is a material change to the information provided.

If the *firm* submits this Form on behalf of one or more other *firms*, the *firm* confirms that is duly authorised by such *firm(s)* to make such submission.

The *PRA* may seek to verify the information given in this Form including answers pertaining to fitness and propriety and make such enquiries and seek further information as it or they consider appropriate. The *firm* authorises the *PRA*, as applicable, to make such enquiries and seek such further information as it thinks appropriate in the course of verifying the information given in this Form.

I confirm that a permanent copy of this notification, signed by the *firm*, will be retained by the *firm* for an appropriate period, for inspection at the *PRA*'s request.

I confirm that I have read and understood the declaration.

I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief.

4.01 Name of *firm*

4.02 Name of *person* signing on behalf of the *firm*

4.03 Job title

4.04 Signature

Date / /