PRA RULEBOOK: ADMINISTRATION INSTRUMENT (No. 2) 2017

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 137G (The PRA's general rules);
   (2) section 137T (General supplementary powers);
   (3) section142H (Ring-fencing rules);
   (4) section 192J (Rules requiring provision of information by parent undertakings);
   (5) section 192JA (Rules applying to parent undertakings of ring-fenced bodies);
   (6) section 60 (applications for approval);
   (7) section 60A (vetting of candidate by relevant authorised person); and
   (8) section 63F (issuing of certificates).

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 proposed rules and had regard to representations made.

PRA Rulebook: Amendment Instrument (No. 2) 2017

D. The rules in the Parts of the PRA Rulebook listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

<table>
<thead>
<tr>
<th>(1)</th>
<th>(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>REGULATORY REPORTING</td>
<td>A, B, C, D</td>
</tr>
<tr>
<td>FITNESS AND PROPRIETY</td>
<td>E</td>
</tr>
<tr>
<td>GROUP SUPERVISION</td>
<td>F</td>
</tr>
<tr>
<td>CONDITIONS GOVERNING BUSINESS</td>
<td>G</td>
</tr>
<tr>
<td>INSURANCE – FITNESS AND PROPRIETY</td>
<td>H</td>
</tr>
<tr>
<td>LARGE NON-SOLVENCY II FIRMS – FITNESS AND PROPRIETY</td>
<td>I</td>
</tr>
<tr>
<td>NON-SOLVENCY II FIRMS – FITNESS AND PROPRIETY</td>
<td>J</td>
</tr>
<tr>
<td>THIRD COUNTRY BRANCHES</td>
<td>K</td>
</tr>
<tr>
<td>OWN FUNDS</td>
<td>L</td>
</tr>
<tr>
<td>GLOSSARY</td>
<td>M</td>
</tr>
</tbody>
</table>

Commencement

Expiry
F. The amendments made in Annex B will cease to have effect and be deleted on 31 December 2018.

Citation
G. This instrument may be cited as the PRA Rulebook: Administration Instrument (No. 2) 2017.

By order of the Prudential Regulation Committee
25 April 2017
Annex A

Amendments to the Regulatory Reporting Part

In this Annex new text is underlined.

...

### 7 REGULATED ACTIVITY GROUP 1

7.1 The applicable data items referred to in the table in 6.1 are set out according to firm type in the table below:

<table>
<thead>
<tr>
<th>RAG 1</th>
<th>Prudential category of firm, applicable data items and reporting format (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>UK bank</td>
</tr>
<tr>
<td></td>
<td>Description of data item</td>
</tr>
</tbody>
</table>

| | | | | | |
|---|---|---|---|---|
| Balance sheet | FSA001(2) | FSA001(2) | - | - | [deleted.] | - |

...

### 9 REGULATED ACTIVITY GROUP 3

...
9.2 The applicable *data items* referred to in the table in 6.1 for a *UK designated investment firm* are set out in the table below:

<table>
<thead>
<tr>
<th>RAG 3</th>
<th>Description of <em>data item</em></th>
<th>Applicable <em>data items</em> (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual report and accounts of the <em>mixed-activity holding company</em> (5) and (17)</td>
<td>No standard format</td>
</tr>
</tbody>
</table>
Annex B

Amendments to the Regulatory Reporting Part

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

...  

7 REGULATED ACTIVITY GROUP 1

7.1 The applicable data items referred to in the table in 6.1 are set out according to firm type in the table below:

<table>
<thead>
<tr>
<th>RAG 1</th>
<th>Prudential category of firm, applicable data items and reporting format (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>UK bank</td>
</tr>
</tbody>
</table>

**Description of data item**

<table>
<thead>
<tr>
<th>Annual report and accounts (20)</th>
<th>No standard format</th>
<th>-</th>
<th>No standard format, but in English</th>
<th>-</th>
<th>-</th>
<th>No standard format</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual report and accounts of the mixed-activity holding company ((7) and (20))</td>
<td>No standard format</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Page 5 of 19
<table>
<thead>
<tr>
<th></th>
<th>FSA005 ((2), and (3))</th>
<th>FSA005 ((2), and (3))</th>
<th>-</th>
<th>-</th>
<th>-</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market risk</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IRB portfolio risk</td>
<td>FSA045 ((2), and (11))</td>
<td>FSA045 ((2), and (11))</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tbody>
</table>
Annex C

Amendments to the Regulatory Reporting Part

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

...
Annex D
Amendments to the Regulatory Reporting Part

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

7  REGULATED ACTIVITY GROUP 1

7.1  The applicable data items referred to in the table in 6.1 are set out according to firm type in the table below:

<table>
<thead>
<tr>
<th>RAG 1</th>
<th>Prudential category of firm, applicable data items and reporting format (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>UK bank other than a ring-fenced body</td>
</tr>
<tr>
<td></td>
<td>Ring-fenced body</td>
</tr>
<tr>
<td></td>
<td>Building society</td>
</tr>
<tr>
<td></td>
<td>Non-EEA bank</td>
</tr>
<tr>
<td></td>
<td>EEA bank that has permission to accept deposits and that has its registered office (or, if it has no registered office, its head office) outside the EU</td>
</tr>
<tr>
<td>[deleted.]</td>
<td>Dormant account fund operator (12)</td>
</tr>
</tbody>
</table>

Description of data item

...  

Annual report and accounts of the mixed-activity holding company ([(7) and (20)]

...
<table>
<thead>
<tr>
<th>Market risk</th>
<th>FSA005 ((2r)\text{ and } (3))</th>
<th>FSA005 ((2), (3), (2)\text{ and } (22))</th>
<th>FSA005 ((2), (3))</th>
<th>FSA005 ((2r)\text{ and } (3))</th>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IRB portfolio risk</th>
<th>FSA045 ((2r)\text{ and } (11))</th>
<th>FSA045 ((2), (11), (2)\text{ and } (22))</th>
<th>FSA045 ((2), (11))</th>
<th>FSA045 ((2r)\text{ and } (11))</th>
<th>-</th>
<th>-</th>
<th>-</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
</tbody>
</table>

16 DATA ITEMS AND OTHER FORMS

16.3216.35 RFB001 can be found [here](#).
16.3316.36 RFB002 can be found [here](#).
16.3416.37 RFB003 can be found [here](#).
16.3516.38 RFB004 can be found [here](#).
16.3616.39 RFB005 can be found [here](#).
16.3716.40 RFB006 can be found [here](#).
16.3816.41 RFB007 can be found [here](#).
16.3916.42 RFB008 can be found [here](#).
Annex E
Amendments to the Fitness and Propriety Part

In this Annex deleted text is struck through.

1 APPLICATION AND DEFINITIONS

... 

1.3 In this Part, the following definitions shall apply:

... 

*individual conduct requirements*

means

(1) the Individual Conduct Rules and Senior Manager Conduct Rules in Conduct Rules 2 and 3;

(2) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Insurance – Conduct Standards 3;

(3) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Large Non-Solvency II Firms – Conduct Standards 3;

(4) COCON, FIT and APER in the *PRA Handbook*;

(5) COCON in the *FCA Handbook*; and

(6) APER in the *FCA Handbook*.

...
Annex F

Amendments to the Group Supervision Part

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

... 6

GROUP SOLVENCY: NOTIFICATION OF ISSUANCE OF OWN FUNDS ITEMS BY GROUP MEMBER

... 6.5 ...

(2) debt instruments issued from a debt securities programme established by an undertaking in the group, provided that:

... (bc) any instrument issued pursuant to the programme must, under the terms of the programme, constitute basic own funds; and

...
Annex G

Amendments to the Conditions Governing Business Part

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

Part

CONDITIONS GOVERNING BUSINESS

...

12 LLOYD'S

...

12.6 The PRA and the Society must be informed promptly by the managing agent of any concerns about the adequacy of the technical provisions, and any material deficiencies, identified in the annual written report to be submitted by the actuarial function to the governing body of that managing agent.
Annex H

Amendments to the Insurance – Fitness and Propriety Part

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

1 APPLICATIONS AND DEFINITIONS

... 1.2 In this Part, the following definitions shall apply:

... individual conduct requirements

means:

(1) the Individual Conduct Rules and Senior Manager Conduct Rules in Conduct Rules 2 and 3;

(2) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Insurance – Conduct Standards 3;

(3) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Large Non-Solvency II Firms - Conduct Standards 3;

(4) COCON, FIT and APER in the PRA Handbook;

(5) COCON in the FCA Handbook; and

(6) APER in the FCA Handbook.

...

4 DISCLOSURE AND REPLACEMENTS

4.1 (1) A firm (other than a UK ISPV) shall notify the PRA of any changes to the identity of key function holders and shall provide the PRA with:

(a) all the information needed to assess whether such person is fit and proper pursuant to 2.2; and

(b) the information referred to in Insurance - Allocation of Responsibilities 5.1(3) in respect of that person.

(2) A UK ISPV shall notify the PRA of any changes to the identity of key function holders who are effectively running the firm and shall provide the PRA with all the information needed to assess whether such person is fit and proper pursuant to 2.2.

[Note: Art. 42(2) of the Solvency II Directive]

(3) Where a firm has complied with 4.1(1) in connection with the appointment of a person as a key function holder, and such person transfers from that key function to a different key function or is appointed to an additional key function, in either case within the same firm, for the purposes of 4.1(1) the firm need only supply, in connection with such subsequent appointment:

(a) updates to the information previously provided; and
(b) if the key function holder is also to perform a senior insurance management function or an FCA controlled function, the information required in connection with an application for approval to do so.
Annex I

Amendments to the Large Non-Solvency II Firms – Fitness and Propriety Part

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

1 APPLICATIONS AND DEFINITIONS

... 

1.2 In this Part, the following definitions shall apply:

... individual conduct requirements

means:

(1) the Individual Conduct Rules and Senior Manager Conduct Rules in Conduct Rules 2 and 3;

(2) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Insurance – Conduct Standards 3;

(3) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Large Non-Solvency II Firms - Conduct Standards 3;

(4) COCON, FIT and APER in the PRA Handbook;

(5) COCON in the FCA Handbook; and

(6) APER in the FCA Handbook.

... 

3 REGULATORY REFERENCES

3.1 (1) If any PRA-authorised person (A):

(a) is considering issuing a certificate to, making a senior management application in respect of, or appointing as a senior insurance management function holder, a key function holder, a non-executive director, a notified non-executive director or a credit union non-executive director, a person (P);

(b) makes a request for a reference or other information in respect of P from a firm to which this Part applies (B), in B’s capacity as:

(i) P’s current or former employer; or

(ii) an organisation (not falling within (i)) at which P is currently serving, or has served, as a key function holder or other approved person; and

(c) indicates to B the purpose of the request;

B must, as soon as reasonably practicable, provide a reference and disclose to A in the reference all information of which B is aware that B reasonably considers to be relevant to A’s assessment of whether P is fit and proper.

...
Annex J

Amendments to the Non-Solvency II Firms – Fitness and Propriety Part

In this Annex, striking through indicates deleted text.

1 APPLICATIONS AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to a small non-directive insurer.

1.2 In this Part, the following definitions shall apply:

*continued approval*

has the meaning given in Non-Solvency II Firms - Senior Insurance Managers Regime - Transitional Provisions.

3 REGULATORY REFERENCES

3.1 (1) If any PRA-authorised person (A):

(a) is considering issuing a certificate to, making a senior management application in respect of, or appointing as a senior insurance management function holder, a key function holder, a non-executive director, a notified non-executive director or a credit union non-executive director, a person (P);

(b) makes a request for a reference or other information in respect of P from a firm to which this Part applies (B), in B’s capacity as:

(i) P’s current or former employer; or

(ii) an organisation (not falling within (i)) at which P is currently serving, or has served, as a senior insurance management function holder, other approved person or non-executive director; and

(c) indicates to B the purpose of the request;

B must, as soon as reasonably practicable, provide a reference and disclose to A in the reference all information of which B is aware that B reasonably considers to be relevant to A’s assessment of whether P is fit and proper.
Annex K

Amendments to the Third Country Branches Part

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

…

9 REPORTING

9.1 A third country branch undertaking must fulfil the requirements laid down in Reporting 2.1-5 Reporting 2.1 to 2.5 as modified by 9.2 and 9.3.

…
Annex L
Amendments to the Own Funds Part

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

1 APPLICATION AND DEFINITION

... 

5 NOTIFICATION OF ISSUANCE OF OWN FUNDS ITEMS

...

5.8 ...

(2) a finalised copy of the draft accounting opinion referred to in 5.2.(2)(e) if applicable;
Annex M

Amendments to the Glossary

Underlining indicates new text and striking through indicates deleted text.

relevant insurance group undertaking

means, in relation to a group falling within Group Supervision 2.1(1) or 2.1(2), each UK Solvency II undertaking within that group.

senior insurance management function

means

1. (for a UK Solvency II firm, the Society, a managing agent, a third country branch undertaking (other than a Swiss general insurer) and a UK ISPV) that aspect of any key function relating to the carrying on of a regulated activity by the firm, which is specified by the PRA in Insurance – Senior Insurance Management Functions 3 to 10 pursuant to section 59 of FSMA.

2. (for a small non-directive insurer) any function which is specified by the PRA in Non-Solvency II Firms – Senior Insurance Management Functions 3 to 5 pursuant to section 59 of FSMA.

3. (for a large non-directive insurer and a Swiss general insurer) any function which is specified by the PRA in Large Non-Solvency II Firms – Senior Insurance Management Functions 3 to 8 pursuant to section 59 of FSMA.