



## Cancellations FAQs

### **What is the Prudential Regulation Authority's (PRA) approach to determining a firm's application to cancel?**

Consistent with the PRA's risk-based approach, the depth of the PRA's assessment will be proportionate to the impact of the cancellation on the PRA's objectives (to promote the safety and soundness of firms, and to contribute to the securing of an appropriate degree of protection for those who are or may become insurance policyholders, and, as a secondary objective, to facilitate effective competition in the markets for services provided by firms). The PRA may refuse an application if it is desirable to advance its objectives.

### **Is it useful for firms to contact the PRA to discuss an application to cancel before submitting?**

Yes, if a firm is in an orderly process to wind down or run off its business, or is in the process of undertaking one or a series of transactions to bring about finality to its business, the firm should discuss its plans with the PRA before it submits the application to cancel its Part 4A permission. It may also be appropriate for the firm to amend its Part 4A permission via a variation before commencing the wind down. If, after its Part 4A permission has been varied, a firm has wound down its business and ceased to carry out all of its regulated activities (or plans to do so within 6 months) it should then make an application to cancel.

### **Is there a charge for applying to cancel?**

There is no charge for cancelling a firm's Part 4A permission. Firms must ensure they have paid all the relevant PRA or Financial Conduct Authority (FCA) fees applicable, preferably prior to the submission of its application to cancel.

### **When does the fee year start?**

The PRA's fee year is from 1 March until end of February the following calendar year. The FCA's fee year is from 1 April until 31 March the following calendar year. To ensure firms are not liable for payment of periodic fees for the forthcoming year, firms **must** submit their application to cancel to the PRA **before** the start of the PRA's fee year of 1 March.

### **How can a firm get an update on its application?**

Any application submitted via the relevant electronic system will receive an automated acknowledgement. Once the application is received, the PRA will assign a case officer to progress the application. The case officer will continue to keep the firm regularly updated during the assessment period.

### **Is the firm required to submit Form Cs for individuals as well as the application to cancel?**

No, all individuals will automatically be removed from the Register as approved persons for the cancelling firm once the firm's cancellation is finalised. If they are approved persons for another firm(s), they will remain so.

### **The firm has submitted Senior Managers applications that are yet to be determined and is applying for cancellation. What should it do?**

If a firm has Senior Manager or Senior Insurance Manager applications under consideration and it is applying for cancellation, it must submit a signed Form B to the relevant regulator for each individual candidate to withdraw that application.

### **The firm has recently submitted an application to cancel, do reporting requirements still apply?**

Until the firm's Part 4A permission is cancelled it will remain subject to regulatory rules and as such will be expected to comply with all relevant reporting requirements, unless they have applied and been granted a waiver or modification from the applicable rules.

### **Who will assess this application, the PRA, the FCA or both?**

For PRA-authorized firms, the PRA will lead on the application but both the PRA and the FCA will assess the application against each of its own statutory objectives. Where the firm is dual regulated both regulators will work together to ascertain what information is required in order to assess the application against its own respective objectives. The PRA will consult the FCA prior to determining the application.

### **How long will it take to make a decision on a firm's application?**

Once an application is received, the PRA has 12 months to reach a decision. Upon receiving an application it will be assessed to determine whether it is complete. If deemed complete, the firm will be notified accordingly and the PRA will have 6 months in which to make its determination. Where applications are deemed incomplete, the PRA has 12 months to reach its final determination. Firms should be mindful of these timeframes when considering submitting an application to cancel. While firms can specify by which date they would like to have their Part 4A permission cancelled, the PRA cannot guarantee the requested deadline, nor should the firm expect the application to be determined by this date.

### **What can firms do to ensure the application is complete at submission?**

The PRA Rulebook states that where a firm has applied for cancellation of its Part 4A permission, it must demonstrate to the PRA that it has ceased or will cease carrying on all regulated activities. An application is deemed complete where both regulators have all the necessary information to enable them to make a decision. Firms should ensure that the reasons for making an application to cancel are clearly stated on the application form, and where the cancellation is predicated on the completion of certain transactions e.g. transfer of business, and/or the completion of a wind down strategy or plan, then the firm should consider what additional information the PRA would ordinarily expect to see in support of its view that the firm has

ceased or will cease to carry on all regulated activities. In these circumstances all relevant documentation should be included with, or sent separately in support of the application to cancel.

**Is the firm able to withdraw its application to cancel?**

The firm can withdraw its application to cancel at any point and can do so by email to the designated PRA case officer. The firm is not required to submit any form to effect the withdrawal and there is no fee charged for withdrawing an application.

March 2018