

HANDBOOK (RULEBOOK CONSEQUENTIALS NO. 3) INSTRUMENT [YEAR]**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);
- 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.

Amendments

- D. The modules of the PRA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary	A
Supervision (SUP)	B
General Prudential sourcebook (GENPRU)	C
Credit Unions sourcebook (CREDS)	D
Interim Prudential sourcebook for Insurers (IPRU-INS)	E
Senior Management Arrangements, Systems and Controls (SYSC)	F
General Provisions (GEN)	G

Deletion

- E. Each of the following modules, sourcebooks and sections of the PRA’s Handbook is deleted:

COBS 21 (Permitted Links)
MIPRU (Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries)
SUP 13 (Exercise of passport rights by UK firms)

SUP 13A (Qualifying for authorisation under the Act)
SUP 14 (Incoming EEA firms changing details, and cancelling qualification for authorisation)
SUP 16.12 (Integrated Regulatory Reporting)
SUP 16.16 (Prudent valuation reporting)
SUP 16 Annex 24 (Data items for SUP 16.12)
SUP 16 Annex 25A (Guidance notes for data items in SUP 16 Annex 24 R)
SUP 16 Annex 26 (Guidance on designated liquidity groups in SUP 16.12)
SUP 16 Annex 31A (Prudent Valuation Return)
SUP 16 Annex 31B (Guidance notes for data items in SUP 16 Annex 31A R)
SUP 16 Annex 32 (Bidding in emissions auctions return)
SUP App 3 (Guidance on passporting issues)
SYSC 10 (Conflicts of interest)

Commencement

F. This instrument comes into force on [DATE].

Citation

G. This instrument may be cited as the Handbook (Rulebook Consequentials No. 3) Instrument [Year].

By order of the Board of the Prudential Regulation Authority

[DATE]

Annex A

Amendments to the Glossary

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

<i>client money</i>	(1)	...
	(2)	...
	(3)	(in MIPRU): <u>[deleted]</u>
	(a)	in relation to an insurance intermediary when acting as such, money which is client money in (2); <u>[deleted]</u>
	(b)	in relation to a home finance intermediary when acting as such, money of any currency which in the course of carrying on home finance mediation activity, the firm holds on behalf of a client, either in a bank account or in the form of cash. <u>[deleted]</u> .
	...	
...		
<i>common platform firm</i>	(A)	In the <i>PRA Handbook</i> (except SYSC 4-9):
		...
	(AB)	In the <i>PRA Handbook</i> (in SYSC 4-9), has the same meaning as in (A) except that it excludes <u>a CRR firms (other than an incoming firm) and an overseas firm (other than an incoming firm).</u>
...		
<i>director</i>	(1)	(except in <i>COLL</i> , <i>DTR</i> , <i>LR</i> and <i>PR</i>) (in relation to any of the following (whether constituted in the <i>United Kingdom</i> or under the law of a country or territory outside it)):
	(a)	...
	(b)	...

	(c)	(in SYSC, MIPRU 2 (Insurance mediation activity: responsibility, knowledge, ability and good repute) and SUP 10 (Approved persons)) a <i>partnership</i> ;
	(d)	...
	...	
...		
<i>DLG by default</i>		(in relation to a <i>UK ILAS BIPRU firm</i> (a <i>group liquidity reporting firm</i>) and any reporting period under <u>the Regulatory Reporting Part of the PRA Rulebook SUP 16 (Reporting requirements)</u>) the <i>firm</i> and each <i>person</i> identified in accordance with the following:
	...	
		(Guidance about this definition, and its inter-relation with other related definitions, is set out in SUP 16 Annex 26 (Guidance on designated liquidity groups in SUP 16.12).)
<i>DLG by modification</i>		either of the following:
	...	
		(Guidance about this definition, and its inter-relation with other related definitions, is set out in SUP 16 Annex 26 (Guidance on designated liquidity groups in SUP 16.12).)
<i>DLG by modification (firm level)</i>		(in relation to any reporting period under <u>the Regulatory Reporting Part of the PRA Rulebook SUP 16 (Reporting requirements)</u> and a <i>UK ILAS BIPRU firm</i> that has an <i>intra-group liquidity modification</i> during any part of that period (a <i>group liquidity reporting firm</i>)) the <i>firm</i> and each <i>person</i> on whose liquidity support the <i>firm</i> can rely, under that <i>intra-group liquidity modification</i> , for any part of that period for the purpose of the <i>overall liquidity adequacy rule</i> (as the <i>overall liquidity adequacy rule</i> applies to the <i>firm</i> on a solo basis). A <i>firm</i> has a 'DLG by modification (firm level)' for a period even if it only has one during part of that period. (Guidance about this definition, and its inter-relation with other related definitions, is set out in SUP 16 Annex 26 (Guidance on designated liquidity groups in SUP 16.12).)
...		

<i>exposure</i>	(1)	...
	(2)	(in accordance with Article 77 of the Banking Consolidation Directive and for the purposes of the calculation of the <i>credit risk capital component</i> and the <i>counterparty risk capital component</i> (including <i>BIPRU 3</i> (Standardised credit risk), <i>BIPRU 4</i> (The IRB approach), <i>BIPRU 5</i> (Credit risk mitigation), <i>BIPRU 9</i> (Securitisation) or for the purposes of the calculation of the credit risk capital requirement in <i>MIPRU 4.2</i> (Capital resources requirement)) an asset or off balance sheet item. [deleted]
	(3)	(for the purposes of <i>BIPRU 10</i> (Large exposures requirements)) has the meaning in <i>BIPRU 10.2</i> (Identification of exposures and recognition of credit risk mitigation). [deleted]
...		
<i>group liquidity reporting firm</i>		see the definitions of <i>DLG by default</i> , <i>DLG by modification (firm level)</i> , and <i>non-UK DLG by modification (DLG level)</i> . (Guidance about this definition, and its inter-relation with other related definitions, is set out in SUP 16 Annex 26 (Guidance on designated liquidity groups in SUP 16.12).)
...		
<i>non-UK DLG by modification (DLG level)</i>		(in relation to any reporting period under the Regulatory Reporting Part of the <i>PRA Rulebook SUP 16</i> (Reporting requirements) and in relation to a <i>firm</i> that meets the following conditions (a group liquidity reporting firm):
	...	
		(Guidance about this definition, and its inter-relation with other new definitions, is set out in SUP 16 Annex 26 (Guidance on designated liquidity groups in SUP 16.12).)
...		
<i>risk weight</i>		(in relation to an <i>exposure</i> for the purposes of <i>BIPRU</i>) a degree of risk expressed as a percentage assigned to that <i>exposure</i> in accordance with :
	(a)	...

	(b)	{for a firm to which MIPRU 4 applies}, MIPRU 4.2A.10 R to MIPRU 4.2A.13 R [deleted].
...		
<i>securitisation</i>	(1)	...
	(2)	{in accordance with Article 4(36) of the Banking Consolidation Directive (Definitions), in BIPRU and MIPRU 4} a transaction or scheme whereby the credit risk associated with an <i>exposure</i> or pool of <i>exposures</i> is <i>tranchéd</i> having the following characteristics: [deleted]
	(a)	payments in the transaction or scheme are dependent upon the performance of the <i>exposure</i> or pool of <i>exposures</i>; and [deleted]
	(b)	the subordination of <i>tranches</i> determines the distribution of <i>losses</i> during the ongoing life of the transaction or scheme [deleted].
...		
<i>sponsor</i>		{in BIPRU}, in accordance with Article 4(42) of the Banking Consolidation Directive (Definitions) and in relation to a <i>securitisation</i> within the meaning of paragraph (2) of the definition of <i>securitisation</i>) an <i>undertaking</i> other than an <i>originator</i> that establishes and manages an <i>asset backed commercial paper programme</i> or other <i>securitisation</i> scheme that purchases <i>exposures</i> from third party entities <u>has the meaning in article 4(1)(14) of the EU CRR.</u>
...		
<i>total non-deferred shares</i>		(in CREDS) means the total of members' share balances in a <i>credit union</i> shown in the most recent annual return to have been sent to the <i>appropriate regulator</i> under SUP 16.7.62 R or Regulatory Reporting 7.1 in the PRA Rulebook (see CREDS 8.2.3A G), excluding any <i>deferred shares</i> in the <i>credit union</i> .

Annex B

Amendments to the Supervision manual (SUP)

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

...

10B.6 PRA governing functions

...

Insurance mediation

10B.6.19 G ~~A firm carrying on insurance mediation activity, other than a sole trader, must allocate to a director or senior manager the responsibility for the firm's insurance mediation activity (MIPRU 2.2.1 R). MIPRU 2.2.2 R (1) provides that the firm may allocate this responsibility to one or more of the persons performing a governing function (other than the non-executive director function).~~

10B.6.20 G ~~Where a person performing a governing function is also responsible for the firm's insurance mediation activity, the words "(insurance mediation)" will be inserted after the relevant PRA controlled function (see MIPRU 2.2.5 G).~~

...

10B.9 Systems and controls function

...

- 10B.9.1 R ...
- (2) setting and controlling its risk exposure (see SYSC 3.2.10G, SYSC 7.1.6R ~~and~~, for *CRR firms*, rule 2.5 of the Risk Control 2.5 Part of the PRA Rulebook and for overseas firms (other than incoming firms) rule 11.5 of the Internal Governance of CRR Firms Part of the PRA Rulebook); and.
 - (3) adherence to internal systems and controls, procedures and policies (see SYSC 3.2.16G, SYSC 6.2 ~~and~~, for *CRR firms*, chapter 3 of the Compliance and Internal Audit 3.4 Part of the PRA Rulebook and for overseas firms (other than incoming firms) chapter 10 of the Internal Governance of Third Country Branches Part of the PRA Rulebook).

...

10B.11 Application for approval and withdrawing an application for approval

...

- 10B.11.6 R ...
- (2) Usually this will be the *firm* that is employing the *PRA candidate* to perform the *PRA controlled function*. Where a *firm* has outsourced

the performance of a *PRA controlled function*, the details of the outsourcing determine where responsibility lies and whom the *PRA* anticipates will submit *PRA-approved persons* application forms. *SUP 10B.11.7G* describes some common situations. The *firm* which is outsourcing is referred to as "A" and the *person* to whom the performance of the *PRA controlled function* has been outsourced, or which makes the arrangement for the *PRA controlled function* to be performed, is referred to as "B". In each situation, A must take reasonable care to ensure that, in accordance with section 59(2) of the Act, no *person* performs a *PRA controlled function* under an arrangement entered into by its contract-or in relation to the carrying on by A of a *regulated activity*, without approval from the *PRA*. See also SYSC 3.2.4G and SYSC 8.1.1R, and, for *CRR firms*, rule 2.1 of the Outsourcing Part 2.1 of the *PRA Rulebook* and for *overseas firms* (other than *incoming firms*) rule 12.1 of the Internal Governance of Third Country Branches Part of the *PRA Rulebook* and SYSC 13.9 for *insurers*.

...

- 10B.11.7A G The reference to "SYSC 8" in in the table above must be read as "SYSC 8 or, in the case of a *CRR firm*, the Outsourcing Part of the *PRA Rulebook*, or, in the case of an *overseas firm* (other than an *incoming firm*) chapter 12 of the Internal Governance of Third Country Branches Part of the *PRA Rulebook*".

...

16.1 Application

...

- 16.1.2 G ~~The only categories of *firm* to which no section of this chapter applies are:~~
- ~~(1) an *ICVC*;~~
 - ~~(2) an *incoming EEA firm* or *incoming Treaty firm*, unless it is:~~
 - ~~(a) a *firm* of a type listed in *SUP 16.1.3 R* as a type of *firm* to which *SUP 16.6*, *SUP 16.7A*, *SUP 16.9*, *SUP 16.12*, or *SUP 16.14* applies; or~~
 - ~~(b) an *insurer* with *permission* to *effect* or *carry out life policies*;~~
 - ~~(c) a *firm* with *permission* to *establish*, *operate* or *wind up a personal pension scheme* or a *stakeholder pension scheme*;~~
 - ~~(3) a *UCITS qualifier*.~~
- 16.1.2A G The only categories of *firm* to which no section of this chapter applies are:
- (1) an *ICVC*;
 - (2) an *incoming EEA firm* or *incoming Treaty firm*, unless it is:

- (a) a firm of a type listed in SUP 16.1.3 R as a type of firm to which SUP 16.6, SUP 16.7A, SUP 16.9, the Regulatory Reporting Part of the PRA Rulebook or SUP 16.14 applies; or
 - (b) an insurer with permission to effect or carry out life policies;
 - (c) a firm with permission to establish, operate or wind up a personal pension scheme or a stakeholder pension scheme;
- (3) a UCITS qualifier.

16.1.3 R Application of different sections of SUP 16 (excluding SUP 16.13, SUP 16.15, SUP 16.16 and SUP 16.17)

...
SUP 16.12 [FCA only]	A firm undertaking the <i>regulated activities</i> as listed in SUP 16.12.4 R, unless exempted in SUP 16.12.1 G	Sections as relevant to <i>regulated activities</i> as listed in SUP 16.12.4 R ⁶

16.1.3A R The reference to SUP 16.12 in the table above in SUP 16.1.3R in respect of Sections SUP 16.1, SUP 16.2 and SUP 16.3, at (1)(b)(i) must be read as “the Regulatory Reporting Part of the PRA Rulebook”.

...

16.3 **General provisions on reporting**

~~16.3.1 G The effect of SUP 16.1.1R is that this section applies to every firm except:~~

- ~~(1) an ICVC;~~
- ~~(2) an incoming EEA firm or incoming Treaty firm, unless it is:~~
 - ~~(a) a firm of a type listed in SUP 16.1.3 R as a firm to which SUP 16.6 or SUP 16.12 applies;~~
 - ~~(b) an insurer with permission to effect or carry out life policies;~~
- ~~(3) a UCITS qualifier.~~

16.3.1A G The effect of SUP 16.1.1R is that this section applies to every firm except:

- (1) an ICVC;
- (2) an incoming EEA firm or incoming Treaty firm, unless it is:
 - (a) a firm of a type listed in SUP 16.1.3 R as a firm to which SUP 16.6 or the Regulatory Reporting Part of the PRA Rulebook applies;

(b) an insurer with permission to effect or carry out life policies;

(3) a UCITS qualifier.

Structure of the chapter

...

16.3.2A G This chapter has been split into the following sections, covering:

...

(7) integrated regulatory reporting (SUP 16.12)[deleted];

...

Reports from groups

16.3.25 G ~~If this chapter requires the submission of a report or *data item* covering a *group*, a single report or *data item* may be submitted, and so satisfy the requirements of all *firms* in the *group*. Such a report or *data item* should contain the information required from all of them, meet all relevant due dates and indicate all the *firms* on whose behalf it is submitted; if necessary a separate covering sheet should list the *firms* on whose behalf a report or *data item* is submitted. Nevertheless, the requirement to provide a report or *data item*, and the responsibility for the report or *data item*, remains with each *firm* in the *group*. However, reporting requirements that apply to a *firm*, by reason of the *firm* being a member of a *financial conglomerate*, are imposed on only one member of the *financial conglomerate* (see, for example, SUP 16.12.32 R).~~

16.3.25A G If this chapter requires the submission of a report or *data item* covering a *group*, a single report or *data item* may be submitted, and so satisfy the requirements of all *firms* in the *group*. Such a report or *data item* should contain the information required from all of them, meet all relevant due dates and indicate all the *firms* on whose behalf it is submitted; if necessary a separate covering sheet should list the *firms* on whose behalf a report or *data item* is submitted. Nevertheless, the requirement to provide a report or *data item*, and the responsibility for the report or *data item*, remains with each *firm* in the *group*. However, reporting requirements that apply to a *firm*, by reason of the *firm* being a member of a *financial conglomerate*, are imposed on only one member of the *financial conglomerate*.

16.3.26 G Examples of reports covering a *group* are:

- (1) ~~the compliance reports required from *banks* under SUP 16.6.4 R;~~
- (2) ~~annual controllers reports required under SUP 16.4.5 R;~~
- (3) ~~annual close links reports required under SUP 16.5.4 R;~~
- (4) ~~consolidated financial reports required from *banks* under SUP 16.12.5 R;~~
- (5) ~~consolidated reporting statements required from *securities and futures*~~

~~firms under SUP 16.12.11R;~~

~~(6) reporting in relation to defined liquidity groups under SUP 16.4.5 R;~~

16.3.26A G Examples of reports covering a group are:

(1) the compliance reports required from banks under SUP 16.6.4 R;

(2) annual controllers reports required under SUP 16.4.5 R;

(3) annual close links reports required under SUP 16.5.4 R.

...

TP 1 Transitional provisions

...

TP 1.2

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
...					
12W [PRA]	SUP 16.12.5 R to SUP 16.12.7 R	R	If BIPRU TP 30.4 R (Liquidity floor for certain banks) applies to a firm the regulatory intervention point mentioned in that rule is added to the list in paragraph (a) of the definition of firm-specific liquidity stress in the case of that firm for as long as BIPRU TP 30.4 R applies to it.	For as long as BIPRU TP 30.4 R applies to the firm	At the end of period set out in column (5)
12X [FCA]	SUP 16.12.5 R to SUP 16.12.7 R	R	(1) This rule deals with the effect of the abolition of <i>data item</i> FSA044 by the Liquidity Standards (Miscellaneous Amendments) Instrument 2010 and of changes to the definition of <i>DLG by default</i> made by that instrument.	See column 4	See column 4
			(2) The abolition of that <i>data item</i> does not have effect in relation to a firm's reporting period for that <i>data</i>		

				<i>item</i> that has begun but not ended as at 1 January 2011.		
			(3)	The changes to the definition of <i>DLG by default</i> do not have effect in relation to the reporting period of a <i>firm</i> that has begun but not ended as at 1 November 2010.		

...

Sch 1 Record keeping requirements

...

Sch 1.2 G

...

Handbook reference	Subject of record	Contents of record	When record must be made	Retention period
...				
<i>SUP 13.11</i> [FCA] [PRA]	<i>UK firm exercising EEA right</i>	(a) the services or activities it carries on from a <i>branch</i> in, or provide <i>cross border services</i> into, another <i>EEA State</i> under that <i>EEA right</i> , and the <i>requisite details</i> or relevant details relating to those services or activities (if applicable)	Not specified	Three years from the earlier of the date on which:(a) it was superseded by a more up-to-date record; or
				(a) the <i>UK firm</i> ceased to have a <i>branch</i> in, or carry <i>cross border services</i> into, any <i>EEA State</i> under an <i>EEA right</i>
<i>SUP 13.11.1</i> [FCA] [PRA]	Exercise of passport rights by <i>UK firms</i>	(1) Services or activities carried on from a <i>branch</i> in, or provided ⁶ cross-border into, another <i>EEA State</i> under an <i>EEA right</i>	Not specified	Five years (for <i>firms</i> passporting under <i>MiFID</i>) or three years (for other <i>firms</i>) from earlier of:(1) record

				being superseded;
		(2) The details relating to those services or activities (as set out in <i>SUP 13.6</i> and <i>SUP 13.7</i>).		(2) <i>firm</i> ceasing to have any <i>EEA branches</i> or cross- border services.

Annex C

Amendments to the General Prudential sourcebook (GENPRU)

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

...

1.3 Valuation

...

General requirements: valuation adjustments or, in the case of an insurer or a UK ISPV, valuation adjustments or reserves

...

1.3.35 ~~G Reconciliation differences under GENPRU 1.3.34 R should not be reflected in the valuations under GENPRU 1.3 but should be disclosed to the *appropriate regulator* in prudential returns. Firms which are subject to the reporting requirement under SUP 16.16 should disclose those reconciliation differences in the Prudent Valuation Return which they are required to submit to the *appropriate regulator* under SUP 16.16.4 R.~~

1.3.35A G Reconciliation differences under *GENPRU 1.3.34 R* should not be reflected in the valuations under *GENPRU 1.3* but should be disclosed to the *appropriate regulator* in prudential returns. Firms which are subject to the reporting requirement under Chapter 15 of the Regulatory Reporting Part of the *PRA* Rulebook should disclose those reconciliation differences in the Prudent Valuation Return which they are required to submit to the *appropriate regulator* under Chapter 15 of the Regulatory Reporting Part of the *PRA* Rulebook.

...

3.1 Application

...

3.1.2 G GENPRU 3.1 implements the *Financial Groups Directive*. However, material on the following topics is to be found elsewhere in the *Handbook* as follows:

- (1) ~~further material on *third-country financial conglomerates* can be found in GENPRU 3.2;~~
- (2) ~~SUP 15.9 contains notification *rules* for members of *financial conglomerates*;~~
- (3) ~~material on reporting obligations can be found in SUP 16.12.32 R and SUP 16.12.33 R; and~~
- (4) ~~material on systems and controls in *financial conglomerates* can be found in SYSC 12.~~

3.1.2A G GENPRU 3.1 implements the *Financial Groups Directive*. However, material

on the following topics is to be found elsewhere in the *Handbook* as follows:

- (1) further material on *third-country financial conglomerates* can be found in GENPRU 3.2;
- (2) SUP 15.9 contains notification *rules* for members of *financial conglomerates*;
- (3) material on reporting obligations can be found in Chapter 14 of the Regulatory Reporting Part of the *PRA* Rulebook; and
- (4) material on systems and controls in *financial conglomerates* can be found in SYSC 12.

Annex D

Amendments to the Credit Unions sourcebook (CREDS)

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

...		
1.1		Application and purpose
...		
<u>1.1.2</u>	<u>G</u>	(1) CREDS covers only the requirements associated with a Part 4A permission to accept deposits. The Conduct of Business sourcebook (COBS) sets out additional requirements for credit unions that are CTF providers in relation to cash deposit CTFs.
		(2) Other permissions are covered elsewhere in the Handbook. So, for example, a credit union seeking a permission to undertake a regulated mortgage activity would need to comply with the requirements in the Mortgages and Home Finance: Conduct of Business sourcebook (MCOB), and a credit union seeking a permission to undertake insurance mediation activity in relation to non-investment insurance contracts would need to comply with the requirements in the Insurance: Conduct of Business sourcebook (ICOBS).
		(3) The provisions of the Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries (MIPRU) and the Interim Prudential sourcebook for Investment Businesses (IPRU(INV)) may also be relevant to a credit union whose Part 4A permission includes insurance mediation activity or mortgage mediation activity or which is a CTF provider with permission to carry on designated investment business.
<u>1.1.2B</u>	<u>G</u>	<u>(1) CREDS covers only the requirements associated with a Part 4A permission to accept deposits. The Conduct of Business sourcebook (COBS) sets out additional requirements for credit unions that are CTF providers in relation to cash deposit CTFs.</u>
		<u>(2) Other permissions are covered elsewhere in the Handbook. So, for example, a credit union seeking a permission to undertake a regulated mortgage activity would need to comply with the requirements in the Mortgages and Home Finance: Conduct of Business sourcebook (MCOB), and a credit union seeking a permission to undertake insurance mediation activity in relation to non-investment insurance contracts would need to comply with the requirements in the Insurance: Conduct of Business sourcebook (ICOBS).</u>
		<u>(3) The provisions of the Interim Prudential sourcebook for Investment Businesses (IPRU(INV)) may also be relevant to a credit union whose Part 4A permission includes insurance mediation activity or mortgage mediation activity or which is a CTF provider with permission to carry on designated investment business.</u>
...		

5.2	Components of capital										
<u>5.2.1AA</u>	R	In CREDS 5.2.1 R (7) the reference to <i>SUP 16.12.5 R</i> must be read as “rule 7.1 of the Regulatory Reporting Part of the <i>PRA</i> Rulebook” and the reference to CREDS 8.2.3 G must be read as CREDS 8.2.3A G.									
...											
8.1	Application and purpose										
...											
8.1.2	G	The purpose of this section is to provide additional <i>rules</i> and <i>guidance</i> relating to reporting requirements that are specific to <i>credit unions</i>. <i>Credit unions</i> also need to comply with the relevant provisions of <i>SUP</i> relating to reporting, including <i>SUP 16.3</i> and <i>SUP 16.12</i>.									
<u>8.1.2A</u>	G	<u>The purpose of this section is to provide additional <i>rules</i> and <i>guidance</i> relating to reporting requirements that are specific to <i>credit unions</i>. <i>Credit unions</i> also need to comply with the relevant provisions of <i>SUP</i> relating to reporting, including <i>SUP 16.3</i> and the Regulatory Reporting Part of the <i>PRA</i> Rulebook.</u>									
8.2	Reporting requirements										
8.2.1	G	<i>SUP 16.12.5 R</i> states that a <i>credit union</i> must submit a quarterly return. The content, reporting frequency and due date in relation to that report are shown in <i>CREDS 8.2.2 G</i>. The form can be found at <i>SUP 16 Annex 14(1)R</i>.									
		[Note: a transitional provision applies to <i>SUP 16.12.5 R</i>: see <i>CREDS TP 1.17</i>.]									
		[Note: a transitional provision applies in respect of the form to be used at <i>SUP 16 Annex 14(1)R</i> (see <i>CREDS TP 1.4</i>).]									
<u>8.2.1A</u>	G	<u>Rule 7.1 of the Regulatory Reporting Part of the <i>PRA</i> Rulebook requires that a <i>credit union</i> must submit a quarterly return. The content, reporting frequency and due date in relation to that report are shown in <i>CREDS 8.2.2A G</i>. The form can be found in chapter 18 of the Regulatory Reporting Part of the <i>PRA</i> Rulebook.</u>									
...											
8.2.2	G	This table belongs to CREDS 8.2.1 G.									
		<table border="1"> <thead> <tr> <th>Content of report</th> <th>Form</th> <th>Frequency</th> <th>Due date</th> </tr> </thead> <tbody> <tr> <td>Key financial data</td> <td>CQ</td> <td>Quarterly</td> <td>One <i>month</i> after quarter end</td> </tr> </tbody> </table>		Content of report	Form	Frequency	Due date	Key financial data	CQ	Quarterly	One <i>month</i> after quarter end
Content of report	Form	Frequency	Due date								
Key financial data	CQ	Quarterly	One <i>month</i> after quarter end								
<u>8.2.2A</u>	G	This table belongs to CREDS 8.2.1A G.									
		<table border="1"> <thead> <tr> <th>Content of report</th> <th>Form</th> <th>Frequency</th> <th>Due date</th> </tr> </thead> <tbody> <tr> <td>Key financial data</td> <td>CQ</td> <td>Quarterly</td> <td>One <i>month</i> after</td> </tr> </tbody> </table>		Content of report	Form	Frequency	Due date	Key financial data	CQ	Quarterly	One <i>month</i> after
Content of report	Form	Frequency	Due date								
Key financial data	CQ	Quarterly	One <i>month</i> after								

					quarter end
...					
8.2.3	G	SUP 16.12.5 R states that a credit union must submit an annual return. The content, reporting frequency and due date in relation to that report are shown in CREDS 8.2.4 G. The form can be found at SUP 16 Annex 14(2)R.			
		[Note: transitional provisions apply to the requirements in SUP 16.12.5 R (see) and in respect of the form to be used at SUP 16 Annex 14(2) R (see) CREDS TP.]			
		[Note: a transitional provision applies to SUP 16.12.5 R: (see CREDS TP 1.18).]			
8.2.3A	G	Rule 7.1 of the Regulatory Reporting Part of the PRA Rulebook requires that a credit union must submit an annual return. The content, reporting frequency and due date in relation to that report are shown in CREDS 8.2.4A G. The form can be found in chapter 18 of the Regulatory Reporting Part of the PRA Rulebook.			
8.2.4	G	This table belongs to CREDS 8.2.3 G.			
		Content of report	Form	Frequency	Due date
		Extended financial data	CY	Annually	Six months after financial year end
8.2.4A	G	This table belongs to CREDS 8.2.3A G.			
		Content of report	Form	Frequency	Due date
		Extended financial data	CY	Annually	Six months after financial year end
...					
8.2.6	R	(1)	Every credit union must send to the PRA a copy of its audited accounts published in accordance with section 3A of the Friendly and Industrial and Provident Societies Act 1968 or provided in accordance with article 49 of the Credit Unions (Northern Ireland) Order 1985.		
		(2)	The accounts must:		
		(a)	be made up for the period beginning with the date of the credit union's registration or with the date to which the credit union's last annual accounts were made up, whichever is the later, and ending on the credit union's most recent financial year end; and		
		(b)	accompany the annual return submitted to the PRA under SUP 16.12.5 R (see CREDS 8.2.3 G), unless they have been submitted already		
8.2.6A	R	(1)	Every credit union must send to the PRA a copy of its audited accounts published in accordance with section 3A of the Friendly and Industrial and Provident Societies Act 1968 or provided in accordance		

			<u>with article 49 of the Credit Unions (Northern Ireland) Order 1985.</u>
		(2)	The accounts must:
		(a)	<u>be made up for the period beginning with the date of the <i>credit union's</i> registration or with the date to which the <i>credit union's</i> last annual accounts were made up, whichever is the later, and ending on the <i>credit union's</i> most recent financial year end; and</u>
		(b)	<u>accompany the annual return submitted to the <i>PRA</i> under rule 7.1 of the Regulatory Reporting Part of the <i>PRA</i> Rulebook (see <i>CREDS 8.2.3A G</i>), unless they have been submitted already</u>
8.2.7	R		Every <i>credit union</i> must supply free of charge, to every member or person interested in the funds of the <i>credit union</i> who applies for it, a copy of the latest audited accounts of the <i>credit union</i> sent to the <i>PRA</i> under <i>CREDS 8.2.6 R</i>.
8.2.7A	R		<u>Every <i>credit union</i> must supply free of charge, to every member or person interested in the funds of the <i>credit union</i> who applies for it, a copy of the latest audited accounts of the <i>credit union</i> sent to the <i>PRA</i> under <i>CREDS 8.2.6A R</i>.</u>
8.2.8	G	(1)	Financial penalties may be imposed for the late submission of:
		(a)	the quarterly and annual returns referred to in <i>SUP 16.12.5 R</i>; and
		(b)	the audited accounts referred to in <i>CREDS 8.2.6 R</i>.
		(2)	Details of the policy and procedures on financial penalties are given in <i>DEPP</i>.
8.2.8A	G	(1)	Financial penalties may be imposed for the late submission of:
		(a)	<u>the quarterly and annual returns referred to in rule 7.1 of the Regulatory Reporting Part of the <i>PRA</i> Rulebook; and</u>
		(b)	<u>the audited accounts referred to in <i>CREDS 8.2.6A R</i>.</u>
		(2)	<u>Details of the policy and procedures on financial penalties are given in the <i>PRA's</i> 'Statement of Policy: The Prudential Regulation Authority's approach to enforcement: statutory statements of policy and procedure (April 2013)'.</u>
...			
App 1.1	Key Definitions		
...			
<i>total non-deferred shares</i> [FCA only]	means the total of members' share balances in a <i>credit union</i> shown in the most recent annual return to have been sent to the <i>PRA</i> under <i>SUP 16.12.5 R</i> -(see <i>CREDS 8.2.3 G</i>), excluding any <i>deferred shares</i> in the <i>credit union</i> .		

<u>total non-deferred shares</u> [PRA only]	means the total of members' share balances in a <i>credit union</i> shown in the most recent annual return to have been sent to the <i>PRA</i> (see <u>CREDS 8.2.3A G</u>), excluding any <i>deferred shares</i> in the <i>credit union</i> .				
...					
Sch 2.2A G	G	In the above table in Sch 2.2 G, the reference to CREDS 8.2.1 G shall be read as CREDS 8.2.1A G, the reference to CREDS 8.2.3 G shall be read as CREDS 8.2.3A G, and the reference to CREDS 8.2.6 G shall be read as CREDS 8.2.6A G.			
...					
TP 1	Transitional provision				
...					
(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional Provision	Transitional provisions: dates in force	Handbook provisions: coming into force
...					
3 [FCA] [PRA]	<i>SUP 16.12.7 R</i>	R	The change in the applicable due date for the submission by a <i>credit union</i> of an annual return under <i>SUP 16.12.5 R</i> from 7 months to 6 months does not apply to an annual return in respect of the financial year ending on or before 31 July 2012.	31 July 2012	8 January 2012
4 [FCA] [PRA]	<i>SUP 16 Annex 14 R</i>	R	<i>SUP 16 Annex 14 R</i> , as it was in force on 31 December 2011, continues to apply to: (i) quarterly returns for <i>credit unions</i> in respect of the quarter ending on or before 31 December 2011, and (ii) annual returns in respect of the financial year ending on or before 7 January 2012	8 January 2012	8 January 2012

Annex E

Amendments to the Interim Prudential sourcebook for Insurers (IPRU-INS)

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

Volume One: Rules		
...		
Chapter 9: Financial Reporting		
...		
PART V		
Group Capital Adequacy		
...		
9.42D	(1)	An insurer must provide the following information from the report prepared in accordance with SUP 16.12.33R <u>rule 14.3 of the Regulatory Reporting Part of the PRA Rulebook</u> in respect of the financial year in question of the financial conglomerate identified at Stage C of the decision tree in rule 9.42C:
		...

Annex F

Amendments to Senior Management Arrangements, Systems and Controls (SYSC)

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

...		
1.1A	Application	
...		
<u>1.1A.1A</u>	<u>G</u>	Chapters 4 to 9 are not applicable to <i>CRR firms (other than incoming firms) and overseas firms (other than incoming firms)</i> . CRR firms are subject to the rules in the General Organisational Requirements Part of the PRA Rulebook.
...		
1 Annex 1	Detailed application of SYSC	
...		
Part 2	Application of the common platform requirements (SYSC 4 to 10)	
...		
2.1A	R	The <i>common platform organisational requirements</i> apply to every firm apart from a <i>CRR firm (other than an incoming firm)</i> , <u>an overseas firm (other than an incoming firm)</u> , <i>an insurer, a managing agent and the Society</i> unless provided otherwise in a specific rule.
2.1B	R	SYSC 10 applies to every firm apart from an insurer, a managing agent and the Society unless provided otherwise in a specific rule.
...		
Part 3	Tables summarising the application of the common platform requirements to different types of firm	
...		
3.2C	R	For a <i>common platform firm</i> other than a <i>CRR firm (other than an incoming firm)</i> and an <i>overseas firm (other than an incoming firm)</i> , Provision SYSC 4 to Provision SYSC 9 apply in accordance with Column A in the table below.
3.2D	G	SYSC 4 to 9 are not applicable to <u>a CRR firms (other than an incoming firm) and an overseas firm (other than an incoming firm)</u> . A CRR firm (other than an incoming firm)s are is subject to the rules in the General Organisational Requirements, Skills, Knowledge and Expertise, Compliance and Internal Audit, Risk Control, Outsourcing and Record Keeping Parts of the PRA

		Rulebook. <u>An Overseas firm (other than an incoming firm) is subject to the rules in the Internal Governance of Third Country Branches Part of the PRA Rulebook.</u>
3.2E	R	For a common platform firm, Provision SYSC 10 applies in accordance with Column A in the table below does not apply to PRA-authorized persons and the table below must be read accordingly.
...		
3.3A	G	For all other firms apart from CRR firms (other than incoming firms), overseas firms (other than an incoming firms), insurers, managing agents, the Society and full-scope UK AIFMs of unauthorised AIFs, they apply in accordance with Column B in the table below. For these firms, where a rule is shown modified in Column B as 'Guidance', it should be read as guidance (as if "should" appeared in that rule instead of "must") and should be applied in a proportionate manner, taking into account the nature, scale and complexity of the firm's business.
3.4	R	For the purposes of Provision SYSC 4 to Provision SYSC 9 in the table below, the references to:

- (1) “common platform firm” in Column A must be read as “a common platform firm apart from a CRR firm CRR firm (other than an incoming firm) and an overseas firm (other than an incoming firm)”; and
- (2) “all other firms” in Column B must be read as “all other firms apart from CRR firms a CRR firm (other than an incoming firm) and an overseas firm (other than an incoming firm)”.
- (3) rules or guidance that apply to the UK branch of a non-EEA bank in accordance with Column B must not be applied by the UK branch of a non-EEA bank.
- (4) SYSC 7.1.4A G is to be read as SYSC 7.1.4AA G.

3.5	R	For the purposes of Provision SYSC 4 to Provision SYSC 9 in the table below, Column B applies to <i>credit unions</i> only.
...		
7.1		Risk control
...		
<u>7.1.4A</u>	<u>G</u>	For a common platform firm included within the scope of SYSC 20 (Reverse stress testing), the strategies, policies and procedures for identifying, taking up, managing, monitoring and mitigating the risks to which the firm is or might be exposed include conducting reverse stress testing in accordance

		with SYSC 20. A <i>common platform firm</i> which falls outside the scope of SYSC 20 should consider conducting reverse stress tests on its business plan as well. This would further <i>senior personnels</i> understanding of the <i>firm's</i> vulnerabilities and would help them design measures to prevent or mitigate the risk of business failure.
7.1.4AA	G	For a <i>common platform firm</i> included within the scope of chapter 15 of the Internal Capital Adequacy Assessment Part of the <i>PRA</i> Rulebook, the strategies, policies and procedures for identifying, taking up, managing, monitoring and mitigating the risks to which the <i>firm</i> is or might be exposed include conducting reverse stress testing in accordance with chapter 15 of the Internal Capital Adequacy Assessment Part of the <i>PRA</i> Rulebook. A <i>common platform firm</i> which falls outside the scope of chapter 15 of the Internal Capital Adequacy Assessment Part of the <i>PRA</i> Rulebook should consider conducting reverse stress tests on its business plan as well. This would further <i>senior personnel's</i> understanding of the <i>firm's</i> vulnerabilities and would help them design measures to prevent or mitigate the risk of <u>business failure</u> .
...		

12.1 Application

...

12.1.13A R When applying SYSC 12.1.13R, a CRR firms (other than an incoming firm) must read references to:

(1) ...

...

19A.1 General application and purpose

...

19A.1.6A G (1) The aim of the *Remuneration Code* is to ensure that *firms* have risk-focused *remuneration* policies, which are consistent with and promote effective risk management and do not expose them to excessive risk. It expands upon the general organisational requirements in rule 2.1 of the General Organisational Requirements 2.4 Part and rule 2.1 of the Internal Governance of Third Country Branches Part of the *PRA* Rulebook.

...		
-----	--	--

19A.2.2A G (1) ...

(2) ...

(3) As with other aspects of a *firm's* systems and controls, in accordance with rule 2.2 of the General Organisational Requirement Part 2.2 and rule 2.2 of the Internal Governance of Third Country Branches Part of the *PRA* Rulebook, *remuneration* policies, procedures and practices must be comprehensive and proportionate to the nature, scale and

complexity of the *common platform firm's* activities. What a *firm* must do in order to comply with the *Remuneration Code* will therefore vary. For example, while the *Remuneration Code* refers to a *firm's* remuneration committee and risk management function, it may be appropriate for the *governing body* of a smaller *firm* to act as the remuneration committee, and for the *firm* not to have a separate risk management function.

...

...	
-----	--

19A.3.17 G (1) ...
A

(2) ...

(3) The *appropriate regulator* would generally expect the ratio of the potential variable component of *remuneration* to the fixed component of *remuneration* to be significantly lower for *employees* in risk management and compliance functions than for *employees* in other business areas whose potential bonus is a significant proportion of their *remuneration*. *Firms* should nevertheless ensure that the total *remuneration* package offered to those *employees* is sufficient to attract and retain staff with the skills, knowledge and expertise to discharge those functions. The requirement that the method of determining the *remuneration* of *relevant persons* involved in the compliance function must not compromise their objectivity or be likely to do so also applies (see rule 2.4(4) of the Compliance and Internal Audit Part 2.4(4) and rule 9.4(4) of the Internal Governance of Third Country Branches Part of the *PRA* Rulebook).

...	
20.1	Application and purpose
	Application
20.1.1	R (1) SYSC 20 applies to:
	(a) a firm which is [deleted]:
	(i) a bank [deleted]; or
	(ii) a building society [deleted]; or
	(iii) a designated investment firm which meets any of the criteria set out in (2) on an individual basis, or in (3) on a consolidated basis [deleted]; and
	(b) an insurer unless it is:
	(i) a non-directive friendly society; or
	(ii) a Swiss general insurer; or

			(iii)	an EEA-deposit insurer, or
			(iv)	an incoming EEA firm; or
			(v)	an incoming Treaty firm.
		(2)	Subject to (4), SYSC 20 applies to a <i>designated investment firm</i> if [deleted] :	
		(a)	it has assets under management or administration of at least £10 billion (or the equivalent amount in foreign currency) [deleted] ; or	
		(b)	the total annual <i>fee and commission</i> income arising from its <i>regulated activities</i> is at least £250 million (or the equivalent amount in foreign currency) [deleted] ; or	
		(c)	it has assets or liabilities of at least £2 billion (or the equivalent amount in foreign currency) [deleted] .	
		(3)	Subject to (4), where all of the <i>designated investment firms</i> within the same <i>consolidation group</i> or <i>non-EEA sub-group</i> , taken together as if they were one <i>firm</i> , meet any of the criteria in (2), SYSC 20 applies to each of those <i>designated investment firms</i> as if it individually met the inclusion criteria in (2) [deleted] .	
		(4)	Any <i>designated investment firm</i> which is included within the scope of SYSC 20 in accordance with (2) or (3) in any given year will continue to be subject to SYSC 20 for the following two years irrespective of whether or not it continues to meet the inclusion criteria ³ in any of those subsequent years [deleted] .	

...

20.1.4A	<u>G</u>	The reverse stress testing requirements are an integral component of a <i>firm's</i> business planning and risk management under SYSC. For BIPRU firms as referred to in SYSC 20.1.1R (1)(a) , this chapter amplifies SYSC 7.1.1 G to SYSC 7.1.8 G on risk control. For <i>insurers</i> as referred to in SYSC 20.1.1R (1)(b), this chapter amplifies SYSC 14.1.17 G to SYSC 14.1.25 G on business planning and risk management.
...		
21.1		Risk control: guidance on governance arrangements
		Additional guidance on governance arrangements
...		
21.1.1A	<u>G</u>	References to " <i>firm</i> " in SYSC 21 should be read as excluding <i>CRR firms</i> and <i>overseas firms</i> (other than <i>incoming firms</i>).
...		

Annex G

Amendments to General Provisions (GEN)

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

...		
2.2		Interpreting the Handbook
...		
		Cross-references in the Handbook
<u>2.2.13B</u>	<u>R</u>	<u>A reference in the <i>Handbook</i> to a provision in the <i>PRA</i> Rulebook is a reference to that provision as amended from time to time.</u>
...		