

PRA RULEBOOK: NON-SOLVENCY II FIRMS: SENIOR INSURANCE MANAGERS REGIME – TECHNICAL RULES AND ACTUARIAL FUNCTION INSTRUMENT 2015

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 59 (approval for particular arrangements);
- (2) Section 60 (applications for approval);
- (3) Section 61 (determination of applications);
- (4) Section 64A (rules of conduct);
- (5) Section 137G (the PRA’s general rules);
- (6) Section 137T (general supplementary powers); and

in the exercise of powers and related provisions in [] of the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions Order) 2015 (SI 2015/492) and in [] of the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) (Amendment) Order 2015 (SI 2015/xxx).

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), and [] of the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015, 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: Non-Solvency II Firms: Senior Insurance Managers Regime – Technical Rules and Actuarial Functions Instrument 2015

D. The PRA makes the rules in the Annexes to this instrument.

Commencement

E. Annexes A, C, D and F of this instrument come into force on [DATE].

F. Annex B of this instrument comes into force on [DATE].

G. Annex E of this instrument comes into force on [DATE].

Citation

This instrument may be cited as the PRA Rulebook: Non-Solvency II Firms: Senior Insurance Managers Regime – Technical Rules and Actuarial Functions Instrument 2015.

By order of the Board of the Prudential Regulation Authority

[DATE].

Annex A

In this Annex, the text is all new and is not underlined.

Part

NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGERS REGIME – APPLICATIONS AND NOTIFICATIONS

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. APPLICATION TO PERFORM A SENIOR INSURANCE MANAGEMENT FUNCTION**
- 3. WITHDRAWAL OF A SENIOR INSURANCE MANAGEMENT APPROVAL APPLICATION**
- 4. CEASING TO PERFORM A SENIOR INSURANCE MANAGEMENT FUNCTION**
- 5. CHANGE IN DETAILS RELATING TO SENIOR INSURANCE MANAGEMENT FUNCTION HOLDERS**
- 6. PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS**
- 7. FORMS**

Links

1 APPLICATION 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:

commencement date

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

current approved person approval

means

- (1) an approval granted to a *person* under section 59 of *FSMA* (Approval for particular arrangements):
 - (a) by the *PRA* for the performance of a *senior insurance management function*; or
 - (b) by the *FCA* for the performance of a *significant influence function*;
- (2) a deemed approval given by:
 - (a) the *PRA* following the submission of a *grandfathering notification* under:
 - (i) Solvency II Firms: Senior Insurance Managers Regime – Transitional Provisions;
 - (ii) Non-Solvency II Firms: Large Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions; or
 - (iii) Non-Solvency II Firms: Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions; or
 - (b) the *FCA* under any equivalent rules in the *FCA Handbook*; or
- (3) for the purposes of 2.5(2) and 2.6(1), an approval granted to that *person* under section 59 of *FSMA* by either the *PRA* or the *FCA* to perform a *controlled function* prior to the *commencement date* but which ceased (i) on or before the *commencement date*; and (ii) during the six-month period specified in 2.5(2) and 2.6(1), as the case may be.

grandfathering notification

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

regulatory body

means any authority, body or *person* having, or who has had, responsibility for the supervision or regulation of any *regulated activities* or other financial services, whether within the *United Kingdom* or overseas.

scope of responsibilities form

means the form to be completed by a *firm* describing the significant responsibilities recorded in Non-Solvency II Firms - Fitness and Propriety 4.1(2).

senior insurance management approval application

means an application for approval to perform a *senior insurance management function* under section 59 of FSMA.

significant influence function

has the meaning given in the *FCA Handbook*.

2 APPLICATION TO PERFORM A SENIOR INSURANCE MANAGEMENT FUNCTION

- 2.1 The *PRA* directs that a *firm* must make a *senior insurance management approval application* in accordance with 2.2, before the activities requiring approval commence.
- 2.2 The *PRA* directs that a *firm* must use Form A (long form) for a *senior insurance management approval application* unless:
- (1) the *firm* must use Form E under 2.3; or
 - (2) the *firm* must use Form A (shortened form) under 2.6.
- 2.3 The *PRA* directs that, subject to 2.4 and 2.5, a *firm* must use Form E for a *senior insurance management approval application* if it is being made in respect of a *person* who has a *current approved person approval* and is either:
- (1) ceasing to perform a *senior insurance management function* and taking up a new *senior insurance management function* for the same *firm* or another member of its *group*; or
 - (2) ceasing to perform a *significant influence function* and taking up a *senior insurance management function* for the *firm* or another member of its *group*.
- 2.4 The *PRA* directs that a *firm* must not use Form E for a *senior insurance management approval application* if:
- (1) a notification has been made or should be made to the *PRA* under any of the rules in Notifications 11 or to the *FCA* under any equivalent provisions of the *FCA Handbook*;
 - (2) any of the circumstances in 4.2(2)(a)-(d) apply in relation to:
 - (a) any *controlled function* that that *person* is ceasing to perform; or
 - (b) any *controlled function* that that *person* is continuing to perform in relation to that *firm* or a *firm* in the same *group*.
- 2.5 The *PRA* directs that a *firm* must not use Form E if the *person* to whom the *senior insurance management approval application* relates:
- (1) has never before been approved:
 - (a) by the *PRA* to perform a *controlled function*; or

- (b) by the *FCA* to perform a *significant influence function* for any *firm*;
 - or
 - (2) has not been the subject of a *current approved person approval* in relation to any *firm* for more than six *months* prior to the date of application.
- 2.6 (1) The *PRA* directs that a *firm* must use Form A (shortened form) for a *senior insurance management approval application* if:
 - (a) the *person* to whom the application relates:
 - (i) has at the time of application a *current approved person approval*;
 - or
 - (ii) has had a *current approved person approval* within the previous six *months*; and
 - (b) there have been no matters arising in relation to the fitness and propriety of the *person* to whom the *senior insurance management approval application* relates which mean that the information provided to the *FCA* or *PRA* regarding fitness and propriety in connection with a *current approved person approval* may have changed since the application for the *current approved person approval* was made.
- (2) A *firm* must not use Form A (shortened form) if the circumstances set out in 2.3 apply.
- 2.7 The *PRA* directs that the form submitted for a *senior insurance management approval application* must be accompanied by a *scope of responsibilities form*.

3 WITHDRAWAL OF A SENIOR INSURANCE MANAGEMENT APPROVAL APPLICATION

- 3.1 The *PRA* directs that a *firm* withdrawing an outstanding *senior insurance management approval application* must do so using Form B.

4 CEASING TO PERFORM A SENIOR INSURANCE MANAGEMENT FUNCTION

- 4.1 (1) A *firm* must notify the *PRA* no later than seven *business days* after a *person* ceases to perform a *senior insurance management function*, using:
 - (a) Form E if a *person* ceases to perform a *senior insurance management function* and the *firm* is also making an application for the same *person* to perform a new *senior insurance management function*; and
 - (b) in all other cases, Form C.
- 4.2 (1) A *firm* must notify the *PRA* as soon as practicable after it becomes aware, or has information which reasonably suggests, that it will submit a qualified Form C in respect of a *senior insurance management function holder*.
- (2) Form C is qualified if the information it contains:

- (a) relates to the fact that the *firm* has dismissed, or suspended, the *senior insurance management function holder* from its employment;
- (b) relates to the resignation by the *senior insurance management function holder* while under investigation by the *firm*, the *PRA* or any other *regulatory body*;
- (c) includes a notification under any of the provisions set out in 2.4(1); or
- (d) otherwise reasonably suggests that it may affect the *PRA*'s assessment of the *senior insurance management function holder*'s fitness and propriety.

5 CHANGE IN DETAILS RELATING TO SENIOR INSURANCE MANAGEMENT FUNCTION HOLDERS

- 5.1 If a *senior insurance management function holder*'s title, name or national insurance number changes, the *firm* for which the *person* performs a *senior insurance management function* must notify the *PRA* of that change within seven *business days* of the *firm* becoming aware of the matter, using Form D.
- 5.2 If, in relation to a *firm* which has submitted an application on either Form A (long or shortened form) or Form E, as required by 2.2, any of the details relating to *senior insurance management functions* are to change, the *firm* must notify the *PRA* using Form D as soon as reasonably practicable after the *firm* becomes aware of the proposed change.

6 PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS

- 6.1 The *PRA* directs that, save as required by 6.2, a *firm* must make any applications, notifications or submissions required by this Part by submitting the form specified using the *ONA system*.
- 6.2 If, under any direction or rule in this Part:
 - (1) a *firm* is required to make an application, notification or submission online; 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.

7 FORMS

- 7.1
 - (1) Form A may be found [here](#).
 - (2) Form B may be found [here](#).
 - (3) Form C may be found [here](#).
 - (4) Form D may be found [here](#).
 - (5) Form E may be found [here](#).
 - (6) The *scope of responsibilities form* may be found [here](#).

Annex B

In this Annex, the text is all new and is not underlined.

Part

NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGERS REGIME – TRANSITIONAL PROVISIONS

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. GENERAL**
- 3. GRANDFATHERING NOTIFICATION REQUIREMENTS**
- 4. PROCEDURE FOR MAKING GRANDFATHERING NOTIFICATIONS**
- 5. WITHDRAWING OR UPDATING A GRANDFATHERING NOTIFICATION**
- 6. TABLE OF FUNCTIONS FOR GRANDFATHERING**
- 7. FORMS**

Links

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to a *firm* that, on the *effective date*, has a *Part 4A permission for effecting contracts of insurance or carrying out contracts of insurance* and which will with effect from 1 January 2016 be:

(1) a *small non-directive insurer*; or

(2) a *run-off firm*.

1.2 In this Part, the following definitions shall apply:

candidate

means a *person* in respect of whom a *firm* has made a *pending application*.

commencement date

means 7 March 2016.

continued approval

means approval to perform a *senior insurance management function* under section 59 of *FSMA*, granted pursuant to a *grandfathering notification*.

effective date

means [the date when this Part comes into force].

equivalent function

means a *senior insurance management function* or an *FCA function* that, in either case, is specified in 6 as equivalent for the purposes of articles [2(3)(b)] and [11(c)] of the *Transitional Order*, to a *pre-implementation controlled function*.

FCA activities

means a function which would, except for SUP TP 8.2.3R of the *FCA Handbook*, be an *FCA governing function*.

FCA controlled function

means a *controlled function* specified by the *FCA* under section 59 of *FSMA*.

FCA function

means any of the functions specified in column 3 (FCA controlled functions) of the table set out in 6.

FCA governing function

has the meaning given in SUP 10A.4.4R of the *FCA Handbook*.

grandfathering notification

means a notice required to be sent to the *PRA* under article [2(1)] or [11(b)] of the *Transitional Order*, including any update to such a notice.

pending application

means an application for approval under section 60 of *FSMA* which:

- (1) has been received by the *FCA* or *PRA* from the *firm* on or before the *commencement date*, and
- (2) has not been determined or withdrawn.

pre-implementation controlled function

means any of the *controlled functions* listed in column 1 of the table in 6.

run-off firm

has the meaning given in Non-Solvency II Firms – Run-Off Firms.

scope of responsibilities form

has the meaning given in Non-Solvency II Firms - Senior Insurance Managers Regime - Applications and Notifications.

senior insurance management function

means a function specified as a *controlled function* in Non-Solvency II Firms - Senior Insurance Management Functions 2 in relation to the carrying on of a *regulated activity* by a *firm*.

Transitional Order

means the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015 (SI 2015/492), as amended by the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) (Amendment) Order 2015 (SI 2015/xxx).

2. GENERAL

- 2.1 The *PRA* directs that a *firm* must make a *grandfathering notification* using Form K before 8 February 2016.
- 2.2 The *PRA* directs that the notice required by article [6(1)] of the *Transitional Order* must be provided to the *PRA* using Form K.
- 2.3 The *PRA* directs that the notice required by article [11(b)] of the *Transitional Order* in respect of a *candidate* for whom *continued approval* is sought must be provided to the *PRA* in Form K as part of a *grandfathering notification*.

3. GRANDFATHERING NOTIFICATION REQUIREMENTS

- 3.1 Where a *grandfathering notification* is required pursuant to 2.1, a *firm* must ensure that it sets out the following details in respect of each *approved person* or *candidate*:
 - (1) each of the *pre-implementation controlled functions* for which the *person* is approved, or (in the case of a *candidate*) has a *pending application*, in relation to the *firm*;

- (2) each *senior insurance management function* to be performed by the *person* on and after the *commencement date* in relation to the *firm*; and
 - (3) each *FCA function* (if any) to be performed by the *person* on and after the *commencement date* in relation to the *firm*.
- 3.2 The *PRA* directs that a *firm* must not specify in a *grandfathering notification* a *senior insurance management function* or *FCA function* for a *person* which is not an *equivalent function* in the table in 6 or the table in FCA SUP TP 8.2.3R in relation to:
- (1) (for an *approved person*) any *pre-implementation controlled functions* for which the *person* has approval in relation to the *firm*; or
 - (2) (for a *candidate*) any *pre-implementation controlled functions* in respect of which there is a *pending application*.
- 3.3 The *PRA* directs that a *firm* must list in the *grandfathering notification* each *approved person* or *candidate* who, on the *commencement date*, will be acting in the capacity of a *non-executive director* but who will not be performing a *senior insurance management function* or *FCA function*.

4. PROCEDURE FOR MAKING GRANDFATHERING NOTIFICATIONS

- 4.1 The *PRA* directs that a *firm* must make any applications, notifications or submissions required by this Part by submitting the specified form to PRA-ApprovedPersons@bankofengland.co.uk.

5. WITHDRAWING OR UPDATING A GRANDFATHERING NOTIFICATION

- 5.1 The *PRA* directs that if, before the *commencement date*, there has been a significant change to the matters covered by the *grandfathering notification*, the *firm* must provide a revised version of it to the *PRA*.

6. TABLE OF EQUIVALENT FUNCTIONS FOR GRANDFATHERING

- 6.1 The *senior insurance management functions* set out in column 2 of the table are specified as *equivalent functions*, in each case in relation to the *pre-implementation controlled functions* set out in the corresponding row in column 1 of the table below.
- 6.2 The *FCA functions* set out in column 3 of the table are specified as *equivalent functions*, in each case in relation to the *pre-implementation controlled functions* set out in the corresponding row of column 1 of the table below.

Column 1	Column 2	Column 3
PRA or FCA Controlled Function	PRA Senior Insurance Management Function	FCA Function
Small non-directive insurers		
Director (CF1)	Small Insurer Senior Management function (SIMF25)	FCA Director function (CF1)

Column 1	Column 2	Column 3
Non-executive director (CF2)	Small Insurer Senior Management function (SIMF25)	
Chief executive (CF3)	Small Insurer Senior Management function (SIMF25)	FCA Chief executive function (CF3)
Director of unincorporated association (CF5)	Small Insurer Senior Management function (SIMF25)	FCA Director of unincorporated association function (CF5)
Small friendly society (CF6)	Small Insurer Senior Management function (SIMF25)	FCA Small friendly society function (CF6)
Actuary (CF12)	Small Insurer Chief Actuary function (SIMF20)	
With-Profits Actuary (CF12A)	Small Insurer With-Profits Actuary function (SIMF21)	
Systems and Controls (CF28)	Small Insurer Senior Management function (SIMF25)	

- 6.3 A firm must submit a *scope of responsibilities form* to the PRA by 7 March 2017 in respect of any *senior insurance management function holder* with *continued approval* in relation to that *firm*.
- 6.4 (1) If, in relation to a *firm*, a *senior insurance management function holder* with *continued approval* also performs *FCA activities* on and from the *commencement date*, performance of the *senior insurance management function* will include the performance of those *FCA activities* provided that the *firm* has included details of the *FCA activities* in a *scope of responsibilities form* for that *senior insurance management function holder* which is provided to the PRA by 7 March 2017.
- (2) If, in relation to a *firm*, a *senior insurance management function holder* with *continued approval* has been performing *FCA activities* in the circumstances set out in (1), and that *person*:
- (a) ceases to perform the *senior insurance management function*;
 - (b) within three *months* of ceasing performance, is approved to perform a new *senior insurance management function* at the *firm*; and
 - (c) continues to perform the *FCA activities*,
- performance of the new *senior insurance management function* will include the performance of those *FCA activities*, provided:
- (d) the PRA's approval to perform that *senior insurance management function* continues in force;

(e) the *firm* makes the notification required by SUP10A.11.12R(4) of the *FCA Handbook*; and

(f) that *person* performs and is continuing to perform the *FCA activities*.

6.5 If a *senior insurance management function holder* to whom 6.4 applies ceases to perform a *senior insurance management function* but continues to perform the *FCA activities*, 6.4(1) will continue to apply in respect of the performance of the *FCA activities* until the earlier of:

(1) approval by the *FCA* in respect of the performance by a *person* of those *FCA activities* as an *FCA governing function* in relation to the *firm*; or

(2) three *months* from the time that the *person* ceased to perform that *senior insurance management function*.

6.6 The PRA directs that a *firm* must not specify in the *grandfathering notification* that any *person* shall perform any combination of *senior insurance management functions* which is prohibited by any other provision of the *PRA Rulebook* or the *FCA Handbook*.

7. FORMS

7.1 The *grandfathering notification* form, Form K, may be found [here](#).

7.2 The *scope of responsibilities* form may be found [here](#).

Annex C

[Note: This Annex contains updates to the rules made in PS 21/15 Appendix 1 (PRA Rulebook: Non-Solvency II Firms: Senior Insurance Managers Regime Instrument 2015)].

In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGEMENT FUNCTIONS

Chapter content

1. APPLICATION AND DEFINITIONS
2. ~~SMALL INSURER SENIOR MANAGEMENT FUNCTION~~ GENERAL
3. SMALL INSURER SENIOR MANAGEMENT FUNCTION
4. SMALL INSURER CHIEF ACTUARY FUNCTION
5. SMALL INSURER WITH-PROFITS ACTUARY FUNCTION

Links

1 APPLICATION 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:

FCA activities

means a function which would, except for SUP10A.11.12R of the *FCA Handbook*, be an *FCA governing function*.

Small Insurer Chief Actuary function

has the meaning given in 4.1.

Small Insurer Senior Management function

has the meaning given in ~~2.2~~ 3.1.

~~*Small Insurer Senior Management function holder*~~

~~means any person who is responsible for discharging the *Small Insurer Senior Management function*.~~

Small Insurer With-Profits Actuary function

has the meaning given in 5.1.

2 SMALL INSURER SENIOR MANAGEMENT FUNCTION GENERAL

2.1 ~~The function in 2.2~~ Each of the functions in 3 - 5 is a *controlled function* and a *senior insurance management function*.

2.2 ~~The *Small Insurer Senior Management function* (SIMF 25) is the function of:~~

(1) ~~having responsibility for the conduct of the *regulated activities*; or~~

(2) ~~chairing the *governing body*,~~

~~of a *small non-directive insurer*.~~

2.3~~2~~ Each ~~person who performs a *Small Insurer Management function*~~ *Senior insurance management function holders* must each be approved by the *PRA* to perform that ~~the~~ applicable *senior insurance management function*.

2.4 (1) ~~A firm must ensure that one or more persons performs the *Small Insurer Senior Management function* on its behalf.~~

(2) ~~A firm must ensure that there is a person appointed to the *Small Insurer Senior Management function* who has ultimate responsibility for the conduct of its *regulated activities*.~~

(3) ~~If a vacancy arises in respect of that aspect of the *Small Insurer Senior Management function* referred to in (2) above, a firm must ensure that it appoints a person to fill that vacancy as soon as practicable.~~

2.5~~3~~ To the extent that:

- (1) a *firm* appoints a *person* to perform a function which, but for this rule, would be ~~the~~ a ~~Small Insurer Senior Management~~ senior insurance management function;
- (2) the appointment is solely to provide cover for a ~~holder of the Small Insurer Senior Management function~~ senior insurance management function holder whose absence is:
 - (a) temporary; or
 - (b) reasonably unforeseen; and
- (3) the appointment is for less than 12 weeks in a consecutive 12-month period, the description of the ~~Small Insurer Senior Management~~ applicable senior insurance management function does not relate to those activities of that *person*.

2.64 If, in relation to a *firm*:

- (1) a ~~Small Insurer Senior Management~~ senior insurance management function holder also performs *FCA activities*, performance of the ~~Small Insurer Senior Management~~ senior insurance management function will include the performance of those *FCA activities*, provided the following conditions are met:
 - (a) the *PRA*'s approval to perform that ~~Small Insurer Senior Management~~ senior insurance management function has been granted and continues in force;
 - (b) at the time of approval being granted by the *PRA*, that *person* was not subject to an *FCA approval* to perform the particular *FCA governing function*;
 - (c) the *firm* made the notification required by SUP10A.11.12R (4) of the *FCA Handbook*; and
 - (d) that *person* performs and is continuing to perform the *FCA activities*.
- (2) a ~~Small Insurer Senior Management~~ senior insurance management function holder has been performing *FCA activities* in the circumstances set out in (1), and that *person*:
 - (a) ceases to perform the ~~Small Insurer Senior Management~~ senior insurance management function;
 - (b) within three *months* of ceasing performance, is approved to perform a new ~~Small Insurer Senior Management~~ senior insurance management function at the *firm*; and
 - (c) continues to perform the *FCA activities*,

performance of the new ~~Small Insurer Senior Management~~ senior insurance management function will include the performance of those *FCA activities*, provided the conditions in (1) (a) to (d) are met.

2.75 If a ~~Small Insurer Senior Management~~ senior insurance management function holder to whom 2.64 applies ceases to perform a ~~Small Insurer Senior Management~~ senior insurance management function but continues to perform the *FCA activities*, 2.64 will continue to apply in respect of the performance of the *FCA activities* until the earlier of:

- (1) approval by the *FCA* in respect of the performance by that *person* of those *FCA activities* as an *FCA governing function* in relation to the *firm*; or
- (2) three *months* from the time that the *person* ceased to perform that ~~*Small Insurer Senior Management*~~ *senior insurance management function*.

3 SMALL INSURER SENIOR MANAGEMENT FUNCTION

3.1 The *Small Insurer Senior Management function* (SIMF 25) is the function of:

- (1) having responsibility for the conduct of the *regulated activities*; or
- (2) chairing the *governing body*,
of a *small non-directive insurer*.

3.2 (1) A *firm* must ensure that one or more *persons* performs the *Small Insurer Senior Management function* on its behalf.

(2) A *firm* must ensure that there is a *person* appointed to the *Small Insurer Senior Management function* who has ultimate responsibility for the conduct of its *regulated activities*.

(3) If a vacancy arises in respect of that aspect of the *Small Insurer Senior Management function* referred to in (2) above, a *firm* must ensure that it appoints a *person* to fill that vacancy as soon as practicable.

4 SMALL INSURER CHIEF ACTUARY FUNCTION

4.1 The *Small Insurer Chief Actuary function* (SIMF 20) is the function of having responsibility for the function specified in Non-Solvency II Firms – Actuarial Requirements 2.1(1) in relation to a *small non-directive insurer*.

5 SMALL INSURER WITH-PROFITS ACTUARY FUNCTION

5.1 The *Small Insurer With-Profits Actuary function* (SIMF 21) is the function of having responsibility for the function specified in Non-Solvency II Firms – Actuarial Requirements 2.1(2) in relation to a *small non-directive insurer*.

Annex D

[Note: This Annex contains updates to the rules made in PS 21/15 Appendix 1 (PRA Rulebook: Non-Solvency II Firms: Senior Insurance Managers Regime Instrument 2015)].

In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

NON-SOLVENCY II FIRMS - FITNESS AND PROPRIETY

Chapter content

1. APPLICATION AND DEFINITIONS
2. FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS
3. OBLIGATION TO PROVIDE REFERENCES
4. DISCLOSURE AND REPLACEMENTS
5. FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

Links

1 APPLICATION 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.

2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

2.1 A *firm* must ensure that all *persons* who perform a *senior insurance management function* are fit and proper *persons*.

2.2 In deciding whether a *person* is fit and proper pursuant to 2.1, a *firm* must be satisfied that the *person*:

- (1) has the personal characteristics (including being of good repute and integrity);
- (2) possesses the level of competence, knowledge and experience;
- (3) has the qualifications; and
- (4) has undergone or is undergoing all training,

required to enable such *person* to perform his or her *senior insurance management function* effectively and in accordance with any relevant regulatory requirements, including those under the *regulatory system*, and to enable sound and prudent management of the *firm*.

2.3 Before deciding, and in considering on an on-going basis, whether a *person* is fit and proper pursuant to 2.1 and 2.2, a *firm* must consider the *person's* past business conduct, including whether the *person* performs his or her *senior insurance management functions* in accordance with the relevant conduct standards specified in Non-Solvency II Firms - Conduct Standards 2.

2.4 In deciding whether a *person* (P) is fit and proper to perform a *senior insurance management function*, a *firm* must:

- (1) obtain P's consent for the *firm* to request the fullest information in relation to P that it is lawfully able to request under the Police Act 1997 and related subordinated legislation of the *UK* or any part of the *UK*;
- (2) if P has lived or worked outside the *UK* for a material time in the previous five years, obtain P's consent for the *firm* to request the fullest information in relation to P that it is lawfully able to request under equivalent overseas legislation; and
- (3) request, and have regard to, such information.

2.5 If a *firm* engages a *person* for a continuous period of time as a *senior insurance management function holder* it is only required to comply with 2.4 the first time it determines that *person* is fit and proper in relation to a *senior insurance management function*.

3 OBLIGATION TO PROVIDE REFERENCES

3.1 [Not yet in force]

4 DISCLOSURE AND REPLACEMENTS

- 4.1 A *firm* must ensure that any application it makes for the approval of a *person* to perform a *senior insurance management function* provides the *PRA* with:
- (1) all the information needed to assess whether such *person* is fit and proper; and
 - (2) its record of the significant responsibilities allocated to that *person*.
- 4.2 If a *firm* becomes aware of information which would reasonably be expected to be material to the assessment of a current or former *senior insurance management function holder's* fitness and propriety under this Part, it must inform the *PRA* as soon as practicable.
- 4.3 If a *firm* becomes aware of a significant change to a *senior insurance management function holder's* responsibilities, it must inform the *PRA* as soon as practicable.
- 4.4 Where a *firm* replaces a *senior insurance management function holder* because the *firm* considers that that *person* no longer fulfils the requirements in 2.2, the *firm* must notify the *PRA* as soon as reasonably practicable.

5 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

- 5.1 The requirements of 2.4 do not apply to a *firm* in respect of any *person* who has *continued approval* in relation to that *firm*.

Annex E

[Note: This Annex contains updates to the rules made in PS 21/15 Appendix 1 (PRA Rulebook: Non-Solvency II Firms: Senior Insurance Managers Regime Instrument 2015)].

In this Annex, underlining indicates new text.

Part

NON-SOLVENCY II FIRMS – ALLOCATION OF RESPONSIBILITIES

Chapter content

1. APPLICATION AND DEFINITIONS
2. ALLOCATION OF RESPONSIBILITIES
3. PRESCRIBED RESPONSIBILITIES

Links

1 APPLICATION 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:

small non-directive insurer prescribed responsibility

means each of the responsibilities in 3.1.

2 ALLOCATION OF RESPONSIBILITIES

2.1 A *firm* must allocate each of the *small non-directive insurer prescribed responsibilities* to one or more *persons* who, in relation to that *firm*, are approved under section 59 of *FSMA* by either:

- (1) the *PRA*; or
- (2) in relation to *relevant senior management functions* only, the *FCA*.

2.2 (1) A *firm* must have and maintain up-to-date records of the significant responsibilities allocated to each of those *persons*, including those allocated in accordance with 2.1.

(2) A *firm* must retain the records in (1) for six years from the date on which they were superseded by more up-to-date records.

(3) A *firm* must comply with (2) in relation to any record created in accordance with SYSC 2.2.1R of the *PRA Handbook* as at 31 December 2015.

2.3 The *firm* must provide the *PRA* with a copy of the records in 2.2 upon request.

3 PRESCRIBED RESPONSIBILITIES

3.1 Each of the responsibilities set out in this rule is a *small non-directive insurer prescribed responsibility*:

- (1) responsibility for providing the *governing body* with an up-to-date business plan and all relevant management information;
- (2) responsibility for management of the *firm's* financial resources;
- (3) responsibility for ensuring the *governing body* is kept informed of its legal and regulatory obligations; and
- (4) responsibility for the oversight of systems and controls, along with risk management policies and procedures, that are proportionate to the nature, scale, and complexity of the risks inherent in the *firm's* business model.

Annex F

[Note: This Annex contains updates to the rules made in PS 21/15 Appendix 1 (PRA Rulebook: Non-Solvency II Firms: Senior Insurance Managers Regime Instrument 2015)].

In this Annex, underlining indicates new text.

Part

NON-SOLVENCY II FIRMS - RUN-OFF FIRMS

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. TRANSITIONAL APPLICATION OF RULES IN RELATION TO RUN-OFF FIRMS**

Links

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

- (1) a *run-off firm*; and
- (2) in relation to a *run-off firm*, to any *person* who is approved under section 59 of *FSMA* by either:
 - (a) the *PRA*; or
 - (b) the *FCA*, in relation to a *relevant senior management function*.

1.2 In this Part, the following definitions shall apply:

application rules

means the specifications within:

- (1) Non-Solvency II Firms - Senior Insurance Management Functions 1.1;
- (2) Non-Solvency II Firms - Fitness and Propriety 1.1; ~~and~~
- (3) Non-Solvency II Firms - Allocation of Responsibilities 1.1; and
- (4) Non-Solvency II Firms - Senior Insurance Managers Regime - Applications and Notifications 1.1.

run-off firm

means a *firm* to which, but for the application of Transitional Measures 2.1 to 2.3, the *Solvency II rules* would apply.

Solvency II rules

means the *PRA* rules in the Valuation, Technical Provisions, Own Funds, Solvency Capital Requirement – General Provisions, Solvency Capital Requirement – Standard Formula, Solvency Capital Requirement – Internal Models, Minimum Capital Requirement, Undertakings in Difficulty, Investments, Composites, Conditions Governing Business, Insurance Special Purpose Vehicles, Group Supervision, Reporting, Surplus Funds, Insurance – Conduct Standards, Insurance – Senior Insurance Management Functions, Insurance – Allocation of Responsibilities and Insurance – Fitness and Propriety Parts of the Solvency II Firms Sector of the *PRA* Rulebook.

2 TRANSITIONAL APPLICATION OF RULES IN RELATION TO RUN-OFF FIRMS

2.1 Notwithstanding the *application rules*, the following Parts apply to a *run-off firm* for so long as it remains a *run-off firm*:

- (1) Non-Solvency II Firms - Senior Insurance Management Functions;
- (2) Non-Solvency II Firms - Fitness and Propriety; ~~and~~
- (3) Non-Solvency II Firms - Allocation of Responsibilities; and
- (4) Non-Solvency II Firms - Senior Insurance Managers Regime - Applications and Notifications.

- 2.2 Notwithstanding Non-Solvency II Firms - Conduct Standards 1.1, the rules in Non-Directive - Conduct Standards apply to any *person* subject to this Part.

PRA RULEBOOK: NON-SOLVENCY II FIRMS: LARGE NON-SOLVENCY II FIRMS - SENIOR INSURANCE MANAGERS REGIME 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 59 (approval for particular arrangements);
 - (2) section 60 (applications for approval);
 - (3) section 61 (determination of applications);
 - (4) section 64A (rules of conduct);
 - (5) section 137G (the PRA’s general rules); and
 - (6) 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.

PRA Rulebook: Non-Solvency II Firms: Large Non-Solvency II Firms - Senior Insurance Managers Regime Instrument [YEAR]

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

Commencement

- E. This instrument comes into force on [DATE].

Citation

- F. This instrument may be cited as the PRA Rulebook: Non-Solvency II Firms: Large Non-Solvency II Firms - Senior Insurance Managers Regime Instrument [YEAR].

By order of the Board of the Prudential Regulation Authority
[DATE].

Annex A

[Note: In this Annex, the text is all new and is not underlined.]

Part

LARGE NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGEMENT FUNCTIONS

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. GENERAL**
- 3. EXECUTIVE**
- 4. OVERSIGHT**
- 5. GROUP ENTITIES**
- 6. CHIEF ACTUARY**
- 7. WITH-PROFITS ACTUARY**
- 8. CHIEF UNDERWRITING OFFICER**

Links

1 APPLICATION AND DEFINITIONS

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

1.2 In this Part, the following definitions shall apply:

Chairman function

has the meaning given in 4.1.

Chairman of Audit Committee function

has the meaning given in 4.3.

Chairman of Remuneration Committee function

has the meaning given in 4.4.

Chairman of Risk Committee function

has the meaning given in 4.2.

Chief Actuary function

has the meaning given in 6.1.

Chief Executive function

has the meaning given in 3.1.

Chief Finance function

has the meaning given in 3.2.

Chief Risk function

has the meaning given in 3.3.

Chief Underwriting Officer function

has the meaning given in 8.2.

FCA activities

means a function which would, except for SUP10A.11.12R of the *FCA Handbook*, be an *FCA governing function*.

Group Entity Senior Insurance Manager function

has the meaning given in 5.1.

Head of Internal Audit function

has the meaning given in 3.4.

Senior Independent Director function

has the meaning given in 4.5.

With-Profits Actuary function

has the meaning given in 7.2.

2 GENERAL

- 2.1 Each of the functions in 3 - 8 is a *controlled function* and a *senior insurance management function*.
- 2.2 *Senior insurance management function holders* must each be approved by the *PRA* to perform the applicable *senior insurance management function*.
- 2.3 (1) A *firm* (other than a *third country branch undertaking*) must ensure that one or more *persons* performs each of the following *senior insurance management functions* on its behalf:
- (a) the *Chief Executive function*;
 - (b) the *Chief Finance function*; and
 - (c) the *Chairman function*.
- (2) If a vacancy arises in respect of one or more of the *senior insurance management functions* set out in (1), a *firm* must ensure that it appoints a *person* to fill that vacancy as soon as practicable.
- 2.4 To the extent that:
- (1) a *firm* appoints a *person* to perform a *key function* which, but for this rule, would be a *senior insurance management function*;
 - (2) the appointment is solely to provide cover for a *senior insurance management function holder* whose absence is:
 - (a) temporary; or
 - (b) reasonably unforeseen; and
 - (3) the appointment is for less than 12 weeks in a consecutive 12-month period,
- the description of the applicable *senior insurance management function* does not relate to those activities of that *person*.
- 2.5 (1) If, in relation to a *firm*, a *senior insurance management function holder* also performs *FCA activities*, performance of the *senior insurance management function* will include the performance of those *FCA activities*, provided the following conditions are met:
- (a) the *PRA*'s approval to perform that *senior insurance management function* has been granted and continues in force;
 - (b) at the time of approval being granted by the *PRA*, that *person* was not subject to an *FCA approval* to perform the particular *FCA governing function*;
 - (c) the *firm* made the notification required by SUP10A.11.12 R (4) of the *FCA Handbook*; and
 - (d) that *person* performs and is continuing to perform the *FCA activities*.

- (2) If, in relation to a *firm*, a *senior insurance management function holder* has been performing *FCA activities* in the circumstances set out in (1), and that *person*:
- (a) ceases to perform the *senior insurance management function*;
 - (b) within three *months* of ceasing performance, is approved to perform a new *senior insurance management function* at the *firm*; and
 - (c) continues to perform the *FCA activities*,
- performance of the new *senior insurance management function* will include the performance of those *FCA activities*, provided the conditions in (1) (a) to (d) are met.

2.6 If a *senior insurance management function holder* to whom 2.5 applies ceases to perform a *senior insurance management function* but continues to perform the *FCA activities*, 2.5(1) will continue to apply in respect of the performance of the *FCA activities* until the earlier of:

- (1) approval by the *FCA* in respect of the performance by that *person* of those *FCA activities* as an *FCA governing function* in relation to the *firm*; or
- (2) three *months* from the time that the *person* ceased to perform that *senior insurance management function*.

3 EXECUTIVE

- 3.1 The *Chief Executive function* (SIMF1) is the function of having responsibility, under the immediate authority of the *governing body*, alone or jointly with others, for carrying out the management of the conduct of the whole of the business (or relevant activities) of a *firm*.
- 3.2 The *Chief Finance function* (SIMF2) is the function of having responsibility for the management of the financial resources of a *firm* and reporting to the *governing body* of a *firm* in relation to its financial affairs.
- 3.3 The *Chief Risk function* (SIMF4) is the function of having responsibility for overall management of the risk management system specified in Non-Solvency II Firms – Governance 3.5 and 7.
- 3.4 The *Head of Internal Audit function* (SIMF5) is the function of having responsibility for the management of the internal audit *function* specified in Non-Solvency II Firms – Governance 9.

4 OVERSIGHT

- 4.1 The *Chairman function* (SIMF9) is the function of having responsibility for chairing, and overseeing the performance of the *governing body* of a *firm*.
- 4.2 The *Chairman of Risk Committee function* (SIMF10) is the function of having responsibility for chairing, and overseeing the performance of any committee responsible for the oversight of the risk management system specified in Non-Solvency II Firms – Governance 3.5 and 7.
- 4.3 The *Chairman of Audit Committee function* (SIMF11) is the function of having responsibility for chairing and overseeing the performance of any committee responsible for the oversight of the internal audit *function* specified in Non-Solvency II Firms – Governance 9.
- 4.4 The *Chairman of Remuneration Committee function* (SIMF12) is the function of having responsibility for chairing and overseeing the performance of any committee responsible for

the oversight of the design or implementation of the remuneration policies and practices of a *firm*.

- 4.5 The *Senior Independent Director function* (SIMF14) is the function of performing the role of a senior independent *director*, and having particular responsibility for leading the assessment of performance of the *person* performing the *Chairman function*.

5 GROUP ENTITIES

- 5.1 The *Group Entity Senior Insurance Manager function* (SIMF7) is the function of having a significant influence on the management or conduct of one or more aspects of the affairs of a *firm* in relation to its *regulated activities* (other than in the course of the performance of another *senior insurance management function*) and which is performed by a *person* employed by, or an officer of:

- (1) a *parent undertaking* or holding company of a *firm*; or
- (2) another *undertaking* which is a member of the *firm's group*.

6 CHIEF ACTUARY

- 6.1 The *Chief Actuary function* (SIMF20) is the function of having responsibility for the actuarial *function* specified in Non-Solvency II Firms – Governance 10.

7 WITH-PROFITS ACTUARY

- 7.1 This Chapter applies only to *firms* that carry on *with-profits insurance business*.
- 7.2 The *With-Profits Actuary function* (SIMF21) is the function of having responsibility for advising the *governing body* of a *firm* transacting *with-profits insurance business* on the exercise of discretion affecting part or all of that business, as described more fully in Non-Solvency II Firms – Actuarial Requirements 6.1.

8 CHIEF UNDERWRITING OFFICER

- 8.1 This Chapter applies only to *firms* that carry on *general insurance business*.
- 8.2 The *Chief Underwriting Officer function* (SIMF22) is the function of having responsibility, in respect of the *firm's general insurance business*, for the underwriting decisions in respect of material insurance risks that are borne by the *firm*.

Annex B

[Note: In this Annex, the text is all new and is not underlined.]

Part

LARGE NON-SOLVENCY II FIRMS – FITNESS AND PROPRIETY

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS**
- 3. OBLIGATION TO PROVIDE REFERENCES**
- 4. DISCLOSURE AND REPLACEMENTS**
- 5. FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS**

Links

1 APPLICATION AND DEFINITIONS

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

1.2 In this Part, the following definitions shall apply:

continued approval

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

2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

2.1 A *firm* must ensure that all *persons* who perform *key functions* are at all times fit and proper *persons*.

2.2 In deciding whether a *person* is fit and proper pursuant to 2.1, a *firm* must be satisfied that the *person*:

- (1) has the personal characteristics (including being of good repute and integrity);
- (2) possesses the level of competence, knowledge and experience;
- (3) has the qualifications; and
- (4) has undergone or is undergoing all training,

required to enable such *person* to perform his or her *key function* effectively and in accordance with any relevant regulatory requirements, including those under the *regulatory system*, and to enable sound and prudent management of the *firm*.

2.3 Before deciding, and in considering on an on-going basis, whether a *person* is fit and proper pursuant to 2.1 and 2.2, a *firm* must consider:

- (1) the *person's* past business conduct; and
- (2) whether the *person* performs his or her *key functions* in accordance with the relevant *conduct standards* specified in Large Non-Solvency II Firms - Conduct Standards 3.

2.4 In deciding whether a *person* (P) is fit and proper to be appointed as a *senior insurance management function holder* or a *notified non-executive director*, a *firm* must:

- (1) obtain P's consent for the *firm* to request the fullest information in relation to P that it is lawfully able to request under the Police Act 1997 and related subordinated legislation of the *UK* or any part of the *UK*;
- (2) if P has lived or worked outside the *UK* for a material time in the previous five years, obtain P's consent for the *firm* to request the fullest information in relation to P that it is lawfully able to request under equivalent overseas legislation; and
- (3) request, and have regard to, such information.

2.5 Before deciding whether a *person* is fit and proper to be appointed as a *senior insurance management function holder* or a *notified non-executive director*, a *firm* must take reasonable steps to obtain appropriate references from that *person's* current and previous employers,

and from organisations at which that *person* served as, or is currently, a *non-executive director*, covering at least the past five years.

- 2.6 Where a *firm* (A) seeks a reference pursuant to 2.5 from an *FCA-authorized person* or a *PRA-authorized person* (B), A must also request that B discloses all matters of which B is aware that are relevant to the assessment of that *person's* fitness and propriety.
- 2.7 If a *firm* engages a *person* for a continuous period of time as a *senior insurance management function holder* or a *notified non-executive director* it is only required to comply with 2.4 - 2.6 the first time it determines that *person* is fit and proper to act as a *senior insurance management function holder* or a *notified non-executive director*.

3 OBLIGATION TO PROVIDE REFERENCES

- 3.1 [Not yet in force]

4 DISCLOSURE AND REPLACEMENTS

- 4.1 (1) A *firm* 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 Large Non-Solvency II Firms - Allocation of Responsibilities 5.1(3) in respect of that *person*.
- (2) 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.
- 4.2 Where:
- (1) a *person* who is to become a *key function holder* is also to be approved by the *PRA* to perform a *senior insurance management function* or by the *FCA* to perform an *FCA controlled function*; and
 - (2) the *firm* includes the information referred to in 4.1 in its application to the *PRA* for the approval of that *person* to perform the *senior insurance management function*, or in the application to the *FCA* for the approval of that *person* to perform the *FCA controlled function*,

this shall satisfy the requirement in 4.1 in respect of that *key function* appointment.

- 4.3 If a *firm* becomes aware of information which would reasonably be expected to be material to the assessment of a current or former *key function holder's* fitness and propriety under this Part, it must inform the *PRA* as soon as practicable.

- 4.4 Where a *firm* replaces a *key function holder* because the *firm* considers that that *person* is no longer fit and proper pursuant to 2.1 and 2.2, the *firm* must notify the *PRA* as soon as reasonably practicable.

5 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

- 5.1 The requirements of 2.4 - 2.6 do not apply to a *firm* in respect of any *person* who has *continued approval* in relation to that *firm*.

Annex C

[Note: In this Annex, the text is all new and is not underlined.]

Part

LARGE NON-SOLVENCY II FIRMS – ALLOCATION OF RESPONSIBILITIES

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. ALLOCATION OF RESPONSIBILITIES**
- 3. SIMR PRESCRIBED RESPONSIBILITIES**
- 4. IDENTIFICATION OF KEY FUNCTIONS**
- 5. RECORDS**

Links

1 APPLICATION AND DEFINITIONS

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

1.2 In this Part, the following definitions shall apply:

governance map

has the meaning given in 5.1.

SIMR prescribed responsibility

means the responsibilities in 3.1.

2 ALLOCATION OF RESPONSIBILITIES

2.1 A *firm* must allocate each of the *SIMR prescribed responsibilities* set out in 3.1 (other than 3.1(9) and (10)) to one or more *persons* who, in relation to that *firm*, are approved under section 59 of *FSMA* by:

- (1) the *PRA* to perform a *senior insurance management function*; or
- (2) in relation to *relevant senior management functions* only, the *FCA*.

2.2 A *firm* must allocate each of the *SIMR prescribed responsibilities* set out in 3.1(9) and (10) to one or more *non-executive directors* who perform a *senior insurance management function* set out in Large Non-Solvency II Firms – Senior Insurance Management Functions 4 or an *FCA governing function* at that *firm*.

3 SIMR PRESCRIBED RESPONSIBILITIES

3.1 Each of the responsibilities set out in this rule is an *SIMR prescribed responsibility*:

- (1) responsibility for ensuring that the *firm* has complied with its obligation in Large Non-Solvency II Firms - Fitness and Propriety 2.1 to ensure that every *person* who performs a *key function* (including every *person* in respect of whom an application under section 59 of *FSMA* is made) is a fit and proper *person*;
- (2) responsibility for leading the development of the *firm's* culture by the *governing body* as a whole;
- (3) responsibility for overseeing the adoption of the *firm's* culture in the day-to-day management of the *firm*;
- (4) responsibility for the production and integrity of the *firm's* financial information and its regulatory reporting;
- (5) responsibility for management of the allocation and maintenance of the *firm's*:
 - (a) capital; and
 - (b) liquidity;
- (6) responsibility for the development and maintenance of the *firm's* business model by the *governing body*;

- (7) responsibility for leading the development and monitoring effective implementation of policies and procedures for the induction, training and professional development of all members of the *firm's governing body*;
- (8) responsibility for monitoring effective implementation of policies and procedures for the induction, training and professional development of all of the *firm's key function holders* (other than members of the *firm's governing body*);
- (9) responsibility for oversight of the independence, autonomy and effectiveness of the *firm's* policies and procedures on whistleblowing including the procedures for protection of staff who raise concerns from detrimental treatment; and
- (10) responsibility for overseeing the development and implementation of the *firm's* remuneration policies and practices.

4 IDENTIFICATION OF KEY FUNCTIONS

4.1 A *firm* must identify:

- (1) each of the *functions* that the *firm* considers to be a *key function*; and
- (2) any such *key function* that amounts to effectively running the *firm*.

4.2 A *firm* must keep its identification of *key functions* pursuant to 4.1 up-to-date.

4.3 A *firm* must keep a record of its reasoning for the identification of *key functions* pursuant to 4.1.

5 RECORDS

5.1 A *firm* must have and maintain a *governance map*, which is a clear and coherent document or series of documents with the following details:

- (1) a list of the *key functions* identified by the *firm* in accordance with 4.1 highlighting those that amount to effectively running the *firm*;
- (2) the names of the *persons* who effectively run the *firm* or who are responsible for other *key functions* listed pursuant to 5.1(1);
- (3) for each *person* named pursuant to 5.1(2), a summary of the significant responsibilities allocated to that *person* (including, if applicable, any *SIMR prescribed responsibilities* that have been allocated to that *person* in accordance with 2);
- (4) where any responsibilities covered by 5.1(3) are allocated to more than one *person*, details of how those responsibilities are shared or divided between the *persons* concerned;
- (5) reporting lines and lines of responsibility for each *person* listed pursuant to 5.1(2);
- (6) where a *firm* is a member of a *group*:
 - (a) how the *firm's* management and governance arrangements fit together with those of its *group* and the extent to which the *firm's* management and governance arrangements are provided by or shared with other members of its *group*; and

- (b) for the *persons* listed pursuant to 5.1(2), details of the reporting lines and the lines of responsibility (if any) to *persons* who are employees or officers of other *group* members or to committees or other bodies of the *group* or of other *group* members.

5.2 A *firm* must update the *governance map*:

- (1) at least quarterly; and
- (2) in the event of a significant change to:
 - (a) the *firm's* governance structure;
 - (b) the significant responsibilities allocated to a *key function holder*; or
 - (c) the reporting lines or lines of responsibility for a *key function holder*.

5.3 A *firm* must, as soon as reasonably practicable, provide the following to the *PRA*:

- (1) upon request by the *PRA*, a copy of the *governance map*; and
- (2) in the event of an update pursuant to 5.2(2), a copy of the relevant part of the *governance map*.

5.4 A *firm* must retain each version of the *governance map* for six years from the date on which it was superseded by a more up-to-date version.

5.5 A *firm* must retain any records created in accordance with SYSC 2.2.1R of the *PRA Handbook* as at 31 December 2015 for six years from the date on which they were superseded by more up-to-date records.

Annex D

[Note: In this Annex, the text is all new and is not underlined.]

Part

LARGE NON-SOLVENCY II FIRMS – CONDUCT STANDARDS

Chapter content

1. APPLICATION
2. SCOPE OF CONDUCT STANDARDS
3. CONDUCT STANDARDS

Links

1 APPLICATION

- 1.1 Unless otherwise stated, this Part applies to:
- (1) a *large non-directive insurer*, and
 - (2) in relation to a *large non-directive insurer*, any *person* who is approved under section 59 of *FSMA* by either:
 - (a) the *PRA*; or
 - (b) the *FCA*, in relation to a *relevant senior management function*.

2 SCOPE OF CONDUCT STANDARDS

- 2.1 If you are a natural person subject to this Part, you must comply at all times with all of the *conduct standards*.
- 2.2 A *firm* must require:
- (1) any *person* performing a *key function* to observe the *conduct standards* specified in 3.1 – 3.3;
 - (2) any *key function holder* (other than a *notified non-executive director*) to observe the *conduct standards* specified in 3.4 – 3.8, in addition to complying with (1); and
 - (3) any *notified non-executive director* to observe the *conduct standards* specified in 3.7 and 3.8, in addition to complying with (1).

3 CONDUCT STANDARDS

- 3.1 **Individual Conduct Standard 1:** You must act with integrity.
- 3.2 **Individual Conduct Standard 2:** You must act with due skill, care and diligence.
- 3.3 **Individual Conduct Standard 3:** You must be open and co-operative with the *FCA*, the *PRA* and other regulators.
- 3.4 **Senior Insurance Manager Conduct Standard 1:** You must take reasonable steps to ensure that the business of the *firm* for which you are responsible is controlled effectively.
- 3.5 **Senior Insurance Manager Conduct Standard 2:** You must take reasonable steps to ensure that the business of the *firm* for which you are responsible complies with the relevant requirements and standards of the *regulatory system*.
- 3.6 **Senior Insurance Manager Conduct Standard 3:** You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate *person* and that you oversee the discharge of the delegated responsibility effectively.
- 3.7 **Senior Insurance Manager Conduct Standard 4:** You must disclose appropriately any information of which the *FCA* or the *PRA* would reasonably expect to have notice.
- 3.8 **Senior Insurance Manager Conduct Standard 5:** When exercising your responsibilities, you must pay due regard to the interests of current and potential future *policyholders* in

ensuring the provision by the *firm* of an appropriate degree of protection for their insured benefits.

Annex E

[Note: Amend the Glossary Part as follows in the appropriate alphabetical positions. Underlining indicates new text and deleted text is struck through.]

Part

GLOSSARY

Links

Glossary

conduct standards

- (1) for a *UK Solvency II firm*, the *Society*, *managing agents* and a *UK ISPV*, means the standards of expected conduct specified in Solvency II Firms: Insurance - Conduct Standards 3;
- (2) for a *third country branch undertaking* (other than a *UK-deposit insurer* or a *Swiss general insurer*), means the standards of expected conduct specified in Solvency II Firms: Insurance - Conduct Standards 3.1 - 3.3 and, taking account only of matters relevant to the operations of the *third country branch*, Solvency II Firms: Insurance – Conduct Standards 3.4 – 3.8; ~~and~~
- (3) for a *UK-deposit insurer*, means the standards of expected conduct specified in Solvency II Firms: Insurance - Conduct Standards 3.1 - 3.3 and, taking account only of matters relevant to the operations of the *third country branch* and all the *third country undertaking EEA branches*, Solvency II Firms: Insurance – Conduct Standards 3.4 – 3.8.
- (4) ~~for a *small non-directive insurer*, means the standards of expected conduct specified in Non-Solvency II Firms: Non-Solvency II Firms - Conduct Standards 2; and~~
- (5) ~~for a *large non-directive insurer*, means the standards of expected conduct specified in Non-Solvency II Firms: Large Non-Solvency II Firms - Conduct Standards 2;~~

key function

- (1) in relation to a *UK Solvency II firm*, the *Society*, a *managing agent*, a *UK ISPV* and a *large non-directive insurer* ~~a firm (other than a *third country branch undertaking*)~~, means each of the following in relation to the carrying on of a *regulated activity* by the ~~a~~ *firm*:
 - (a) the risk-management *function*;
 - (b) the compliance *function*;
 - (c) the internal audit *function*;
 - (d) the actuarial *function*;
 - (e) the *function* of effectively running the *firm*; and
 - (f) any other *function* which is of specific importance to the sound and prudent management of the *firm*;
- (2) in relation to a *third country branch undertaking* (other than a *Swiss general insurer*) means, in relation to the carrying on of a *regulated activity* by the *third country branch undertaking*, each of the following *functions* performed in relation to the operations effected by the *third country branch* or, for a *UK deposit insurer*, in relation to the operations effected by the *third country branch* and all the *third country undertaking EEA branches*:
 - (a) the risk-management *function*;
 - (b) the compliance *function*;
 - (c) the internal audit *function*;
 - (d) the actuarial *function*;
 - (e) the *function* of effectively running the operations effected by the *third country branch* or, for a *UK-deposit insurer*, the operations effected by the *third country branch* and all the *third country undertaking EEA branches*;
 - (f) the *function* of being the *authorised UK representative*; and

- (g) any other *function* which is of specific importance to the sound and prudent management of the *third country branch* or, for a *UK-deposit insurer*, the operations effected by the *third country branch* and all the third country undertaking EEA branches.

large non-directive insurer

means a non-directive insurer other than a small non-directive insurer.

senior insurance management approval application

means an application for approval to perform a senior insurance management function under section 59 of FSMA.

senior insurance management function

means

- (1) ~~(in the Solvency II Firms Sector of the PRA Rulebook)~~ (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 ~~at~~ the *firm* which is specified by the *PRA* in Solvency II Firms: Insurance – Senior Insurance Management Functions 3-10 pursuant to section 59 of *FSMA*;
- (2) ~~(in the Non-Solvency II Firms Sector of the PRA Rulebook)~~ (for a *small non-directive insurer*) any function which is specified by the *PRA* in Non-Solvency II Firms: Non-Solvency II Firms – Senior Insurance Management Functions 2.2 pursuant to section 59 of *FSMA*.
- (3) (for a *large non-directive insurer*) any function which is specified by the *PRA* in Non-Solvency II Firms: Large Non-Solvency II Firms – Senior Insurance Management Functions 3-8 pursuant to section 59 of *FSMA*.

PRA RULEBOOK: NON-SOLVENCY II FIRMS: LARGE NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGERS REGIME – TECHNICAL RULES 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 59 (approval for particular arrangements);
- (2) section 60 (applications for approvals);
- (3) section 61 (determination of applications);
- (4) section 137G (the PRA’s general rules);
- (5) section 137T (general supplementary powers); and

in the exercise of powers and related provisions in [] of the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions Order) 2015 (SI 2015/492) and in [] of the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) (Amendment) Order 2015 (SI 2015/xxx).

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), and [] of the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015, 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: Non-Solvency II Firms: Large Non-Solvency II Firms – Senior Insurance Managers Regime – Technical Rules Instrument [YEAR]

D. The PRA makes the rules in Annex A, Annex B and Annex C to this instrument.

Commencement

- E. Annex A comes into force on [DATE].
- F. Annex B comes into force on [DATE].
- G. Annex C comes into force on [DATE].

Citation

H. This instrument may be cited as the PRA Rulebook: Non-Solvency II Firms: Large Non-Solvency II Firms – Senior Insurance Managers Regime – Technical Rules Instrument [YEAR].

By order of the Board of the Prudential Regulation Authority

[DATE].

Annex A

In this Annex, the text is all new and is not underlined.

Part

LARGE NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGERS REGIME – APPLICATIONS AND NOTIFICATIONS

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. APPLICATION TO PERFORM A SENIOR INSURANCE MANAGEMENT FUNCTION**
- 3. WITHDRAWAL OF A SENIOR INSURANCE MANAGEMENT APPROVAL APPLICATION**
- 4. CEASING TO PERFORM A SENIOR INSURANCE MANAGEMENT FUNCTION**
- 5. CHANGE IN DETAILS RELATING TO SENIOR INSURANCE MANAGEMENT FUNCTION
HOLDERS**
- 6. PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS**
- 7. FORMS**

Links

1 APPLICATION AND DEFINITIONS

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

1.2 In this Part, the following definitions shall apply:

commencement date

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

current approved person approval

means

- (1) an approval granted to a *person* under section 59 of *FSMA* (Approval for particular arrangements):
 - (a) by the *PRA* for the performance of a *senior insurance management function*; or
 - (b) by the *FCA* for the performance of a *significant influence function*;
- (2) a deemed approval given by:
 - (a) the *PRA* following the submission of a *grandfathering notification* under:
 - (i) Solvency II Firms: Senior Insurance Managers Regime – Transitional Provisions;
 - (ii) Non-Solvency II Firms: Large Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions; or
 - (iii) Non-Solvency II Firms: Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions; or
 - (b) the *FCA* under any equivalent rules in the *FCA Handbook*; or
- (3) for the purposes of 2.5(2) and 2.6(1), an approval granted to that *person* under section 59 of *FSMA* by either the *PRA* or the *FCA* to perform a *controlled function* prior to the *commencement date* but which ceased (i) on or before the *commencement date*; and (ii) during the six-month period specified in 2.5(2) and 2.6(1), as the case may be.

grandfathering notification

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

regulatory body

means any authority, body or *person* having, or who has had, responsibility for the supervision or regulation of any *regulated activities* or other financial services, whether within the *United Kingdom* or overseas.

scope of responsibilities form

means the form to be completed by a *firm* containing the information referred to in Large Non-Solvency II Firms – Allocation of Responsibilities 5.1(3).

significant influence function

has the meaning given in the *FCA Handbook*.

2 APPLICATION TO PERFORM A SENIOR INSURANCE MANAGEMENT FUNCTION

- 2.1 The *PRA* directs that a *firm* must make a *senior insurance management approval application* in accordance with 2.2, before the activities requiring approval commence.
- 2.2 The *PRA* directs that a *firm* must use Form A (long form) for a *senior insurance management approval application* unless:
- (1) the *firm* must use Form E under 2.3; or
 - (2) the *firm* must use Form A (shortened form) under 2.6.
- 2.3 The *PRA* directs that, subject to 2.4 and 2.5, a *firm* must use Form E for a *senior insurance management approval application* if it is being made in respect of a *person* who has a *current approved person approval* and is either:
- (1) ceasing to perform a *senior insurance management function* and taking up a new *senior insurance management function* for the same *firm* or another member of its *group*; or
 - (2) ceasing to perform a *significant influence function* and taking up a *senior insurance management function* for the *firm* or another member of its *group*.
- 2.4 The *PRA* directs that a *firm* must not use Form E for a *senior insurance management approval application* if:
- (1) a notification has been made or should be made to the *PRA* under any of the rules in Notifications 11 or to the *FCA* under any equivalent provisions of the *FCA Handbook*;
 - (2) any of the circumstances in 4.2(2)(a)-(d) apply in relation to:
 - (a) any *controlled function* that that *person* is ceasing to perform; or
 - (b) any *controlled function* that that *person* is continuing to perform in relation to that *firm* or a *firm* in the same *group*.
- 2.5 The *PRA* directs that a *firm* must not use Form E if the *person* to whom the *senior insurance management approval application* relates:
- (1) has never before been approved:
 - (a) by the *PRA* to perform a *controlled function*; or
 - (b) by the *FCA* to perform a *significant influence function*
 for any *firm*;

or

- (2) has not been the subject of a *current approved person approval* in relation to any *firm* for more than six *months* prior to the date of application.

- 2.6 (1) The *PRA* directs that a *firm* must use Form A (shortened form) for a *senior insurance management approval application* if:

- (a) the *person* to whom the application relates:
- (i) has at the time of application a *current approved person approval*; or
 - (ii) has had a *current approved person approval* within the previous six *months*; and
- (b) there have been no matters arising in relation to the fitness and propriety of the *person* to whom the *senior insurance management approval application* relates which mean that the information provided to the *FCA* or *PRA* regarding fitness and propriety in connection with a *current approved person approval* may have changed since the application for the *current approved person approval* was made.

- (2) A *firm* must not use Form A (shortened form) if the circumstances set out in 2.3 apply.

- 2.7 The *PRA* directs that the form submitted for a *senior insurance management approval application* must be accompanied by a *scope of responsibilities form* or, where such form has already been provided under Large Non-Solvency II Firms – Key Function Holder – Notifications 2.2, an updated version of it.

3 WITHDRAWAL OF A SENIOR INSURANCE MANAGEMENT APPROVAL APPLICATION

- 3.1 The *PRA* directs that a *firm* withdrawing an outstanding *senior insurance management approval application* must do so using Form B.

4 CEASING TO PERFORM A SENIOR INSURANCE MANAGEMENT FUNCTION

- 4.1 A *firm* must notify the *PRA* no later than seven *business days* after a *person* ceases to perform a *senior insurance management function*, using:
- (1) Form E if a *person* ceases to perform a *senior insurance management function* and the *firm* is also making an application for the same *person* to perform a new *senior insurance management function*; and
 - (2) in all other cases, Form C.
- 4.2 (1) A *firm* must notify the *PRA* as soon as practicable after it becomes aware, or has information which reasonably suggests, that it will submit a qualified Form C in respect of a *senior insurance management function holder*.
- (2) Form C is qualified if the information it contains:
- (a) relates to the fact that the *firm* has dismissed or suspended the *senior insurance management function holder* from its employment;

- (b) relates to the resignation by the *senior insurance management function holder* while under investigation by the *firm*, the *PRA* or any other *regulatory body*;
- (c) includes a notification under any of the provisions set out in 2.4(1); or
- (d) otherwise reasonably suggests that it may affect the *PRA*'s assessment of the *senior insurance management function holder*'s fitness and propriety.

5 CHANGE IN DETAILS RELATING TO SENIOR INSURANCE MANAGEMENT FUNCTION HOLDERS

- 5.1 If a *senior insurance management function holder*'s title, name or national insurance number changes, the *firm* for which the *person* performs a *senior insurance management function* must notify the *PRA* of that change within seven *business days* of the *firm* becoming aware of the matter, using Form D.
- 5.2 If, in relation to a *firm* which has submitted an application on either Form A (long or shortened form) or Form E, as required by 2.2, any of the details relating to *senior insurance management functions* are to change, the *firm* must notify the *PRA* using Form D as soon as reasonably practicable after the *firm* becomes aware of the proposed change.

6 PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS

- 6.1 The *PRA* directs that, save as required by 6.2, a *firm* must make any applications, notifications or submissions required by this Part by submitting the form specified using the *ONA system*.
- 6.2 If, under any direction or rule in this Part:
 - (1) a *firm* is required to make an application, notification or submission online; 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.

7 FORMS

- 7.1
 - (1) Form A may be found [here](#).
 - (2) Form B may be found [here](#).
 - (3) Form C may be found [here](#).
 - (4) Form D may be found [here](#).
 - (5) Form E may be found [here](#).
 - (6) The *scope of responsibilities form* may be found [here](#).

Annex B

In this Annex, the text is all new and is not underlined.

Part

LARGE NON-SOLVENCY II FIRMS – KEY FUNCTION HOLDER – NOTIFICATIONS

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. KEY FUNCTION HOLDER NOTIFICATION**
- 3. PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS**
- 4. FORMS**
- 5. TRANSITIONAL ARRANGEMENTS FOR KEY FUNCTION HOLDERS**

Links

1 APPLICATION AND DEFINITIONS

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

1.2 In this Part, the following definitions shall apply:

commencement date

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

continuing approval

has the meaning given in the *Transitional Order*.

grandfathering key function holder

means, in relation to a *firm*, a *key function holder* who is seeking *continuing approval*.

grandfathering notification

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

key function holder notification form

means Form M.

new SIMF applicant

means, in relation to a *firm*, a *key function holder* (other than a *grandfathering key function holder*) who submits an application for a *senior insurance management function* prior to the *commencement date*.

scope of responsibilities form

means the form containing the information referred to in Large Non-Solvency II Firms – Allocation of Responsibilities 5.1(3).

transitional key function holder

means, in relation to a *firm*, a *person* who is a *key function holder* as at 7 March 2016.

Transitional Order

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

2 KEY FUNCTION HOLDER NOTIFICATION

2.1 This Chapter does not apply to:

- (1) *transitional key function holders*, in relation to *key functions* held as at 7 March 2016;
- (2) *grandfathering key function holders*, in relation to *key functions* held as at 7 March 2016; or
- (3) *new SIMF applicants*.

- 2.2 A *firm* must provide the information required by Large Non-Solvency II Firms – Fitness and Propriety 4.1 for each *key function holder* as soon as reasonably practicable after the appointment of the *key function holder*.
- 2.3 The *PRA* directs that, subject to 2.4, the information referred to in 2.2 must be provided to the *PRA* in the *key function holder notification form* in accordance with 3.3.
- 2.4 The *PRA* directs that:
- (1) where the *key function holder* is to be approved by the *PRA* to perform a *senior insurance management function*, the *firm* must provide the information referred to in 2.2 to the *PRA* in whichever Form is required for the *senior insurance management approval application*, pursuant to Large Non-Solvency II Firms – Senior Insurance Managers Regime - Applications and Notifications 2, which must be accompanied by a *scope of responsibilities form*; and
 - (2) where the *key function holder* is to be approved by the *FCA* to perform an *FCA controlled function*, the *firm* is not required to submit a *key function holder notification form* to the *PRA* to the extent the *firm* provides the information referred to in 2.2 to the *FCA* as part of the application to the *FCA*, with a *scope of responsibilities form*.

3 PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS

- 3.1 The *PRA* directs that, save as required by 3.2 and 3.3, a *firm* must make any applications, notifications or submissions required by this Part by submitting the form specified using the *ONA system*.
- 3.2 If, under any direction or rule in this Part:
- (1) a *firm* is required to make an application, notification or submission online; 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.
- 3.3 The notifications required under 2.3 and 5.5 should be submitted in accordance with Notifications 7.

4 FORMS

- 4.1 The *key function holder notification form*, Form M, may be found [here](#).

5 TRANSITIONAL ARRANGEMENTS FOR KEY FUNCTION HOLDERS

- 5.1 This Chapter applies only to:
- (1) *transitional key function holders*, in relation to *key functions* held as at 7 March 2016;
 - (2) *grandfathering key function holders*, in relation to *key functions* held as at 7 March 2016; and
 - (3) *new SIMF applicants*.

- 5.2 A *firm* must provide the information required by Large Non-Solvency II Firms – Fitness and Propriety 4.1 for each *transitional key function holder*, *grandfathering key function holder* and *new SIMF applicant* in accordance with 5.3 – 5.5.
- 5.3 In respect of a *grandfathering key function holder*, the requirement in 5.2 will be satisfied where the *firm* submits a *grandfathering notification* in accordance with Large Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions 2.1, or the update to the *grandfathering notification* in accordance with Large Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions 5 (as the case may be), provided that the *firm* also submits a *scope of responsibilities form* to the *PRA* in respect of that *grandfathering key function holder* by 7 September 2016.
- 5.4 In respect of a *new SIMF applicant*, the *PRA* directs that a *firm* must provide the information referred to in 5.2 to the *PRA* in whichever form is required for the *senior insurance management approval application*, pursuant to Large Non-Solvency II Firms – Senior Insurance Managers Regime – Applications and Notifications 2, which must be accompanied by a *scope of responsibilities form*.
- 5.5 In respect of a *transitional key function holder* who is not a *grandfathering key function holder* or a *new SIMF applicant*, the *PRA* directs that a *firm* must provide the information referred to in 5.2 to the *PRA* by sending the *key function holder notification form* to the *PRA* in accordance with 3.3 by 7 September 2016.

Annex C

In this Annex, the text is all new and is not underlined.

Part

LARGE NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGERS REGIME –TRANSITIONAL PROVISIONS

Chapter content

1. APPLICATION AND DEFINITIONS
2. GENERAL
3. GRANDFATHERING NOTIFICATION REQUIREMENTS
4. PROCEDURE FOR MAKING GRANDFATHERING NOTIFICATIONS
5. WITHDRAWING OR UPDATING A GRANDFATHERING NOTIFICATION
6. TABLE OF FUNCTIONS FOR GRANDFATHERING
7. FORMS
8. TRANSITIONAL ARRANGEMENTS FOR NEW SENIOR INSURANCE MANAGEMENT
FUNCTIONS

Links

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to a *firm* that, on the *effective date*, has a *Part 4A permission* for *effecting contracts of insurance* or *carrying out contracts of insurance* and which will with effect from 1 January 2016 be a *large non-directive insurer*.

1.2 In this Part, the following definitions shall apply:

candidate

means a *person* in respect of whom a *firm* has made a *pending application*.

commencement date

means 7 March 2016.

continued approval

means approval to perform a *senior insurance management function* under section 59 of FSMA, granted pursuant to a *grandfathering notification*.

effective date

means [the date when this Part comes into force].

equivalent function

means a *senior insurance management function* or an *FCA function* that, in either case, is specified in 6 as equivalent, for the purposes of articles [2(3)(b) and 11(c)] of the *Transitional Order*, to a *pre-implementation controlled function*.

FCA activities

means a function which would, except for Note 1 or Note 2 of Part 1 of the table in SUP TP 7.2.3R of the *FCA Handbook*, be an *FCA governing function*.

FCA controlled function

means a *controlled function* specified by the *FCA* under section 59 of *FSMA*.

FCA function

means any of the functions specified in column 3 (FCA controlled functions) of the table set out in 6.

grandfathering notification

means a notice required to be sent to the *PRA* under article [2(1) or 11(b)] of the *Transitional Order*, including any update to such a notice.

pending application

means an application for approval under section 60 of *FSMA* which:

- (1) has been received by the *FCA* or *PRA* from the *firm* on or before the *commencement date*, and
- (2) has not been determined or withdrawn.

pre-implementation controlled function

means any of the *controlled functions* listed in column 1 of the table in 6.

senior insurance management function

means a function specified as a *controlled function* in Large Non-Solvency II Firms - Senior Insurance Management Functions 2 in relation to the carrying on of a *regulated activity* by a *firm*.

Transitional Order

means the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015 (SI 2015/492).

2 GENERAL

- 2.1 The *PRA* directs that a *firm* must make a *grandfathering notification* using Form K before 8 February 2016.
- 2.2 The *PRA* directs that the notice required by article [6(1)] of the *Transitional Order* must be provided to the *PRA* using Form K.
- 2.3 The *PRA* directs that the notice required by article [11(b)] of the *Transitional Order* in respect of a *candidate* for whom *continued approval* is sought must be provided to the *PRA* in Form K as part of a *grandfathering notification*.

3 GRANDFATHERING NOTIFICATION REQUIREMENTS

- 3.1 Where a *grandfathering notification* is required pursuant to 2.1, a *firm* must ensure that it sets out the following details in respect of each *approved person* or *candidate*:
- (1) each of the *pre-implementation controlled functions* for which the *person* is approved, or (in the case of a *candidate*) has a *pending application*, in relation to the *firm*;
 - (2) each *senior insurance management function* to be performed by the *person* on and after the *commencement date* in relation to the *firm*; and
 - (3) each *FCA function* (if any) to be performed by the *person* on and after the *commencement date* in relation to the *firm*.
- 3.2 The *PRA* directs that a *firm* must not specify in a *grandfathering notification* a *senior insurance management function* or *FCA function* for a *person* which is not an *equivalent function* in the table in 6 or the table in SUP TP 7.2.3R in the *FCA Handbook* in relation to:
- (1) (for an *approved person*) any *pre-implementation controlled functions* for which the *person* has approval in relation to the *firm*; or
 - (2) (for a *candidate*) any *pre-implementation controlled functions* in respect of which there is a *pending application*.
- 3.3 The *PRA* directs that a *firm* must list in the *grandfathering notification* each *approved person* or *candidate* who, on the *commencement date*, will be acting in the capacity of a *non-executive director* but who will not be performing a *senior insurance management function* or *FCA function*.

4 PROCEDURE FOR MAKING GRANDFATHERING NOTIFICATIONS

- 4.1 The PRA directs that a *firm* must make any applications, notifications or submissions required by this Part by submitting the specified form to PRA-ApprovedPersons@bankofengland.co.uk.

5 WITHDRAWING OR UPDATING A GRANDFATHERING NOTIFICATION

- 5.1 The PRA directs that if, before the *commencement date*, there has been a significant change to the matters covered by the *grandfathering notification*, the *firm* must provide a revised version of it to the PRA.

6 TABLE OF EQUIVALENT FUNCTIONS FOR GRANDFATHERING

- 6.1 The *senior insurance management functions* set out in column 2 of the table are specified as *equivalent functions*, in each case in relation to the *pre-implementation controlled functions* set out in the corresponding row in column 1 of the table below.
- 6.2 The *FCA functions* set out in column 3 of the table are specified as *equivalent functions*, in each case in relation to the *pre-implementation controlled functions* set out in the corresponding row of column 1 of the table below.

Column 1	Column 2	Column 3
PRA or FCA Controlled Function	PRA Senior Insurance Management Function	FCA Function
Director (CF1)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5) Group Entity Senior Insurance Manager function (SIMF7) Chief Actuary function (SIMF20) Chief Underwriting Officer function (SIMF22)	FCA Director function (CF1) (see Note)
Non-executive director (CF2)	Group Entity Senior Insurance Manager function (SIMF7) Chairman function (SIMF9) Chair of the Risk Committee function (SIMF10) Chair of the Audit Committee function (SIMF11) Chair of the Remuneration Committee function (SIMF12) Senior Independent Director function (SIMF14)	Chair of the Nomination Committee function (CF2a) Chair of the With-Profits Committee function (CF2b) (see Note)

Column 1	Column 2	Column 3
Chief executive (CF3)	Chief Executive function (SIMF1)	
Director of unincorporated association (CF5)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5) Group Entity Senior Insurance Manager function (SIMF7) Chief Actuary function (SIMF20) Chief Underwriting Officer function (SIMF22) Chairman function (SIMF9) Chair of the Risk Committee function (SIMF10) Chair of the Audit Committee function (SIMF11) Chair of the Remuneration Committee function (SIMF12) Senior Independent Director function (SIMF14)	FCA Director of unincorporated association function (CF5) Chair of the Nomination Committee function (CF2a) Chair of the With-Profits Committee function (CF2b) (See Note)
Small friendly society (CF6)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5) Group Entity Senior Insurance Manager function (SIMF7) Chief Actuary function (SIMF20) Chief Underwriting Officer function (SIMF22) Chairman function (SIMF9) Chair of the Risk Committee function (SIMF10) Chair of the Audit Committee function (SIMF11) Chair of the Remuneration Committee function (SIMF12) Senior Independent Director function (SIMF14)	FCA Small friendly society function (CF6) Chair of the Nomination Committee function (CF2a) Chair of the With-Profits Committee function (CF2b) (See Note)
Actuary (CF12)	Chief Actuary function (SIMF20)	
With-Profits Actuary (CF12A)	With-Profits Actuary function (SIMF21)	

Column 1	Column 2	Column 3
Systems and Controls (CF28)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5)	
Significant management (CF29)	Group Entity Senior Insurance Manager function (SIMF7) Chief Actuary function (SIMF20) (general insurance firms only) Chief Underwriting Officer function (SIMF22)	

Note: See SUP TP 7.2.3 R in the *FCA Handbook*.

- 6.3 (1) If, in relation to a *firm*, a *senior insurance management function holder* with *continued approval* also performs *FCA activities* on and from the *commencement date*, performance of the *senior insurance management function* will include the performance of those *FCA activities* provided that the *firm* has included details of the *FCA activities* in a *scope of responsibilities form* for that *senior insurance management function holder* which is provided to the *PRA* by 7 September 2016 in accordance with Large Non-Solvency II Firms – Key Function Holder – Notifications 6.3.
- (2) If, in relation to a *firm*, a *senior insurance management function holder* with *continued approval* has been performing *FCA activities* in the circumstances set out in (1), and that *person*:
- (a) ceases to perform the *senior insurance management function*;
 - (b) within three *months* of ceasing performance, is approved to perform a new *senior insurance management function* at the *firm*; and
 - (c) continues to perform the *FCA activities*,
- performance of the new *senior insurance management function* will include the performance of those *FCA activities*, provided:
- (d) the *PRA*'s approval to perform that *senior insurance management function* continues in force;
 - (e) the *firm* makes the notification required by SUP10A.11.12 R (4) of the *FCA Handbook*; and
 - (f) that *person* performs and is continuing to perform the *FCA activities*.

- 6.4 If a *senior insurance management function holder* to whom 6.3 applies ceases to perform a *senior insurance management function* but continues to perform the *FCA activities*, 6.3(1) will continue to apply in respect of the performance of the *FCA activities* until the earlier of:
- (1) approval by the *FCA* in respect of the performance by that *person* of those *FCA activities* as an *FCA governing function* in relation to the *firm*; or
 - (2) three *months* from the time that the *person* ceased to perform that *senior insurance management function*.
- 6.5 The PRA directs that a *firm* must not specify in the *grandfathering notification* that any *person* shall perform any combination of *senior insurance management functions* which is prohibited by any other provision of the *PRA Rulebook* or the *FCA Handbook*.

7. FORMS

- 7.1 The *grandfathering notification* form, Form K, may be found [here](#).

8. TRANSITIONAL ARRANGEMENTS FOR NEW SENIOR INSURANCE MANAGEMENT FUNCTIONS

- 8.1 This Chapter applies only before the *commencement date*.
- 8.2 Where an *approved person* or a *candidate* is intended to perform a *senior insurance management function* with effect from the *commencement date* but:
- (1) in the case of an *approved person*, is not prior to the *commencement date* approved; or
 - (2) in the case of a *candidate*, is not to be approved

to perform a *controlled function* that is equivalent to the proposed *senior insurance management function* in accordance with 6, the PRA directs that the *firm* must not submit a *grandfathering notification* in respect of that *approved person* or *candidate* (as the case may be) but must instead submit a *senior insurance management application* for the proposed *senior insurance management function* in accordance with Large Non-Solvency II Firms – Key Function Holder – Notifications 5.4.