



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

Consultation Paper | CP2/17

Occasional Consultation Paper

February 2017

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Responses are requested by Thursday 2 March 2017 for the administration instrument (Appendix 9) and Tuesday 16 May 2017 for all other chapters.

Please address any comments or enquiries to:

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1 Overview

1.1 This Occasional Consultation Paper (OCP) sets out proposed changes to Prudential Regulation Authority (PRA) rules and existing supervisory statements (SS).

1.2 This consultation is relevant to all PRA-authorized firms.

1.3 The chapters contained in this OCP, the Rulebook Parts and SSs they propose to change, and the appendices where the draft policy is set out, are listed in the table below:

Chapter	Rulebook Part / Supervisory Statement	Appendix
1. Overview – Administration instrument	Minor amendments to several Rulebook Parts	9
2. Credit risk mitigation – secured guarantees	SS17/13 ‘Credit risk mitigation’	1
3. Regulatory references – minor amendments	Fitness and Propriety Insurance – Fitness and Propriety Large Non-Solvency II Firms – Fitness and Propriety	2
4. Non-Solvency II firms – external audit reporting and supplementary notes	Insurance Company - Reporting	3
5. Remuneration – committees and deferral periods	Remuneration	4
6. Ring-fencing – residual reporting requirements for ring-fenced bodies	Regulatory Reporting Draft reporting templates RFB001 to RFB008 Draft reporting instructions for RFB001 to RFB008	5 6 7
7. Securitisations – implicit support and External Credit Assessment Institutions (ECAI) mapping	SS9/13 ‘Securitisation’	8

1.4 The policy contained in this OCP has been designed in the context of the current UK and EU regulatory framework. The PRA will keep the policy under review to assess whether any changes would be required due to changes in the UK regulatory framework, including changes arising once any new arrangements with the European Union take effect.

The PRA’s statutory obligations

1.5 The PRA must comply with a number of statutory and public law obligations when making rules and determining the general policy and principles by which it performs its functions. Each chapter in this OCP will separately address the following obligations:

- The Financial Services and Markets Act 2000 (FSMA)¹ requires the PRA, so far as reasonably possible, to act in a way that advances its objectives:
 - the general objectives to promote the safety and soundness of PRA-authorized persons, and for insurance, to contribute to ensuring that policyholders are appropriately protected; and
 - the secondary objective to facilitate effective competition in the markets for services provided by PRA-authorized persons in carrying on regulated activities.

¹ Section 2B(2), 2C(2) and 2H(1) FSMA.

- To have regard to the regulatory principles¹ and certify that the policy proposals accord with these.
- To provide an analysis of the costs together with an analysis of the benefits that will arise if the proposed rules are made or if, in the opinion of the PRA the costs or benefits cannot reasonably be estimated or it is not reasonably practicable to produce an estimate, and include a statement of the PRA's opinion and an explanation of it.
- Where the PRA proposes a rule which would apply both to mutual societies, and other authorised persons, to prepare a statement setting out its opinion whether or not the impact of the proposed rule on mutual societies will be significantly different.²
- The requirement of the Equalities Act 2010 to have due regards to the need to eliminate discrimination and to promote equality of opportunity in carrying out its policies, services and functions.

1.6 The PRA has consulted the Financial Conduct Authority (FCA) on the proposals in this OCP.

Administration instrument

1.7 An administration instrument is used to make minor corrections to PRA Rulebook provisions. The corrections are not substantive and are not intended to change PRA policy. The corrections will result in rule amendments.

1.8 In making this instrument, the PRA aims to ensure that rules are correct, presented clearly and contain up-to-date references. Accurate Rulebook provisions allow the PRA to act in a way that advances the safety and soundness of PRA firms, and regarding insurers, contributes to policyholder protection. For these reasons, the PRA believes that administration instruments are compatible with the requirement on the PRA to act in a way that advances its objectives.

1.9 The PRA consults with the FCA prior to undertaking consultations on administration instruments and ensures that proposed corrections are consistent with the regulatory principles. Such minor corrections are unlikely to impact on competition or on mutual societies, or give rise to any equality or diversity issues. Minor proposals are also unlikely to result in costs for firms, who will benefit from a more accurate Rulebook.

Responses and next steps

1.10 The consultation will close on:

- Thursday 2 March 2017 for the administration instrument; and
- Tuesday 16 May 2017 for all other chapters.

1.11 The PRA invites feedback on the proposals set out in this consultation. Please address any comments or enquiries to OCP.responses@bankofengland.co.uk.

1 Section 2H(2) FSMA.

2 Section 138K(2) FSMA.

2 Credit risk mitigation – secured guarantees

2.1 This chapter sets out proposed amendments to SS17/13 'Credit risk mitigation'¹ to clarify the PRA's expectations on the treatment of secured guarantee arrangements. It is relevant to all firms to which CRD IV² applies.

2.2 The Capital Requirements Regulation (CRR) Part Three, Title II specifies how firms must reflect the effects of eligible credit risk mitigation in their calculation of credit risk risk-weighted exposure amounts. The PRA has encountered instances of uncertainty on the part of firms as to the way that the credit risk mitigation provisions of CRR are applied to secured guarantees and therefore proposes a clarification on its expectations as to how firms should treat secured guarantee arrangements.

Proposal

2.3 The PRA proposes to amend SS17/13 to clarify its expectation that secured guarantees should be regarded as unfunded credit protection for the purposes of application of the CRR provisions on credit risk mitigation, and that any callable features should be addressed through maturity mismatch.

2.4 The proposed changes to SS17/13 are set out in Appendix 1.

Statutory obligations

2.5 The PRA considers this proposal as compatible with the PRA's statutory objective to promote the safety and soundness of firms, by streamlining existing processes and ensuring a more efficient use of PRA resources in its supervision of firms. The PRA does not anticipate that there will be an impact on competition as a result of the proposal in this chapter.

2.6 The PRA considers that the regulatory principle of most relevance to the proposals is the need to use resources in the most efficient way, as the policy proposal seeks to simplify existing processes and remove unnecessary burdens from firms. The update to the SS will better enable firms to reflect their arrangements in capital calculations without having to engage with the PRA.

2.7 The proposals in this chapter clarify how the requirements of CRR Part 3, Title II relate to secured guarantees. The proposals are not expected to increase costs since they clarify what firms should already be doing. As a result the PRA has not produced a full cost benefit analysis.

2.8 The proposals in this chapter will only apply to firms subject to CRD IV. Some mutual societies are subject to CRD IV, and for those firms, the impact of the proposals will be no different than for other authorised firms.

2.9 The PRA has considered the equality and diversity issues that may arise from the proposals in this consultation. The PRA does not consider that the proposals in this consultation raise concerns with regards to equality and diversity issues.

1 December 2014: www.bankofengland.co.uk/pr/Pages/publications/creditrisk.aspx.

2 Capital Requirements Regulation (EU) No 575/2013 and Capital Requirements Directive 2013/36/EU – jointly 'CRD IV'.

3 Regulatory references – assessment of relevancy

3.1 This chapter sets out proposed amendments to the Fitness and Propriety, Insurance – Fitness and Propriety and Large Non-Solvency II Firms – Fitness and Propriety Parts of the PRA Rulebook to remove superfluous language in each of these Parts, and to align the language used in the latter Part in relation to the assessment of relevancy with the Insurance – Fitness and Propriety Part.

3.2 This chapter is relevant to CRR, Non-CRR, Solvency II and Large Non-Solvency II firms.

3.3 In Policy Statement (PS)27/16 ‘Strengthening accountability in banking and insurance: PRA requirements on regulatory references (part II)’¹ the PRA published rules requiring certain firms to request and provide employment references using a set form containing information on candidates’ conduct and fitness and propriety (referred to as ‘regulatory references’) when recruiting individuals into certain functions (collectively referred to as ‘relevant functions’). These rules take effect from 7 March 2017. The proposals in this chapter are shown as amendments to those future dated rules.

Proposals

3.4 The PRA proposes to remove the terms ‘senior manager’ and ‘senior insurance management function holder’ from Fitness and Propriety 2.7(1)(a)(ii) and to remove ‘senior insurance management function holder’ from Insurance – Fitness and Propriety 2.5(1)(a)(ii). ‘Senior manager’ and ‘senior insurance management function holder’ are superfluous in these rules, as these senior managers should already be encompassed within the term ‘other approved person’, which is also used in those rules.

3.5 The PRA also proposes to amend the drafting of rule 2.6(1) in the Large Non-Solvency II Firms – Fitness and Propriety Part so that the firm seeking the reference (A) must request that the organisation giving the reference (B) discloses all matters of which B is aware that B ‘reasonably considers to be’ relevant, rather than ‘are’ relevant about the candidate, as in the rule as at 7 March 2017. This reflects previously consulted-upon and agreed policy and mirrors the drafting of the equivalent rule 2.6(1) (as amended by the rules introducing the regulatory references regime) in the Insurance – Fitness and Propriety Part.

3.6 The proposed changes are set out in Appendix 2.

Statutory obligations

3.7 The proposals are compatible with the PRA’s statutory objectives to promote the safety and soundness of PRA-authorized firms, and to contribute to ensuring that policyholders of insurers are appropriately protected, by making the rules firms are required to follow clearer and more consistent.

3.8 The PRA does not consider that the proposed amendment will either hinder or promote effective competition, as the changes will align the wording of the rules applying to different types of firms.

3.9 The rule changes in this chapter are minor, reflect the policy on which the PRA has previously consulted and will clarify various aspects of the new regulatory references regime. The PRA does not

1 September 2016: www.bankofengland.co.uk/pr/Pages/publications/ps/2016/ps2716.aspx.

consider that there will be substantive costs to firms associated with the proposal. Therefore, a full cost benefit analysis has not been provided.

3.10 The regulatory principles of most relevance to these proposals are:

- the need to use the resources of each regulator in the most efficient and economic way - by placing the responsibility more clearly on firms for considering relevant matters; and
- the responsibilities of the senior management of persons subject to PRA rules to comply with those rules – by recognising the responsibilities of senior insurance managers and key function holders for compliance by insurers with regulatory requirements.

3.11 The proposed amendments would affect some firms that are mutuals. The PRA does not consider that the impact of the proposal on mutual societies will be different from the impact on other firms.

3.12 The PRA has considered the equality and diversity issues that may arise from the proposals in this chapter. Overall, the PRA does not consider that the proposals in this chapter raise concerns with regards to equality and diversity issues.

4 Non-solvency II firms – external audit reporting and supplementary notes

4.1 This chapter sets out two proposals. The first is to amend rule 2.5 of the Insurance Company - Reporting Part of the PRA Rulebook. This change seeks to exclude from the scope of external audit the reporting that is required under Insurance Company – Reporting 4.24 to 4.25. This chapter also clarifies the PRA’s position on supplementary notes to a form, proposing an amendment to Insurance Company - Reporting 6.4.

4.2 These proposals are relevant to all non-directive insurers other than non-directive friendly societies and to Swiss general insurers.¹

4.3 The proposed changes to Insurance Company - Reporting are set out in Appendix 3.

Audit requirements

4.4 Insurance Company - Reporting 4.24 and 4.25 require firms that carry on general insurance business (‘general insurers’) to deposit with the PRA statements regarding, respectively, general insurance business ceded by the firm and financial reinsurance in relation to any contract of insurance under which general insurance business has been ceded by the firm.

4.5 These two statements are included within the scope of external audit under Insurance Company - Reporting 2.5, which requires that all forms and statements to be deposited with the PRA are audited, subject to specified exceptions.

4.6 Both statements are reporting requirements for general insurers that predate the Non-Solvency II firm reporting regime that came into effect on 1 July 2016. These statements had been excluded from the external audit scope under IPRU (INS) 9.35 of the PRA Handbook.² The PRA proposes to exclude these statements from the scope of external audit under the Non-Solvency II firm reporting regime. This follows the principle set out in Consultation Paper (CP)18/16 ‘Reporting requirements for non-Solvency II insurance firms’³ that the intention was to replace the equivalent rules from the PRA Handbook.

Proposal

4.7 The PRA proposes to amend Insurance Company - Reporting 2.5 to exclude from scope of audit any reporting deposited with the PRA under Insurance Company - Reporting 4.24 and 4.25.

Forms requirements

4.8 SS14/16 ‘Reporting Instructions for non-Solvency II firms (except friendly societies)’⁴ sets out guidance relating to amounts, descriptions and other text expected to be shown as supplementary notes to the regulatory reporting forms (being those forms contained in the Insurance Company – Reporting Part).

1 Defined in the PRA Rulebook as a Swiss general insurance company which has a Part 4A permission to effect contracts of insurance or carry out contracts of insurance of a kind which is subject to the Swiss Treaty Agreement.

2 Interim Prudential Sourcebook Insurers, Volume One Rules, December 2008: www.prarulebook.co.uk/rulebook/Media/Get/d9306722-44e2-4f7c-8fcd-23a947c3781e/IPRU-INS_PRA_20140526/pdf.

3 May 2016: www.bankofengland.co.uk/pru/Pages/publications/cp/2016/cp1816.aspx.

4 October 2016: www.bankofengland.co.uk/pru/Pages/publications/ss/2016/ss1416.aspx.

Proposal

4.9 The PRA proposes an amendment to Insurance Company - Reporting 6.4 to clarify the position of these supplementary notes.

Statutory obligations

4.10 The proposals in this chapter are compatible with the PRA's statutory objectives to promote the safety and soundness of firms, and to contribute to the securing of an appropriate degree of protection for those who are or may become insurance policyholders, by clarifying the application of PRA rules and the PRA's policy objectives. The PRA does not consider that there will be an impact on competition as a result of the proposals in this chapter.

4.11 A cost benefit analysis was performed for CP18/16. The proposals relating to audit requirements do not change the policy that was consulted on in CP18/16 and the proposals will reduce costs to firms by removing a requirement for audit.

4.12 The PRA has had regard to the applicable regulatory principles and considers that the regulatory principle of most relevance to the proposals is that a burden imposed should be proportionate to the benefits expected to result. The PRA considers that removing the audit requirement leads to a proportionate outcome for Non-Solvency II firms.

4.13 The PRA does not consider that the impact of the proposal on mutual societies will be different from the impact on other firms.

4.14 The PRA has considered the equality and diversity issues that may arise from the proposals in this chapter. Overall, the PRA does not consider that the proposals raise concerns with regards to equality and diversity issues.

5 Remuneration – committees and deferral periods

5.1 This chapter sets out proposed amendments to rules 7.4 and 15.17(1)(b) of the Remuneration Part of the PRA Rulebook. The PRA proposes to amend Remuneration 7.4 so that it applies to ‘firms’ (rather than ‘CRR firms’ under the current wording) and Remuneration 15.17(1)(b) so that extended minimum deferral requirements do not apply to material risk takers (MRTs) identified solely due to committee membership.

5.2 This chapter is relevant to all PRA-authorized persons that are either CRR firms or third country CRR firms in scope of the Remuneration Part.

5.3 The proposed changes to the Remuneration Part are set out in Appendix 4.

Remuneration committees

5.4 Under the Capital Requirements Directive (CRD),¹ significant Capital Requirements Regulation (CRR)² firms, including subsidiaries, are required to establish a remuneration committee (RemCo).

5.5 Remuneration 7.4 requires that a CRR firm that is significant in terms of its size, internal organisation and the nature, scope and complexity of its activities must establish a RemCo. The reference to ‘CRR firm’ in Remuneration 7.4 was introduced in the transposition of CRD IV³ in the Financial Services Authority (FSA) Handbook. SYSC 19D3.12R (for dual-regulated firms) of the Financial Conduct Authority (FCA) Handbook applies the RemCo requirement to a ‘firm’.

5.6 Policy Statement (PS)7/13 ‘Strengthening capital standards: implementing CRD IV, feedback and final rules’⁴ provides the interpretation that if a firm had been told by its supervisors that it was considered either a category 1 or 2 firm, it would be considered significant under the rule.

Proposal

5.7 The PRA proposes to amend Remuneration 7.4 so that it applies to ‘firms’. This will extend the scope of the rule to include significant third country CRR firms, and will align Remuneration 7.4 with the position that applies to dual-regulated firms under SYSC 19D3.12R of the FCA Handbook.

5.8 The proposed amendment will set out the PRA’s requirement that all significant firms (including significant third country CRR firms) comply with Remuneration 7.4, while noting that compliance does not preclude consideration of group policies.

Deferral periods

5.9 Remuneration 15.17 requires individuals undertaking a PRA senior management function to be subject to deferral of at least 40% of all variable remuneration for a minimum of no less than seven years; those with responsibility for managing or supervising risk-taking or significant risk functions to be subject to five-year deferral; and all other MRTs to remain subject to the CRD minimum deferral period of three to five years. The categories of deferral are set out in Table A of PS12/15 ‘Strengthening the alignment of risk and reward: new remuneration rules’.⁵

1 Directive 2013/36/EU.

2 Regulation (EU) No 575/2013.

3 CRD IV: CRR and CRD.

4 December 2013: www.bankofengland.co.uk/pr/Pages/publications/implemcrdiv.aspx.

5 Page 8, June 2015: www.bankofengland.co.uk/pr/Pages/publications/ps/2015/ps1215.aspx.

5.10 However, as an exception, PS12/15 noted that individuals are not subject to the five-year minimum deferral period if they are identified as MRTs solely due to committee membership. Instead, these individuals should be subject to the CRD minimum deferral period of three to five years, unless they carry out a PRA senior management function.

Proposal

5.11 The PRA proposes to amend Remuneration 15.17(1)(b) to exclude individuals identified solely due to committee membership from the five-year minimum deferral period requirement.

Statutory obligations

5.12 The PRA considers that the proposals in this chapter are compatible with the PRA's general objectives to promote the safety and soundness of PRA-authorized persons by assisting firms in meeting the PRA's requirements through clearer rules. The PRA does not consider that there will be an impact on competition as a result of the proposals in this chapter.

5.13 In respect of the proposed change to Remuneration 7.4, any incremental costs to the affected firms will be negligible as the FCA Handbook already requires firms (rather than CRR firms) to establish a RemCo.

5.14 The proposed change to Remuneration 15.17(1)(b) aligns with PRA policy on which a cost benefit analysis has already been conducted as stated in Consultation Paper (CP)15/14 'Strengthening the alignment of risk and reward: new remuneration rules'¹ and the PRA does not expect this position to have changed in the interim period. Therefore, a full cost benefit analysis for this chapter has not been provided.

5.15 The PRA has had regard to the regulatory principles when developing the proposals in this consultation. It considers that the regulatory principle of most relevance is the need to use resources in the most efficient and economic way – the proposals align Remuneration 7.4 in the PRA Rulebook with the position in the FCA Handbook and Remuneration 15.17(1)(b) with PS12/15, thereby making the position clear for firms.

5.16 The PRA does not consider that the impact of the proposals on mutual societies will be different from the impact on other firms.

5.17 The PRA has considered the equality and diversity issues that may arise from the proposals in this consultation; the PRA does not consider that the proposals in this consultation raise concerns with regards to equality and diversity issues.

1 July 2014: www.bankofengland.co.uk/pr/Pages/publications/cp/2014/cp1514.aspx.

6 Ring-fencing – residual reporting requirements for ring-fenced bodies

6.1 This chapter proposes the following additional reporting requirements for ring-fenced bodies (RFBs) and amendments to the reporting requirements set out in the Regulatory Reporting Part of the PRA Rulebook:

- a requirement for an RFB to report on the use by its ring-fenced affiliates¹ of exceptions to prohibited and excluded activities under the Excluded Activities and Prohibitions Order (the Order);²
- a rule requiring an RFB to comply with the reporting requirements proposed in CP46/16 ‘IFRS 9: changes to reporting requirements’³ on a sub-consolidated basis; and
- amendments to PRA reporting templates and instructions RFB001 – RFB008 to collect legal entity identifiers (LEIs) for submitting firms, sub-group entities, counterparties and correspondents.

6.2 This chapter is relevant to those banking groups that will be required by FSMA to ring-fence their ‘core activities’. This includes both those groups which currently have ‘core deposits’ – broadly those deposits from individuals and small businesses – in excess of £25 billion and those groups which expect to exceed this threshold by 1 January 2019. This chapter will also be relevant to banks and banking groups which may approach this threshold over time and financial and other institutions, and customers who have dealings with these banking groups.⁴ It should be read alongside the Ring-fenced Bodies Part and the Regulatory Reporting Part of the PRA Rulebook.

6.3 The proposed amendments to Regulatory Reporting are set out in Appendix 5. The PRA proposes that they come into effect on 1 January 2019. The corresponding draft amendments to reporting templates RFB001 to RFB008 and reporting instructions for RFB001 to RFB008 under consultation are provided in Appendices 6 and 7.

6.4 Appendix 9 of SS34/15 ‘Guidelines for completing regulatory reports’⁵ links to reporting templates RFB001 to RFB008 and reporting instructions for RFB001 to RFB008. The PRA proposes that the amended templates and instructions be included in an updated SS34/15 when the final policy contained in this chapter is published.

Background

6.5 The PRA is required under FSMA as amended by the Financial Services (Banking Reform) Act 2013 (the Banking Reform Act) to make rules to implement the ring-fencing of core UK financial services and activities.

6.6 In PS3/17 ‘The implementation of ring-fencing: reporting and residual matters – responses to CP25/16 and Chapter 5 of CP36/16’⁶ the PRA updated SS34/15 and made rules on reporting requirements for RFBs. This implemented proposals consulted on in CP25/16 ‘The implementation of

1 A ring-fenced affiliate, in relation to an RFB, is an entity which is a member of an RFB sub-group which is not itself that RFB.

2 The Financial Services and Markets Act 2000 (Excluded Activities and Prohibitions) Order 2014: www.legislation.gov.uk/ukdsi/2014/9780111117101/contents.

3 December 2016: www.bankofengland.co.uk/pr/Pages/publications/cp/2016/cp4616.aspx.

4 The PRA has a dedicated webpage on ring-fencing and structural reform, which includes background, key changes, a table summarising policy development and updates on implementation: www.bankofengland.co.uk/pr/Pages/supervision/structuralreform/default.aspx.

5 February 2017: www.bankofengland.co.uk/pr/Pages/publications/ss/2017/ss3415update.aspx.

6 February 2017: www.bankofengland.co.uk/pr/Pages/publications/ps/2017/ps317.aspx.

ring-fencing: reporting and residual matters'¹ and Chapter 5 of CP36/16 'Occasional Consultation Paper'.²

Reporting of the use of exceptions by ring-fenced affiliates

6.7 FSMA prohibits an RFB from carrying on excluded activities or contravening prohibitions, including from having exposures to relevant financial institutions (RFIs). The Order specifies a number of exceptions to these exclusions and prohibitions which allow an RFB to carry out certain activities it would otherwise be prevented from undertaking. FSMA also requires the PRA to include an assessment, in general terms, within its annual report to Parliament pursuant to paragraph 19 of Schedule 1ZB of FSMA, of the extent to which RFBs have used the exceptions set out in the Order.

6.8 The PRA has set out its expectation that ring-fenced affiliates will not undertake excluded activities or prohibitions in SS8/16 'Ring-fenced Bodies (RFBs)'.³ As part of this, the PRA has set out its expectation that an RFB will apply the relevant parts of its exceptions policies to the other entities in its RFB sub-group or assess their activities against its exceptions policies.⁴

6.9 In light of this, the PRA considers that it will require data on the use of exceptions by ring-fenced affiliates as well as by RFBs, which are already required to report on the use of exceptions. This data will ensure that the PRA is able to supervise the use of exceptions within an RFB sub-group. If the PRA only received data on the use of exceptions by RFBs, it would mean that the PRA only had a partial picture of the use of exceptions. The PRA also considers that commentary on the use of exceptions within RFB sub-groups – not just by RFBs – is necessary in order to give Parliament a meaningful view of how the ring-fence operates. This data will therefore also enable the PRA to account fully to Parliament in its annual report in respect of the use of exceptions by RFB sub-groups.

6.10 The PRA has already made rules in the PRA Rulebook: CRR Firms and Non-Authorised Persons: Ring-fencing Instrument 2017 (PRA 2017/3) requiring an RFB to submit PRA reporting template RFB008 ('Excluded activities and prohibitions') on an annual basis. RFB008 collects data on an RFB's use of the majority of these exceptions on an individual basis.

Proposal

6.11 The PRA is proposing a requirement that an RFB also submit RFB008 on an aggregated basis, also annually, on behalf of its RFB sub-group. The PRA proposes corresponding amendments to the reporting instructions for RFB008 as shown in Appendix 7.

Application of IFRS 9 reporting requirements to RFBs on a sub-consolidated basis

6.12 In CP46/16, the PRA proposed to require an RFB to submit certain Financial Reporting (FINREP) templates⁵ instead of, or in addition to, existing PRA reporting template FSA015 'Sectoral information, including arrears and impairment' return, on both an individual and consolidated basis. These proposals will ensure sufficient data is available for supervision following the implementation of IFRS 9. The proposals made in CP46/16 are still under consultation.

1 July 2016: www.bankofengland.co.uk/pr/Pages/publications/cp/2016/cp2516.aspx.

2 October 2016: www.bankofengland.co.uk/pr/Pages/publications/cp/2016/cp3616.aspx.

3 February 2017: <http://www.bankofengland.co.uk/pr/Pages/publications/ss/2017/ss816update.aspx>.

4 Chapter 10 of SS8/16.

5 Relating to fair value or amortised cost of on- and off-balance sheet exposures; the performance of those exposures; and provisions held against those exposures.

6.13 In CP46/16, the PRA also proposed that these reporting requirements should apply to an RFB on a sub-consolidated basis but noted that it would consult at a later date on the detailed rules.

Proposal

6.14 The PRA is now proposing the detailed rules to apply the reporting requirements set out in CP46/16 to an RFB on a sub-consolidated basis.

Legal entity identifiers (LEIs)

6.15 To enhance consistency of data and allow for more automated analysis of data, the PRA is proposing amendments to PRA reporting templates RFB001 – RFB008 to require entity identification (ie LEI codes, where they are available) for submitting firms, sub-group entities, counterparties and correspondents. The use of LEI codes is an international initiative led by the Financial Stability Board (FSB), and LEI codes are already used in the design of CRR¹ common reporting (COREP) and FINREP templates. Where LEI codes are not available for a particular entity, firms should instead report their own internal, unique identifier.

6.16 The proposed amendments to the reporting templates are included as Appendix 6 and reporting instructions as Appendix 7.

The PRA's statutory obligations

6.17 This section sets out the PRA's consideration of its statutory obligations in the development of the proposals in this chapter.

Compatibility with the PRA's objectives

6.18 The PRA considers that the proposals set out in this chapter will assist the PRA in advancing its general safety and soundness objective in relation to ring-fencing. Reporting on the use of exceptions will assist the PRA in identifying risks to the continuity of provision of core services by RFBs.

6.19 The PRA has assessed the impact of the proposals in this chapter on effective competition, and has concluded that while these proposals are only applicable to groups subject to ring-fencing, there is no expected impact on competition. The PRA has set out its assessment of the impact of the ring-fencing requirements on competition in previous PRA publications.² The proposals in this chapter will support effective supervision of ring-fencing requirements.

Cost benefit analysis

Reporting on the use of exceptions by ring-fenced affiliates

6.20 The proposals in paragraph 6.7 to 6.11 of this chapter would require an RFB to submit reporting template RFB008 on behalf of its RFB sub-group on an aggregated basis. This will ensure that the PRA has sufficient information to monitor the overall use of exceptions by an RFB's ring-fenced affiliates and enable the PRA to account fully to Parliament in its annual report in respect of the use of exceptions by RFBs' ring-fenced affiliates.

6.21 The PRA considered the costs associated with the reporting of data on the use of exceptions in CP25/16. This noted that firms would incur some setup costs for reporting as the exceptions do not

1 Capital Requirements Regulation (EU) No 575/2013.

2 CP19/14 'The implementation of ring-fencing: consultation on legal structure, governance and the continuity of core services', October 2014: www.bankofengland.co.uk/pr/Pages/publications/cp/2014/cp1914.aspx and CP37/15 'The implementation of ring-fencing: prudential requirements, intragroup arrangements and use of financial market infrastructures', October 2015: www.bankofengland.co.uk/pr/Pages/publications/cp/2015/cp3715.aspx.

align closely to existing reporting definitions. Furthermore, the PRA notes that certain ring-fenced affiliates may have different information technology infrastructures meaning there would be costs associated with data capture and aggregation.

6.22 However, the templates have been designed to give high level data to identify whether further investigation is required, rather than provide granular details, and the templates would be collected annually, rather than more frequently. In this way, the PRA has endeavoured to limit the ongoing costs involved in this reporting.

6.23 Moreover, an RFB is already expected to monitor its ring-fenced affiliates' use of the exceptions, and existing PRA rules already require firms to establish, implement and maintain adequate policies and procedures to monitor their compliance with their regulatory obligations.¹ An RFB will therefore already be expected to introduce internal systems to monitor compliance with the legislation. As a result, the incremental set up and ongoing costs to report on the use of exceptions in a standardised format are not expected to outweigh the benefits of the proposed reporting requirement.

Application of IFRS 9 reporting requirements to RFBs on a sub-consolidated basis

6.24 For an RFB that is required to submit FINREP on a sub-consolidated basis under the CRR, the application of IFRS 9 reporting requirements to an RFB on a sub-consolidated basis will not impose any additional costs. For any RFB that is not in this situation, this proposal would lead to additional costs as set out in CP46/16. CP46/16 stated that some changes to reporting requirements are necessary given the changes introduced by IFRS 9 and that the PRA's view is that using FINREP templates would help to limit implementation costs given they are aligned with IFRS disclosure requirements.

6.25 CP25/16 also set out the costs and benefits of applying reporting requirements to an RFB on a sub-consolidated basis. It stated that collecting the same regulatory information at sub-group level that is currently collected at group level will enable the PRA to conduct effective supervision of the sub-group and, as a result, ensure that the intended benefit of ring-fencing can be achieved. The PRA considers that implementation costs should be limited given RFBs would already comply with these reporting requirements on a consolidated basis. The same considerations apply to the change proposed in this chapter.

LEIs

6.26 The proposed amendments to PRA reporting templates to include entity identification (through LEI codes where available) in addition to counterparty names will improve the clarity of reporting and the comparability of the data provided.

6.27 Given this aligns with the approach taken in COREP and FINREP templates, the PRA expects that firms will already hold information on LEI codes for the majority of entities covered by these reporting requirements. The cost involved in looking up LEI codes, or, where LEI codes are not available, reporting based on internal identifiers, should be minimal. As these templates apply from January 2019 onwards, the PRA expects that there is sufficient time for firms to include these changes as part of their implementation of these templates. There are therefore not expected to be significant costs to this proposal.

¹ See Rule 2.1 of the Compliance and Internal Audit Part of the PRA Rulebook.

Regulatory principles

6.28 In developing this chapter, the PRA has had regard to the regulatory principles set out in FSMA. Four are of particular relevance:

- The principle that a burden or restriction which is imposed on a person, or on the carrying on of an activity, should be proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction. The PRA's approach of using structured reporting as a trigger for further supervisory action on a risk-based basis for the proposals in paragraphs 6.7 to 6.11 is consistent with taking a proportionate approach. The PRA has also considered proportionality in proposing annual reporting frequency.
- The need to use the resources of each regulator in the most efficient and economic way. There will be costs to the PRA in collecting and analysing the data collected under the proposed reporting requirements. The PRA's proposed approach to reporting will enable supervisors to identify where further investigation would be appropriate on a risk-based basis, and thus allow for an efficient allocation of supervisory resources. The use of LEI codes within reporting templates will also support the efficient use of PRA resources by allowing for more automated analysis of data.
- The desirability in appropriate cases of the PRA exercising its functions in a way that recognises differences in the nature of, and objectives of, business carried on by different persons subject to requirements imposed by or under FSMA. The PRA is required to supervise the use of exceptions within an RFB sub-group. It will therefore need comparable data from each firm.

Impact on mutuals

6.29 The PRA does not believe that the proposals set out in this chapter will have an impact on mutuals since they do not fall within the scope of ring-fencing.

Equality and diversity

6.30 The PRA has performed an assessment of the policy proposals and does not consider that the proposals give rise to equality and diversity implications.

7 Securitisations – implicit support and External Credit Assessment Institutions (ECAI) mapping

7.1 This chapter sets out the PRA’s proposal to update SS9/13 ‘Securitisation’¹ following the publication of the final European Banking Authority (EBA) Guidelines on implicit support for securitisation transactions (EBA/GL/2016/08) (henceforth ‘EBA implicit support guidelines’),² and the adoption of Commission Implementing Regulation (EU) 2016/1801 on laying down technical standards with regard to the mapping of credit assessments for securitisation (henceforth ‘ECAI Mapping ITS’). It is relevant to firms to which CRD IV³ applies.

7.2 The proposed changes to SS9/13 are set out in Appendix 8.

EBA implicit support guidelines

7.3 The EBA implicit support guidelines apply from 1 March 2017. The guidelines specify how firms should assess whether a transaction constitutes ‘implicit support’ in accordance with CRR Article 248. In accordance with Article 16 of Regulation (EU) No 1093/2010 (‘the EBA Regulation’) competent authorities and financial institutions must make every effort to comply with the EBA implicit support guidelines. The PRA has notified the EBA that it intends to comply with the guidelines, and as part of this process is updating SS9/13 (in particular Chapter 5 ‘Implicit support and SRT’) to align it with the guidelines.

Proposal

7.4 The PRA proposes to amend Chapter 5 of SS9/13 to align with the requirements of the EBA implicit support guidelines. This PRA proposes the following changes:

- In paragraph 5.3, to replace the term ‘fair market value’ with ‘arm’s length terms’. ‘Fair market value’ was intended to clarify the PRA interpretation of ‘arm’s length’ in CRR Article 243(5)(e)(iii) and 244(5)(e). The EBA implicit support guidelines now provide an interpretation of ‘arm’s length’. For the avoidance of doubt, this amendment is not intended to signal a change in relevance of fair market value to the implicit support assessment. Following the amendment, the assessment of whether a transaction is made on arm’s length terms will still take into account the price of the transaction.
- To delete paragraph 5.4, which clarifies the PRA interpretation of “taken into account in the original assessment of significant risk transfer” in CRR Article 248(1). The EBA implicit support guidelines now provide an interpretation of the role of significant risk transfer in the assessment of implicit support.
- To update the references to underlying rules in Chapter 5 so that they include the EBA Guidelines on implicit support for securitisation transactions.

ECAI Mapping ITS

7.5 The CRR requires the EBA to develop implementing technical standards (ITS) mapping the credit assessments of ECAs for securitisations to the Credit Quality Steps (CQS) specified in the CRR. These are then used for the purposes of calculating risk-weighted exposure amounts under the ratings-

1 December 2013: www.bankofengland.co.uk/pr/Pages/publications/securitisation.aspx.

2 [www.eba.europa.eu/documents/10180/1603711/Final+report+on+Guidelines+on+implicit+support+for+securitisation+transactions+\(EBA-GL-2016-08\).pdf](http://www.eba.europa.eu/documents/10180/1603711/Final+report+on+Guidelines+on+implicit+support+for+securitisation+transactions+(EBA-GL-2016-08).pdf).

3 Capital Requirements Regulation (CRR) (EU) No 575/2013 and Capital Requirements Directive (CRD) 2013/36/EU.

based approach. The European Commission adopted the ECAI Mapping ITS,¹ which came into force on 1 November 2016.

Proposal

7.6 Chapter 7 of SS9/13 specifies the PRA mapping of ECAI credit assessments to CQS. Paragraph 7.2 states that the mapping tables would be superseded by the EBA's mapping once it had been adopted by the Commission. The PRA proposes to delete Chapter 7 of SS9/13 as it has been superseded by the ECAI Mapping ITS.

Statutory obligations

7.7 The PRA considers these proposals are compatible with the PRA's statutory objective to promote the safety and soundness of firms. The guidelines give further clarity to the implicit support regime which provides a disincentive for firms to support securitisations beyond their contractual obligations, reinforcing the transfer of credit risk to third party investors, thus strengthening the safety and soundness of PRA regulated institutions acting as originators or sponsors. The PRA does not anticipate any impact on competition as a result of the proposal in this chapter.

7.8 The PRA considers that the regulatory principle of proportionality is most relevant to these proposals. The proposals align obligations placed on firms in SS9/13 with those in the EBA implicit support guidelines, and delete redundant ECAI mapping tables. This avoids wasteful use of firm resources reconciling differing requirements.

7.9 The PRA does not consider that there will be substantive costs to firms associated with the proposals. From 1 March 2017 the EBA implicit support guidelines will apply to financial institutions as defined in Article 4(1) of the EBA Regulation. Therefore the changes will not result in additional costs to firms above any incurred as a result of the guidelines. The EBA implicit support guidelines were subject to a full cost-benefit analysis and a public consultation. Given that the ECAI Mapping ITS have already superseded Chapter 7 of SS9/13, there is no policy change entailed by the proposed deletion. Therefore, a full cost benefit analysis has not been provided.

7.10 The PRA does not consider that the impact of the proposal on mutual societies will be different from the impact on other firms.

7.11 The PRA has considered the equality and diversity issues that may arise from the proposals in this consultation. Overall, the PRA does not consider that the proposals in this consultation raise concerns with regards to equality and diversity issues.

¹ Commission Implementing Regulation (EU) 2016/1801.

Appendices

-
- | | |
|----------|---|
| 1 | Draft amendments to Supervisory Statement 17/13 'Credit risk mitigation' |
| 2 | Draft Senior Managers Regime Amendment Instrument |
| 3 | Draft Insurance Company – Reporting (amendment) Instrument |
| 4 | Draft Remuneration Instrument |
| 5 | Draft Ring-fencing Instrument |
| 6 | Draft reporting templates RFB001 to RFB008 |
| 7 | Draft reporting instructions for RFB001 to RFB008 |
| 8 | Draft amendments to Supervisory Statement 9/13 'Securitisation' |
| 9 | Draft administration instrument |

Appendix 1: Draft amendments to Supervisory Statement 17/13 ‘Credit risk mitigation’

The PRA proposes to add the following new chapter to SS17/13. All text shown is new and is not underlined.

...

7 Treatment of secured guarantees for the purposes of credit mitigation

7.1 This chapter clarifies the PRA’s expectations on how firms reflect the effects of eligible credit risk mitigation in their calculation of credit risk risk-weighted exposure amounts as per CRR Part Three, Title II.

7.2 Firms may enter into a secured guarantee arrangement, whereby the guarantee is collateralised to mitigate the default risk associated with the guarantee provider.

7.3 For the purposes of calculating credit risk risk-weighted exposure amounts under the CRR Part 3, Title II, the PRA considers that the guarantee should be treated as unfunded credit protection. Accordingly the guarantee is subject to the eligibility criteria for guarantees as set out in CRR Part 3 Title II, in addition to the risk-weighted exposure calculation.

7.4 To the extent that the guarantee arrangements include callable features, the resulting risk-weighted exposure amounts calculation should reflect the maturity mismatch requirements of credit protection described in CRR Part 3 Title II.

7.5 Firms with internal ratings based permissions should consider SS11/13, ‘Internal Ratings Based (IRB) approaches’,¹ when determining loss given default. Firms should consider any residual risk the arrangement may entail to the original counterparty in their ICAAP assessment.

1 November 2015: www.bankofengland.co.uk/pr/Pages/publications/ss/2015/ss1113update.aspx.

Appendix 2: Draft Senior Managers Regime Amendment Instrument

PRA RULEBOOK: CRR FIRMS, NON-CRR FIRMS, SOLVENCY II FIRMS, NON-SOLVENCY II FIRMS: SENIOR MANAGERS REGIME AMENDMENT INSTRUMENT 2017

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 60 (applications for approval);
 - (2) section 137G (the PRA's general rules); and
 - (3) section 137T (general supplementary powers); and
- 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: CRR Firms, Non-CRR Firms, Solvency II Firms, Non-Solvency II Firms: Senior Managers Regime Amendment Instrument 2017

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

(1)	(2)
FITNESS AND PROPRIETY	A
INSURANCE - FITNESS AND PROPRIETY	B
LARGE NON-SOLVENCY II FIRMS - FITNESS AND PROPRIETY	C

Commencement

- E. The Annexes to this instrument come into force on [DATE].

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms, Non-CRR Firms, Solvency II Firms, Non-Solvency II Firms: Senior Managers Regime Amendment Instrument 2017

By order of the Board of the Prudential Regulation Authority

[DATE]

Annex A

Amendments to the Fitness and Propriety Part

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

...

2.7 (1) ...

(ii) an organisation (not falling within (i)) at which P is currently serving, or has served, as an ~~senior manager, senior insurance management function holder or other~~ *approved person, non-executive director, notified non-executive director, credit union non-executive director* or a *key function holder*, or performed, or is currently performing, a *certification function*;

...

Annex B

Amendments to the Insurance - Fitness and Propriety Part

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

...

2.5 (1) ...

(ii) an organisation (not falling within (i)) at which P is currently serving, or has served, as a *key function holder*, ~~senior insurance management function holder~~, ~~other approved person~~, ~~non-executive director~~, ~~notified non-executive director~~ or ~~credit union non-executive director~~ or performed, or is currently performing, a *certification function*;

...

Annex C

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

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

...

2.5 (1) ...

(ii) an organisation (not falling within (i)) at which P is currently serving, or has served, as a *key function holder*, ~~senior insurance management function holder~~, ~~other approved person~~, *non-executive director*, *notified non-executive director* or *credit union non-executive director* or performed, or is currently performing, a *certification function*;

...

2.6 (1) Where a *firm* (A) seeks to obtain a reference pursuant to 2.5, A must request that the organisation giving the reference (B) discloses all matters of which B is aware that ~~are B reasonably considers to be~~ relevant to the assessment of that *person's* fitness and propriety.

...

Appendix 3: Draft Insurance Company – Reporting (amendment) Instrument

PRA RULEBOOK: NON-SOLVENCY II FIRMS: INSURANCE COMPANY – REPORTING (AMENDMENT) INSTRUMENT 2017

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in The Financial Services and Markets Act 2000 (“the Act”):
- (4) section 137G (The PRA’s general rules) of the Act;
 - (5) section 137T (General supplementary powers) of the Act; and
 - (6) section 137P (Control of information rules) of the Act.
- B. The rule-making powers referred to above and related provisions are specified for the purpose of section 138G(2) (Rule-making instruments) 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: Insurance Company - Reporting (Amendment) Instrument 2017

- D. The PRA makes the rules in the Annex 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: Insurance Company – Reporting (Amendment) Instrument 2017.

By order of the Board of the Prudential Regulation Authority

[DATE]

Annex

Amendments to the Insurance Company - Reporting Part

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

...

2. NON-DIRECTIVE FIRMS: REPORTING TO THE PRA

...

2.5 Every *firm* must ensure that all Forms and statements to be deposited with the *PRA* are audited in accordance with provisions of Chapter 7 by a person qualified in accordance with the Auditors Part of the *PRA* Rulebook, with the exception of the following documents and Forms:

- (1) any directors certificates;
- (2) Form 46; ~~and~~
- (3) Form 50; and
- (4) any statements required under 4.24 and 4.25.

...

6. FORMS: REQUIREMENTS

...

6.4 All amounts, descriptions or other text ~~required to be~~ shown as supplementary notes to a Form must not be included on the face of that Form, but must be a separate statement. The title of that statement must identify the Form to which it relates.

...

Appendix 4: Draft Remuneration Instrument

PRA RULEBOOK: CRR FIRMS: REMUNERATION INSTRUMENT 2017

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (7) section 137G (the PRA’s general rules);
 - (8) section 137H (general rules about remuneration); and
 - (9) section 137T (general supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instruments) 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: CRR Firms: Remuneration Instrument 2017

- D. The PRA makes the rules in the Annex to this instrument.

Commencement

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

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR firms: Remuneration Instrument 2017.

By order of the Board of the Prudential Regulation Authority

[DATE]

Annex

Amendment to the Remuneration Part

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

...

7 GOVERNANCE

...

7.4 A ~~CRR~~ firm that is significant in terms of its size, internal organisation and the nature, scope and complexity of its activities must establish a *remuneration* committee, and ensure that the committee:

...

15 REMUNERATION STRUCTURES

...

15.17 (1) A firm must not award, pay or provide a variable *remuneration* component unless a substantial proportion of it, which is at least 40%, is deferred over a period which is not less than:

...

(b) in the case of a *material risk taker* who does not perform a *PRA senior management function*, but whose professional activities meet the qualitative criteria set out in Article 3(1) to 3(9), 3(10), except where solely ~~(but only~~ by virtue of being responsible for a committee referred to therein}, 3(13) or 3(15) of the *Material Risk Takers Regulation*, five years, vesting no faster than on a pro-rata basis;

...

...

Appendix 5: Draft Ring-fencing Instrument

PRA RULEBOOK: CRR FIRMS: RING-FENCING (AMENDMENT) INSTRUMENT 2017

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (10)section 137G (The PRA’s general rules);
 - (11)section 137T (General supplementary powers); and
 - (12)section 142H (Ring-fencing rules).
- 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: CRR Firms: Ring-fencing (Amendment) Instrument 2017

- D. The PRA makes the rules in this instrument.

Commencement

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

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Ring-fencing (Amendment) Instrument 2017.

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

Annex

Amendments to the Regulatory Reporting Part

This instrument amends PRA Rulebook: CRR Firms: Ring-fencing Instrument 2017 (PRA 2017/3), which comes into force on 1 January 2019.

This instrument should be read together with the proposals in PRA Rulebook: CRR Firms: IFRS 9 Regulatory Reporting Instrument [2017] in Consultation Paper (CP46/16), 'IFRS 9: changes to reporting requirements', December 2016.

The changes proposed in CP46/16 are shown in this instrument only to the extent relevant: this instrument does not consolidate all the changes to PRA Rulebook: CRR Firms: Ring-fencing Instrument 2017 (PRA 2017/3) which have been proposed in CP46/16.

In this instrument, changes under consultation in CP46/16 are shown as if made. New text in this instrument is underlined and deleted text is struck through.

...

7 REGULATED ACTIVITY GROUP 1

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

RAG 1	Prudential category of firm, applicable data items and reporting format (1)						
	<i>UK bank other than a ring-fenced body</i>	<i>Ring-fenced body</i>	<i>Building society</i>	<i>Non-EEA bank</i>	<i>EEA bank that has permission to accept deposits and that has its registered office (or, if it has no registered office, its head office) outside the EU</i>	[deleted.]	<i>Dormant account fund operator (12)</i>
Description of data item							
<i>Annual report and accounts (20)</i>	No standard format	No standard format	-	No standard format, but in English	-	-	No standard format
<i>Annual report and accounts of the mixed-activity holding company (7) (20)</i>	No standard format	No standard format	-	-	-	-	-
<i>Solvency statement (8)</i>	No standard format	-	-	-	-	-	-
<i>Balance sheet</i>	Either: (1) Templates 1.1,	Either: (1) Templates 1.1, 1.2, 1.3	Either: (1) Templates 1.1, 1.2, 1.3 at	-	-	[deleted.]	-

	1.2, 1.3 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Templates 1.1, 1.2, 1.3 at Annex IV of the <i>Supervisory Reporting ITS</i> ((2),(21))	at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Templates 1.1, 1.2, 1.3 at Annex IV of the <i>Supervisory Reporting ITS</i> ((2),(21), (22) (27))	Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Templates 1.1, 1.2, 1.3 at Annex IV of the <i>Supervisory Reporting ITS</i> ((2),(21))				
[deleted.]	[deleted.]	-	[deleted.]	[deleted.]	-	[deleted.]	-
Statement of profit or loss	Either: (1) Template 2 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Template 2 at Annex IV of the <i>Supervisory Reporting ITS</i> ((2),(21))	Either: (1) Template 2 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Template 2 at Annex IV of the <i>Supervisory Reporting ITS</i> ((2),(21), (22) (27))	Either: (1) Template 2 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Template 2 at Annex IV of the <i>Supervisory Reporting ITS</i> ((2),(21))	Either: (1) Template 2 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Template 2 at Annex IV of the <i>Supervisory Reporting ITS</i> (21)	-	-	-
Statement of comprehensive income	Either: (1) Template 3 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Template 3 at Annex IV of the <i>Supervisory Reporting ITS</i> ((2),(21))	Either: (1) Template 3 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Template 3 at Annex IV of the <i>Supervisory Reporting ITS</i> ((2),(21), (22) (27))	Either: (1) Template 3 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Template 3 at Annex IV of the <i>Supervisory Reporting ITS</i> ((2),(21))	-	-	-	-
Capital adequacy	-	-	-	-	-	[deleted.]	-
Market risk	FSA005 ((2),(3))	FSA005 ((2),(3), (22) (27))	FSA005 ((2),(3))	-	-	-	-

Market risk – supplementary	FSA006 (4)	FSA006 (4)	-	-	-	-	-
Large exposures	-	-	-	-	-	[deleted.]	-
Exposures between core UK group and non-core large exposures group	FSA018 (10)	FSA018 (10)	FSA018 (10)	-	-	-	-
Liquidity (other than stock)	-	-	FSA011	-	-	[deleted.]	-
Forecast data	PRA104 (9) PRA105 (9) PRA106 (9) PRA107 (9)	PRA104 (23) (28) PRA105 (23) (28) PRA106 (23) (28) PRA107 (23) (28)	PRA104 (9) PRA105 (9) PRA106 (9) PRA107 (9)	-	-	-	-
Solo consolidation data	FSA016 (5)	FSA016 (5)	FSA016 (5)	-	-	-	-
Interest rate gap report	FSA017 (2)	FSA017 ((2), (22) (27))	FSA017 (2)	-	-	-	-
Sectoral information, including arrears and impairment	FSA015 ((2), (22))	FSA015 ((2), (22), (27))	FSA015 ((2), (22))	-	-	-	-
IRB portfolio risk	FSA045 ((2),(11))	FSA045 ((2),(11), (22) (27))	FSA045 ((2),(11))	-	-	-	-
Daily Flows	FSA047 ((13), (16) and (18))	FSA047 ((13), (16) and (18))	FSA047 ((13), (16) and (18))	FSA047 ((13), (15), (16) and (18))	FSA047 ((13), (15), (16) and (18))	-	-
Enhanced Mismatch Report	FSA048 ((13), (16) and (18))	FSA048 ((13), (16) and (18))	FSA048 ((13), (16) and (18))	FSA048 ((13), (15), (16) and (18))	FSA048 ((13), (15), (16) and (18))	-	-
Memorandum items	PRA 108 (2)	PRA 108 ((2), (22) (27))	PRA 108 (2)	-	-	-	-

Financial assets at fair value through other comprehensive income	Either: (1) Templates 4.3.1 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Templates 4.3.1 at Annex IV of the <i>Supervisory Reporting ITS</i> ((2), (21), (23))	<u>Either:</u> (1) <u>Templates 4.3.1 at Annex III of the <i>Supervisory Reporting ITS</i></u> ; or (2) <u>Templates 4.3.1 at Annex IV of the <i>Supervisory Reporting ITS</i></u> <u>((2), (21), (23), (27))</u>	Either: (1) Templates 4.3.1 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Templates 4.3.1 at Annex IV of the <i>Supervisory Reporting ITS</i> ((2), (21), (23))	=	=	=	=
Financial assets at amortised cost	Either: (1) Templates 4.4.1 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Templates 4.4.1 at Annex IV of the <i>Supervisory Reporting ITS</i> ((2), (21), (23))	<u>Either:</u> (1) <u>Templates 4.4.1 at Annex III of the <i>Supervisory Reporting ITS</i></u> ; or (2) <u>Templates 4.4.1 at Annex IV of the <i>Supervisory Reporting ITS</i></u> <u>((2), (21), (23), (27))</u>	Either: (1) Templates 4.4.1 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Templates 4.4.1 at Annex IV of the <i>Supervisory Reporting ITS</i> ((2), (21), (23))	=	=	=	=
Loans and advances other than held for trading and trading assets by product	Either: (1) Templates 5.1 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Templates 5.1 at Annex IV of the	<u>Either:</u> (1) <u>Templates 5.1 at Annex III of the <i>Supervisory Reporting ITS</i></u> ; or (2) <u>Templates 5.1 at Annex IV of the</u>	Either: (1) Templates 5.1 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Templates 5.1 at Annex IV of the <i>Supervisory Reporting ITS</i>	=	=	=	=

	<i>Supervisory Reporting ITS</i> (2), (21), (23))	<u><i>Supervisory Reporting ITS</i></u> (2), (21), (23), (27))	((2), (21), (23))				
Financial assets subject to impairment that are past due	Either: (1) Templates 7.1 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Templates 7.1 at Annex IV of the <i>Supervisory Reporting ITS</i> (2), (21), (23))	<u>Either:</u> (1) <u>Templates 7.1 at Annex III of the <i>Supervisory Reporting ITS</i></u> ; or (2) <u>Templates 7.1 at Annex IV of the <i>Supervisory Reporting ITS</i></u> (2), (21), (23), (27))	Either: (1) Templates 7.1 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Templates 7.1 at Annex IV of the <i>Supervisory Reporting ITS</i> (2), (21), (23))	=	=	=	=
Off-balance sheet exposures and commitments and guarantees measured at fair value: Loan commitments, financial guarantees and other commitments given	Either: (1) Templates 9.1.1 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Templates 9.1.1 at Annex IV of the <i>Supervisory Reporting ITS</i> (2), (21), (23))	<u>Either:</u> (1) <u>Templates 9.1.1 at Annex III of the <i>Supervisory Reporting ITS</i></u> ; or (2) <u>Templates 9.1.1 at Annex IV of the <i>Supervisory Reporting ITS</i></u> (2), (21), (23), (27))	Either: (1) Templates 9.1.1 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Templates 9.1.1 at Annex IV of the <i>Supervisory Reporting ITS</i> (2), (21), (23))	=	=	=	=
Movements in allowances and provisions for credit	Either: (1) Templates 12.1 at Annex III of the	<u>Either:</u> (1) <u>Templates 12.1 at Annex III of the</u>	Either: (1) Templates 12.1 at Annex III of the <i>Supervisory</i>	=	=	=	=

losses	<i>Supervisory Reporting ITS</i> ; or (2) Templates 12.1 at Annex IV of the <i>Supervisory Reporting ITS</i> ((2), (21), (23))	<u><i>Supervisory Reporting ITS</i></u> ; or (2) Templates 12.1 at Annex IV of the <u><i>Supervisory Reporting ITS</i></u> ((2), (21), (23), (27))	<i>Reporting ITS</i> ; or (2) Templates 12.1 at Annex IV of the <i>Supervisory Reporting ITS</i> ((2), (21), (23))				
Transfers between impairment stages (gross basis presentation)	Either: (1) Templates 12.2 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Templates 12.2 at Annex IV of the <i>Supervisory Reporting ITS</i> ((2), (21), (24))	Either: (1) Templates 12.2 at Annex III of the <u><i>Supervisory Reporting ITS</i></u> ; or (2) Templates 12.2 at Annex IV of the <u><i>Supervisory Reporting ITS</i></u> ((2), (21), (23), (27), (32), (33))	Either: (1) Templates 12.2 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Templates 12.2 at Annex IV of the <i>Supervisory Reporting ITS</i> ((2), (21), (24))	=	=	=	=
Breakdown of collateral and guarantees by loans and advances other than held for trading	Either: (1) Templates 13.1 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Templates 13.1 at Annex IV of the <i>Supervisory Reporting ITS</i> ((2), (21), (24))	Either: (1) Templates 13.1 at Annex III of the <u><i>Supervisory Reporting ITS</i></u> ; or (2) Templates 13.1 at Annex IV of the <u><i>Supervisory Reporting ITS</i></u> ((2), (21), (23), (27), (32), (33))	Either: (1) Templates 13.1 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Templates 13.1 at Annex IV of the <i>Supervisory Reporting ITS</i> ((2), (21), (24))	=	=	=	=

Information on performing and non-performing exposures	<p>Either:</p> <p>(1) Templates 18 at Annex III of the <i>Supervisory Reporting ITS</i>; or</p> <p>(2) Templates 18 at Annex IV of the <i>Supervisory Reporting ITS</i></p> <p>((2), (21), (25))</p>	<p>Either:</p> <p>(1) Templates 18 at Annex III of the <i>Supervisory Reporting ITS</i>; or</p> <p>(2) Templates 18 at Annex IV of the <i>Supervisory Reporting ITS</i></p> <p>((2), (21), (27), (32),(33))</p>	<p>Either:</p> <p>(1) Templates 18 at Annex III of the <i>Supervisory Reporting ITS</i>; or</p> <p>(2) Templates 18 at Annex IV of the <i>Supervisory Reporting ITS</i></p> <p>((2), (21), (25))</p>	=	=	=	=
Forborne exposures	<p>Either:</p> <p>(1) Templates 19 at Annex III of the <i>Supervisory Reporting ITS</i>; or</p> <p>(2) Templates 19 at Annex IV of the <i>Supervisory Reporting ITS</i></p> <p>((2), (21), (25))</p>	<p>Either:</p> <p>(1) Templates 19 at Annex III of the <i>Supervisory Reporting ITS</i>; or</p> <p>(2) Templates 19 at Annex IV of the <i>Supervisory Reporting ITS</i></p> <p>((2), (21), (27), (32),(33))</p>	<p>Either:</p> <p>(1) Templates 19 at Annex III of the <i>Supervisory Reporting ITS</i>; or</p> <p>(2) Templates 19 at Annex IV of the <i>Supervisory Reporting ITS</i></p> <p>((2), (21), (25))</p>	=	=	=	=
Geographical breakdown of assets by residence of the counterparty	<p>Either:</p> <p>(1) Templates 20.4 at Annex III of the <i>Supervisory Reporting ITS</i>; or</p> <p>(2) Templates 20.4 at Annex IV of the</p>	<p>Either:</p> <p>(1) Templates 20.4 at Annex III of the <i>Supervisory Reporting ITS</i>; or</p> <p>(2) Templates 20.4 at Annex IV of the</p>	<p>Either:</p> <p>(1) Templates 20.4 at Annex III of the <i>Supervisory Reporting ITS</i>; or</p> <p>(2) Templates 20.4 at Annex IV of the <i>Supervisory Reporting ITS</i></p>	=	=	=	=

	<i>Supervisory Reporting ITS</i> (2), (21), (24), (26))	<i>Supervisory Reporting ITS</i> (2), (21), (23), (26), (27), (32),(33))	((2), (21), (24), (26))				
Geographical breakdown by residence of the counterparty of loans and advances other than held for trading to non-financial corporations by NACE codes	Either: (1) Templates 20.7.1 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Templates 20.7.1 at Annex IV of the <i>Supervisory Reporting ITS</i> (2), (21), (24), (26))	Either: (1) <u>Templates 20.7.1 at Annex III of the <i>Supervisory Reporting ITS</i></u> ; or (2) <u>Templates 20.7.1 at Annex IV of the <i>Supervisory Reporting ITS</i></u> (2), (21), (23), (26), (27), (32), (33))	Either: (1) Templates 20.7.1 at Annex III of the <i>Supervisory Reporting ITS</i> ; or (2) Templates 20.7.1 at Annex IV of the <i>Supervisory Reporting ITS</i> (2), (21), (24), (26))	=	=	=	=
Intragroup exposures	-	RFB001 (24) (29)	-	-	-	-	-
Intragroup funding	-	RFB002 (24) (29)	-	-	-	-	-
Intragroup financial reporting (core)	-	RFB003 (24) (29)	-	-	-	-	-
Intragroup financial reporting (detailed breakdown)	-	RFB004 (24) (29)	-	-	-	-	-
Joint and several liability arising from taxes	-	RFB005 (25) (30)	-	-	-	-	-
Excluded activity entities	-	RFB006 (25) (30)	-	-	-	-	-
Use of financial market infrastructures	-	RFB007 (25) (30)	-	-	-	-	-

Excluded activities and prohibitions	-	RFB008 (31)	-	-	-	-
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- (2) *Firms that are members of a UK consolidation group must also submit this data item on a UK consolidation group basis.*

...

- (21) *A firm which is a IFRS firm must use the templates at Annex III of the Supervisory Reporting ITS. Any other firm must use the templates at Annex IV of the Supervisory Reporting ITS.*
- (22) *Not applicable either to a firm which is a IFRS firm or Opt-in IFRS 9 firm.*
- (23) *Only applicable to a firm which is a IFRS firm or Opt-in IFRS 9 firm.*
- (24) *Only applicable to a firm which is a IFRS firm or Opt-in IFRS 9 firm, and which has total assets equal to or greater than £5 billion on an individual basis or UK consolidation group basis. If this data item applies to a IFRS firm or Opt-in IFRS 9 firm on the basis of its UK consolidation group only, the firm must report the item only at the UK consolidation group level. If, during any reporting period as set out in 7.2, the total assets of a IFRS firm or Opt-in IFRS 9 firm become equal to or greater than £5 billion on an individual basis or UK consolidation group basis, the firm is required to start reporting this data item from the following reporting period. This requirement stops applying to a firm if its total assets on both an individual basis and UK consolidation group basis reduce to less than £5 billion for at least two consecutive reporting periods as set out in 7.2, in which case the firm does not report this item from the following reporting period.*
- (25) *Only applicable to a firm which has total assets equal to or greater than £5 billion on an individual basis or on a UK consolidation group basis. If this data item applies to a firm on the basis of its UK consolidation group only, the firm must report the item only at the UK consolidation group level. If, during any reporting period as set out in 7.2, the total assets of a firm become equal to or greater than £5 billion on an individual basis or UK consolidation group basis, the firm is required to start reporting this data item from the following reporting period. This requirement stops applying to a firm if its total assets on both an individual basis and UK consolidation group basis reduce to less than £5 billion for at least two consecutive reporting periods as set out in 7.2, in which case the firm does not report this item from the following reporting period.*
- (26) *Annex III applies in accordance with Article 9(2)(d) and Annex IV in accordance with Article 11(2)(d) of the Supervisory Reporting ITS.*
- ~~(22)~~(27) *Ring-fenced bodies within a sub-consolidation group must also submit the data item on a sub-consolidated basis.*
- ~~(23)~~(28) *Ring-fenced bodies that are within a sub-consolidation group must submit this data item at the UK consolidation group level and on a sub-consolidated basis only. Ring-fenced bodies that are not within a sub-consolidation group but are within a UK consolidation group must submit this data item at the UK consolidation group level only.*

~~(24)~~(29) *Ring-fenced bodies* within a *sub-consolidation group* must submit the *data item* on a *sub-consolidated basis* only.

~~(25)~~(30) _____ The *data item* may be submitted by a single *ring-fenced body* in a *sub-consolidation group*.

(31) *Ring-fenced bodies* within a *sub-consolidation group* must also submit the *data item* at the level of the *sub-consolidation group*. When completing the *data item*, the *ring-fenced body* must aggregate gross values for each entity within the *sub-consolidation group* without netting any intragroup transactions.

(32) A *ring-fenced body* is not required to submit this *data item* on an individual basis if the *ring-fenced body* has *total assets* of less than £5 billion on an individual basis. If, during any reporting period set out in 7.2, the *ring-fenced body's total assets* increase to £5 billion or more on an individual basis, the *ring-fenced body* is required to start reporting this *data item* from the following reporting period on an individual basis. If the *ring-fenced body's total assets* on an individual basis reduce to less than £5 billion for at least two consecutive reporting periods as set out in 7.2, the *ring-fenced body* does not report this *data item* from the following reporting period on an individual basis.

(33) A *ring-fenced body* is not required to submit this *data item* on a *sub-consolidated basis* if the *ring-fenced body* has *total assets* of less than £5 billion on a *sub-consolidated basis*. If, during any reporting period set out in 7.2, the *ring-fenced body's total assets* increase to £5 billion or more on a *sub-consolidated basis*, the *ring-fenced body* is required to start reporting this *data item* from the following reporting period on a *sub-consolidated basis*. If the *ring-fenced body's total assets* on a *sub-consolidated basis* reduce to less than £5 billion for at least two consecutive reporting periods as set out in 7.2, the *ring-fenced body* does not report this *data item* from the following reporting period on a *sub-consolidated basis*.

...

16 DATA ITEMS AND OTHER FORMS

...

16.32 RFB001 can be found ~~here~~ [here](#).

16.33 RFB002 can be found ~~here~~ [here](#).

16.34 RFB003 can be found ~~here~~ [here](#).

16.35 RFB004 can be found ~~here~~ [here](#).

16.36 RFB005 can be found ~~here~~ [here](#).

16.37 RFB006 can be found ~~here~~ [here](#).

16.38 RFB007 can be found ~~here~~ [here](#).

16.39 RFB008 can be found ~~here~~ [here](#).

Externally defined glossary terms

Term	Definition source
<i>ring-fenced body</i>	Section 417(1) FSMA
<i>sub-consolidated basis</i>	Article 4(1)(49) CRR

Appendix 6: Draft reporting templates RFB001 to RFB008

Draft template	Available at:
RFB001	http://www.bankofengland.co.uk/prd/Documents/publications/cp/2017/cp217app6rfb001temp.pdf
RFB002	http://www.bankofengland.co.uk/prd/Documents/publications/cp/2017/cp217app6rfb002temp.pdf
RFB003	http://www.bankofengland.co.uk/prd/Documents/publications/cp/2017/cp217app6rfb003temp.pdf
RFB004	http://www.bankofengland.co.uk/prd/Documents/publications/cp/2017/cp217app6rfb004temp.pdf
RFB005	http://www.bankofengland.co.uk/prd/Documents/publications/cp/2017/cp217app6rfb005temp.pdf
RFB006	http://www.bankofengland.co.uk/prd/Documents/publications/cp/2017/cp217app6rfb006temp.pdf
RFB007	http://www.bankofengland.co.uk/prd/Documents/publications/cp/2017/cp217app6rfb007temp.pdf
RFB008	http://www.bankofengland.co.uk/prd/Documents/publications/cp/2017/cp217app6rfb008temp.pdf

Appendix 7: Draft reporting instructions for RFB001 to RFB008

Draft reporting instruction	Available at:
RFB001	www.bankofengland.co.uk/practitioner/Documentations/publications/cp/2017/cp217app7rfb001instr.pdf
RFB002	www.bankofengland.co.uk/practitioner/Documentations/publications/cp/2017/cp217app7rfb002instr.pdf
RFB003 and RFB004	www.bankofengland.co.uk/practitioner/Documentations/publications/cp/2017/cp217app7rfb0034instr.pdf
RFB005	www.bankofengland.co.uk/practitioner/Documentations/publications/cp/2017/cp217app7rfb005instr.pdf
RFB006	www.bankofengland.co.uk/practitioner/Documentations/publications/cp/2017/cp217app7rfb006instr.pdf
RFB007	www.bankofengland.co.uk/practitioner/Documentations/publications/cp/2017/cp217app7rfb007instr.pdf
RFB008	www.bankofengland.co.uk/practitioner/Documentations/publications/cp/2017/cp217app7rfb008instr.pdf

Appendix 8: Draft amendments to Supervisory Statement 9/13 'Securitisation'

In this appendix, new text is underlined and deleted text is struck through.

...

5 Implicit support and SRT

5.1 The PRA will monitor the support provided by a firm to its securitisation transactions, and will consider this carefully in the assessment of commensurate risk transfer. As part of firms' ongoing consideration of risk transfer, the PRA expects them to consider the support they have provided to securitisation transactions.

5.2 If a firm is found to have provided support to a securitisation, the expectation that the firm will provide future support to its securitisations is increased. The PRA will take account of this increased expectation in future assessments of commensurate risk transfer for that firm.

5.3 The PRA expects securitisation documentation to make clear, where applicable, that repurchase of securitisation positions by the originator beyond its contractual obligations is not mandatory and may only be made at ~~fair market value~~ arm's length.

5.4 ~~[Deleted] Where a firm provides support which it is entitled, but not obliged, to provide under the contractual documentation of the securitisation, the PRA will consider the following factors in assessing if that support has been appropriately reflected in the assessment of SRT:~~

- ~~(a) whether the fact that the firm may provide such support was expressly set out in the contractual and marketing documents for the securitisation;~~
- ~~(b) whether the nature of the support that the firm may give is precisely described in the documentation;~~
- ~~(c) whether the maximum degree of support that could be provided could be ascertained at the time of the securitisation by the firm and by a person whose only information came from the marketing documents for the securitisation;~~
- ~~(d) whether the assessment of whether SRT was achieved and the amount of that risk transferred was made on the basis that the firm would provide support to the maximum degree possible; and~~
- ~~(e) whether the firm's own funds and own funds requirements were appropriately adjusted at the time of the securitisation on the basis that the firm provided support to the maximum degree possible.~~

5.5 If a firm fails to comply with CRR Article 248(1), the PRA may require it to disclose publically that it has provided non-contractual support to its transaction.

(CRR Articles 243, 244, 248 and 337 and CRD4 Article 98, EBA guidelines on implicit support for securitisation transactions (EBA/GL/2016/08))

...

7 Mapping of ECAI credit assessments to credit quality steps

[This chapter has been deleted]

~~7.1 The CRR requires the European Banking Authority (EBA) to produce implementing technical standards (ITS) mapping the credit assessments of ECAs to the credit quality steps specified in the CRR for the purposes of calculating risk-weighted exposure amounts under the ratings-based approach.~~

~~7.2 EBA is required to submit those draft ITS to the European Commission by 1 July 2014. Prior to adoption of the EBA's ITS, the PRA would expect firms to continue to use the PRA mapping of ECAI credit assessments to credit quality steps, as set out in **Tables 1–4** below. These tables will be superseded by the EBA's mapping once that mapping has been adopted by the Commission.~~

~~**Table 1** Long-term mapping: standardised approach~~

~~**Table 2** Long-term mapping: IRB approach~~

~~**Table 3** Short-term mapping: standardised approach~~

~~**Table 4** Short-term mapping: IRB approach~~

Appendix 9: Draft administration instrument

PRA RULEBOOK: ADMINISTRATION INSTRUMENT (No. [X]) 2017

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (13)section 137G (The PRA’s general rules);
 - (14)section 137T (General supplementary powers);
 - (15)section 142H (Ring-fencing rules);
 - (16)section 192J (Rules requiring provision of information by parent undertakings);
 - (17)section 192JA (Rules applying to parent undertakings of ring-fenced bodies);
 - (18)section 60 (applications for approval);
 - (19)section 60A (vetting of candidate by relevant authorised person); and
 - (20)section 63F (issuing of certificates).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

Pre-conditions to making

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

PRA Rulebook: Amendment Instrument (No. [X]) 2017

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

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

Commencement

E. Annexes A, B, F, G, K, L and M of this instrument come into force on [DATE]. Annex C of this instrument will come into force on [DATE]. Annex D of this instrument will come into force on [DATE]. Annex E, H, I and J of this instrument will come into force on [DATE].

Expiry

F. The amendments made in Annex B will cease to have effect and be deleted on [DATE]

Citation

G. This instrument may be cited as the PRA Rulebook: Administration Instrument (No. [X]) 2017.

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

Annex A

Amendments to the Regulatory Reporting Part

In this Annex new text is underlined>.

...

7 REGULATED ACTIVITY GROUP 1

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

RAG 1	Prudential category of <i>firm</i> , applicable <i>data items</i> and reporting format (1)					
	<i>UK bank</i>	<i>Building society</i>	<i>Non-EEA bank</i>	<i>EEA bank that has permission to accept deposits and that has its registered office (or, if it has no registered office, its head office) outside the EU</i>	[deleted.]	<i>Dormant account fund operator (12)</i>
Description of data item						
...						
Balance sheet	FSA001_(2)	FSA001_(2) -	-	-	[deleted.]	-
...						

...

9 REGULATED ACTIVITY GROUP 3

...

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

RAG 3	
Description of <i>data item</i>	Applicable <i>data items</i> (1)
...	
<i>Annual report and accounts of the mixed-activity holding company</i> ((5) and (17))	No standard format
...	

Annex B

Amendments to the Regulatory Reporting Part

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

...

7 REGULATED ACTIVITY GROUP 1

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

RAG 1	Prudential category of <i>firm</i> , applicable <i>data items</i> and reporting format (1)					
	<i>UK bank</i>	<i>Building society</i>	<i>Non-EEA bank</i>	<i>EEA bank that has permission to accept deposits and that has its registered office (or, if it has no registered office, its head office) outside the EU</i>	[deleted.]	<i>Dormant account fund operator (12)</i>
Description of data item						
<i>Annual report and accounts (20)</i>	No standard format	-	No standard format, but in English	-	-	No standard format
<i>Annual report and accounts of the mixed-activity holding company</i>	No standard format	-	-	-	-	-

((7) and (20))						
...						
Market risk	FSA005 ((2), <u>and (3)</u>)	FSA005 <u>((2), and (3))</u>	-	-	-	-
...						
IRB portfolio risk	FSA045 ((2) <u>and (11)</u>)	FSA045 <u>((2), and (11))</u>	=	-	-	-
...						

Annex C

Amendments to the Regulatory Reporting Part

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

...

16 DATA ITEMS AND OTHER FORMS

...

~~46.26~~16.29 PRA104 can be found **here**.

~~46.27~~16.30 PRA105 can be found **here**.

~~46.28~~16.31 PRA106 can be found **here**.

~~46.29~~16.32 PRA107 can be found **here**.

~~46.30~~16.33 PRA108 can be found **here**.

~~46.31~~16.34 Templates 1.1, 1.2, 1.3, 2 and 3 at Annexes III and IV of the *Supervisory Reporting ITS* can be found **here**.

Annex D

Amendments to the Regulatory Reporting Part

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

...

7 REGULATED ACTIVITY GROUP 1

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

RAG 1	Prudential category of <i>firm</i> , applicable <i>data items</i> and reporting format (1)						
	<i>UK bank other than a ring-fenced body</i>	<i>Ring-fenced body</i>	<i>Building society</i>	<i>Non-EEA bank</i>	<i>EEA bank that has permission to accept deposits and that has its registered office (or, if it has no registered office, its head office) outside the EU</i>	[deleted.]	<i>Dormant account fund operator (12)</i>
Description of data item							
...							
<i>Annual report and accounts of the mixed-activity holding company ((7) and (20))</i>	No standard format	No standard format	-	-	-	-	-
...							

Market risk	FSA005 ((2), <u>and (3)</u>)	FSA005 ((2),(3), <u>and (22)</u>)	FSA005 ((2), <u>and</u> (3))	-	-	-	-
...							
IRB portfolio risk	FSA045 ((2), <u>and (11)</u>)	FSA045 ((2),(11), <u>and (22)</u>)	FSA045 ((2), <u>and</u> (11))	-	-	-	-
...							

...

16 DATA ITEMS AND OTHER FORMS

...

~~46.32~~16.35 RFB001 can be found **here**.

~~46.33~~16.36 RFB002 can be found **here**.

~~46.34~~16.37 RFB003 can be found **here**.

~~46.35~~16.38 RFB004 can be found **here**.

~~46.36~~16.39 RFB005 can be found **here**.

~~46.37~~16.40 RFB006 can be found **here**.

~~46.38~~16.41 RFB007 can be found **here**.

~~46.39~~16.42 RFB008 can be found **here**.

Annex E

Amendments to the Fitness and Propriety Part

In this Annex deleted text is struck through.

1 APPLICATION AND DEFINITIONS

...

1.3 In this Part, the following definitions shall apply:

...

individual conduct requirements

means

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

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

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

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

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

(6) APER in the *FCA Handbook*.

...

Annex F

Amendments to the Group Supervision Part

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

...

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

...

6.5 ...

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

...

(~~b~~c) any instrument issued pursuant to the programme must, under the terms of the programme, constitute *basic own funds*; and

...

Annex G

Amendments to the Conditions Governing Business Part

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

...

12 LLOYD'S

...

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

Annex H

Amendments to the Insurance – Fitness and Propriety Part

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

1 APPLICATIONS AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

individual conduct requirements

means:

- (1) the Individual Conduct Rules and Senior Manager Conduct Rules in Conduct Rules 2 and 3;
- (2) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Insurance – Conduct Standards 3;
- (3) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Large Non-Solvency II Firms - Conduct Standards 3;
- (4) ~~COCON~~, FIT and APER in the *PRA Handbook*;
- (5) COCON in the *FCA Handbook*; and
- (6) APER in the *FCA Handbook*.

...

4 DISCLOSURE AND REPLACEMENTS

- 4.1 (1) A *firm* (other than a *UK ISPV*) shall notify the *PRA* of any changes to the identity of *key function holders* and shall provide the *PRA* with:
- (a) all the information needed to assess whether such *person* is fit and proper pursuant to 2.2; and
 - (b) the information referred to in Insurance - Allocation of Responsibilities 5.1(3) in respect of that *person*.
- (2) A *UK ISPV* shall notify the *PRA* of any changes to the identity of *key function holders* who are effectively running the *firm* and shall provide the *PRA* with all the information needed to assess whether such *person* is fit and proper pursuant to 2.2.

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

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

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

...

Annex I

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

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

1 APPLICATIONS AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

individual conduct requirements

means:

- (1) the Individual Conduct ~~Rules~~ and Senior Manager Conduct Rules in Conduct Rules 2 and 3;
- (2) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Insurance – Conduct Standards 3;
- (3) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Large Non-Solvency II Firms - Conduct Standards 3;
- (4) ~~COCON~~, FIT and APER in the *PRA Handbook*;
- (5) COCON in the *FCA Handbook*; and
- (6) APER in the *FCA Handbook*.

...

3 REGULATORY REFERENCES

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

- (a) is considering issuing a *certificate* to, making a *senior management application* in respect of, or appointing as a *senior insurance management function holder*, a *key function holder*, a *non-executive director*, a *notified non-executive director* or a *credit union non-executive director*, a *person* (P);
- (b) makes a request for a reference or other information in respect of P from a *firm* to which this Part applies (B), in B's capacity as:
 - (i) P's current or former employer; or
 - (ii) an organisation (not falling within (i)) at which P is ~~is~~ currently serving, or has served, as a *key function holder* or other *approved person*; and
- (c) indicates to B the purpose of the request;

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

...

Annex J

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

In this Annex, striking through indicates deleted text.

1 APPLICATIONS AND DEFINITIONS

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

1.2 In this Part, the following definitions shall apply:

continued approval

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

...

3 REGULATORY REFERENCES

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

- (a) is considering issuing a *certificate* to, making a *senior management application* in respect of, or appointing as a *senior insurance management function holder*, a *key function holder*, a *non-executive director*, a *notified non-executive director* or a *credit union non-executive director*, a *person* (P);
- (b) makes a request for a reference or other information in respect of P from a *firm* to which this Part applies (B), in B's capacity as:
 - (i) P's current or former employer; or
 - (ii) an organisation (not falling within (i)) at which P is currently serving, or has served, as a *senior insurance management function holder*, other *approved person* or *non-executive director*; and
- (c) indicates to B the purpose of the request;

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

...

Annex K

Amendments to the Third Country Branches Part

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

...

9 REPORTING

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

...

Annex L

Amendments to the Own Funds Part

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

1 APPLICATION AND DEFINITION

...

5 NOTIFICATION OF ISSUANCE OF OWN FUNDS ITEMS

...

5.8 ...

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

...

Annex M

Amendments to the Glossary

Underlining indicates new text and striking through indicates deleted text.

relevant insurance group undertaking

means, in relation to a *group* falling within Group Supervision 2.1(1) or 2.1(2)-2.1(4)(a) ~~or 2.1(4)(b)~~, each *UK Solvency II undertaking* within that *group*.

senior insurance management function

means

1. (for a *UK Solvency II firm*, the *Society*, a *managing agent*, a *third country branch undertaking* (other than a *Swiss general insurer*) and a *UK ISPV*) that aspect of any *key function* relating to the carrying on of a *regulated activity* by the *firm*, which is specified by the *PRA* in Insurance – Senior Insurance Management Functions 3 to 10 pursuant to section 59 of *FSMA*.
2. (for a *small non-directive insurer*) any function which is specified by the *PRA* in Non-Solvency II Firms – Senior Insurance Management Functions 3 to 5 ~~2.2~~ pursuant to section 59 of *FSMA*.
3. (for a *large non-directive insurer* and a *Swiss general insurer*) any function which is specified by the *PRA* in Large Non-Solvency II Firms – Senior Insurance Management Functions 3 to 8 pursuant to section 59 of *FSMA*.