



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

Consultation Paper | CP28/17

Strengthening accountability: implementing the extension of the SM&CR to insurers and other amendments

December 2017



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Responses are requested by Wednesday 21 February 2017.

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1 Overview

1.1 In this consultation paper (CP), the Prudential Regulation Authority (PRA) sets out the proposed changes to forms and other consequential changes and minor administrative amendments related to the extension of the Senior Managers and Certification Regime (SM&CR, 'the regime') to insurers. It also sets out proposals for the removal of gendered language from the SM&CR for banking firms and insurers, amongst other changes. It should be read in conjunction with CP8/17,¹ which proposed optimisations to the existing Senior Insurance Managers Regime (SIMR), and CP14/17,² which proposed the extension of the SM&CR to insurers.

1.2 This CP is relevant to PRA-authorized UK banks, building societies, credit unions, including UK branches of non-EEA firms and PRA-designated UK investment firms ('banking firms'), Solvency II insurers (ie UK Solvency II firms, the Society of Lloyd's and Lloyd's managing agents, third country (re)insurance branches), insurance special purpose vehicles (ISPVs), large non-Directive firms (NDFs), small NDFs and Swiss general insurers.

Background

1.3 The PRA considers that holding individuals to account is a key component of effective regulation. Since March 2016 the SM&CR has applied to banking firms and the SIMR has applied to PRA regulated insurers.

1.4 CP14/17 set out the substantive proposals for the extension of the SM&CR to insurers. A key objective for the extension is to strengthen the PRA's regulatory regime for insurers to ensure there is an effective governance system with a clear allocation of responsibilities within firms. The extension was introduced by amendments to the Financial Services and Markets Act 2000 (FSMA) through the Bank of England and Financial Services Act 2016 ('the 2016 Act'). It will not take effect until a commencement date has been set by HM Treasury. For the purpose of this publication, the PRA have assumed that the rules will apply in late 2018.

1.5 This CP sets out the proposed changes to forms and other consequential amendments related to the extension, as well as minor amendments to the SM&CR that are not directly related to the extension. These include proposals to remove gendered language from the SM&CR for banking firms and insurers. The PRA considers this to be an appropriate time to make these additional changes in the interests of efficiency and to expedite future amendments to forms.

1.6 In this CP the PRA refers to the extension of the SM&CR to insurers to mean the creation of an integrated regime across banking and insurance. This includes the proposals in this CP that are legally required to implement the amendments to FSMA, as well as other proposals that the PRA considers are otherwise justified by prudential and supervisory considerations. The proposals in this CP are not pre-empting the PRA's consideration of responses to CP14/17 or other proposals recently out for consultation. Nonetheless, the proposed forms and rules in this CP take into account proposals in recent CPs and use these as a baseline.

1 'Strengthening accountability in banking and insurance: optimisations to the SIMR, and changes to SMR forms', June 2017: www.bankofengland.co.uk/prudential-regulation/publication/2017/strengthening-accountability-in-banking-and-insurance.
 2 'Strengthening individual accountability in insurance: extension of the Senior Managers and Certification Regime to insurers', July 2017: www.bankofengland.co.uk/prudential-regulation/publication/2017/strengthening-individual-accountability-in-insurance-extension-of-the-sm-cr-to-insurers.

Summary of proposals

1.7 This CP includes proposals on:

- (i) the rationalisation of the existing SM&CR/SIMR forms to produce a streamlined set of forms, and amendments to Part 4A Permission forms (Chapter 2);
- (ii) implementing the extension to insurers, including some transitional arrangements and changes to references to the existing SIMR and Senior Insurance Management Functions (SIMFs) (Chapter 3);
- (iii) the process for transferring from an SMF at an insurance firm to a banking firm (Chapter 4); and
- (iv) the removal of gendered language from the SM&CR (Chapter 5).

1.8 The proposed changes to supervisory statements are to update terminology to reflect the extension and to replace references to 'chairman' with 'chair'. These changes are described in Chapter 3 and 5. They are consequential to the changes to PRA rules so the draft amendments have not been included in this CP. This CP includes the following appendices: draft instrument (Appendix 1); amended Part 4A Permissions forms (Appendix 2); and the rationalised SM&CR forms for dual-regulated banking firms and insurers (Appendix 3).

1.9 This CP should be read in conjunction with Financial Conduct Authority (FCA) CP17/41, also published on Wednesday 13 December 2017, which contains the FCA's equivalent proposals to implement the extension.¹

Implementation

1.10 The extended SM&CR for insurers will not come into effect until a commencement date has been set by HM Treasury, at which point the PRA proposes to publish the final policy and rules. For the purpose of this publication, the PRA have assumed that the rules will apply in late 2018.

Responses and next steps

1.11 This consultation closes on Wednesday 21 February 2018, which is intended to ensure that final rules are made well in advance of implementation and that the industry has sufficient time to prepare. The PRA invites feedback on the proposals set out in this consultation. Please address any comments or enquiries to CP28_17@bankofengland.co.uk.

2 Amendments to forms

2.1 This chapter sets out the PRA's proposals to streamline the SM&CR forms, and update the Part 4A permission forms.

Rationalisation of SM&CR forms

2.2 As part of the extension the PRA proposes to implement a streamlined set of SM&CR forms for both banking firms and insurers (Appendix 3). To do this the PRA proposes to amend the existing forms so they no longer distinguish between firm types. These proposals are

¹ www.fca.org.uk/publications/consultation-papers/cp17-41-individual-accountability-transitioning-insurers-sm-cr.

designed to simplify the requirements on firms, and to align the regimes for banking firms and insurers.

2.3 At present a separate form is often produced for Relevant Authorised Persons (RAPs),¹ Third Country RAPs, Solvency II firms, large NDFs and small NDFs. This has led to a large number of SM&CR/SIMR forms. The rationalisation of the forms will reduce the number of forms from 26 to 11.

2.4 The proposals would result in one version of each of the following forms irrespective of the nature of a firm's business:²

Form	Description
Long Form A	Application to perform senior management functions
Short Form A	Application to perform senior management functions
Form B	Notice to withdraw an application to perform senior management functions
Form C	Notice of ceasing to perform senior management functions
Form D	Changes to personal information/application details and conduct breaches/disciplinary action related to conduct
Form E	Internal transfer of a senior manager
Form I	Application for the variation of a conditional approval for the performance of a senior management function
Form J	Notification of significant changes in responsibilities of a senior management function
Form L	Notification of disciplinary action in relation to an employee performing a certification function
Form M	Notification of Non- Executive Director (NED) or Key Function Holder (KFH)
Statement of Responsibilities (SoR) ³	Statement of Responsibilities

2.5 The extension, and where appropriate the integration, of the two regimes has resulted in the renumbering of certain functions. There is no change to the numbering of existing SMFs for banking firms however as the SIMFs have been integrated into the SM&CR, there has been some renumbering to SIMFs 21, 22 and 23. This is to avoid duplication in numbering of banking and insurer SMFs and to ensure each SMF under the integrated SM&CR has its own unique identifier.⁴

2.6 The proposed list of SMFs for the integrated regime is set out below. SMFs subject to pre-approval by the PRA (with FCA consent) are marked with an asterisk; the other SMFs require pre-approval by the FCA only.

1 Banks, building societies, credit unions and PRA-designated investment firms are collectively referred to as Relevant Authorised Persons ('RAPs').

2 The forms are currently available at www.bankofengland.co.uk/prudential-regulation/authorisations/senior-managers-regime-approvals. There is already a single form for Form B, C and D.

3 As outlined in CP14/17, the PRA proposes that the existing scope of responsibilities under SIMR will become a statement of responsibilities following the extension.

4 The With- Profits Actuary function is currently SIMF 21; the Chief Underwriting Officer function is currently SIMF 22; the Underwriting Risk Oversight function is currently SIMF 23. The proposed renumbering is outlined in paragraph 2.6.

Function	Description of a <i>Senior Management Function</i>	Function	Description of a <i>Senior Management Function</i>	Function	Description of a <i>Senior Management Function</i>
SMF 1*	Chief Executive	SMF11*	Chair of the Audit Committee	SMF20a*	With-Profits Actuary
SMF 2*	Chief Finance	SMF12*	Chair of the Remuneration Committee	SMF21	EEA Branch Senior Manager (EBSM)
SMF 3	Executive Director	SMF13	Chair of the Nomination Committee	SMF22	Other Local Responsibility
SMF 4*	Chief Risk	SMF14*	Senior Independent Director	SMF23*	Chief Underwriting Officer
SMF 5*	Head of Internal Audit	SMF15	Chair of With Profits Committee	SMF23a*	Underwriting Risk Oversight (Lloyd's)
SMF 6*	Head of Key Business Area	SMF16	Compliance Oversight	SMF23b	Conduct Risk Oversight (Lloyd's)
SMF 7*	Group Entity Senior Manager	SMF17	Money Laundering Reporting Officer (MLRO)	SMF24 *	Chief Operations
SMF 8*	Credit Union Senior Manager	SMF18	Other Overall Responsibility	SMF25*	Small Insurer Senior Management Function
SMF 9*	Chair of the governing body	SMF19*	Head of Overseas/ Third Country Branch	SMF26*	Head of Small Run-Off Firm
SMF10*	Chair of the Risk Committee	SMF20*	Chief Actuary	SMF27	Partner

2.7 Alongside amendments to the SMF numbering, the PRA proposes to integrate the Prescribed Responsibilities (PRs) of the existing banking SM&CR and SIMR while respecting the differences between banking firms and insurers. The proposed list of PRs is in line with existing banking requirements, existing insurer requirements and further proposals for insurers outlined in CP8/17 and CP14/17. There will be no changes to the text of the PRs in the PRA Rulebook and the integration of the PRs is purely for the purposes of preparing a form applicable to both banks and insurers. The references for the PRs have been amended to accommodate the integration. The full list of PRs and the new references are captured in the SoR form (Appendix 3).

2.8 For consistency, the PRA proposes to align the Supplementary Information section of relevant paper forms with the existing text on the electronic form. It is for firms to assess which supporting documents they should submit but, in general, the PRA continues to expect firms to submit all of the listed supporting documents.

2.9 The PRA proposes to add one additional requirement on the applicant firm to submit details of the director's time commitments if they have one or more directorships. In practice, firms already provide details of time commitments as part of the authorisations process, and firms are expected to review time commitments under the General Organisational Requirements Part of the PRA Rulebook.

Removal of Form F – ‘Changes in Notified Persons Form’

2.10 As part of the proposals to streamline the SM&CR forms, the PRA proposes to remove Form F.

2.11 Form F is used by a third country firm to notify the PRA (within 30 days) of changes regarding:

- the worldwide chief executive (if based outside the United Kingdom);
- the person within the overseas firm with strategic responsibilities for UK operations;
- for a bank, the two or more persons who direct its business (in accordance with SYSC 4.2.2 of the FCA Handbook); and
- for an insurer, the authorised UK representative (this must be a UK resident who is authorised to accept service of any document on behalf of the firm).¹

2.12 Form F is a notification only, and the individuals do not require regulatory pre-approval to perform their respective roles. The form is a joint PRA/FCA form. It is not available for electronic submission.

2.13 This is a rarely-used form and for efficiency the PRA proposes to remove this form. However the PRA plans to retain the rule that requires firms to notify their usual PRA supervisory contact, see Appendix 1.

Removal of Form K – ‘Grandfathering Notification Form’

2.14 As part of the proposals to streamline the SM&CR forms, the PRA proposes to remove Form K.

2.15 Form K was used when the SM&CR and SIMR were implemented to convert individuals with existing PRA approval to the new regimes. This conversion has now taken place. Therefore the form and accompanying SoR would no longer be required.

2.16 The PRA and FCA propose to re-designate individuals approved to perform a SIMF automatically to a Senior Management Functions (SMF) as part of the extension of the SM&CR, as outlined in CP14/17.

Fitness and Propriety questions on relevant forms

2.17 The PRA proposes to make minor amendments to the Fitness and Propriety questions in the relevant SM&CR forms (Appendix 3).

2.18 These changes are designed to improve clarity and to reduce the scope of questions, where possible. This is to avoid making the forms unnecessarily burdensome for firms while maintaining the level of detail the PRA requires to meet its objectives.

Part 4A Permissions forms

2.19 The PRA proposes to amend four Part 4A Permissions forms as part of consequential changes related to the extension (Appendix 2).

¹ www.prarulebook.co.uk/rulebook/Content/Chapter/211503/04-07-2017).

2.20 Part 4A Permissions forms are completed by firms when they are applying to carry out regulated business. The forms currently make reference to the SIMR and FCA Controlled Functions that will cease to exist for dual-regulated firms once the extension of the SM&CR is implemented. Therefore the PRA proposes to amend the text in the forms to ensure it is consistent with SM&CR terminology. The PRA also proposes to update the references to titles of SM&CR forms to ensure they align with the titles of the proposed rationalised forms.

2.21 The FCA also proposes to make a number of amendments to the Fees and Levies section of the forms. As these forms belong to both the PRA and FCA these changes are also reflected in Annex 6 in the FCA's CP.

3 Implementing the extension to insurers

Transitional arrangements for the extension to insurers

3.1 The PRA proposes that the new requirement on insurers to certify employees performing certification functions as fit and proper would come into effect 12 months after the commencement date of the SM&CR for insurers set by HM Treasury. This would mean that insurers would not be required to issue a certificate to any employee until this later date. This would also mean that firms would not need to obtain regulatory references for certification employees¹ until the time which they decide whether to issue a certificate to those employees.

3.2 The PRA proposes that a regulatory reference would not need to be sought for these employees if they were performing the same certification function immediately prior to the commencement of the certification requirements.

3.3 In accordance with the Insurance – Allocation of Responsibilities Part of the PRA Rulebook all senior managers at Solvency II firms and large NDFs should have a SoR (currently known as a scope of responsibilities) in place on the date of the commencement of the extension of the SM&CR. The PRA proposes that these SoRs would not be required to be submitted automatically to the PRA by insurers on this commencement date, but they could be requested from firms as part of the PRA's ongoing supervision.

Consequential amendments related to the extension

3.4 The PRA proposes to amend the PRA Rulebook to facilitate the extension of the SM&CR to insurers. This includes:

- amending all references to 'Senior Insurance Managers Regime' or 'SIMR' to 'Senior Managers Regime' or 'SMR';
- amending all references to 'Senior Insurance Manager Functions' or 'SIMFs' to 'Senior Management Functions' or 'SMFs';
- amending the 'Insurance – Senior Insurance Manager Functions' Part by changing the name and references to 'Insurance – Senior Manager Functions'; and
- amending the 'Senior Insurance Managers Regime – Applications and Notifications' Part by changing the name and references to 'Insurance - Senior Managers Regime – Applications and Notifications'.

¹ There is already a requirement on firms to obtain regulatory references when deciding whether or not a person is fit and proper to be appointed a key function holder.

3.5 The same changes, to remove references to SIMR/SIMFs in titles of parts of the Rulebook, will be made to the rules for non-directive firms. The PRA does not propose to amend the transitional rules for insurers. This will be taken into consideration for future changes following confirmation of the commencement date from HM Treasury.

3.6 The PRA also proposes to replace each reference to ‘Senior Insurance Managers Regime’ with ‘Senior Managers Regime’; and each reference to ‘Senior Insurance Management Function’ with ‘Senior Management Function’ in the following supervisory statements:

- SS28/15¹
- SS39/15²
- SS5/16³
- SS10/16⁴
- SS3/17⁵

3.7 The draft SSs have not been included in this CP, but will be published in full with the subsequent policy statement. There are no additional changes to the SSs than those outlined in this CP.

Deletion of Senior Managers Regime – Transitional Provisions

3.8 The PRA proposes to delete the Senior Managers Regime – Transitional Provisions Part of the PRA Rulebook.

3.9 The rationale for the deletion is the same as that for the removal of Form K, ie the SM&CR was implemented for banking firms in March 2016, transitions have taken place and therefore this is no longer required.

4 Transfer of SMFs from insurance firms to banking firms

4.1 In CP14/17 the PRA outlined a proposal that would enable an individual who has been approved for an SMF within an insurance firm to be treated equivalently to an individual who has been approved for an SMF within a banking firm. In practice, this proposal would streamline the process by making it possible for an individual to move from an SMF at a banking firm to an SMF at an insurance firm through the submission to the PRA of either a Short Form A or Form E, as appropriate.

4.2 In CP14/17 the PRA explained a future CP would include corresponding rules changes to enable a similar approach for individuals moving from an insurance firm to a banking firm. This

1 ‘Strengthening individual accountability in insurance’, May 2017: www.bankofengland.co.uk/prudential-regulation/publication/2015/strengthening-individual-accountability-in-insurance-ss.

2 ‘Whistleblowing in deposit-takers, PRA-designated investment firms and insurers’, October 2015: www.bankofengland.co.uk/prudential-regulation/publication/2015/whistleblowing-in-deposit-takers-pra-designated-investment-firms-and-insurers-ss.

3 ‘Corporate governance: Board responsibilities’, March 2016: www.bankofengland.co.uk/prudential-regulation/publication/2015/corporate-governance-board-responsibilities.

4 ‘Solvency II: Remuneration requirements’, August 2016: www.bankofengland.co.uk/prudential-regulation/publication/2016/solvency-2-remuneration-requirements-ss.

5 ‘Solvency II: matching adjustment - illiquid unrated assets and equity release mortgages’, July 2017: www.bankofengland.co.uk/prudential-regulation/publication/2017/solvency-2-matching-adjustment-illiquid-unrated-assets-and-equity-release-mortgages-ss.

CP proposes to make this change in order to provide reciprocal terms. This will allow an SMF holder at an insurance firm to transfer to an SMF holder at a banking firm via a Short Form A or Form E, as appropriate, rather than a Long Form A.

5 The removal of gendered language from the SM&CR

5.1 The PRA proposes to use the opportunity of making amendments to the PRA Rulebook and forms as part of the extension to also remove gendered language from the SM&CR.

5.2 This will primarily involve amending the titles of a number of SMFs that refer to the 'Chairman' and changes to how individuals are addressed in terms of 'his/her'. Separately, the PRA proposes to update our terminology from 'grandfather/ing' to 'conversion'.

5.3 The SMFs impacted by the proposed gender changes are SMF 9, 10, 11, 12, 13 and 15 – these are the SMFs responsible for chairing the governing body and the various committees. The PRA proposes to change the title of SMF 9 from 'Chairman' to 'Chair of the governing body' and to amend the titles of the other relevant SMFs to read 'Chair of [insert committee name]'.

5.4 The terms are used in the PRA Rulebook, SM&CR forms and supervisory statements including SS5/16 and SS28/15. The PRA consulted on similar changes to SS35/15¹ in CP14/17.

5.5 The PRA's ring-fencing policies and rules also make reference to the SMFs that will be impacted by this proposal. Therefore the PRA proposes to amend the Ring-fenced Bodies Part of the PRA Rulebook (Appendix 1) to reflect the removal of gendered language from the SM&CR.

5.6 In the interests of efficiency, the PRA has not proposed making these changes to the transitional rules for insurers. This is part of considerations for future changes following confirmation of the commencement date from HM Treasury.

6 The PRA's statutory obligations

6.1 In carrying out its policy making and rule making functions, the PRA is required to comply with several legal obligations.

6.2 Before making any rules, FSMA² requires the PRA to publish a draft of the proposed rules accompanied by:

- a cost benefit analysis;³
- an explanation of the PRA's reasons for believing that making the proposed rules is compatible with the PRA's duty to act in a way that advances its general objective,⁴ insurance objective⁵ (if applicable), and secondary competition objective;⁶

1 'Strengthening individual accountability in insurance', May 2017: www.bankofengland.co.uk/prudential-regulation/publication/2015/strengthening-individual-accountability-in-insurance-ss.

2 Section 138J of FSMA.

3 Section 138J (2) (a)

4 Section 2B of FSMA.

5 Section 2C of FSMA.

6 Section 2H(1) of FSMA.

- an explanation of the PRA's reasons for believing that making the proposed rules are compatible with its duty to have regard to the regulatory principles;¹ and
- a statement as to whether the impact of the proposed rules will be significantly different to mutuals than to other persons.²

6.3 The Prudential Regulation Committee (PRC) should have regard to aspects of the Government's economic policy recommended by HM Treasury.³

6.4 The PRA is also required by the Equality Act 2010⁴ to have due regard to the need to eliminate discrimination and to promote equality of opportunity in carrying out its policies, services and functions.

Cost benefit analysis

6.5 CP14/17 included the cost benefit analysis on the principle of the extension of the SM&CR to insurers. As such, the cost- benefit analysis below deals solely with the proposals in this CP.

6.6 The PRA recognises there will be some one-off costs required by firms to take account of the changes to the SM&CR. The PRA believes this will primarily involve administrative changes related to the renumbering of SMFs and amendments to the PR references. However the PRA anticipates these costs will be minimal.

6.7 The PRA also recognises there may be some administrative one-off costs related to the proposals to replace gendered language with gender neutral language however these are not expected to be material.

6.8 The additional question on a director's time commitments as part of the authorisations process is not expected to increase the burden on firms. This information should already be gathered by the firm and is considered by the PRA ahead of authorisation of an individual as an SMF. This is in line with existing requirements in the General Organisational Requirements Part of the PRA Rulebook.

6.9 For firms that operate across banking and insurance, and international firms, the proposed rationalisation of the forms will lead to savings in future ongoing compliance due to the introduction of one of each form irrespective of firm type. Furthermore, the proposal in Chapter 4 to streamline the process for transferring from an SMF at an insurer to an SMF at a bank will reduce the burden on firms by providing for the use of Short Form A and E, where appropriate, rather than Long Form A.

6.10 The proposal to remove Form F will remove an additional burden on firms. In practice, firms are required to submit a Form F to notify their supervisory contact. The proposals will therefore streamline the notification process.

Compatibility with the PRA's objectives

6.11 The proposals in this CP are intended to provide a streamlined approach to the SM&CR for banking firms and insurers. It is intended the updated forms will reduce the burden on firms and provide greater clarity on the PRA's expectations.

1 Sections 2H(2) and 3B of FSMA.

2 Section 138K of FSMA.

3 Section 30B of the Bank of England Act 1998.

4 Section 149.

6.12 The proposals are technical and therefore the implications for the PRA's objectives are limited. Nonetheless, a number of the proposals in this CP enable an integrated regime for senior managers across banking and insurance, and by doing so will enhance the ongoing safety and soundness of firms, and ensure there is an appropriate degree of protection for existing and future policyholders. This is achieved by ensuring senior individuals at regulated firms are fit and proper, with clear responsibilities, and acting in accordance with the PRA's Conduct Rules. The PRA has assessed whether the proposals in this CP facilitate effective competition.

Regulatory principles

6.13 In developing the proposals in this CP, the PRA has had regard to the regulatory principles. Three of the principles are of particular relevance.

6.14 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 has indicated the key areas of its judgement, particularly in the cost benefit analysis section.

6.15 The principle that a firm's senior management is responsible for the activities of the firm and for ensuring compliance with regulatory requirements. The proposals in this CP complement CP14/17 which are designed to strengthen the individual accountability of key individuals in a firm. The proposed additional question on a director's time commitments further strengthens this.

6.16 The principle that there is recognition for the differences in the nature of, and objectives of, businesses carried on by different persons subject to requirements imposed by or under FSMA. The proposals in this CP recognise the differences between banking firms and insurers – for example, while there has been some integration of the PRs in the draft SoRs form (Appendix 2), the form continues to recognise that different types of firms have slightly different applicable PRs and these PRs may be described differently in the PRA Rulebook and draft rules (Appendix 1).

Impact on mutuals

6.17 In the PRA's opinion, the impact of the proposed rule changes on mutuals is expected to be no different from the impact on other firms.

HM Treasury recommendation letter

6.18 HM Treasury has made recommendations to the PRC about aspects of the Government's economic policy to which the PRC should have regard when considering how to advance the PRA's objectives and apply the regulatory principles.¹ The PRA has considered the implications of the proposals in this CP on each of the recommendations and assessed that the implications are limited due to the technical nature of this CP. Nonetheless, the PRA considers two of the recommendations to be of relevance and these are detailed below.

Innovation

6.19 The PRA considers that the proposals in this CP will not hamper innovation in the financial services sector. The proposals for the extension, as outlined in CP14/17, are

¹ Information about the Prudential Regulation Committee and the recommendations from HM Treasury are available on the Bank's website at www.bankofengland.co.uk/about/people/prudential-regulation-committee.

proportionate (for example, there are fewer mandatory requirements for smaller, less significant firms) and this approach is followed in the proposals in this CP, where applicable.

Competitiveness

6.20 The PRA considers that the proposals to implement the extension of the SM&CR to insurers will enhance the transparency of governance of insurance firms. Effective governance of financial services and the resilience this brings will enhance the United Kingdom's reputation as a leading financial centre. The specific proposals in this CP do not give rise to any negative implications.

Equality and diversity

6.21 The PRA carried out an equality impact assessment as part of the development and implementation of the SM&CR and SIMR. Most of the proposals in this paper do not give rise to additional equality and diversity implications. The proposals in this CP to remove gendered language in the SM&CR form part of the PRA's commitment to encourage equality and diversity at regulated firms.

Appendices

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- 1 **Draft PRA RULEBOOK: CRR FIRMS, NON-CRR FIRMS, SOLVENCY II FIRMS, NON-SOLVENCY II FIRMS: SENIOR MANAGERS REGIME AMENDMENT (NO. 2) INSTRUMENT [DATE], available at: www.bankofengland.co.uk/prudential-regulation/publication/2017/strengthening-accountability-implementing-the-extension-of-the-smcr-to-insurers-and-other-amendments**

 - 2 **Draft Part 4A Permissions forms, available at: www.bankofengland.co.uk/prudential-regulation/publication/2017/strengthening-accountability-implementing-the-extension-of-the-smcr-to-insurers-and-other-amendments**

 - 3 **Draft SM&CR forms, available at: www.bankofengland.co.uk/prudential-regulation/publication/2017/strengthening-accountability-implementing-the-extension-of-the-smcr-to-insurers-and-other-amendments**