



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

Consultation Paper | CP21/18

Regulatory transactions: Changes to notification and application forms

October 2018



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

Consultation Paper | CP21/18

Regulatory transactions: Changes to notification and application forms

October 2018

By responding to this consultation, you provide personal data to the Bank of England. This may include your name, contact details (including, if provided, details of the organisation you work for), and opinions or details offered in the response itself.

The response will be assessed to inform our work as a regulator and central bank, both in the public interest and in the exercise of our official authority. We may use your details to contact you to clarify any aspects of your response.

The consultation paper will explain if responses will be shared with other organisations (for example, the Financial Conduct Authority). If this is the case, the other organisation will also review the responses and may also contact you to clarify aspects of your response. We will retain all responses for the period that is relevant to supporting ongoing regulatory policy developments and reviews. However, all personal data will be redacted from the responses within five years of receipt. To find out more about how we deal with your personal data, your rights or to get in touch please visit bankofengland.co.uk/privacy.

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure to other parties in accordance with access to information regimes including under the Freedom of Information Act 2000 or data protection legislation, or as otherwise required by law or in discharge of the Bank's functions.

Please indicate if you regard all, or some of, the information you provide as confidential. If the Bank of England receives a request for disclosure of this information, we will take your indication(s) into account, but cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system on emails will not, of itself, be regarded as binding on the Bank of England.

Responses are requested by Thursday 1 November 2018.

Please address any comments or enquiries to:

John Cunningham
Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA

Email: CP21_18@bankofengland.co.uk

Contents

1	Overview	1
2	Proposals	2
3	The PRA's statutory obligations	4
	Appendices	7

Overview

1.1 In this consultation paper (CP), the Prudential Regulation Authority (PRA) sets out its proposals for changes to various PRA forms relating to applications or notifications for regulatory transactions.

1.2 The CP is relevant to all PRA-authorised firms as well as firms that have a qualifying holding, or which intend to acquire a qualifying holding in a PRA-authorised firm.

1.3 The proposals would make amendments to the following Parts of the PRA Rulebook (see Appendix 1):

- Passporting;
- Change in Control;
- Insurance Special Purpose Vehicles (ISPVs); and
- Notifications.

Background

1.4 The PRA is proposing to make changes to notification and application forms in the Parts of the PRA Rulebook listed above. The reasons for the proposed changes are explained below. The proposals have been combined into a single consultation to avoid the PRA publishing multiple separate consultations on the same forms and to help ensure PRA resources are used efficiently.

Summary of proposals

1.5 The PRA proposes to update the Branch Notification Form and the Cross Border Services Notification Form (the 'Passporting forms') to collect passporting data set out by the European Insurance and Occupational Pension Authority's (EIOPA) 'Decision on the collaboration of the insurance supervisory authorities'¹ and to change references to the 'insurance mediation' and the Insurance Mediation Directive (IMD) to refer instead to 'insurance distribution' and the Insurance Distribution Directive (IDD), the latter change would correct an administrative error that means the wrong versions of the Passporting forms have entered the PRA Rulebook on Monday 1 October 2018.

1.6 The PRA proposes to update the forms in the Change in Control Part of the PRA Rulebook to improve the usability of the forms, and collect information that is otherwise requested separately by adding new questions to the forms.

1.7 The PRA proposes to update the Passporting forms; Passporting Declaration; Controllers Forms; Multi-arrangement Insurance Special Purpose Vehicle (MISPV) Assumption of New Risk Notification Form; Group of Cells Notification Form; and the Standing Data Form to provide a link to the General Data Protection Regulation (GDPR) privacy notice.

1.8 The PRA also proposes to amend the Change in Control Part of the PRA Rulebook to remove the Controllers forms from the PRA Rulebook. This would mean that when the PRA

1 <https://eiopa.europa.eu/Publications/Protocols/EIOPA-BoS-17-014%20Decision%20on%20the%20collaboration%20of%20the%20insurance%20supervisory%20authorities.pdf>.

needs to make administrative or other non-material changes to its forms, similar to those set out in this CP, it would not be required to follow the statutory consultation process for rule changes. These forms would be available on the Bank of England's website in the same manner as other regulatory transaction forms.

Responses and next steps

1.9 This consultation closes on Thursday 1 November 2018. The PRA invites feedback on the proposals set out in this consultation. Please address any comments or enquiries to CP21_18@bankofengland.co.uk.

1.10 While the PRA recognises that this is a relatively short period for consultation, the PRA considers that the scope of changes being made is relatively minor and/or is administrative in nature, that some of the proposals have previously been consulted on, that some of the proposals implement European requirements and the proposals improve the usability of forms and reduce the burden on firms and the PRA. Accordingly the PRA believes the consultation period gives sufficient opportunity to be aware of the changes and sufficient time to consider the likely impact of the changes.

1.11 The proposals would be expected to have effect immediately after the publication of final policy.

1.12 The proposals in this CP have 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 those arising once any new arrangements with the European Union take effect.

2 Proposals

The Branch Notification Form and the Cross Border Services Notification Form

The PRA proposes to make changes to the Branch Notification Form and the Cross Border Services Notification Form (the 'Passporting Forms') to collect the information set out in EIOPA's 'Decision on the collaboration of the insurance supervisory authorities.'² Currently, the Passporting Forms do not collect some of the information set out in EIOPA's decision, including a firm's Legal Entity Identifier and details of cross-border groups: instead the PRA requests this information separately, where required. The proposed change would ensure the necessary information is collected from firms at the notification stage and remove the need for additional information requests.

2.1 The PRA also proposes to update the Passporting forms to change references to 'insurance mediation' and the IMD to refer instead to 'insurance distribution' and the IDD; this would bring the forms into line with the introduction of the IDD which had an application date of Monday 1 October 2018.

2.2 Additionally, the PRA proposes to include four new questions in the Passporting forms. These questions would collect: an insurance intermediary's details and category; the name of an insurer or reinsurer represented; the classes of insurance related to the IDD; and appointed representative details if applicable. They would also align the respective forms with those of the Financial Conduct Authority (FCA).

² EIOPA-BoS-17/04, "Decision on the collaboration of the insurance supervisory authorities," 30 Jan. 2017, paragraph 3.1.1.2.

2.3 The changes proposed in paragraphs 2.2 and 2.3 were previously consulted on by the PRA in CP4/18 'Insurance Distribution Directive: change to commencement date',³ however an administrative error in the final rules instrument meant that the wrong version of the forms will enter the PRA Rulebook on Monday 1 October 2018. The PRA is now consulting to correct that error.

The Controllers forms

2.4 The PRA proposes to make amendments to the following forms (collectively the Controllers forms):

- Change in Control Notification forms for a limited company or limited liability partnership;
- Controllers Form for a partnership;
- Controllers Form for an individual (other than in that individual's capacity as a trustee, settlor or beneficiary of a trust);
- Controllers Form for a person in their capacity as a trustee, settlor or beneficiary of a trust; and
- Controllers Form for a person in their capacity as an investment manager.

2.5 The changes include:

- adding new explanatory text to assist proposed controllers to understand the law and the consequences of non-compliance;
- re-ordering the questions to have the same structure across all the forms, where possible;
- removing of duplications; and
- adding new questions to gather information about post notifications at an earlier stage (currently the information is requested after a notification has been received) and to understand how the transaction will be funded, and what impact it will have on the group's capital.

2.6 The PRA considers that the proposed changes would improve the usability of the forms, and collect information that otherwise is requested from the firm separately (after an application has been submitted), thereby reducing subsequent information requests. The proposed changes would also align the forms with the respective forms of the FCA. The PRA believes the changes will reduce the burden on firms by making them easier to use and by requesting necessary information upfront. They do not represent a change in PRA policy.

Changes to PRA forms as a result of the General Data Protection Regulation (GDPR)

2.7 In 2018 the PRA updated its website with a GDPR compliant privacy notice.⁴ The PRA now proposes to update its regulatory transaction forms with a link to the privacy notice and remove historical references to the PRA's use of personal data. The proposed amendments would be made to the Passporting forms; Passporting Declaration; Controllers forms; MISPV

3 www.bankofengland.co.uk/prudential-regulation/publication/2018/insurance-distribution-directive-change-to-commencement-date.

4 Available at: www.bankofengland.co.uk/legal/privacy.

Assumption of New Risk Notification Form; Group of Cells Notification Form; and the Standing Data Form.

2.8 The PRA also proposes to make GDPR-related changes, in line with those described above, to other forms available on the PRA website, including: the new firm authorisation forms and related supplementary forms, the waivers application form, the CRR permission application form and the ISPV application form.

Changes to the Change in Control Parts of the PRA Rulebook

2.9 The PRA proposes to amend the Change in Control Parts of the PRA Rulebook to remove links to the forms related to these transactions. The PRA would instead direct firms to submit an application using the relevant form available on the PRA's website.

2.10 The changes would align the Change in Control forms with other regulatory transactions (such as waivers and new authorisations), where forms are already not part of the PRA Rulebook, and it is consistent with the approach taken by the FCA for these forms. These forms are made using a power of direction and so, additionally, it will help to clarify the nature of the power under which these forms are made.

2.11 As a result of this change, when the PRA needs to make administrative or other non-material changes to its forms, similar to those set out above, it would be clear that it would not be required to follow the statutory consultation process for rule changes. This would reduce administrative costs for both the PRA and regulated firms, and reduce the time required to make non-material changes to the forms, allowing the PRA to improve the forms and provide clarifying materials promptly. The PRA would, however, publish on the Change in Control pages of its website a notice that amendments have been made to the forms and informing users of what the amendments are.

2.12 Where amendments to the Controllers Forms are significant or represent a change to policy that has not separately been consulted on, the PRA will continue to undertake a full consultation in line with its obligations under public law requirements to discharge its functions in as transparent a way as possible.

3 The PRA's statutory obligations

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

3.2 Before making any rules, the Financial Services and Markets Act 2000 (FSMA)⁵ requires the PRA to publish a draft of the proposed rules accompanied by:

- a cost benefit analysis;
- 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,⁶ insurance objective⁷ (if applicable), and secondary competition objective;⁸

5 Section 138J of FSMA.

6 Section 2B of FSMA.

7 Section 2C 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;⁹ and
- a statement as to whether the impact of the proposed rules will be significantly different to mutuals than to other persons.¹⁰

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

3.4 The PRA is also required by the Equality Act 2010¹¹ 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

3.5 The PRA considers that the cost of the proposals in this CP is minimal, the additional questions proposed would not be expected to represent a material burden for users of the forms. The questions request information that would otherwise be requested separately or that is required according to EU directives or decisions.

3.6 The PRA considers that the proposals provide benefits to the users of the forms and the PRA by aligning PRA forms with FCA forms, updating forms for consistency with EU requirements, and removing the need to consult on minor, non-policy making changes to the Controllers Forms in the future. The PRA expects that the proposals would improve the usability of the forms and reduce the need for additional requests for information once an application or notification had been submitted, help to ensure compliance with EU requirements and reduce the burden of making minor, non-policy making changes to the Controllers forms.

Compatibility with the PRA's objectives

3.7 The PRA considers that the proposals in this CP are compatible with the PRA's statutory objectives to promote the safety and soundness of PRA-authorized firms. The proposals align PRA forms with FCA forms, update PRA forms for consistency with EU requirements, provide links to the GDPR compliant privacy notice and promote consistency in the PRA's approach to form changes. These outcomes are expected to improve the usability of the forms, making them easier to complete which would help to ensure that the PRA receives the information necessary to take appropriate decisions and fulfil its regulatory obligations. The PRA does not expect the proposals to impose material incremental compliance costs on affected firms.

3.8 The PRA has assessed whether the proposal in this CP facilitates effective competition. The PRA would not expect the proposals to have a significant impact on competition, there may be small benefits in terms of reduced burden and costs as described above.

Regulatory principles

3.9 In developing the proposals in this CP, the PRA has had regard to the regulatory principles. The two principles of particular relevance are:

8 Section 2H(1) of FSMA.

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

10 Section 138K of FSMA.

11 Section 149.

- 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 considers that the proposals in this CP do not represent a significant burden; they help to ensure the relevant forms are usable, up-to date and complete and they reduce the cost of making minor changes to the Controllers forms.
- The principle that the regulators should exercise their functions as transparently as possible. The proposed amendments to the forms should help to improve the transparency of the information the PRA requires. The PRA also considers that transparency is maintained by the continued publication of the Controllers forms on the Bank of England's website and the intention to publish a notice on the website should future minor, non-policy making changes be made to the Controllers forms.

Impact on mutuals

3.10 The PRA considers that 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

3.11 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.¹²

3.12 The aspects of the Government's economic policy most relevant to the proposals in this CP are competition and PRA transparency. These aspects have been considered in the 'compatibility with the PRA's objectives' and 'regulatory principles' sections above.

Equality and diversity

3.13 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.

¹² Available at: www.bankofengland.co.uk/about/people/prudential-regulation-committee.

Appendices

-
- 1 Draft rules instrument - PRA RULEBOOK: CRR FIRMS, NON CRR FIRMS, SOLVENCY II FIRMS, NON SOLVENCY II FIRMS: CONSEQUENTIAL AMENDMENTS INSTRUMENT 2018**
-
- 2 Forms**

Appendix 1 Draft rules instrument – PRA RULEBOOK: CRR FIRMS, NON CRR FIRMS, SOLVENCY II FIRMS, NON SOLVENCY II FIRMS: CONSEQUENTIAL AMENDMENTS INSTRUMENT 2018

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 55U(4)(a) (Applications under this Part);
 - (2) section 60 (Applications for approvals);
 - (3) section 137G (The PRA’s general rules);
 - (4) section 137T (General supplementary powers);
 - (5) section 179 (Requirements for section 178 notices); and
 - (6) section 191E (Requirements for notices under section 191D)..
- 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: Consequential Amendments Instrument 2018

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

Part	Annex
Insurance Special Purpose Vehicles	A
Passporting	B
Change in Control	C
Notifications	D

Commencement

- E. This instrument comes 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: Consequential Amendments Instrument 2018**

By order of the Prudential Regulation Committee
[DATE]

Annex A

Amendments to the Insurance Special Purpose Vehicles Part

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

...

6 FORMS

6.1 The *MISPV new risk assumption notification form* can be found ~~here~~ here.

6.2 The *group of cells notification form* can be found ~~here~~ here.

Annex B

Amendments to the Passporting Part

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

...

10 FORMS

- 10.1 The Branch Notification Form can be found ~~here~~ here.
- 10.2 The Cross Border Services Notification Form can be found ~~here~~ here.
- 10.3 The Declaration can be found ~~here~~ here.

Annex C

Amendments to the Change in Control Part

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

Annual Controllers Report

means the report relevant form referred to in 5.1, Chapter 6.6

...

Controller's Form

means the relevant form referred to in Chapter 6.1 to 6.5 approved by the PRA.

...

2 OBLIGATIONS ON CONTROLLERS AND PROPOSED CONTROLLERS

2.1 The PRA directs that ~~a person submitting a section 178 notice submitted to the PRA~~ in accordance with section 178(1) of FSMA must ~~do so using the relevant Controller's Form~~ contain the information and be accompanied by such documents as are required by the Controller's Form approved for the relevant application.

...

5 ANNUAL CONTROLLERS REPORT

5.1 A firm must submit (or procure that another firm in its group submits) to the PRA PRA, by electronic means, a written *Annual Controllers Report* which contains the information specified in the form ~~referred to at 6.6, approved by the PRA~~, within four months of the firm's *accounting reference date*.

...

6 FORMS

6.1 ~~The *Controllers Form* to be used by a limited company or limited liability partnership can be found here -~~[Deleted.]

6.2 ~~The *Controllers Form* to be used by a partnership is can be found here-~~[Deleted.]

6.3 ~~The *Controllers Form* to be used by an individual (other than in that individual's capacity as a trustee, settler or beneficiary of a trust) can be found here-~~[Deleted.]

- 6.4 ~~The *Controllers Form* to be used by a *person* in their capacity as a trustee, settlor or beneficiary of a trust can be found here.~~[\[Deleted.\]](#)
- 6.5 ~~The *Controllers Form* to be used by a *person* in their capacity as an *investment manager* can be found here.~~[\[Deleted.\]](#)
- 6.6 ~~The *Annual Controllers Report* can be found here.~~[\[Deleted.\]](#)

Annex D

Amendments to the Notifications Part

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

...

10 FORMS

... False

10.2 The Standing Data Form can be found ~~here~~ here.

...

Appendix 2 Forms

The Branch Notification Form

The Cross Border Services Notification Form

Passporting declaration

The Controllers Form to be used by a limited company or limited liability partnership

The Controllers Form to be used by a partnership

The Controllers Form to be used by an individual (other than in that individual's capacity as a trustee, settler or beneficiary of a trust)

The Controllers Form to be used by a person in their capacity as a trustee, settler or beneficiary of a trust

The Controllers Form to be used by a person in their capacity as an investment manager

Standing Data Form

MISVP new risk assumption notification form

Group of Cells notification form