



BANK OF ENGLAND

July 2019

UK withdrawal from the EU: Changes following extension of Article 50

Bank of England Consultation Paper | PRA Consultation Paper CP18/19

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Responses are requested by Wednesday 18 September 2019.

Please address any comments or enquiries on:

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1 Overview

1.1 The UK's withdrawal from the European Union (EU) requires changes to be made to UK legislation to ensure that it remains functional. The European Union (Withdrawal) Act 2018 (the Act) converts directly applicable EU law (e.g. EU regulations) into UK law and preserves domestic law that relates to EU membership, including domestic law that was introduced to implement EU directives. This body of law is referred to as 'retained EU law'. The Act also provides Government ministers with powers to make changes to the law so that it continues to operate effectively after the UK's withdrawal from the EU – these processes are referred to as 'onshoring' or 'Nationalising the Acquis'¹ (NtA).² The Government has delegated some of these powers to the Bank of England (Bank), as resolution authority and financial market infrastructure (FMI) competent authority, and the Prudential Regulation Authority (PRA).

1.2 On Thursday 18 April 2019 the Bank and PRA published their amendments to financial services legislation under the Act.³ This included final EU Exit Instruments covering NtA changes to PRA and FMI rules and Binding Technical Standards (BTS) in the Bank's and PRA's remits. These EU Exit Instruments have, with limited exceptions, an effective date of 'exit day' as defined in the Act.

1.3 In light of the extension of the Article 50 period announced on Wednesday 10 April 2019,⁴ and the consequent change of 'exit day' in the Act to Thursday 31 October 2019 at 11pm, some minor amendments are needed to the Bank's and PRA's EU Exit Instruments. There are also additional provisions in EU law that apply before Thursday 31 October 2019. These provisions will now meet the definition of retained EU law and require amending.

1.4 This Consultation Paper (CP) contains:

- Section A: an update on the Bank's and PRA's⁵ intended use of the temporary transitional power provided for in the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019⁶ (FSMA SI).
- Section B: Bank and PRA⁷ consultation with proposals to fix deficiencies arising from the UK's withdrawal from the EU and make consequential changes in light of the extension of the Article 50 period. Section B is split into two parts:
 - Part 1 sets out the PRA's proposals in relation to the PRA Rulebook and BTS within the PRA's remit that will be retained, or 'onshored', in UK law.

¹ Acquis refers to the 'acquis communautaire'.

² HM Treasury has set out its approach to onshoring EU financial services regulation in 'HM Treasury's approach to financial services legislation under the European Union (Withdrawal) Act', June 2018: <https://www.gov.uk/government/publications/financial-services-legislation-under-the-eu-withdrawal-act>.

³ PS5/19 'The Bank of England's amendments to financial services legislation under the European Union (Withdrawal) Act 2018' April and June 2019: <https://www.bankofengland.co.uk/paper/2019/the-boes-amendments-to-financial-services-legislation-under-the-eu-withdrawal-act-2018>.

⁴ <https://www.gov.uk/government/news/confirmation-of-uk-government-agreement-to-extend-article-50>.

⁵ Unless otherwise stated, references in Section A of this CP to 'the Bank' include the PRA except where 'the Bank and PRA' is stated in which case powers are exercised separately and the reference to 'the Bank' excludes the PRA.

⁶ <http://www.legislation.gov.uk/ukSI/2019/632/contents/made>.

⁷ Unless otherwise stated, references to 'the Bank' in Section B of this CP; Part 1 include the PRA except where 'the Bank and PRA' is stated in which case powers are exercised separately and the reference to 'the Bank' excludes the PRA; in Part 2 are to the Bank as FMI competent authority.

- Part 2 sets out proposals by the Bank, as FMI competent authority in relation to BTS under the Central Securities Depositories Regulation (CSDR).⁸

1.5 This CP follows the Bank's and PRA's previous consultations on amending financial services legislation under the Act.⁹ In light of the extension of the Article 50 period, the Bank and PRA are consulting on further changes in this CP to ensure an operable legal framework after the UK leaves the EU. The Bank and PRA continue to follow the approach set out in CP25/18 'The Bank of England's approach to amending financial services legislation under the European Union (Withdrawal) Act 2018' (the 'NtA approach CP').¹⁰

1.6 The draft PRA Rulebook: (EU Exit) (No. 2) Instrument contained in Appendix 6 shows all proposed changes to the PRA Rulebook: (EU Exit) Instrument 2019¹¹ originally published on Thursday 18 April 2019. The further changes being consulted on in this CP are highlighted in yellow in Appendix 6.

1.7 This CP is relevant to all firms authorised and regulated by the PRA, including those that expect to have a deemed permission under the 'temporary permissions regime' (TPR) or Financial Services Contracts Regime (FSCR),¹² or that seek to apply for PRA authorisation in the future. It is also relevant to FMIs recognised and supervised by the Bank, including those CCPs that expect to have a deemed recognition under the 'temporary recognition regime' (TRR).

Background

1.8 As set out in the NtA approach CP, HM Treasury has delegated powers, under the Act, to the PRA, Bank, Financial Conduct Authority (FCA) and Payment Systems Regulator (PSR) (collectively 'financial services regulators') through the Financial Regulators' Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018 (the Regulations). This gives the financial services regulators responsibility for fixing deficiencies in onshored BTS.¹³ HM Treasury also intends to amend the Regulations to include other relevant BTS adopted by the European Commission, including some since the original exit day of 29 March 2019. The delegated power can also be used by the financial services regulators to make amendments within their respective rules.

1.9 Therefore, in light of the extension of the Article 50 period, the PRA and Bank intend to continue to make or amend 'EU Exit Instruments' to fix any deficiency in PRA or Bank (FMI) rules, or in BTS in the PRA's or Bank's remit, arising from the UK's withdrawal from the EU. The PRA and Bank cannot use the power as the basis for policy changes unrelated to the UK's withdrawal from the EU.

1.10 As set out in the NtA approach CP, HM Treasury is responsible for addressing deficiencies in EU regulations that are onshored under the Act, apart from BTS. HM Treasury is also

⁸ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R0909>.

⁹ See consultations published in October 2018, December 2018, and final policy in April 2019, all available on <https://www.bankofengland.co.uk/eu-withdrawal>.

¹⁰ <http://www.bankofengland.co.uk/paper/2018/the-boes-approach-to-amending-financial-services-legislation-under-the-eu-withdrawal-act-2018>.

¹¹ PRA 2019/10: <https://www.bankofengland.co.uk/-/media/boe/files/paper/2019/ps519-section-b-app2-april-2019.pdf>.

¹² As set out in the Financial Services Contracts (Transitional and Saving Provision) (EU Exit) Regulations 2019 – see the Bank's Financial Services Contracts Regime webpage for more information: <https://www.bankofengland.co.uk/eu-withdrawal/financial-services-contracts-regime>.

¹³ In addition to the power to address deficiencies, the Regulations also delegate to the financial services regulators (PRA, Bank, FCA and PSR) an ongoing power to make and maintain BTS. These powers cannot be exercised until after the UK has left the EU.

responsible for addressing deficiencies in primary and secondary UK financial services legislation that arise as a result of the UK's withdrawal from the EU. The Act provides temporary powers for Government to make subordinate legislation in the form of Statutory Instruments (SIs) to enable changes to be made to laws that would otherwise no longer operate effectively once the UK has left the EU.

1.11 In light of the extension of the Article 50 period, new EU regulations that apply before 31 October 2019 will form 'retained EU law' under the Act. HM Treasury will continue the process of making SIs to make any necessary amendments. The Bank will continue work with HMT in order to provide technical input to the preparation of the SIs.

1.12 The new EU regulations that apply before 31 October 2019 include: the European Markets Infrastructure Regulation (EMIR) REFIT Regulation;¹⁴ parts of the regulation revising the Capital Requirements Regulation (CRR II);¹⁵ and amendments to the Solvency II Delegated Act.¹⁶ In the majority of cases the Bank and PRA do not expect there to be any need to use the respective regulators' delegated powers under the Act in relation to these new EU regulations. This is because the Bank and PRA do not expect there to be any interaction with the respective regulators' rules or new BTS mandates for the Bank/PRA that apply before 31 October 2019. Where consequential changes are required, the changes proposed to the PRA Rulebook and BTS in the Bank's and PRA's remit in this CP are consistent with changes that HM Treasury proposes to make to the relevant legislation, and should be read in conjunction with those changes.

1.13 While the changes proposed in this CP are minor, the PRA and Bank consider consultation to be appropriate in the interests of transparency. This CP should be read in conjunction with the NtA approach CP, which sets out the overall approach taken to NtA changes, and with Policy Statement (PS) 5/19,¹⁷ which contains most existing EU Exit Instruments.

Joint PRA/FCA BTS

1.14 The responsibility for some onshored BTS is shared¹⁸ between the PRA and FCA. BTS 2016/1646¹⁹ is one such shared BTS. The PRA's Technical Standards (Capital Requirements) (EU Exit) (No.3) Instrument 2019 'splits' this BTS so that it now has two parts – Part 1 relating to FCA-only regulated firms and Part 2 relating to PRA-regulated (dual-regulated) firms. The proposals being consulted on in this CP will only affect Part 2 relating to PRA-regulated firms. The FCA is expected to make similar changes to their Part 1 of the BTS in due course.

1.15 In other cases, such as BTS 2016/2251, shared BTS are to remain joint, therefore the changes proposed in this CP will affect both PRA-regulated and FCA-regulated firms.

Implementation

Section A

1.16 HM Treasury has given the financial services regulators a temporary transitional power to enable firms to adjust to changes made as a result of onshoring. The Bank and PRA published

¹⁴ Regulation (EU) 2019/834.

¹⁵ Regulation (EU) 2019/876.

¹⁶ Commission Delegated Regulation (EU) 2019/981.

¹⁷ June 2019, 'The Bank of England's amendments to financial services legislation under the European Union (Withdrawal) Act 2018': <https://www.bankofengland.co.uk/paper/2019/the-boes-amendments-to-financial-services-legislation-under-the-eu-withdrawal-act-2018>.

¹⁸ As specified in the Schedule to the Regulations.

¹⁹ Commission Implementing Regulation (EU) 2016/1646.

near-final transitional directions and accompanying guidance setting out the intended use of the temporary transitional power on Thursday 28 February 2019.²⁰ As highlighted in the April version of PS5/19,²¹ the Bank and PRA have been considering their proposed use for the temporary transitional power in light of the extension of the Article 50 period to Thursday 31 October 2019 (see Section A). The Bank and PRA intend to make and publish final directions and guidance ahead of exit day reflecting those considerations.

Section B

1.17 The Bank and PRA intend that the changes proposed in this CP would take effect on exit day only in the event that there is no Implementation Period.²² If the Withdrawal Agreement between the UK and EU is ratified and the Implementation Period commences on exit day, the proposed changes may instead take effect after the Implementation Period. Further modifications to PRA and Bank rules and onshored BTS may be required to reflect any arrangements made between the UK and EU as part of their future relationship.²³

1.18 There is one outstanding BTS concerning the Bank as resolution authority, BTS 2019/348,²⁴ relating to simplified obligations which was published in the Official Journal of the EU on Monday 4 March 2019 and became applicable on Sunday 24 March 2019. The Bank consulted on changes to this BTS in December 2018. The final EU Exit instrument amending this BTS will be made alongside the EU Exit Instruments consulted on in this CP once HM Treasury has granted the Bank the mandate to do so through the making of the Financial Services (Miscellaneous) (Amendment) (EU Exit) (No. 3) Regulations 2019 laid in Parliament on Monday 15 July 2019.

Structure of the document

1.19 The rest of this CP is structured as follows:

Section A: Update on the temporary transitional power

- Chapter 2 sets out an update on the Bank's and PRA's intended use of the temporary transitional power.

Section B: Changes to rules and BTS

Part 1: PRA consultation

- Chapter 3 sets out proposals relating to additional PRA Rulebook and BTS changes.
- Chapter 4 sets out the PRA's obligations under the Regulations (relevant to Chapter 3).

Part 2: Bank (as FMI competent authority) consultation

- Chapter 5 sets out proposals relating to CSDR BTS.

²⁰ The transitional directions and accompanying guidance as published on Thursday 28 February 2019 are available at: <https://www.bankofengland.co.uk/-/media/boe/files/paper/2019/transitioning-to-post-exit-rules-and-standards-as-at-16-april-2019.pdf>.

²¹ Available at: <https://www.bankofengland.co.uk/paper/2019/the-boes-amendments-to-financial-services-legislation-under-the-eu-withdrawal-act-2018>.

²² A Withdrawal Agreement was agreed between the UK and EU and endorsed by EU leaders on 25 November 2018: <https://www.gov.uk/government/publications/withdrawal-agreement-and-political-declaration-laid-before-parliament-following-political-agreement>. The Withdrawal Agreement provides for an implementation period (the 'Implementation Period').

²³ A political declaration on the future relationship between the UK and the EU was endorsed by leaders on 25 November 2018: <https://www.gov.uk/government/publications/withdrawal-agreement-and-political-declaration>. This political declaration sets out the framework for the future relationship between the EU and UK.

²⁴ Commission Delegated Regulation (EU) 2019/348.

- Chapter 6 sets out the Bank's obligations under the Regulations (relevant to Chapter 5).

1.20 The appendices to this CP consist of:

Section A appendices

- Appendix 1: Draft PRA transitional direction
- Appendix 2: Draft Bank transitional direction

Section B appendices

Part 1 PRA

- Appendix 3: Draft Technical Standards (Capital Requirements) (EU Exit) (No. 4) Instrument
- Appendix 4: Draft Technical Standards (European Market Infrastructure) (EU Exit) (No. 4) Instrument
- Appendix 5: Draft Technical Standards (Solvency II Directive) (EU Exit) (No.2) Instrument
- Appendix 6: Draft PRA Rulebook: (EU Exit) (No. 2) Instrument

Part 2 Bank (as FMI competent authority)

- Appendix 7: Draft Technical Standards (Central Securities Depositories) (Amendment etc.) (EU Exit) (No.2) Instrument

Responses and next steps

1.21 This consultation closes on Wednesday 18 September 2019. The PRA and Bank invite feedback on the proposals set out in this CP. Please address any comments or enquiries using the details provided in Chapter 4 (for proposals set out in Section B Part 1: PRA consultation) and Chapter 6 (for proposals set out in Section B Part 2: Bank (as FMI competent authority) consultation).

1.22 Responses to this CP will be shared with the FCA.

Section A: Update on the temporary transitional power

2 The Bank's and PRA's intended use of the temporary transitional power

2.1 In October 2018 the Bank and PRA consulted on the proposed approach to the temporary transitional power granted to the regulators (Bank, PRA and FCA) under the FSMA SI. In February 2019 the Bank and PRA published near-final directions setting out the intended approach for the final directions. These had a fixed end date of 30 June 2020.

2.2 In April 2019 the Bank and PRA communicated that, due to the extension of the Article 50 period, the Bank and PRA would be considering the use of the transitional power.

2.3 This chapter sets out the Bank's and PRA's intended approach relating to the duration of the directions in the event that the UK withdraws from the EU on 31 October 2019 with no Implementation Period. Also highlighted are a number of clarifications and updates that the Bank and PRA intend to make for the final directions compared to the near-final versions published on 28 February 2019.²⁵ These are set out in the draft directions in Appendices 1 and 2. Otherwise the approach set out in the February version of PS5/19,²⁶ including the previously identified exceptions, remains relevant.

2.4 The Bank and PRA also published guidance²⁷ on the Bank and PRA transitional directions on 28 February 2019.²⁸ This guidance continues to be of relevance to the draft directions included in this CP. The guidance will be amended to reflect the changes to the directions described in this chapter where necessary.

Duration

2.5 As set out in the NtA approach CP, the Bank and PRA intend to use the temporary transitional power in a broad way to effectively delay the application of NtA changes to PRA-regulated firms' and FMI's obligations, with limited exceptions. The rationale of this approach is to help minimise operational risks for firms/FMIs if there is no Implementation Period. This approach is intended to broadly replicate some of the effects of the Implementation Period in the event of a sudden 'no deal' exit.

2.6 The maximum possible duration of the use of the temporary transitional power, provided for in the FSMA SI, is two years after exit day. This remains unchanged notwithstanding the extension of the Article 50 period.²⁹

2.7 Responses to the NtA approach CP asked that the period for transitional relief should be as long as possible. The Bank and PRA subsequently communicated its view that 15 months (to a fixed end date of 30 June 2020) would provide an adequate timeframe for firms and FMIs to

²⁵ 'Transitioning to post-exit rules and standards' page: <https://www.bankofengland.co.uk/-/media/boe/files/paper/2019/transitioning-to-post-exit-rules-and-standards-as-at-16-april-2019.pdf>.

²⁶ Available at: <https://www.bankofengland.co.uk/paper/2019/the-boes-amendments-to-financial-services-legislation-under-the-eu-withdrawal-act-2018>.

²⁷ See footnote 22.

²⁸ Available at: <https://www.bankofengland.co.uk/-/media/boe/files/paper/2019/transitioning-to-post-exit-rules-and-standards-as-at-16-april-2019.pdf>.

²⁹ As provided for by the FSMA SI, the temporary transitional power can be used for a period of two years after exit day and any transitional direction cannot have effect for more than two years after exit day. This remains the case even though exit day has moved to 31 October 2019.

prepare and implement the totality of NtA changes. The FCA also set out a similar view alongside its final direction published on 29 March 2019.³⁰

2.8 The extension of the Article 50 period does not change this overall approach. However, depending on the date of exit the duration of the directions may need to be modified to align the fixed end date with the closest reporting period. A year-end (or a quarter-end) date for a significant change in regulatory requirements assists with the analysis of regulatory data series going forward. This may also reduce the operational risk and impact on firms and FMIs of changing to post-transitional requirements mid-reporting cycle.

2.9 Therefore, if exit day occurs on 31 October 2019, the new fixed end date of the directions would be 31 December 2020. This would provide for a transitional period of 14 months from exit day.

Transitional period relating to credit ratings

2.10 The 'near final' Bank and PRA directions and the February version of PS5/19 identified the use of EEA credit ratings as a policy area where the Bank and PRA intend to provide a shorter transitional period of 12 months. This is to align with the specific transitional provision provided for in the Credit Rating Agencies (Amendment, etc.) (EU Exit) Regulations 2019 (the CRA SI). The end date of this shorter transitional relief period in the CRA SI will move automatically as a consequence of the change in 'exit day'. The Bank and PRA intend to maintain the alignment with this 12 month period.

Duration of transitional relief for firms in TPR and FSCR

2.11 As set out in the February version of PS5/19, for firms in TPR and FSCR the transitional relief does not apply in most cases. For the limited number of provisions where transitional relief does apply, the Bank and PRA intend to continue the alignment of the maximum duration of TPR transitional relief with that of the overall Bank and PRA transitional relief.

2.12 In relation to two aspects of third country branch requirements: i) bank branch profit and loss reporting; and ii) Solvency II reporting related to the branch Minimum Capital Requirement (MCR) and Solvency Capital Requirement (SCR) calculations, the Bank and PRA intend to continue to align the TPR transitional relief with the overall Bank and PRA transitional relief, i.e. ending on 31 December 2020 if the UK leaves the EU on 31 October 2019.

2.13 The Bank and PRA intend to keep the post-exit duration of other TPR transitional relief periods the same as set out in the February version of PS5/19 i.e. where a 3 month transitional period is set out this will become 3 months after the 31 October exit day.^{31 32}

Clarifications

2.14 The Bank's and PRA's final transitional directions will be similar to the near-final directions that were published as part of the February version of PS5/19. A few limited changes will be made. They are set out below and in the draft directions in Appendices 1 and 2.

³⁰ <https://www.fca.org.uk/publications/policy-statements/ps19-5-brexite-policy-statement>.

³¹ These include 3 months transitional relief for status disclosure rules; 6 months for Solvency II qualitative reporting and first performance year starting on or after the date falling 3 months after exit for remuneration rules where they go beyond CRD IV.

³² Transitional relief does not apply to the TRR.

Changes to the PRA transitional direction

Paragraph 1

2.15 A reference to regulation 198 of the FSMA SI has been added. This regulation provides the PRA with the power to make the direction. The reference has been included to help readers identify the relevant regulation under which the direction is made.

Paragraph 3

2.16 The PRA has added new definitions of ‘Exemption Order’, ‘Financial Promotion Order’ and ‘Regulated Activities Order’ in paragraph 3(1). These newly defined terms are used in new paragraph 5(m). ‘PRA’ is also now defined to aid clarity.

2.17 The PRA has added a new paragraph 3(2) to clarify that, unless otherwise indicated, references in the PRA direction to any EU regulation are to that EU regulation as it forms part of domestic law on exit day. This means that such references would capture NtA amendments made to EU regulations by relevant SIs or EU Exit Instruments. Equivalent wording in the definition of ‘CRA regulation’ in paragraph 3(1), which related specifically to that regulation, is now unnecessary and has been deleted.

Paragraph 5(8) – now paragraph 5(1)(h) and (i)

2.18 A drafting change has been made to make clear that the PRA is excluding relevant obligations in relation to which an equivalence direction or equivalence determination for the purposes of the Markets in Financial Instruments Regulation (MiFIR) has been or could be made. For clarity this situation has been separated in the PRA direction from other cases where an equivalence direction or determination would need to be made (by setting them out in separate sub-paragraphs).

New paragraph 5(1)(m)

2.19 The effect of paragraph 5(1)(m) is that the transitional direction does not apply where the scope of a relevant obligation is affected by an amendment to the Regulated Activities Order, the Financial Promotion Order or the Exemption Order.

New paragraph 5(1)(n)

2.20 The drafting has been amended to clarify that relevant obligations relating to the payment of fees are exempted from the PRA direction. The PRA has consulted on and set fee rates for the 2019/2020 fee year separately in the normal course of business³³.

New paragraph 5(2)

2.21 The new paragraph 5(2) makes it clear that Part VII of the Financial Services and Markets Act 2000 and related provisions are not covered by the direction. HM Treasury has introduced a separate savings provision for Part VII insurance business transfers which are already underway at exit day.³⁴

Paragraph 10(2)

2.22 Paragraphs 10(3) and (11) set out a limited number of areas where the PRA is providing specific transitional relief for former passporting firms. Otherwise requirements which apply to such firms for the first time (or apply to them differently) solely due to the repeal of EEA passporting (together, where relevant, with the introduction of TPR and FSCR) are not

³³ <https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/policy-statement/2019/ps1219.pdf>.

³⁴ Regulation 36 of the Financial Services (Miscellaneous) (Amendment) (EU Exit) Regulations 2019.

generally covered by the PRA direction. The PRA has clarified at the end of paragraph 10(2) that this includes obligations which it is expressly extending to former passporting firms without an establishment in the UK (e.g. certain Senior Managers and Certification Regime requirements). Former passporting firms without an establishment in the UK will need to comply with these obligations from exit day.

Changes to the Bank transitional direction

Paragraph 1

2.23 A reference to regulation 198 of the FSMA SI has been added. This regulation provides the Bank with the power to make the direction. The reference has been included to help readers identify the relevant regulation under which the direction is made.

Paragraph 4

2.24 The words 'on exit day' have been added to clarify that, unless otherwise indicated, references in the Bank direction to any EU regulation are to that EU regulation as it forms part of domestic law on exit day.

Paragraph 6(e)

2.25 The drafting has been clarified to refer to the specific BTS relating to MiFIR that are intended to be exempted from the Bank direction. The Bank has consulted on FMI supervision fee rates for the 2019/2020 fee year separately in the normal course of business.³⁵

Paragraph 6(j)

2.26 The drafting has been amended to clarify that relevant obligations relating to the payment of fees are exempted from the Bank direction.

Implementation and next steps

2.27 The Bank and PRA intend to make the transitional directions ahead of exit day. The Bank and PRA may make any changes or further exceptions necessary, including any changes resulting from new EU law which begins to apply before exit day.

2.28 The Bank and PRA will continue to keep their approach to the use of the transitional power under review in light of any further developments relating to the duration of the Article 50 period.

³⁵ <https://www.bankofengland.co.uk/paper/2019/fees-regime-for-financial-market-infrastructure-supervision-2019-20>.

Section B: Changes to rules and Binding Technical Standards

Part 1: PRA consultation

3 Further changes to PRA Rulebook and PRA Binding Technical Standards

3.1 There have been very few new BTS adopted by the European Commission since 29 March 2019 which are relevant to the PRA's remit. There is only one new amending BTS in the PRA's remit, ITS 2019/439,³⁶ which is the latest annual update to the supervisory benchmarking reporting requirements. This is covered by Supervisory Statement 2/19 'PRA approach to interpreting reporting and disclosure requirements and regulatory transactions forms after the UK's withdrawal from the EU'³⁷ and therefore does not need to be amended at this time. The PRA does not expect additional BTS relevant to its remit to be adopted before exit day.

3.2 There are, however, a number of small amendments required to onshored BTS and the PRA Rulebook. These proposed changes will be made in new or amended EU Exit Instruments.

3.3 Additional consequential changes may be required to BTS and PRA Rulebook EU Exit Instruments once any additional SIs amending new Level 1 EU legislation have been published. The PRA will prioritise making all relevant amendments before exit day. It may not be possible to consult on all changes in advance of them being made. In any such cases, the PRA intends to continue to follow the approach set out in the NtA approach CP and used for previous onshoring changes. For instance, the PRA cannot use its powers under the Act as the basis for policy changes unrelated to the UK's withdrawal from the EU.

BTS changes

BTS 2016/1646 on indices and recognised exchanges for use in prudential calculations of credit institutions and investment firms

3.4 Annex 2 of this BTS was not corrected in the PRA Technical Standards (Capital Requirements) (EU Exit) (No.3) Instrument 2019. As a consequence of changes in the Capital Requirements (Amendment) (EU Exit) Regulations 2018 (CRR SI), in particular the definition of 'regulated market' being reduced in scope to UK only, the general third country treatment will be applied to the EU in this case. Therefore, the relevant lists will be updated to remove EU 'recognised exchanges' post-exit.

3.5 This BTS is shared with the FCA. It has been 'split' so it now has two, currently identical, parts: Part 1 applicable to FCA firms and Part 2 applicable to PRA-regulated firms. The changes consulted on in this CP will only affect the PRA's Part 2. The FCA is expected to make similar amendments to its Part 1 of the BTS in due course.

BTS 2016/2251³⁸ on bilateral margining

3.6 An amendment needs to be made to reflect the fact that one provision which applies from September 2019 will now become part of retained EU law as a result of the extension of the

³⁶ Commission Implementing Regulation (EU) 2019/439.

³⁷ April 2019: <https://www.bankofengland.co.uk/prudential-regulation/publication/2019/pru-approach-to-interpreting-reporting-and-disclosure-reqs-and-reg-trans-forms-ss>.

³⁸ Commission Delegated Regulation (EU) 2016/2251.

Article 50 period. This is a necessary technical amendment to the PRA's Technical Standards (European Market Infrastructure) (EU Exit) (No. 3) Instrument 2019.

3.7 The BTS is shared with the FCA and is remaining joint. Therefore, the change would be made by the PRA on behalf of both regulators once the FCA's consent is received under regulation 3(2) of the Regulations.

BTS 2015/462 on establishing insurance special purpose vehicles (ISPVs)

3.8 The PRA expects that HM Treasury will publish, in due course, changes in relation to the Risk Transformation Regulations 2017 and the Solvency II Commission Delegated Regulation which relate to ISPVs. The PRA proposes related changes to BTS 2015/462³⁹ on establishing special purpose vehicles.

3.9 This BTS is insurance related and is PRA only (not joint with FCA).

PRA Rulebook changes

ISPVs

3.10 The PRA expects that HM Treasury will publish, in due course, changes in relation to the Risk Transformation Regulations 2017 and the Solvency II Commission Delegated Regulation which relate to ISPVs. The PRA proposes related changes to the existing PRA Rulebook: (EU Exit) Instrument 2019, Glossary and ISPV Part of the PRA Rulebook.

Solvency II Gibraltar consequential amendments

3.11 Due to specific amendments made in the Gibraltar (Miscellaneous Amendments) (EU Exit) Regulations 2019, the PRA proposes consequential changes to the existing PRA Rulebook: (EU Exit) Instrument 2019, Glossary and Insurance Groups Part of the PRA Rulebook.

3.12 These amendments reinstate the term 'Solvency II undertaking' and amend it to refer to Gibraltar insurance or reinsurance undertakings as well as UK Solvency II firms. Where references to 'EEA State' were previously replaced with references to the UK, these now also include a reference to Gibraltar. The term 'supervisory authority' has been amended to include the Financial Services Commission of Gibraltar. A number of deleted provisions relating to supervisory cooperation with EEA Member States have been reinstated and amended to refer to Gibraltar.

Other consequential changes

3.13 The implementation date of the specific transitional for Credit Union EEA investments inserted into the Credit Union Part of the PRA Rulebook will be adjusted to take account of the intended new duration of the PRA transitional direction.

Clarification changes

3.14 A number of technical changes and small amendments for clarification to the PRA Rulebook (EU Exit) Instrument 2019 is required. These include:

- italicisation of defined terms; and
- grammatical corrections and amendments for consistency.

³⁹ Commission Implementing Regulation (EU) 2015/462.

NtA changes to new rules

3.15 Subsequent to the publication of CP25/18 and 26/18 in October 2018, a second version of any proposed rules which includes the necessary changes under the Act has also been part of relevant PRA CPs.⁴⁰ Where final rules are made before exit day they do not include the NtA changes. Instead the relevant NtA changes consulted on in these CPs will be made as part of the final pre-exit update to the PRA Rulebook: (EU Exit) Instrument 2019.

4 The PRA's obligations under the Regulations

4.1 HM Treasury has delegated a power, under Section 8 of the Act, to the PRA to make changes to PRA rules and relevant BTS. As such, similar restrictions that apply to the power in Section 8 of the Act also apply to the PRA's delegated power. Different constraints will exist in relation to the temporary transitional power as highlighted in Chapter 4 of the NtA approach CP.

4.2 In accordance with those restrictions, the PRA considers that all changes proposed to rules and BTS in this CP are appropriate to prevent, remedy or mitigate any:

- (a) failure of the relevant PRA rules or BTS to operate effectively; or
- (b) other deficiency in the relevant PRA rules or BTS, arising from the UK's withdrawal from the EU.

4.3 The types of changes that fall within the scope of 'deficiency' are listed in Section 8(2) of the Act. This list is exhaustive, i.e. all amendments must address deficiencies of these types or make consequential, supplementary, transitory or transitional provision in connection with them.

4.4 The PRA also confirms that the proposed rule and BTS changes made under the Act do not:

- (a) impose or increase taxation or fees;
- (b) make retrospective provision;
- (c) create a criminal offence which is capable of leading to imprisonment of more than two years;
- (d) establish a public authority;
- (e) implement the Article 50 Withdrawal Agreement;
- (f) result in the transfer of a function of an EU authority to a UK authority;
- (g) confer any power to legislate by means of orders, rules, regulations or any other subordinate instrument; or
- (h) amend any legislation other than the relevant PRA rules or BTS.

⁴⁰ For example CP15/19 'Large exposures: Reciprocation of French measure', July 2019: <https://www.bankofengland.co.uk/prudential-regulation/publication/2019/large-exposures-reciprocation-of-french-measure>.

Equality and diversity

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

Next steps

4.6 The PRA invites feedback on the proposals set out in this paper by Wednesday 18 September 2019. Please provide those comments by email to the address CP18_19@bankofengland.co.uk.

Alternatively you may provide comments by post to:

Nationalising the Acquis
Bank of England
Threadneedle Street
London
EC2R 8AH

Part 2: Bank (as FMI competent authority) consultation

5 Further changes to FMI Binding Technical Standards

5.1 The Central Securities Depositories Regulation (CSDR)⁴¹ and the BTS adopted under it will be onshored into UK law under the Act.

5.2 The Bank has identified a few instances in the text of the BTS where it would be helpful to clarify the scope of the provisions. The Bank proposes to amend the BTS to make these clarifications. These amendments are set out in Appendix 7.

6 The Bank's obligations under the Regulations

6.1 HM Treasury has delegated powers, under Section 8 of the Act, to the Bank to make changes to relevant BTS.⁴² As such, similar restrictions that apply to the power in Section 8 of the Act also apply to the Bank's delegated powers.

6.2 In accordance with those restrictions, the Bank considers that all changes proposed in this CP are appropriate to prevent, remedy or mitigate any:

- (i) failure of the relevant BTS to operate effectively, or
- (ii) other deficiency in the relevant BTS, arising from the UK's withdrawal from the EU.

6.3 The types of changes that fall within the scope of 'deficiency' are listed in Section 8(2) of the Act. This list is exhaustive, ie all amendments must address deficiencies of these types or make consequential, supplementary, transitory or transitional provision in connection with them.

6.4 The Bank also confirms that the proposals do not:

- (a) impose or increase taxation or fees;
- (b) make retrospective provision;
- (c) create a criminal offence which is capable of leading to imprisonment of more than two years;
- (d) establish a public authority;
- (e) implement the Article 50 Withdrawal Agreement;
- (f) result in the transfer of a function of an EU authority to a UK authority;
- (g) confer any power to legislate by means of orders, rules, regulations or any other subordinate instrument; or

⁴¹ Regulation (EU) No 909/2014.

⁴² The Bank expects HM Treasury to introduce legislation giving it responsibility for making onshoring changes to these BTS in due course.

(h) amend any legislation other than the relevant BTS.

Equality and diversity

6.5 The Bank does not consider that the proposals give rise to equality and diversity implications.

Next steps

6.6 The Bank invites feedback on the proposals set out in this paper by Wednesday 18 September 2019. Please provide those comments by email to the address below:

CP18_19@bankofengland.co.uk

Alternatively you may provide comments by post to:

Nationalising the Acquis
Bank of England
Threadneedle Street
London
EC2R 8AH

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Appendix 1: Draft PRA transitional direction

Modifications to the near-final PRA transitional direction published in February 2019 are highlighted for the convenience of readers.

Direction made by the PRA under Part 7 of the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019

(Note: There is PRA Guidance relating to this direction, both general and in relation to specific obligations)

1. This direction is made by the PRA under **regulation 198 of** the 2019 Regulations, the PRA, having consulted the Treasury, the Bank of England and the Financial Conduct Authority under regulation 202 of the 2019 Regulations, and being satisfied within the terms of regulation 200 of the 2019 Regulations.
2. This direction, which shall come into force on exit day, shall apply until **31 December** 2020 unless otherwise stated in this direction or unless varied or revoked beforehand (without prejudice to any continuing effect in relation to earlier times).

Interpretation

3. (1) In this direction –

“**the 2018 Act**” means the EU (Withdrawal) Act 2018;

“**the 2018 Regulations**” means the EEA Passport Rights (Amendment, etc. and Transitional Provisions) (EU Exit) Regulations 2018;

“**the 2019 Regulations**” means Part 7 of the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019;

“**CRA regulation**” means Regulation (EC) No 1060/2009 (credit rating agencies);

“**equivalence direction**”, “**equivalence determination**” and “**exemption direction**” have the same meanings as in the Equivalence Determinations for Financial Services and Miscellaneous Provisions (Amendment etc.) (EU Exit) Regulations 2019;

“**Exemption Order**” means the Financial Services and Markets Act 2000 (Exemption) Order 2001;

“**exit instrument**” means an exit instrument within the meaning of the 2019 Regulations, which is in force on exit day;

“**exit day**” has the same meaning as in the 2018 Act;

“**EU references**” has the same meaning as in the 2018 Act;

“**Financial Promotion Order**” means the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001;

“Financial Services Compensation Scheme” means the scheme established under Part XV of FSMA for compensating persons in the cases specified in sections 213(1)(a) to 213(1)(b) of FSMA;

“FSMA” means the Financial Services and Markets Act 2000;

“Gibraltar”, in the context of relevant obligations, has the same meaning as in rule 2.8 in the Interpretation Part of the PRA Rulebook;

“PRA” means the Prudential Regulation Authority;

“Regulated Activities Order” means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;

“relevant obligation” has the same meaning as in the 2019 Regulations;

“securitisation repository” has the same meaning as in Article 2(23) of EU Regulation 2017/2402.

(2) Any reference in this direction to any EU Regulation or EU tertiary legislation (within the meaning of section 20 of the 2018 Act) is, unless the contrary intention appears, to be treated as a reference to that EU Regulation or EU tertiary legislation which forms part of UK law by virtue of the 2018 Act on exit day.

Application and Exceptions

4. This direction applies in relation to relevant obligations for which the PRA has responsibility for supervising or has other functions relating to a person’s compliance with the relevant obligation.
5. (1) This direction shall not apply to a relevant obligation-
 - (a) relating to Part 15A of FSMA or to the Financial Services Compensation Scheme;
 - (b) to apply technical or other information published by the European Insurance and Occupational Pensions Authority (EIOPA), which by virtue of an exit instrument is, after exit day, published by the PRA;
 - (c) to which, subject to paragraph 17, a specific transitional or savings provision contained in:
 - (i) an exit instrument, or
 - (ii) another direction made by the PRA;applies or would apply if it were for the same period as this direction;
 - (d) in the Stay in Resolution Part of the PRA Rulebook;
 - (e) in relation to a securitisation repository;

- (f) which begins to apply in a person's case or applies in the person's case differently as a result of the operation of provisions relating to simple, transparent and standardised securitisations in the Securitisation (Amendment) EU Exit Regulations 2019;
- (g) in relation to a person for whom the Treasury has a power to make an exemption direction;
- (h) which begins to apply in a person's case or applies in the person's case differently as a result of the operation of an equivalence direction or equivalence determination;
- (i) **in relation to which an equivalence direction or equivalence determination has been or could be made for the purposes of Regulation (EU) 600/2014;**
- (j) in the CRA Regulation except as otherwise provided in paragraph 17;
- (k) in Commission Delegated Regulation (EU) 2017/589, Commission Delegated Regulation (EU) 2017/1945 and Commission Delegated Regulation (EU) 2017/1946;
- (l) in relation to a person to whom regulation 47 of the 2018 Regulations applies;
- (m) **which begins to apply in a person's case or applies in the person's case differently as a result of amendments to the-**
 - (i) Regulated Activities Order;**
 - (ii) Financial Promotion Order; or**
 - (iii) Exemption Order.**
- (n) **which relates to the payment of fees;**
- (o) relating to the definition of OTC derivative in Article 2 of Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.

(2) For the avoidance of doubt, if, and to the extent, there are any relevant obligations in Part VII and Schedule 12 of FSMA, the Financial Services and Markets Act 2000 (Control of Business Transfers) (Requirements on Applicants) Regulations 2001 and the Financial Services and Markets Act 2000 (Control of Transfers of Business Done at Lloyd's) Order 2001, this direction shall not apply to them.

Delay of operation of exit instruments

- 6. Where, as a result of the operation of an exit instrument, a relevant obligation-
 - (a) begins to apply in a person's case, the relevant obligation shall not apply to that case;
 - (b) applies in the person's case differently from how it would but for the exit instrument, the relevant obligation shall, subject to paragraph 7 below, apply to the person's case as it would have applied immediately before exit day.

7. The relevant obligation referred to in 6(b) shall be construed in a way so as to enable it to achieve the same result in the person's case as it would have immediately before exit day but in the context of the UK no longer being a member state, including any adaptations to EU references as may be necessary to achieve that effect.
8. Where the obligation is to provide information to an institution of the EU or a member state, the adaptation referred to in paragraph 7 shall include the adaptation that the information is to be provided to the PRA.

Savings for Audit Committee Transitional Provisions

9. This direction shall not prejudice or affect the references to the financial years in rules 4.1 – 4.4 (Transitional Provisions) of the Audit Committee Part of the PRA Rulebook.

Application to EEA firms

10. (1) This paragraph applies in relation to a person who immediately before exit day was authorised to carry on a regulated activity by virtue of section 31(1) (b) or (c) of FSMA.
- (2) For the purposes of paragraph 6 but subject to paragraphs 10(3) and 11 below, a relevant obligation shall be treated as not beginning to apply in a person's case, nor applying in a person's case differently, as a result of the operation of an exit instrument, where it begins to apply or applies differently solely by virtue of the repeal of Schedule 3 and 4 of FSMA by the 2018 Regulations or solely by virtue of that repeal and of the application of regulations 8, 11, 28 or 34 of the 2018 Regulations (including, in the case of a person who does not have an establishment in the UK, where the obligation begins to apply also by virtue of it being expressly extended to that person's case from exit day).
- (3) In respect of the Remuneration Part of the PRA Rulebook, the following provisions shall apply:
 - (a) Until the start of the performance period specified in subparagraph (b) the remuneration obligations referred to in subparagraph (c) shall apply to the person in substitution for rules 11.2 to 11.6, 13.1, 15.17, 15.18, 15.20(3) to (5), 15.22, 15.23, and 15A.1 to 15A.11 of the Remuneration Part of the PRA Rulebook.
 - (b) The performance period referred to in subparagraph (a) above is the first performance period starting at least 3 months after exit day.
 - (c) The obligations referred to in paragraph (a) are those set out in Article 94(1)(i), (j), (k), (m), (n) and (p) of the Capital Requirements Directive 2013/36/EU.

Application to firms with a temporary permission

11. (1) In relation to a person to whom regulation 8, 11, 28 or 34 of the 2018 Regulations applies this direction shall apply subject to the following provisions of this paragraph.

- (2) Notwithstanding paragraph 6 but subject to 11(7) below, this direction shall not apply to a relevant obligation which, as a result of the operation of an exit instrument, begins to apply solely to persons to which this paragraph applies.
- (3) Until **30 April 2020** obligations in the Third Country Branches Part of the PRA Rulebook relating to the reporting to the PRA of branch specific information shall not apply.
- (4) Until **31 December 2020** obligations in the Regulatory Reporting, Third Country Branches and Reporting Parts of the PRA Rulebook shall not apply insofar as the obligation relates to the calculation of the branch MCR or branch SCR and any requirement which is dependent upon such calculation, including any obligation to report information to the PRA in relation thereto.
- (5) Until **31 December 2020**, where a person falls into Regulatory Activity Group 1 for the purposes of rule 6.1 of the Regulatory Reporting Part of the PRA Rulebook, rule 2.1 of that Part shall not apply to that person in respect of the Statement of profit or loss.
- (6) Until **31 December 2020** rule 11.1(1) of the Third Country Branches Part of the PRA Rulebook shall not apply in relation to chapter 4 of the Composites Part of the PRA Rulebook.
- (7) In respect of rule 3.2 of the General Provisions Part of the PRA Rulebook (Disclosure to Retail Clients) a person may choose to rely on this direction until **31 January 2020**.

Further exceptions and modifications

12. Paragraphs 6 to 8 of this direction shall not apply in relation to the Contractual Recognition of Bail In Part of the PRA Rulebook, Commission Delegated Regulation (EU) 2016/1075, to references in relevant obligations to accounting standards and in relation to credit ratings agencies (to which specific provisions apply by virtue of paragraphs 13 to 17 below).
13. Relevant obligations specified in the paragraphs below shall apply with the modifications set out in those paragraphs.

Contractual Recognition of Bail In

14. In relation to the Contractual Recognition of Bail In Part of the PRA Rulebook the following obligations shall be met in substitution for the relevant obligations contained in Rule 2.1, 2.1B and 2.1C (with words or phrases having the same meaning as in rule 2 on exit day). All other provisions of rule 2, as on exit day, shall apply.
 - 2.1 Except in the circumstances described in 2.1A a BRRD undertaking must include in the contract governing a liability a term by which the creditor or party to the agreement creating the liability recognises that the liability may be subject to the exercise of a power by the Bank of England to make special bail-in provision or mandatory reduction provision and agrees to be bound by any reduction of the principal or outstanding amount due or by any conversion or cancellation effected by the exercise of that power, provided that such liability is:
 - (1) not an excluded liability;

- (2) not an excluded deposit;
- (3) governed by the law of a third country other than an EEA state; and
- (4) a liability of a type described in 2.3.

2.1B A BRRD undertaking must include in the contract governing a liability, other than phase two liability, a term by which the creditor or party to the agreement creating the liability recognises that the liability may be subject to the exercise of a power by the Bank of England to make special bail-in provision or mandatory reduction provision and agrees to be bound by any reduction of the principal or outstanding amount due or by any conversion or cancellation effected by the exercise of that power, provided that such liability is:

- (1) not an excluded liability;
- (2) not an excluded deposit;
- (3) governed by the law of an EEA state; and
- (4) Issued or subject to a material amendment after exit day.

15. Relevant obligations contained in Articles 42 to 44 of Commission Delegated Regulation (EU) 2016/1075 shall be construed consistently with the Contractual Recognition of Bail In Part of the PRA Rulebook as modified above by this direction.

Accounting standards

16. References in relevant obligations to accounting standards adopted under Regulation (EU) 1606/2002 shall be construed as references to UK-adopted international accounting standards (as defined in section 474(1) of the Companies Act 2006) in relation to the relevant obligations of a person in so far as that person is required to prepare accounts in accordance with UK-adopted international accounting standards.

Credit Ratings Agencies

17. Relevant obligations in article 4 of the CRA Regulation relating to the eligibility of a credit rating to be used for regulatory purposes will not apply for a period of one year beginning with exit day where the credit rating was issued or endorsed by a credit rating agency established in the EU which is not part of a group in respect of which one of its undertakings-
- (a) is registered in the United Kingdom in accordance with the CRA Regulation; or
 - (b) has made an advance application under regulation 24 of The Credit Rating Agencies (Amendment, etc.) (EU Exit) Regulations 2019;

and the rating was issued or endorsed and not withdrawn immediately before exit day.

Savings

18. Nothing in this direction shall affect the application of a relevant obligation for the purposes of the PRA imposing a requirement on a person under or pursuant to that obligation.

19. This direction is without prejudice to any provision made by an exit instrument relating to the application of relevant obligations in respect of Gibraltar.

By order of the Prudential Regulation Committee

[DATE]

Appendix 2: Draft Bank transitional direction

Modifications to the near-final Bank transitional direction published in February 2019 are highlighted for the convenience of readers.

Direction made by the Bank of England under Part 7 of the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019

(Note: There is Bank of England Guidance relating to this direction, both general and in relation to specific obligations)

1. This direction is made by the Bank of England under **regulation 198 of** the 2019 Regulations, the Bank of England, having consulted the Treasury, the Prudential Regulation Authority and the Financial Conduct Authority under regulation 202 of the 2019 Regulations, and being satisfied within the terms of regulation 200 of the 2019 Regulations.
2. This direction, which shall come into force on exit day, shall apply until **31 December** 2020 unless otherwise stated in this direction or unless varied or revoked beforehand (without prejudice to any continuing effect in relation to earlier times).

Interpretation

3. In this direction –

“**the 2018 Act**” means the EU (Withdrawal) Act 2018;

“**the 2019 Regulations**” means Part 7 of the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019;

“**equivalence direction**”, “**equivalence determination**” and “**exemption direction**” have the same meanings as in the Equivalence Determinations for Financial Services and Miscellaneous Provisions (Amendment etc.) (EU Exit) Regulations 2019;

“**exit instrument**” means an exit instrument within the meaning of the 2019 Regulations, which is in force on exit day;

“**exit day**” has the same meaning as in the 2018 Act;

“**EMIR**” means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories;

“**EU references**” has the same meaning as in the 2018 Act;

“**Financial Services Compensation Scheme**” means the scheme established under Part XV of FSMA for compensating persons in the cases specified in sections 213(1)(a) to 213(1)(b) of FSMA;

“**FSMA**” means the Financial Services and Markets Act 2000;

“**Gibraltar**”, in the context of relevant obligations, has the same meaning as in rule 2.8 in the Interpretation Part of the PRA Rulebook; and

“**relevant obligation**” has the same meaning as in the 2019 Regulations.

4. Any reference in this direction to any EU Regulation or EU tertiary legislation (within the meaning of section 20 of the 2018 Act) is, unless the contrary intention appears, to be treated as a reference to that EU Regulation or EU tertiary legislation which forms part of UK law by virtue of the 2018 Act **on exit day**.

Application and Exceptions

5. This direction applies in relation to relevant obligations for which the Bank of England has responsibility for supervising or has other functions relating to a person’s compliance with the relevant obligation.
6. This direction shall not apply to a relevant obligation-
 - (a) relating to Part 15A of FSMA or to the Financial Services Compensation Scheme;
 - (b) to which a specific transitional or savings provision contained in:
 - a. an exit instrument, or
 - b. another direction made by the Bank of England,
 applies or would apply if it were for the same period as this direction, including, but not limited to, those listed in the Schedule;
 - (c) in relation to a person for whom the Treasury has a power to make an exemption direction;
 - (d) which begins to apply in a person’s case or applies in the person’s case differently as a result of the operation of an equivalence direction or equivalence determination;
 - (e) in Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012, and in Commission Delegated Regulation (EU) No 2017/581 of 24 June 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards on clearing access in respect of trading venues and central counterparties, Commission Delegated Regulation (EU) No 2017/582 of 29 June 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards specifying the obligation to clear derivatives traded on regulated markets and timing of acceptance for clearing, and Commission Delegated Regulation (EU) No 2017/2154 of 22 September 2017 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards on indirect clearing arrangements;
 - (f) relating to the definition of OTC derivative in Article 2 of EMIR;
 - (g) in Article 25 of EMIR;
 - (h) in Article 25 of Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012;

- (i) in the Financial Markets and Insolvency (Amendment and Transitional Provision) (EU Exit) Regulations 2019; and
- (j) relating to the payment of fees.

Delay of operation of exit instruments

7. Where, as a result of the operation of an exit instrument, a relevant obligation-
 - (a) begins to apply in a person's case, the relevant obligation shall not apply to that case;
 - (b) applies in the person's case differently from how it would but for the exit instrument, the relevant obligation shall, subject to paragraph 8 below, apply to the person's case as it would have applied immediately before exit day.
8. The relevant obligation referred to in paragraph 7(b) shall be construed in a way so as to enable it to achieve the same result in the person's case as it would have immediately before exit day but in the context of the UK no longer being a member state, including any adaptations to EU references as may be necessary to achieve that effect.
9. Where the obligation referred to in paragraph 7(b) is to provide information to (i) an undertaking in the EU or a member state, or (ii) an institution of the EU or a member state, the adaptation referred to in paragraph 8 shall include the adaptation that the information is to be provided to the equivalent or corresponding undertaking or institution in the UK.

Accounting standards

10. References in relevant obligations to accounting standards adopted under Regulation (EU) 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards shall be construed as references to UK-adopted international accounting standards (as defined in section 474(1) of the Companies Act 2006) in relation to the relevant obligations of a person in so far as that person is required to prepare accounts in accordance with UK-adopted international accounting standards.

Savings

11. Nothing in this direction shall affect the application of a relevant obligation for the purposes of the Bank of England imposing a requirement on a person under or pursuant to that obligation.
12. This direction is without prejudice to any provision made by an exit instrument relating to the application of relevant obligations in respect of Gibraltar.

By order of the Bank of England

[DATE]

Schedule

- a) Part 6 of the Central Counterparties (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2018
- b) Article 89(5A) of EMIR
- c) Article 69 of Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012

Appendix 3: Draft Technical Standards (Capital Requirements) (EU Exit) (No. 4) Instrument (update to BTS 2016/1646)

EU EXIT INSTRUMENT: THE TECHNICAL STANDARDS (CAPITAL REQUIREMENTS) (EU EXIT) (No. 4) INSTRUMENT [YEAR]

Powers exercised

- A. The Prudential Regulatory Authority (the “PRA”), being the appropriate regulator within the meaning of the Financial Regulators’ Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018 (the “Regulations”), having carried out the consultations required by regulation 5 of the Regulations and with the approval of the Treasury, makes this instrument in exercise of the powers conferred by regulation 3 of the Regulations.

History

- B. The PRA made the Technical Standards (Capital Requirements) (EU Exit) (No.3) Instrument 2019 on 9 April 2019. This divided the Main Indices and Recognised Exchanges EU Regulation into a Part 1 (FCA) and a Part 2 (PRA) and made the modification specified in paragraph J of that instrument with effect from exit day.

Pre-conditions to making

- C. Accordingly, the PRA is the appropriate regulator for Part 2 (PRA) of the Main Indices and Recognised Exchanges EU Regulation.
- D. The PRA proposes to exercise the power in regulation 3 of the Regulations to modify the Main Indices and Recognised Exchanges EU Regulation.
- E. The PRA has consulted the FCA on the modifications contained in the Annex to this instrument in accordance with regulations 3 and 5 of the Regulations.
- F. A draft of this instrument has been approved by the Treasury, the Minister considering that it makes appropriate provision to prevent, remedy or mitigate any failure of retained EU law to operate effectively, or any other deficiency in retained EU law, arising from the withdrawal of the United Kingdom from the European Union.

Interpretation

- G. In this instrument –
 - (a) “the Act” means the European Union (Withdrawal) Act 2018;
 - (b) “the Main Indices and Recognised Exchanges EU Regulation” means Commission Implementing Regulation (EU) 2016/1646 of 13 September 2016 laying down implementing technical standards with regard to main indices and recognised exchanges, as it forms part of domestic law by virtue of section 3 of the Act;
 - (c) “exit day” has the meaning given in the Act; and
 - (d) “the FCA” means the Financial Conduct Authority.

Modifications

- H. The PRA makes the modifications contained in the Annex to Part 2 (PRA) of the Main Indices and Recognised Exchanges EU Regulation.

Commencement

I. This instrument comes into force on exit day.

Citation

J. This instrument may be cited as the Technical Standards (Capital Requirements) (EU Exit) (No. 4) Instrument [year]

By order of the Prudential Regulation Committee

[Date]

Annex

MAIN INDICES AND RECOGNISED EXCHANGES

1 MODIFICATIONS TO PART 2 (PRA) OF EU REGULATION 2016/1646

- 1.1 In this Annex new text is underlined and deleted text is struck through.
 - 1.2 Part 2 (PRA) of Commission Implementing Regulation (EU) 2016/1646 of 13 September 2016 laying down implementing technical standards with regard to main indices and recognised exchanges, as it forms part of domestic law by virtue of section 3 of the Act, is modified as follows:
-

...

ANNEX II

**RECOGNISED EXCHANGES SPECIFIED UNDER ARTICLE 197 OF
REGULATION (EU) No 575/2013**

Table 1

**Recognised exchanges on which contracts listed in Annex II of Regulation (EU)
No 575/2013 are not traded**

Regulated market	MIC
EURONEXT PARIS	XPAR
BOERSE BERLIN (REGULIERTER MARKT)	BERA
BOERSE BERLIN (BERLIN SECOND REGULATED MARKET)	BERC
BOERSE DUESSELDORF (REGULIERTER MARKT)	DUSA
BOERSE DUESSELDORF QUOTRIX (REGULIERTER MARKT)	DUSC
BOERSE BERLIN EQUIDUCT TRADING (REGULIERTER MARKT)	EQTA

BOERSE BERLIN EQUIDUCT TRADING (BERLIN SECOND REGULATED MARKET)	EQTB
HANSEATISCHE WERTPAPIERBOERSE HAMBURG (REGULIERTER MARKT)	HAMA
NIEDERSAECHSISCHE BOERSE ZU HANNOVER (REGULIERTER MARKT)	HANA
BOERSE MUENCHEN (REGULIERTER MARKT)	MUNA
BOERSE MUENCHEN — MARKET MAKER MUNICH (REGULIERTER MARKT)	MUNC
BADEN-WUERTTEMBERGISCHE WERTPAPIERBOERSE (REGULIERTER MARKT)	STUA
FRANKFURTER WERTPAPIERBOERSE (REGULIERTER MARKT)	FRAA, XETA
TRADEGATE EXCHANGE (REGULIERTER MARKT)	XGRM
IRISH STOCK EXCHANGE — MAIN SECURITIES MARKET	XDUB
EURONEXT LISBON	XLIS
BOLSA DE BARCELONA	XBAR, XMCE
BOLSA DE BILBAO	XBIL, XMCE
BOLSA DE MADRID	XMAD, XMCE, MERF
BOLSA DE VALENCIA	XVAL, XMCE
BONDVISION MARKET	BOND

ELECTRONIC OPEN END FUNDS AND ETC MARKET	ETFP
MARKET FOR INVESTMENT VEHICLES (MIV)	MIVX
ELECTRONIC BOND MARKET	MOTX
ELECTRONIC SHARE MARKET	MTAA
MTS GOVERNMENT MARKET	MTSC
MTS CORPORATE MARKET	MTSM
SECURITISED DERIVATIVES MARKET	SEDX
MERCADO DE DEUDA PUBLICA EN ANOTACIONES	XDPA
AIAF — MERCADO DE RENTA FIJA	XDRF, SEND
BOURSE DE LUXEMBOURG	XLUX
CYPRUS STOCK EXCHANGE	XCYS
SPOT REGULATED MARKET — BMFMS	SBMF
SPOT REGULATED MARKET — BVB	XBSE
RM SYSTEM CZECH STOCK EXCHANGE	XRMZ
PRAGUE STOCK EXCHANGE	XPRA
BATS EUROPE REGULATED MARKET	BATE, CHIX
ISDX MAIN BOARD	ISDX
EURONEXT LONDON	XLDN

LONDON STOCK EXCHANGE — REGULATED MARKET	XLON
NASDAQ RIGA	XRIS
NASDAQ STOCKHOLM	XSTO
NORDIC GROWTH MARKET NGM	XNGM
NASDAQ COPENHAGEN	XCSE
OSLO AXESS	XOAS
OSLO BØRS	XOSL
NASDAQ TALLINN	XTAL
NASDAQ HELSINKI	XHEL
VIENNA STOCKEXCHANGE OFFICIAL MARKET (AMTLICHER HANDEL)	WBAH
VIENNA STOCKEXCHANGE SECOND REGULATED MARKET (GEREGELTER FREIVERKEHR)	WBGF
BULGARIAN STOCK EXCHANGE — SOFIA JSC	XBUL
NASDAQ ICELAND	XICE
BUDAPEST STOCK EXCHANGE	XBUD
BRATISLAVA STOCK EXCHANGE	XBRA
NASDAQ VILNIUS	XLIT
EURONEXT BRUSSELS	XBRU

ZAGREB STOCK EXCHANGE	XZAG
ELECTRONIC SECONDARY SECURITIES MARKET	HDAT
ATHENS EXCHANGE SECURITIES MARKET	XATH
EUROPEAN WHOLESALE SECURITIES MARKET	EWSM
MALTA STOCK EXCHANGE	XMAL
EURONEXT AMSTERDAM	XAMS
BONDSPOT SECURITIES MARKET	RPWC
WARSAW STOCK EXCHANGE	XWAR,WBON, WETP
LJUBLJANA STOCK EXCHANGE OFFICIAL MARKET	XLJU
GIBRALTAR STOCK EXCHANGE	GSXL

Table 2

Recognised exchanges on which contracts listed in Annex II of Regulation (EU) No 575/2013 are traded

Regulated market	MIC
MATIF	XMAT
MONEP	XMON
POWERNEXT DERIVATIVES	XPOW

EUROPEAN ENERGY EXCHANGE	XEEE
EUREX DEUTSCHLAND	XEUR
MERCADO DE FUTUROS E OPCOES	MFOX
MERCADO REGULAMENTADO DE DERIVADOS DO MIBEL	OMP
MEFF EXCHANGE	XMRV, XMPW
MERCADO DE FUTUROS DE ACEITE DE OLIVA — SA	XSRM
DERIVATIVES REGULATED MARKET — BMFMS	BMFM
POWER EXCHANGE CENTRAL EUROPE	XPXE
CME EUROPE LIMITED	CMED
ICE FUTURES EUROPE — ENERGY PRODUCTS DIVISION	IFEU
ICE FUTURES EUROPE — FINANCIAL PRODUCTS DIVISION	IFLL
ICE FUTURES EUROPE — EQUITY PRODUCTS DIVISION	IFLO
ICE FUTURES EUROPE — AGRICULTURAL PRODUCTS DIVISION	IFLX
THE LONDON INTERNATIONAL FINANCIAL FUTURES AND OPTIONS EXCHANGES (LIFFE)	XLIF
THE LONDON METAL EXCHANGE	XLME
LONDON STOCK EXCHANGE DERIVATIVES MARKET	XLOD
ITALIAN DERIVATIVES MARKET	XDMI

NASDAQ STOCKHOLM	XSTO
FISH POOL	FISH
NOREXECO	NEXO
NASDAQ OSLO	NORX
OSLO BØRS	XOSL
EURONEXT BRUSSELS DERIVATIVES	XBRD
ATHENS EXCHANGE DERIVATIVES MARKET	XADE
VIENNA STOCKEXCHANGE OFFICIAL MARKET (AMTLICHER HANDEL)	WBAH
BUDAPEST STOCK EXCHANGE	XBUD
ICE ENDEX DERIVATIVES	NDEX
EURONEXT EQF — EQUITIES AND INDICES DERIVATIVES	XEUE
WARSAW STOCK EXCHANGE/COMMODITIES/POLISH POWER EXCHANGE/COMMODITY DERIVATIVES	PLPD

Appendix 4: Draft Technical Standards (European Market Infrastructure) (EU Exit) (No.4) Instrument (update to BTS 2016/2251)

EU EXIT INSTRUMENT: THE TECHNICAL STANDARDS (EUROPEAN MARKET INFRASTRUCTURE) (EU EXIT) (No. 4) INSTRUMENT [YEAR]

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) being the appropriate regulator within the meaning of the Financial Regulators’ Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018 (“the Regulations”), having carried out consultations pursuant to regulation 5 of the Regulations and with the approval of the Treasury, makes the instrument in exercise of the powers conferred by regulation 3 of the Regulations.

History

- B. The PRA made the Technical Standards (European Market Infrastructure) (EU Exit) (No. 3) Instrument 2019 on 9 April 2019. This made modifications to the EU EMIR.

Pre-conditions to making

- C. The PRA and the FCA are the appropriate regulators for the EU EMIR.
- D. The PRA proposes to exercise the power in regulation 3 of the Regulations to modify the EU EMIR.
- E. The FCA has been consulted on the modifications contained in the Annex to this instrument in accordance with regulation 5 of the Regulations and has consented to the modifications contained in the Annex to this instrument in accordance with regulation 3(2) of the Regulations.
- F. A draft of this instrument has been approved by the Treasury, the Minister considering that it makes appropriate provision to prevent, remedy or mitigate any failure of retained EU law to operate effectively, or any other deficiency in retained EU law, arising from the withdrawal of the United Kingdom from the European Union.

Interpretation

- G. In this instrument –
- (a) “the Act” means the European Union (Withdrawal) Act 2018;
 - (b) “EU EMIR” means the EU Regulation specified in Part 4 of the Schedule to the Regulations under the heading “European Markets Infrastructure Regulation”, as it forms part of domestic law by virtue of section 3 of the Act;
 - (c) “exit day” has the meaning given in the Act; and
 - (d) “the FCA” means the Financial Conduct Authority.

Modifications

- H. The PRA makes the modifications in the Annex below to the Technical Standards (European Market Infrastructure) (EU Exit) (No. 3) Instrument 2019.

Commencement

- I. This instrument comes into force on exit day.

Highlighted text

- J. In the Annex to this instrument, modifications to the Technical Standards (European Market Infrastructure) (EU Exit) (No. 3) Instrument 2019 are highlighted for the convenience of readers. This highlighting does not form part of the legislative text.

Citation

- K. This instrument may be cited as Technical Standards (European Market Infrastructure) (EU Exit) (No. 4) Instrument [year].

By order of the Prudential Regulation Committee

[Date]

Annex

1 MODIFICATIONS TO THE ANNEX TO THE TECHNICAL STANDARDS (EUROPEAN MARKET INFRASTRUCTURE) (EU EXIT) (NO. 3) INSTRUMENT 2019

- 1.1 In this Annex new text is underlined and deleted text is struck through.
- 1.2 Relevant provisions of the Annex to the Technical Standards (European Market Infrastructure) (EU Exit) (No. 3) Instrument 2019 (which modifies Commission Delegated Regulation (EU) 2016/2251 with regard to regulatory technical standards for risk-mitigation techniques for OTC derivative contracts not cleared by a central counterparty, as it forms part of domestic law by virtue of section 3 of the Act) are substituted as follows:

Article 36

Application of 9(2), Article 11, Articles 13 to 18, points (c), (d) and (f) of Article 19(1), Article 19(3) and Article 20

1. Article 9(2), Article 11, Articles 13 to 18, points (c), (d) and (f) of Article 19(1), Article 19(3) and Article 20 shall apply as follows:
- (a) from 1 month after ~~the date of entry into force of this Regulation~~ 4 January 2017, where both counterparties have, or belong to groups each of which has, an aggregate average notional amount of non-centrally cleared derivatives that is above EUR 3 000 billion;
 - (b) from 1 September 2017, where both counterparties have, or belong to groups each of which has, an aggregate average notional amount of non-centrally cleared derivatives that is above EUR 2 250 billion;
 - (c) from 1 September 2018, where both counterparties have, or belong to groups each of which has, an aggregate average notional amount of non-centrally cleared derivatives that is above EUR 1 500 billion;
 - (d) from 1 September 2019, where both counterparties have, or belong to groups each of which has, an aggregate average notional amount of non-centrally cleared derivatives that is above EUR 750 billion.**
 - ~~(e) from 1 September 2020, where both counterparties have, or belong to groups each of which has, an aggregate average notional amount of non-centrally cleared derivatives that is above EUR 8 billion.~~

[Note: Articles 9(2), Article 11, Articles 13 to 18, points (c), (d) and (f) of Article 19(1), Article 19(3) and Article 20 do not form part of domestic law on and after exit day by virtue of section 3 of the Act where both counterparties have, or belong to groups each of which has, an aggregate average notional amount of non-centrally cleared derivatives that is above EUR 8 billion and below EUR 750 billion.]

Appendix 5: Draft Technical Standards (Solvency II Directive) (EU Exit) (No.2) Instrument (update to BTS 2015/462)

EU EXIT INSTRUMENT: THE TECHNICAL STANDARDS (SOLVENCY II DIRECTIVE) (EU EXIT) (No. 2) INSTRUMENT [YEAR]

Powers exercised

- A. The Prudential Regulation Authority (“the PRA”), being the appropriate regulator within the meaning of the Financial Regulators’ Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018 (“the Regulations”), having carried out consultations required by regulation 5 of the Regulations and with the approval of the Treasury, makes this instrument in exercise of the power conferred by regulation 3 of the Regulations.

Pre-conditions to making

- B. The PRA is the appropriate regulator for the Solvency II EU Regulations.
- C. The PRA proposes to exercise the power in regulation 3 of the Regulations to modify the Solvency II EU Regulations.
- D. The PRA has consulted the Financial Conduct Authority in accordance with regulation 5 of the Regulations.
- E. A draft of this instrument has been approved by the Treasury, the Minister considering that it makes appropriate provision to prevent, remedy or mitigate any failure of retained EU law to operate effectively, or any other deficiency in retained EU law, arising from the withdrawal of the United Kingdom from the European Union.

Interpretation

- F. In this instrument –
- (a) “the Act” means the European Union (Withdrawal) Act 2018;
 - (b) “the Solvency II EU Regulations” means the EU Regulations specified in Part 2 of the Schedule to the Regulations under the heading “Solvency II”, as they form part of domestic law by virtue of section 3 of the Act;
 - (c) “exit day” has the meaning given in the Act.

Modifications

- G. The PRA makes the modifications contained in the Annex to this instrument listed in column (2) below to the corresponding Solvency II EU Regulation listed in column (1) below.

(1)	(2)
Commission Implementing Regulation 2015/462	A

Commencement

- H. This instrument comes into force on exit day.

Citation

- I. This instrument may be cited as the Technical Standards (Solvency II Directive) (EU Exit) (No.2) Instrument [year].

By order of the Prudential Regulation Committee

[Date]

Annex A

APPROVALS TO ESTABLISH SPECIAL PURPOSE VEHICLES

1 MODIFICATIONS TO EU REGULATION 2015/462

- 1.1 Commission Implementing Regulation (EU) 2015/462 of 19 March 2015 laying down implementing technical standards with regard to the procedures for supervisory approval to establish special purpose vehicles, for the cooperation and exchange of information between supervisory authorities regarding special purpose vehicles as well as to set out formats and templates for information to be reported by special purpose vehicles in accordance with Directive 2009/138/EC of the European Parliament and of the Council, as it forms part of domestic law by virtue of section 3 of the Act, is modified as follows:
- 1.1.1 In articles 2, 7, 13, 14, 16, Annex I and Annex III, each reference to an “insurance or reinsurance undertaking” includes a reference to a “third country insurance or reinsurance undertaking”.

Appendix 6: Draft PRA Rulebook: (EU Exit) (No.2) Instrument

Modifications to the PRA Rulebook: (EU Exit) Instrument 2019 are highlighted for the convenience of readers.

PRA RULEBOOK: (EU EXIT) (No. 2) INSTRUMENT [YEAR]

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) being the appropriate regulator within the meaning of the Financial Regulators’ Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018 (“the Regulations”), having carried out consultations pursuant to regulation 5 of the Regulations and with the approval of the Treasury to the following instrument, makes the instrument in exercise of the powers conferred by regulation 3 of the Regulations.
- B. In respect of matters falling within Section 213(3)(b) and 213(4) of the Financial Services and Markets Act 2000 (“the Act”), the PRA makes the instrument in exercise of the following powers in the Act:
 - (1) section 137G (The PRA’s general rules)
 - (2) section 137T (General supplementary powers)
 - (3) section 213(1) (The compensation scheme); and
 - (4) section 214 (General)
- C. The PRA makes the instrument in the exercise of paragraph 31(Fees) of Part 3 (Penalties and Fees) of Schedule 1ZB of the Act in respect of the matters falling within that paragraph.
- D. The PRA makes the instrument in the exercise of regulation 209(1) of The Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019 in respect of the matters falling within that regulation.
- E. 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

- F. A draft of this instrument has been approved by the Treasury, having been satisfied that it makes appropriate provision to prevent, remedy or mitigate any failure of retained EU law to operate effectively, or any other deficiency in retained EU law, arising from the withdrawal of the United Kingdom from the European Union.
- G. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority in respect of the matters referred to at paragraphs B and C above. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

Revocation of PRA Rulebook: (EU Exit) Instrument 2019

- H. The PRA Rulebook: (EU Exit) Instrument 2019 is revoked.

PRA Rulebook: (EU Exit) (No. 2) Instrument [YEAR]

- I. The PRA makes the rules and directions in the Annexes to this instrument.

Part	Annex
Glossary	A
Interpretation	B
Fundamental Rules	C
Algorithmic Trading	D

Allocation of Responsibilities	E
Audit Committee	F
Auditors	G
Capital Buffers	H
Certification	I
Change in Control	J
Close Links	K
Compliance and Internal Audit	L
Conditions Governing Business	M
Conduct Rules	N
Contractual Recognition of Bail-In	O
Credit Risk	P
Credit Unions	Q
Depositor Protection	R
Dormant Account Scheme	S
External Audit	T
Financial Conglomerates	U
Fitness and Propriety	V
Friendly Society – Liability Valuation	W
FSCS Management Expenses Levy Limit and Base Costs	X
General Organisational Requirements	Y
General Provisions	Z
Group Financial Support	AA
Group Risk Systems	AB
Group Supervision	AC
Groups	AD
Housing	AE
Incoming Firms & Third Country Firms	AF
Insurance – Allocation of Responsibilities	AG
Insurance – Certification	AH
Insurance – Conduct Standards	AI
Insurance – Fitness and Propriety	AJ
Insurance – Senior Management Functions	AK
Insurance – Senior Managers Regime – Applications and Notifications	AL
Insurance – Supervised Run-off	AM
Insurance Company – Exposure Limits	AN
Insurance Company – Technical Provisions	AO
Insurance General Application	AP
Insurance Special Purpose Vehicles	AQ
Internal Capital Adequacy Assessment	AR
Internal Governance of Third Country Branches	AS
Internal Liquidity Adequacy Assessment	AT
Large Exposures	AU
Leverage Ratio	AV
Liquidity Coverage Requirement – UK Designated Investment Firms	AW
Minimum Capital Requirement	AX
Notifications	AY
Outsourcing	AZ
Passporting	BA
Policyholder Protection	BB

Public Disclosures	BC
Record Keeping	BD
Recovery Plans	BE
Regulatory Reporting	BF
Related Party Transaction Risk	BG
Remuneration	BH
Reporting	BI
Reporting Leverage Ratio	BJ
Reporting Pillar 2	BK
Resolution Pack	BL
Ring-Fenced Bodies	BM
Risk Control	BN
Run-Off Operations	BO
Senior Management Functions	BP
Senior Managers Regime – Applications and Notifications	BQ
Skills, Knowledge & Expertise	BR
Stay In Resolution	BS
Supervised Run-Off	BT
Technical Provisions	BU
Third Country Branches	BV
Transitional Measures	BW
Undertakings in Difficulty	BX

Commencement

J. Subject to K below, this instrument comes into force on exit day, as defined in the European Union (Withdrawal) Act 2018.

K. Paragraphs H and K of this instrument come into force on the making of this instrument.

Citation

L. This instrument may be cited as the PRA Rulebook: (EU Exit) (No. 2) Instrument [year].

By order of the Prudential Regulation Committee

[DATE]

Annex A

Amendments to the Glossary

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

alternative investment fund ~~has the meaning given in article 4(1)(a) of AIFMD~~ means a collective investment undertaking, including investment compartments thereof which:

(1) raises capital from a number of investors, with the intention of investing it in accordance with a defined investment policy for the benefit of those investors; and

(2) does not require authorisation pursuant to article 5 of the UCITS Directive.

alternative investment fund manager ~~has the meaning given in article 4(1)(b) of AIFMD~~ means a legal person whose regular business is managing one or more alternative investment funds.

...

ancillary own funds

(1) (in relation to a *UK Solvency II firm* and Lloyd's) has the meaning given in *Own Funds* 2.3 and are determined in accordance with *Own Funds* 2.3 to 2.7; or

~~(2) (in relation to a *Solvency II undertaking* other than a *UK Solvency II firm*) means an *own funds* item referred to in Article 89 of the *Solvency II Directive*, determined in accordance with the applicable *Solvency II EEA implementing measures*; or~~

~~(3)~~**(2)** (in relation to an *insurance holding company*) means an *own funds* item referred to in Article 89 of the *Solvency II Directive*, determined in accordance with (1) as if it were a *UK Solvency II firm*; or

~~(4)~~**(3)** (in relation to a *third country branch undertaking*) means an *own funds* item referred to in Article 89 of the *Solvency II Directive*, determined in accordance with (1) as if it were a *UK Solvency II firm*.

ancillary service means any of the services ~~listed in Section B of Annex I to MiFID II~~ listed in Part 3A of Schedule 2 to the *Regulated Activities Order*.

...

approved credit institution means a *credit institution* recognised or permitted under the law of the UK ~~an EEA State~~ to carry on any of the activities set out in Annex 1 to the *CRD*.

...

approved financial institution means any of the following:

...

(12) the *EU*; ~~and~~

(13) the European Atomic Energy Community; and

(14) the *Bank of England*.

...

approved State

means any of the following:

(A1) the *UK*;

(1) an *EEA state*;

(2) The United States of America;

(3) Canada;

(4) Japan; or

(5) Australia,

other than when that country has rescheduled its external debt.

...

~~Article 12(1) relationship~~

~~means a relationship where *undertakings* are linked by a relationship within the meaning of Article 12(1) of Directive 83/349 EEC.~~

...

asset management company

means a management company within the meaning of Article 2(1)(b) of the *UCITS Directive*, ~~as well as~~ an *undertaking with a Part 4A permission* under Article 51ZA of the *Regulated Activities Order (Managing a UCITS)* or an *undertaking*, the registered office of which is ~~not in an EEA State~~ outside the *UK* and which would require ~~authorisation in accordance with Article 6(1) of the UCITS Directive~~ such permission if it had its registered office within ~~an EEA State~~ the *UK*.

...

bank

means:

(1) a firm with a *Part 4A permission* to carry on the *regulated activity* of *accepting deposits* and is a *credit institution*, but is not a *credit union*, *friendly society* or a *building society*;

(2) an *EEA bank*.

...

basic own funds ...

~~(2)~~ (in relation to a *Solvency II undertaking* other than a *UK Solvency II firm*) means an *own funds* item referred to in Article 88 of the *Solvency II Directive*, determined in accordance with the applicable *Solvency II EEA implementing measures*; or

~~(3)~~(2) (in relation to an *insurance holding company*) means an *own funds* item referred to in Article 88 of the *Solvency II Directive*, determined in accordance with (1) as if it were a *UK Solvency II firm*; or

~~(4)~~(3) (in relation to a *third country branch undertaking*) means an *own funds* item referred to in article 88 of the *Solvency II Directive*, determined in accordance with (1) as if it were a *UK Solvency II firm*.

...

branch means

(1) (in relation to a *credit institution*):

~~(a)~~ a place of business which forms a legally dependent part of a *credit institution* and which carries out directly all or some of the transactions inherent in the business of *credit institutions*.

~~(b)~~ for the purposes of the *CRD* and in accordance with Article 38 of the *CRD*, any number of places of business set up in the same *EEA State* by a *credit institution* with headquarters in another *EEA State* are to be regarded as a single *branch*.

(2) (in relation to an *investment firm*) has the meaning given in Article 4(1)(30) of *MiFID II* a place of business which:

(a) is not the firm's head office;

(b) is part of the firm;

(c) has no legal personality; and

(d) provides investment services and/or activities; and

(e) may also perform ancillary services for which the investment firm has permission under Part 4A of FSMA.

(3) (in relation to an *insurance undertaking*) any permanent presence of the *insurance undertaking* in the *UK* ~~an *EEA State* other than that in which it has its head office is to be~~

~~regarded as a single branch, whether that presence consists of a single office which, or two or more offices each of which:~~

...

(4) (in relation to an *IDD insurance intermediary*):

~~(a) — a place of business which is a part of an *IDD insurance intermediary*, not being the principal place of business, which has no separate legal personality and which provides *insurance distribution* for which the *IDD insurance intermediary* has been registered.~~

~~(b) — for the purposes of the *Insurance Distribution Directive*, all the places of business set up in the same *EEA State* by an *IMD insurance intermediary* with headquarters in another *EEA State* are to be regarded as a single branch.~~

(5) (in relation to an *IDD reinsurance intermediary*):

~~(a) — a place of business which is a part of an *IDD reinsurance intermediary*, not being the principal place of business, which has no separate legal personality and which provides *reinsurance distribution* for which the *IDD reinsurance intermediary* has been registered.~~

~~(b) — for the purposes of the *Insurance Distribution Directive*, all the places of business set up in the same *EEA State* by an *IDD reinsurance intermediary* with headquarters in another *EEA State* are to be regarded as a single branch.~~

...

certification function

means:

(1) for a *CRR firm*, a *credit union* and a *third country CRR firm* in relation to the activities of its establishment in the *UK* or if it does not have an establishment in the *UK* its activities in the *UK*, has the meaning given in Certification 2.2 – 2.4;

(2) 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* has the meaning given in Insurance – Certification 2;

(3) for a *large non-directive insurer* and a *Swiss general insurer* has the meaning given in Large Non-Solvency II Firms – Certification 2; and

(4) for a *small non-directive insurer* has the meaning given in Non-solvency II Firms – Certification 2.

...

common management relationship

means:

- 1) (in the CRR firms and Non-CRR firms sectors of the PRA Rulebook) has the meaning given in Article 4(1) CRR;
- 2) (in the Solvency II firms and Non-Solvency II firms sectors of the PRA Rulebook) has the meaning given in regulation 2 of the Solvency 2 Regulations;
- 3) (in the Financial Conglomerates Part of the PRA Rulebook) has the meaning given in Article 4(1) CRR.

...

Community co-insurance operation

~~means a co-insurance operation which relates to one or more risks classified under *general insurance business classes 3 to 16* and which fulfils the conditions set out in Article 190(1)(a) to (f) of the *Solvency II Directive*.~~

...

compensation funds

means any *policyholder* compensation scheme ~~in any EEA State~~ in the UK.

...

competent authority

means:

- (1) the PRA, in respect of *PRA-authorised persons* within the meaning of section 2B(5) of *FSMA*;
- (2) in relation to a *MiFID investment firm* the authority designated before *exit day* by each ~~EEA State~~ the UK in accordance with Article 67 of *MiFID II*; ~~unless otherwise specified in *MiFID II*.~~
- (3) the FCA, in respect of any other *person*.

...

conduct standards

- (1) for a UK Solvency II firm, the *Society*, a *managing agent* and a *UK ISPV*, means the standards of expected conduct specified in *Insurance – Conduct Standards 3*;
- (2) for a *third country branch undertaking* (other than a ~~UK deposit insurer~~ or a *Swiss general insurer*), means the standards of expected conduct specified in *Insurance - Conduct Standards 3.1 to 3.3* and, taking account only of matters relevant to the operations of the *third country branch*, *Insurance – Conduct Standards 3.4 to 3.8*;

- ~~(3)~~ for a *UK deposit insurer*, means the standards of expected conduct specified in ~~Insurance – Conduct Standards 3.1 to 3.3~~ and, taking account only of matters relevant to the operations of the *third country branch* and all the *third country undertaking EEA branches*, ~~Insurance – Conduct Standards 3.4 to 3.8~~;
- ~~(4)~~(3) for a *small non-directive insurer*, means the standards of expected conduct specified in *Non-Solvency II Firms - Conduct Standards 2*;
- ~~(5)~~(4) for a *large non-directive insurer*, means the standards of expected conduct specified in *Large Non-Solvency II Firms - Conduct Standards 3*; and
- ~~(6)~~(5) for a *Swiss general insurer*, means the standards of expected conduct specified in *Large Non-Solvency II Firms - Conduct Standards 3* taking account only of matters relevant to the operations of the *third country branch*.

...

consolidating supervisor

means the *competent authority* responsible for the exercise of supervision on a *consolidated basis* of:

- (1) a *UK parent institution*, or
- (2) an institution controlled by a *UK parent financial holding company* or *UK parent mixed financial holding company*.

...

control

(in the *Solvency II Firms* Sector of the *PRA Rulebook*) means the relationship between a *parent undertaking* and a *subsidiary undertaking* where that relationship falls within (1) to ~~(7)~~ (6) of the definition of *parent undertaking*, or a similar relationship between any *person* and an *undertaking*.

...

coordinator

~~means, in relation to a *financial conglomerate*, the *competent authority* appointed as *coordinator* in accordance with Article 10(1) of the *Financial Groups Directive* has the meaning given in regulation 1(2) of *The Financial Conglomerates Regulations*.~~

...

covered bonds

means a *debenture* that is issued by a *credit institution* which:

- (1) has its head office in the UK or an *EEA State*; and

...

...

CRD credit institution means a *credit institution* that has its registered office (or, if it has no registered office, its head office) in the UK an EEA State, (excluding an institution to which the *CRD* does not apply under Article 2 of the *CRD*).

...

credit risk means the risk of loss, or of adverse change, in the financial situation, resulting from fluctuations in the credit standing of issuers of *securities*, counterparties and any debtors to which a *Solvency II undertaking UK Solvency II firm* is exposed, in the form of *counterparty default risk*, or *spread risk*, or *market risk* concentrations.

...

~~**cross border services**~~ means:

- (1) ~~(in relation to a UK firm) services provided within an EEA State other than the UK under the freedom to provide services; and~~
- (2) ~~(in relation to an incoming EEA firm or an incoming Treaty firm) services provided within the UK under the freedom to provide services.~~

...

direct EU legislation has the meaning given in section 3(2) of the European Union (Withdrawal) Act 2018.

...

~~**EEA bank**~~ means an *incoming EEA firm* that is a *CRD credit institution*.

~~**EEA parent financial holding company**~~ means a *parent financial holding company in an EEA State* which is not a *subsidiary* of an *institution* authorised in any *EEA State* or of another *financial holding company* or *mixed financial holding company* set up in any *EEA State*.

~~**EEA parent institution**~~ means a *parent institution in an EEA State* which is not a *subsidiary* of another *institution* authorised in an *EEA State* or of a *financial holding company* or *mixed financial holding company* set up in any *EEA State*.

~~**EEA parent mixed financial holding company**~~ means a *parent mixed financial holding company in an EEA State* which is not a *subsidiary* of an *institution* authorised in any *EEA State* or of another *financial holding company* or *mixed financial holding company* set up in any *EEA State*.

...

eligible own funds

means:

...

~~(7) as to compliance with the EEA SCR, means the aggregate of the third country branch undertaking's:~~

~~(a) Tier 1 own funds; and~~

~~(b) (i) Tier 2 own funds; and~~

~~(ii) Tier 3 own funds~~

~~that satisfy the limits in Own Funds 4.1, as if references to the "SCR" in those provisions were references to the EEA SCR; and the limits in the Solvency II Regulations.~~

~~(8) as to compliance with the EEA MCR, means the aggregate of the third country branch undertaking's:~~

~~(a) Tier 1 own funds; and~~

~~(b) Tier 2 basic own funds that satisfy the limits in Own Funds 4.2, as if references to the "MCR" in those provisions were references to the EEA MCR; and the limits in the Solvency II Regulations.~~

...

EU-derived domestic legislation

has the meaning given in section 2(2) of the European Union (Withdrawal) Act 2018.

EU directive

has the meaning given in section 20(1) of the European Union (Withdrawal) Act 2018.

EU instrument

has the meaning given in Part II of Schedule 1 to the European Communities Act 1972.

...

exit day

has the meaning given in section 20(1) of the European Union (Withdrawal) Act 2018.

...

Financial Conglomerates Regulations

means the Financial Conglomerates and Other Financial Groups Regulations 2004 (SI 2004/1862).

...

financial instruments	means the <u>those</u> instruments specified in Section C of Annex I to MiFID II Part 1 of Schedule 2 to the <i>Regulated Activities Order</i> , read with Part 2 of that Schedule.
...	
group	(in the <i>Solvency II Firms Sector</i> of the <i>PRA Rulebook</i>) means a group of undertakings that: <ol style="list-style-type: none"> (1) consists of a <i>participating undertaking</i>, its <i>subsidiary undertakings</i> and the <i>undertakings</i> in which it holds a <i>participation</i>, as well as <i>undertakings</i> linked to each other by an Article 12(1) relationship <u>a common management relationship</u>; or
...	
home Member State	has the meaning given in Article 4(1)(43) of the <i>CRR</i> .
...	
incoming EEA firm	means an EEA firm which is exercising, or has exercised, its right to carry on a regulated activity in the UK in accordance with Schedule 3 of FSMA.
incoming firm	means an incoming firm within the meaning of section 193 of <i>FSMA</i> .
incoming Treaty firm	means a Treaty firm which is exercising, or has exercised, its right to carry on a regulated activity in the UK in accordance with Schedule 4 of FSMA.
...	
insurance holding company	means a <i>parent undertaking</i> , other than a Solvency II undertaking <u>UK Solvency II firm</u> and a <i>mixed financial holding company</i> , the main business of which is to acquire and hold <i>participations</i> in <i>subsidiary undertakings</i> and which fulfils the following conditions: <ol style="list-style-type: none"> (1) its <i>subsidiary undertakings</i> are either exclusively or mainly Solvency II undertakings <u>UK Solvency II firms</u>, <i>third country insurance undertakings</i> or <i>third country reinsurance undertakings</i>; and (2) at least one of those <i>subsidiary undertakings</i> is a Solvency II undertaking <u>UK Solvency II firm</u>.
insurance special purpose vehicle	means an <u>UK ISPV</u>
...	
ISPV	means: <ol style="list-style-type: none"> (1) a UK ISPV; or

- (2) ~~any other undertaking that is a Solvency II special purpose vehicle.~~

...

**investment services
and/or activities**

means any of the services and activities listed in ~~Section A of Annex I to MiFID~~ Part 3 of Schedule 2 to the Regulated Activities Order, insofar as they relate to any of the instruments listed in Part I of Schedule 2 to that Order.

...

intra-group transaction

~~has the meaning given in point (18) of Article 2 of the Financial Groups Directive.~~ means all transactions by which regulated entities within a financial conglomerate rely directly or indirectly on other undertakings within the same group or on any natural or legal person linked to the undertakings within that group by close links, for the fulfilment of an obligation, whether or not contractual, and whether or not for payment.

...

key function

...

- (2) ~~in relation to a third country branch undertaking means, in relation to the carrying on of a regulated activity by the third country branch undertaking, each of the following functions performed in relation to the operations effected by the third country branch or, for a UK deposit insurer, in relation to the operations effected by the third country branch and all the third country undertaking EEA branches:~~

- (2) in relation to a third country branch undertaking means, in relation to the carrying on of a regulated activity by the third country branch undertaking, each of the following functions performed in relation to the operations effected by the third country branch:

...

- (g) any other function which is of specific importance to the sound and prudent management of the third country branch; or, for a UK deposit insurer, the operations effected by the third country branch and all the third country undertaking EEA branches.
- (3) in relation to a third country insurance service provider means, in relation to the carrying on of a regulated activity by the third country insurance services provider in the UK:
 - (a) the risk-management function;
 - (b) the compliance function;

- (c) the internal audit function;
- (d) the actuarial function;
- (e) the function of effectively running the operations effected by the third country insurance services provider; and
- (f) any other function which is of specific importance to the sound and prudent management of the third country insurance services provider.

...

leading insurer

~~means (in relation to a Community co-insurance operation) a co-insurer that assumes the leader's role in co-insurance practice and in particular determines the terms and conditions of insurance and rating~~

...

listed

means:

- (1) included in ~~an~~ the official list; or
- (2) in respect of which facilities for *dealing* on a *regulated market* have been granted.

...

matching adjustment

means the adjustment to the *relevant risk-free interest rate term structure* to calculate the *best estimate* of a *relevant portfolio of insurance or reinsurance obligations* in accordance with:

- (1) *Technical Provisions* 6 and 7;
- (2) the *Solvency II Regulations* adopted under Article 86(1)(h) - (i) of the *Solvency II Directive*; ~~and~~
- (3) where a reporting reference date falls before *exit day*, any the relevant technical information made by *EIOPA* under Article 77e(1)(b) of the *Solvency II Directive* and adopted in the *Solvency II Regulations* under Article 77e(2) of the *Solvency II Directive*; ~~and~~
- (4) where a reporting reference date falls on or after *exit day*, the relevant technical information published by the *PRA* in accordance with regulation 4B(1) of the *Solvency 2 Regulations*.

...

MiFID investment firm

~~means a firm to which MiFID applies~~ has the meaning given in paragraph 2.1A of MiFIR.

...

mixed financial holding company

~~(in the Solvency II Firms Sector of the PRA Rulebook) means a mixed financial holding company as defined in Article 2(15) of Directive 2002/87/EC on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate~~ means a parent undertaking other than a regulated entity, which together with its subsidiaries, at least one of which is a regulated entity which has its head office in the **UK**, and other entities constitutes a financial conglomerate.

...

MTF

~~has the meaning given in Article 4(1)(22) MiFID II.~~ means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract in accordance with provisions implementing Title II of MiFID II.

...

mutual-type group

...

- (2) the establishment and dissolution of such relationships ~~for the purposes of Title III of the Solvency II Directive~~ are subject to prior approval by the ~~group supervisor, PRA,~~

where the *undertaking* exercising the centralised coordination shall be considered as the *parent undertaking*, and the other *undertakings* shall be considered as *subsidiary undertakings*.

...

non-directive firm

means **(**in accordance with the Financial Services and Markets Act 2000 (Controllers)(Exemption) Order 2009 **(SI 2009/774))** a UK domestic *firm* other than:

- (1) a *credit institution* authorised under provisions which implemented the Banking Consolidation Directive;
- (2) an *investment firm* authorised under provisions which implemented *MiFID II*;
- (3) a management company as defined in article 2(1)(b) of the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to *undertakings for collective investment in transferable securities (UCITS)* (No 2009/65/EC), 1 2, 3, 4, as amended (the *UCITS Directive*), authorised under provisions which implemented that directive;
- (4) a ~~Solvency II undertaking~~ UK Solvency II firm, the *Society* and *managing agents*.

...

non-directive insurer means a firm with a Part 4A permission to effect contracts of insurance or carry out contracts of insurance, other than

- (1) a UK Solvency II firm; ~~and~~
- (2) a third country branch undertaking; or
- (3) where the firm has the permission by reason only of the operation of the EEA Passport Rights (Amendment etc., and Transitional Provisions) (EU Exit) Regulations 2018.

...

non-UCITS retail scheme means an ICVC, authorised unit trust scheme, or an authorised contractual scheme which is not a collective investment scheme falling within provisions implementing the UCITS Directive or a qualified investor scheme.

...

official list means:

- (1) —the list maintained by the FCA in accordance with section 74(1) of FSMA for the purposes of Part VI of FSMA; ~~and~~
- (2) —~~any corresponding list maintained by a competent authority for listing in another EEA State.~~

...

OTF means a multilateral system which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract in accordance with provisions implementing Title II of MiFID II.

...

overseas regulator means a regulator outside the United Kingdom.

own funds ...

- (2) —~~(in relation to a Solvency II undertaking other than a UK Solvency II firm) own funds determined in accordance with Solvency II EEA implementing measures; or~~
- (3)(2) (in relation to an insurance holding company) own funds determined in accordance with (1) as if it were a UK Solvency II firm; or

~~(4)~~(3) (in relation to a *third country branch undertaking*) the firm's aggregate *basic own funds* and *ancillary own funds* as determined in accordance with (1) as if it were a *UK Solvency II firm*.

parent undertaking

...

~~(7)~~ (except as the *Group Supervision Part* of the *PRA Rulebook* applies to *members* of the *Society* or to the *Society* or *managing agents* in respect of *members*) it is incorporated in or formed under the law of another *EEA State* and is a *parent undertaking* within the meaning of any rule of law in that *EEA State* for purposes connected with implementation of the Council Directive of 13 June 1983 on consolidated accounts (No 83/349/EEC); or

~~(8)~~(7) where, in accordance with Article 212(2) of the *Solvency II Directive*, the opinion of the PRA, it effectively exercises a dominant influence over S;

and:

~~(9)~~(8) in relation to (2) and (4), the *undertaking* will be treated as a member of S if any of its *subsidiary undertakings* is a member of S, or if any *shares* in S are held by a person acting on behalf of the *undertaking* or any of its *subsidiary undertakings*;

~~(10)~~(9) the provisions of Schedule 7 to the Companies Act 2006 (Parent and subsidiary undertakings: supplementary provisions) explain the expressions used in and supplement paragraphs (1) to (6).

...

~~participating Solvency II undertaking~~

~~means a *Solvency II undertaking* that holds a *participation* in another *undertaking*.~~

participating UK Solvency II firm

means a *UK Solvency II firm* that holds a *participation* in another *undertaking*.

participating undertaking

means an *undertaking* that holds a *participation* in another *undertaking* or an *undertaking* linked with another *undertaking* by an Article 12(1) relationship a *common management relationship*.

participation

...

(2) where, in accordance with Article 212(2) of the *Solvency II Directive*, the definition of 'participating undertaking' in Regulation 2(1) of the *Solvency 2 Regulations*, an *undertaking* effectively exercises a significant influence over another *undertaking*.

...

passport activity means an activity carried on by an ~~EEA firm~~ or by a ~~UK firm~~, under an ~~EEA right~~

...

policyholder either:

- (1) means, in respect of a *contract of insurance* where the *insurance undertaking* is a ~~Solvency II undertaking~~ UK Solvency II firm, a *policyholder* which includes a *beneficiary*;
- or

...

...

PRA senior management function

means

...

- (5) (in respect of a third country insurance service provider in relation to the carrying on by the firm of a regulated activity in the UK) any function specified in Insurance – Senior Management Functions 3 to 10.

...

regulated institution means any of the following:

- (1) a ~~Solvency II undertaking~~ UK Solvency II firm, the *Society*, a *managing agent* or a *third country branch undertaking*; or

...

regulated market means:

- (1) a ~~regulated market as defined in article 4(1)(21) of MiFID II~~ (as defined in Article 2(1)(13) of *MiFIR*); or
- (2) a market situated outside the ~~EEA States~~ UK which is characterised by the fact that:

...

regulatory system means the arrangements for regulating a *firm* or other *person* in or under *FSMA*, the *Bank of England Act 1998*, the *Banking Act 2009*, the *Friendly Societies Act 1974*, the *Friendly Societies Act 1992*, the *Credit Unions Act 1979*, including the *threshold conditions*, the *Fundamental Rules* and other rules, the *Statements of Principle*, codes and guidance given by the *PRA*, the *Bank of England* or the *FCA* and including any relevant ~~directly applicable~~ provisions of an

	EU Directive or Regulation including those specified under section 204A(2) of <i>FSMA</i> .
...	
<i>relevant insurance group undertaking</i>	means, in relation to a <i>group</i> falling within Group Supervision 2.1(1) or 2.1(2), each UK Solvency II undertaking <u>UK Solvency II firm</u> within that <i>group</i> .
<i>relevant insurer</i>	means, in relation to a Community co-insurance operation , an insurer which is concerned in the operation but is not the leading insurer .
<i>relevant risk-free interest rate term structure</i>	means the <i>relevant risk-free interest rate term structure</i> , in accordance with: <ol style="list-style-type: none"> (1) <i>Technical Provisions</i> 5 and 8.3 to 8.4; (2) the <i>Solvency II Regulations</i> adopted under Article 86 of the <i>Solvency II Directive</i>; and (3) <u>where a reporting reference date falls before exit day, any in accordance with the relevant technical information made by EIOPA under Article 77e(1)(a) of the Solvency II Directive and adopted in Solvency II Regulations under Article 77e(2) of the Solvency II Directive;</u> (4) <u>where a reporting reference date falls on or after exit day, the relevant technical information made by the PRA in accordance with regulation 4B(1) of the Solvency II Regulations.</u>
...	
<u><i>retained direct EU legislation</i></u>	has the meaning given in section 20(1) of the <u>European Union (Withdrawal) Act 2018</u> .
<u><i>retained EU law</i></u>	has the meaning given in section 6(7) of the <u>European Union (Withdrawal) Act 2018</u> .
...	
<i>risk concentration</i>	has the meaning given in point (18) of Article 2 of the Financial Groups Directive means <u>all risk exposures with a loss potential which is large enough to threaten the solvency or the financial position in general of the regulated entities in a financial conglomerate, whether such exposures are caused by counterparty risk/credit risk, investment risk, insurance risk, market risk, other risks, or a combination or interaction of such risks</u>
<i>risk-mitigation techniques</i>	means all techniques which enable a Solvency II undertaking <u>UK Solvency II firm</u> to transfer part or all of its risks to another party.
...	

section 59ZZA

means:

- (1) in relation to a *SRO firm*, section 59ZZA of FSMA as applied to such a firm by regulation 69 of the EEA Passport Rights (Amendment, etc., and Transitional Provisions) (EU Exit) Regulation 2018; and
- (2) in all other cases, section 59ZZA of FSMA.

section 59ZZA application

means an application under section 60 of *FSMA* to the *PRA* made by an *authorised person* who could be given a notice under **section 59ZZA** of *FSMA* in relation to the *person* subject to the application,

significant deviation from relevant assumptions

means a significant deviation from the assumptions underlying the ~~*matching adjustment*~~ or the ~~*volatility adjustment*~~ or the transitional measures referred to in Articles 308c and 308d of the ~~*Solvency II Directive*~~ means a significant deviation from the assumptions underlying the *matching adjustment*, the *volatility adjustment*, the *risk-free interest rate transitional measure* or the *transitional deduction*.

Solvency II EEA implementing measures

means any measures implementing the *Solvency II Directive* in an *EEA State* other than the *UK*.

...

Solvency II special purpose vehicle

means an *undertaking*, whether incorporated or not, other than a *Solvency II undertaking*, which has received authorisation in accordance with Article 211(1) or (3) of the ~~*Solvency II Directive*~~ and which:

- (1) assumes risks from *Solvency II undertakings*; and
- (2) fully funds its exposures to such risks through the proceeds of a debt issuance or some other financing mechanism where the repayment rights of the providers of such debt or other financing mechanism are subordinated to the undertaking's obligations to the *Solvency II undertaking* in respect of the risks referred to in (1).

...

Solvency II undertaking

means:

- (1) an *undertaking* authorised in accordance with ~~*Solvency II EEA implementing measures*~~ transposing Article 14 of the ~~*Solvency II Directive*~~; or
- (2) a *UK Solvency II firm*.

...

SRO firm

means a *firm* to whom regulation 28 or 34 of Part 6 of the *EEA Passport Rights (Amendment etc. and Transitional Provisions) (EU Exit) Regulations 2018* applies.

<u>SRO insurer</u>	means a SRO firm with permission to effect contracts of insurance or carry out contracts of insurance.
...	
<u>State aid</u>	means any aid granted by an EEA State or through an EEA State's resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods and which affects trade between EEA States. means any aid granted by the state or through state resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods and which affects trade between the United Kingdom and the European Union.
<u>supervisory authority</u>	means a national authority or the national authorities empowered by law or regulation of the UK an EEA State to supervise Solvency II undertakings UK Solvency II firms for the purposes of the provisions implementing the Solvency II Directive, including being the PRA and FCA.
...	
<u>third country</u>	means any country or territory or country other than the United Kingdom that is not an EEA State.
<u>third country CRR firm</u>	means an overseas firm that <ul style="list-style-type: none"> (1) — is not an EEA firm; (2) — has its head office outside the European Economic Area; and (3) — would be a CRR firm if it had been a UK undertaking, had carried on all of its business in the UK and had obtained whatever authorisations for doing so as are required under FSMA.
<u>third country firm</u>	means an overseas firm, that is not an incoming firm.
...	
<u>third country insurance services provider</u>	means a third country insurance undertaking that has a permission to effect contracts of insurance or carry out contracts of insurance in the UK and does not have a permanent presence in the UK.
<u>third country insurance undertaking</u>	means an undertaking that has its head office outside the EEA-UK and that would require authorisation as an insurance undertaking in accordance with provisions implementing Article 14 of the Solvency II Directive if its head office was situated in the EEA UK.
<u>third country investment firm</u>	a firm which would be a MiFID investment firm if it had its head office in the EEAUK.

...

third country reinsurance undertaking

means an *undertaking* that has its head office outside the ~~EEA~~UK and that would require authorisation as a *reinsurance undertaking* in accordance with provisions implementing Article 14 of the *Solvency II Directive* if its head office was situated in the ~~EEA~~ UK.

third country undertaking EEA branch

means a permanent presence of a *third country insurance undertaking* in an ~~EEA State~~ except the ~~UK~~, which has received authorisation in accordance with Article 162 of the ~~*Solvency II Directive*~~.

...

top-up permission

means a Part 4A permission given to an *incoming EEA firm* or an *incoming Treaty firm*

...

UCITS

~~*undertakings* for collective investment in transferable securities that are established in accordance with the *UCITS Directive*.~~

- (1) an undertaking:
 - (a) with the sole object of collective investment in *transferable securities* or in other liquid *financial instruments* of capital raised from the public and which operate on the principle of risk-spreading; and
 - (b) with *units* which are, at the request of holders, repurchased or redeemed, directly or indirectly, out of those *undertakings'* assets (and for these purposes, action taken by the *undertaking* to ensure that the stock exchange value of its *units* does not significantly vary from their asset value is to be regarded as equivalent to such repurchase or redemption).
- (2) *undertakings* for collective investment in *transferable securities* that are established in the *European Economic Area* in accordance with the *UCITS Directive*.

UK-adopted international accounting standards

has the meaning given to it in section 474(1) of the Companies Act 2006.

...

UK-deposit insurer

means a ~~*third country branch undertaking*~~ that has made a ~~*deposit*~~ in the ~~UK~~ under Article 162(2)(e) of the ~~*Solvency II Directive*~~ in accordance with Article 167 of the ~~*Solvency II Directive*~~.

UK firm

- (1) has the meaning given in paragraph 10 of Schedule 3 to FSMA (EEA Passport Rights);

(2) in the Depositor Protection part and Policyholder Protection part, means an *authorised person* who:

- (a) has *permission* given under Part 4A of *FSMA* to carry on *regulated activities* that consist of or include one or more *PRA-regulated activities*; and
- (b) is incorporated in the *UK*.

UK parent financial holding company

means a parent financial holding company in the *UK* which is not itself a *subsidiary* of an institution authorised in the *UK*, or of a financial holding company or *mixed financial holding company* set up in the *UK*.

UK parent institution

means a parent institution authorised in the *UK* which has an institution or financial institution as *subsidiary* or which holds a *participation* in such an institution or financial institution, and which is not itself a *subsidiary* of another institution authorised in the *UK* or of a financial holding company or *mixed financial holding company* set up in the *UK*.

UK parent mixed financial holding company

means a *mixed financial holding company* in the *UK* which is not itself a *subsidiary* of an institution authorised in the *UK*, or of a financial holding company or *mixed financial holding company* set up in the *UK*.

UK parent undertaking

means a *UK parent institution*, a *UK parent financial holding company* or a *UK parent mixed financial holding company*.

volatility adjustment

means the adjustment to the *relevant risk-free interest rate term structure* to calculate the best estimate ~~in accordance with:~~

- (1) in accordance with the *Solvency II Regulations* adopted under Article 86(1)(j) of the *Solvency II Directive*; and
- (2) where a reporting reference date falls before *exit day*, any in accordance with the relevant technical information made by *EIOPA* under Article 77e(1)(c) of the *Solvency II Directive* and adopted in *Solvency II Regulations* under Article 77e(2) of the *Solvency II Directive*; or
- (3) where a reporting reference date falls on or after *exit day*, in accordance with the relevant technical information published by the *PRA* in accordance with regulation 4B(1) of the *Solvency 2 Regulations*.

Annex B

Amendments to the Interpretation Part

In this Annex new text is underlined.

...

2 INTERPRETATIVE PROVISIONS

...

2.7 Unless the context otherwise requires, any reference in these rules:

- (1) to any provision of direct EU legislation, is a reference to it as it has effect as *retained direct EU legislation on exit day*;
- (2) to an *EU directive* is a reference to the directive as it had effect in EU law immediately before *exit day*;
- (3) to the implementation or transposition of provisions of an *EU directive*, is a reference to the provisions of *EU-derived domestic legislation* which were relied on before *exit day* for that implementation or transposition;
- (4) to an enactment which has been amended on or before *exit day* by regulations made under section 8 of the European Union (Withdrawal) Act 2018, is a reference to that enactment as so amended.

2.8

- (1) The PRA Rulebook shall, after *exit day*, be construed, unless the contrary intention appears, as conferring rights and imposing obligations in relation to or in connection with Gibraltar corresponding to those which existed immediately before *exit day*.
- (2) Accordingly, any provision of the PRA Rulebook which immediately before *exit day* applied in relation to or in connection with Gibraltar shall, with any necessary modification to give effect to that corresponding right or obligation, continue to apply after *exit day*; and any provision which did not so apply shall continue not to apply, unless provision indicating a contrary intention is made.
- (3) In this rule reference to Gibraltar includes, but is not limited to, rights or obligations conferred or imposed in relation to or in connection with Gibraltar-based firms, public institutions established, persons resident, body corporates incorporated in Gibraltar and activities of UK firms in Gibraltar.
- (4) This rule does not apply to the Depositor Protection and Policyholder Protection Parts (which contain their own application provisions for Gibraltar-based firms).
- (5) In this rule 'a *Gibraltar-based firm*' has the same meaning as in the Financial Services and Markets Act (Gibraltar) Order 2001.

Annex C

Amendments to the Fundamental Rules Part

In this Annex deleted text is struck through.

3 RESTRICTIONS

- 3.1 The *Fundamental Rules* apply to every *firm*, ~~except that:~~
- (1) ~~for an *incoming firm*, the *Fundamental Rules* apply only in so far as responsibility for the matter in question is not reserved by an *EU instrument* to the firm's *home state regulator*;~~
 - (2) ~~for an *incoming EEA firm* that is a *credit institution* without a *top-up permission*, *Fundamental Rule 4* does not apply; and~~
 - (3) ~~for an *incoming EEA firm* that has *permission* only for *cross border services* and does not carry on *regulated activities* in the *UK*, the *Fundamental Rules* do not apply.~~
- 3.2 A *firm* will not be subject to a *Fundamental Rule* to the extent that it would be contrary to the *UK's* obligations under *EU* legislation. ~~[Deleted.]~~

...

Annex D

Amendments to the Algorithmic Trading Part

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

1 APPLICATION AND DEFINITIONS

...

1.3 In this Part, the following definitions shall apply:

algorithmic trading	has the meaning given in Article 4(1)(39) of MiFID II. <u>means trading in financial instruments where a computer algorithm automatically determines individual parameters of orders such as whether to initiate the order, the timing, price or quantity of the order or how to manage the order after its submission, with limited or no human intervention, and does not include any system that is only used for the purpose of routing orders to one or more trading venues or for the processing of orders involving no determination of any trading parameters or for the confirmation of orders or the post-trade processing of executed transactions.</u>
<i>direct electronic access</i>	has the meaning given in Article 4(1)(41) of MiFID II. <u>means an arrangement where a member or participant or client of a trading venue permits a person to use its trading code so the person can electronically transmit orders relating to a financial instrument directly to the trading venue and includes arrangements which involve the use by a person of the infrastructure of the member or participant or client, or any connecting system provided by the member or participant or client, to transmit the orders (direct market access) and arrangements where such an infrastructure is not used by a person (sponsored access).</u>
<i>trading venue</i>	has the meaning given in Article 4(1)(24) of MiFID II. <u>means a regulated market, an MTF or an OTF.</u>

1.4 The definitions in MiFID II referred to in 1.3 shall be read on the basis that references in that directive to a 'regulated market', an 'MTF' or an 'OTF' are references to:

- (1) ~~a system falling within any of Articles 4(1)(21), (22) and (23) of MiFID II respectively;~~
and
- (2) ~~a system that is not situated in an EEA State that would have fallen within (1) had it been so situated. [Deleted.]~~

Annex E

Amendments to the Allocation of Responsibilities Part

In this Annex new text is underlined.

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to every *firm* that is:

- (1) a *CRR firm*;
- (2) a *credit union*; or
- (3) a *third country CRR firm* in relation to:
 - (a) the activities of its establishment in the *UK*; or
 - (b) if it does not have an establishment in the *UK*, activities in the *UK*.

1.1A This Part does not apply to a *SRO firm*.

...

1.2 In this Part, the following definitions shall apply:

~~*UK branch third country CRR firm prescribed responsibility*~~

means one of the responsibilities in 6.2 or 6.3.

...

2 STATEMENT OF RESPONSIBILITIES

2.2 A *firm* must ensure that the *statement of responsibilities* accompanying an application for approval to perform a *PRA senior management function* in relation to it includes any *prescribed responsibilities*, *small firm prescribed responsibilities*, ~~*UK branch prescribed responsibilities*~~, *third country CRR firm prescribed responsibilities*, *FCA responsibilities* and other responsibilities allocated to, and which are to form part of the responsibilities of, that *person*.

2.3 A *firm* must ensure that any responsibilities allocated to, and that form part of the responsibilities of, a *person* who performs a *PRA senior management function* in relation to it are consistent with the scope of that *PRA senior management function* and of any *prescribed responsibilities*, *small firm prescribed responsibilities*, ~~*UK branch prescribed responsibilities*~~, *third country CRR firm prescribed responsibility*, *FCA responsibilities* and other responsibilities allocated to that *person*.

...

3 ALLOCATION OF RESPONSIBILITIES

...

3.5 A *third country CRR firm* must allocate each of the ~~UK branch prescribed responsibilities~~ *third country CRR firm prescribed responsibilities* to one or more *persons* who perform:

- (1) a *PRA senior management function*; or
- (2) subject to 3.6(3), an *FCA designated senior management function*

on behalf of the *third country CRR firm*.

...

6 PRESCRIBED RESPONSIBILITIES: ~~UK BRANCHES~~ THIRD COUNTRY CRR FIRMS

6.1 This chapter applies only to a *third country CRR firm* in relation to:

- (1) the activities of its establishment in the *UK*; or
- (2) if it does not have an establishment in the *UK*, activities in the *UK*.

6.2 ~~Subject to 6.3, Each~~ each of the responsibilities set out in this rule is a ~~UK branch prescribed responsibility~~ *third country CRR firm prescribed responsibility*:

- (8) responsibility for the allocation of all ~~UK branch prescribed responsibilities~~ *third country CRR firm prescribed responsibilities* in accordance with 3.5 (PR E);
- (11) if the *firm* has an establishment in the *UK*, responsibility for the *firm's* performance of its obligations under Internal Governance of Third Country Branches 7.

6.3 In relation to a *firm* who is treated, by virtue of the EEA Passport Rights (Amendment, etc and Transitional Provisions) (EU Exit) Regulations 2018, as having permission under Part 4A of FSMA to carry on a *regulated activity*:

- (1) the *third country CRR firm prescribed responsibilities* in 6.2 do not apply; and
- (2) each of the responsibilities set out in this rule is a *third country CRR firm prescribed responsibility*:
 - (a) responsibility for the *firm's* compliance with the *UK regulatory system* applicable to the *firm* (PR FF); and
 - (b) where the *firm* has applied for permission under Part 4A of FSMA to carry on a *regulated activity*, until such time as the application has been determined or withdrawn, the responsibility for managing the process of obtaining such permission (including, without limitation, the completion and submission of the *firm's* application and providing the *PRA* with such co-operation and with all accurate and up to date information that it

may reasonably require in order to determine whether the requirements for authorisation have been met).

7 RECORDS

...

7.2 A *management responsibilities map* must in particular include:

...

- (2) if any *PRA senior management functions* or *FCA designated senior management functions* are performed by more than one *person*, or any *prescribed responsibilities*, *small firm prescribed responsibilities* or ~~UK branch prescribed responsibilities~~ *third country CRR firm prescribed responsibilities*, as the case may be, are allocated to more than one *person*, details of how the performance or discharge of the responsibilities is to be carried out by those *persons*;

...

...

Annex F

Amendments to the Audit Committee Part

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

1 APPLICATIONS AND DEFINITIONS

...

1.2 This Part does not apply to a *firm* which is a *subsidiary undertaking* of ~~an EEA a UK parent undertaking~~ where the *parent undertaking* complies at group level with Chapter 2 or with requirements implementing Article 39 of the *Statutory Audit Directive* ~~in any other EEA State~~ and, where applicable, with Articles 11(1), 11(2) and 16(5) of the *Statutory Audit Regulation*, provided that:

- (1) the *firm* is not significant; or
- (2) if the *firm* is significant, its *governing body* is composed of the same *non-executive directors* as the *governing body* of that *parent undertaking*.

...

1.4 In this Part, the following definitions shall apply:

Statutory Audit Regulation

means Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC except that any reference to Article 16 of that Regulation, shall, where and to the extent that the effect of that Article has been reproduced in any of the following enactments in relation to a category of *firm*, be a reference to that enactment in relation to that category of *firm*:

- (1) for private companies, sections 485A to 485C and 494ZA of the Companies Act 2006;
- (2) for public companies, sections 489A to 489C and 494ZA of the Companies Act 2006;
- (3) for *building societies*, paragraphs 3B to 3E of Schedule 11 to the Building Societies Act 1986;
- (4) for *friendly societies*, paragraphs 2 to 5 of Schedule 14A to the Friendly Societies Act 1992;
- (5) for limited liability partnerships, sections 485A to 485C and 494ZA of the Companies Act 2006 as applied by regulations 36 and 38A of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008;
- (6) for *insurance undertakings* within the meaning given by regulation 2 of The Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008, sections 485A to 485C and 494ZA of the Companies Act 2006 as applied by regulation 6(1A) of those Regulations.

4 TRANSITIONAL PROVISIONS

...

- 4.2 Subject to 4.3, a *firm* that is not significant or is a *subsidiary undertaking* of a ~~non-EEA~~ third country parent undertaking may not have an *audit committee* until the commencement of a *firm's financial year* beginning on or after 17 June 2018 if its *governing body* is performing equivalent *functions* to an *audit committee*. In such a case 2.2 (1), 2.2 (2), 2.2 (5), 2.2 (6) and 2.2 (7) shall not apply, and the *firm* must disclose that the *governing body* carries out the *audit committee's functions* and how its *governing body* is composed.
- 4.3 Until the commencement of a *firm's financial year* beginning on or after 17 June 2018, where all *members* of the *audit committee* are *members* of the *governing body* of a *firm* that is not significant or is a *subsidiary undertaking* of a ~~non-EEA~~ third country parent undertaking, the *audit committee* is to be exempt from the independence requirements laid down in 2.2 (5), 2.2 (6) and 2.2 (7).
- 4.4 Chapter 2 shall not apply to a significant *firm* which is a *subsidiary undertaking* of ~~an EEA a~~ UK parent undertaking until the commencement of a *firm's financial year* beginning on or after 17 June 2018, where the *parent undertaking* complies at *group* level with Chapter 2 or with requirements implementing Article 39 of the *Statutory Audit Directive* ~~in any other EEA State~~ and, where applicable, with Articles 11(1), 11(2) and 16(5) of the *Statutory Audit Regulation*.

Annex G

Amendments to the Auditors Part

In this Annex deleted text is struck through.

1 APPLICATION AND DEFINITIONS

1.1 This Part applies to:

(1) every *firm* ~~except for an *incoming firm* that does not have a *top-up permission*~~; and

...

Annex H

Amendments to the Capital Buffers Part

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

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part the following definitions shall apply:

...

countercyclical buffer rate

means (in accordance with ~~point (7) of Article 128 of the CRD~~ regulation 10 of The Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014) the rate:

(a) expressed as a percentage of total risk exposure amount set by the ~~FPC or an EEA countercyclical buffer authority~~, or

...

distribution in connection with common equity tier 1 capital

includes ~~(in accordance with Article 141(10) of the CRD)~~:

...

EEA countercyclical buffer authority

means the authority or body of an ~~EEA State~~ other than the ~~UK~~ designated for the purpose of Article 136 of the CRD with responsibility for setting the *countercyclical buffer rate* for that ~~EEA State~~ or the *European Central Bank* when it carries out the task of setting a *countercyclical buffer rate* for an ~~EEA State~~ conferred on it by Article 5(2) of Council Regulation (EU) No. 1024/2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of *credit institutions*.

...

parent financial holding company in a Member State

means (in accordance with point (26) of Article 3(1) of the CRD) a *financial holding company* which is not itself a *subsidiary* of an *institution* authorised in the same ~~EEA State~~, or of a *financial holding company* or *mixed financial holding company* set up in the same ~~EEA State~~.

parent institution in a Member State

means (in accordance with point (24) of Article 3(1) of the CRD) an *institution* authorised in an ~~EEA State~~ which has an *institution* or *financial institution* as *subsidiary* or which holds a *participation* in such an *institution* or *financial institution*, and which is not itself a *subsidiary* of another *institution* authorised in the same ~~EEA State~~ or of a *financial holding company* or *mixed financial holding company* set up in the same ~~EEA State~~.

parent mixed financial holding company in a Member State

means (in accordance with point (28) of Article 3(1) of the CRD) a *mixed financial holding company* which is not itself a *subsidiary* of an *institution* authorised in the same ~~EEA State~~, or

~~of a financial holding company or mixed financial holding company set up in the same EEA State.~~

relevant credit exposures

~~means (in accordance with Article 140(4) of the CRD) exposures other than those referred to in points (a) to (f) of Article 112 of the CRR that are subject to:~~

...

3 COUNTERCYCLICAL CAPITAL BUFFER

3.1 ...

(5) ~~The countercyclical buffer rate for an exposure located in an EEA State other than the UK is:~~

~~(a) the rate set by the EEA countercyclical buffer authority for that jurisdiction; or~~

~~(b) if that rate exceeds 2.5% and has not been recognised by the FPC, 2.5%.
[Deleted.]~~

...

(10) ~~If the rate for an EEA State other than the UK is increased, subject to (5)(b) that increase takes effect from:~~

~~(a) the date specified by the EEA countercyclical buffer authority for that jurisdiction, if the rate applied under this Chapter does not exceed 2.5%;~~

~~(b) the date specified by the FPC if the rate applied under this Chapter exceeds 2.5%. [Deleted.]~~

...

3.2 This rule applies until 31 December 2015 [Deleted.]

~~(1) A firm must calculate a countercyclical capital buffer of common equity tier 1 capital equal to its total risk exposure amount multiplied by the weighted average of the countercyclical buffer rates that apply in the jurisdictions where the firm's relevant credit exposures are located.~~

~~(2) In order to calculate the weighted average referred to in (1), a firm must apply to each applicable countercyclical buffer rate its total own funds requirements for credit risk, specific risk, incremental default and migration risk that relates to the relevant credit exposures in the jurisdiction in question, divided by its total own funds requirements for credit risk that relates to all of its relevant credit exposures.~~

~~(3) For the purposes of (2), firm must calculate its total own funds requirement for credit risk, specific risk, incremental default and migration risk in accordance with Part Three, Titles II and IV of the CRR.~~

~~(4) The countercyclical buffer rate for an exposure is the rate recognised or set by the FPC for the jurisdiction in which that exposure is located.~~

~~(5) If the FPC does not recognise or set a rate for the jurisdiction in which an exposure is located, the countercyclical buffer rate for that exposure is zero.~~

~~(6) If the rate recognised or set by the FPC for a jurisdiction is increased, that increase takes effect from the date specified by the FPC.~~

~~(7) If a rate is reduced, that reduction takes effect immediately.~~

5 APPLICATION ON AN INDIVIDUAL AND CONSOLIDATED BASIS

...

5.2 A firm which is a UK parent institution ~~in a Member State~~ must comply with this Part on the basis of its *consolidated situation*.

5.3 A UK bank or building society controlled by a UK parent financial holding company ~~in a Member State~~ or a UK parent mixed financial holding company ~~in a Member State~~ must comply with this Part on the basis of the *consolidated situation* of that holding company, if the PRA is responsible for supervision of the UK bank or building society on a *consolidated basis* under Part 6 of the Capital Requirements Regulations ~~Article 111 of the CRD~~.

5.4 A UK designated investment firm controlled by a UK parent financial holding company ~~in a Member State~~ or a UK parent mixed financial holding company ~~in a Member State~~ must comply with this Part on the basis of the *consolidated situation* of that holding company, if:

- (1) there is no *subsidiary* of the holding company which is a *credit institution* to which 5.3 applies; and
- (2) the PRA is responsible for the supervision of the UK designated investment firm on a *consolidated basis* under Part 6 of the Capital Requirements Regulations ~~Article 111 of the CRD~~.

...

Annex I

Amendments to the Certification Part

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

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to every *firm* that is:

- (1) a *CRR firm*;
- (2) a *credit union*; or
- (3) a *third country CRR firm* in relation to; ~~the activities of its establishment in the UK.~~
 - (a) the activities of its establishment in the UK; or
 - (b) if it does not have an establishment in the UK, its activities in the UK.

1.1A This Part does not apply to a *SRO firm*.

...

1.3 This Part does not apply to a function performed by:

...

(5A) a *person* in relation to whom a notice under *section 59ZZA* has been given to an *authorised person*;

....

Annex J

Amendments to the Change in Control Part

In this Annex deleted text is struck through.

1 APPLICATION AND DEFINITIONS

1.1 (1) Unless otherwise stated, this Part applies to every *firm* except:

(a) ~~an *incoming firm*; [deleted.]~~

...

...

3 OBLIGATIONS ON FIRMS

...

3.3 An *overseas firm* ~~other than an *incoming firm*~~ must notify the *PRA* of:

...

...

4 ONGOING NOTIFICATION REQUIREMENTS

4.1 A *firm* must notify the *PRA* as soon as it becomes aware of any of the following matters in respect of one or more of its *controllers*:

...

(3) if a corporate *controller* undergoes a substantial change or series of changes in its *governing body*;

(4) if a *controller*, who is authorised in another *EEA State* as a MiFID investment firm, CRD credit institution or UCITS management company or under the Solvency II Directive or the Insurance Distribution Directive, ceases to be so authorised (registered in the case of an *IDD insurance intermediary*). [deleted.]

...

...

Annex K

Amendments to the Close Links Part

In this Annex deleted text is struck through.

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to every *firm* ~~except an *incoming firm*~~.

...

Annex L

Amendments to the Compliance and Internal Audit Part

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

1 APPLICATION AND DEFINITIONS

- 1.1 Unless otherwise stated, this Part applies to a *CRR firm*
- ...
- (2) ~~with respect to the carrying on of *passport activities* by it from a *branch* in another *EEA state*; [deleted.]~~
- ...
- 1.1A 2.1 to 2.6 do not apply to a *firm* with respect to the carrying on of *benchmarking activities* except to the extent that ~~they transpose an EU instrument~~ those rules constitute *retained EU law*.
- 1.2 In this Part, the following definitions shall apply:
- ~~*host Member State*~~
- ~~has the meaning given in Article 4(1)(56) of *MiFID II*.~~

2 COMPLIANCE

- ...
- 2.6 (1) ~~This rule applies to a *firm* conducting *investment services and activities* from a *branch* in another *EEA State*. [Deleted.]~~
- (2) ~~References to the *regulatory system* in 2.1 and 2.2A apply in respect of a *firm's branch* as if *regulatory system* includes a *host Member State's* requirements under *MiFID II* which are applicable to the *investment services and activities* conducted from the *firm's branch*. [Deleted.]~~

Annex M

Amendments to the Conditions Governing Business 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:

concentration risk

means all risk exposures with a loss potential which is large enough to threaten the solvency or the financial position of a ~~Solvency II undertaking~~ UK Solvency II firm.

...

2 GENERAL GOVERNANCE REQUIREMENTS

2.1 A *firm* must ensure its *governing body* is ultimately responsible for the *firm's* compliance with the rules and all applicable laws, regulations and administrative provisions ~~adopted in accordance with~~ implementing the *Solvency II Directive*.

...

4 INTERNAL CONTROL

...

4.2 The compliance *function* referred to in 4.1(2) must include:

- (1) advising the *governing body* on compliance with the rules and other laws, regulations and administrative provisions ~~adopted in accordance with~~ implementing the *Solvency II Directive*; and

...

11 STATISTICAL DATA

11.1 ~~A leading insurer and a relevant insurer must keep statistical data showing the extent of Community co-insurance operations in which they participate and the EEA States concerned.~~
[Deleted.]

...

Annex N

Amendments to the Conduct Rules Part

In this Annex new text is underlined.

1 APPLICATION AND DEFINITIONS

- 1.1 (1) Unless otherwise stated, this Part applies to every *firm* that is:
- (a) a *CRR firm*;
 - (b) a *credit union*; or
 - (c) a *third country CRR firm* in relation to:
 - (i) the activities of its establishment in the *UK*; or
 - (ii) if it does not have an establishment in the *UK*, activities in the *UK*.
- (2) This Part only applies if P:
- ...
- (d) performs a *certification function* in relation to A; ~~or~~
 - (e) is a *Conduct Rules non-executive director* of A; or
 - (f) is a *person* in relation to whom a notice under *section 59ZZA* has been or could be given by the *PRA* to an *authorised person*.
- (3) 3.1 to 3.3 only apply to a *person* in (2)(a), ~~(b)~~, or (f).
- (4) 3.4 only applies to a *person* in (2)(a), (b), ~~(e)~~ or (f).

Annex O

Amendments to the Contractual Recognition of Bail In Part

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

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

~~eligible deposit~~

has the meaning given in point 4 of Article 2(1) of Directive 2014/49/EU

...

fully secured liability

means a *liability* which, at the time it is created, is fully secured and governed by contractual terms that oblige the debtor to maintain the *liability* fully collateralised on a continuous basis in compliance with regulatory requirements of ~~EUUK~~ law or of the law of a *third country* achieving effects that can be deemed equivalent to ~~EUUK~~ law.

...

2 CONTRACTUAL RECOGNITION OF BAIL-IN

...

2.1A ~~2.1 does not apply~~ The inclusion of a contractual term in a contract is not required by this Part in respect of a *any phase two liability* where it would be impracticable for the *BRRD undertaking* to comply with 2.1 to include it in respect of that *phase two liability*.

2.1B Subject to 2.1C, the requirement in 2.1 shall not apply where the contract:

(1) was made before *exit day*; and

(2) is governed by the law of an *EEA State*;

2.1C Notwithstanding 2.1B, the requirement in 2.1 shall apply to a contract referred to in 2.1B from the time of any *material amendment* to the contract made on or after *exit day*.

2.2 In respect of a *liability* to which 2.1 applies that is:

(1) an *additional tier 1 instrument*; or

(2) a *tier 2 instrument*,

a *BRRD undertaking* that is a *CRR firm* must provide to the *PRA* a properly reasoned independent legal opinion from an individual appropriately qualified in the relevant *third country* on the enforceability and effectiveness of the term ~~referred to in~~ required by this Part. 2.1.

...

Annex P

Amendments to the Credit Risk Part

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

...

3 SECURITISATION – RECOGNITION OF SIGNIFICANT RISK TRANSFER

- 3.1 A firm must notify the PRA that it is relying on the deemed transfer of significant credit risk under paragraph 2 of ~~Article 243~~ Article 244 of the CRR or paragraph 2 of ~~Article 244~~ Article 245 of the CRR, including when this is for the purposes of Article 337(5) of the CRR, no later than one month after the date of the transfer.

....

4 CRITERIA FOR CERTAIN EXPOSURES SECURED BY MORTGAGES ON COMMERCIAL IMMOVABLE PROPERTY

...

- 4.1A For the purposes of Articles 124(2) and 126(2) of the *CRR* and in addition to the conditions set out therein, a *firm* may treat an *exposure* or any part of an *exposure* that is not located in ~~a jurisdiction that is not an EEA State~~ the UK as fully and completely secured for the purposes of Article 126 (1) of the *CRR* only if all of the following conditions are met:

...

Annex Q

Amendments to the Credit Unions Part

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

6 INVESTMENT

...

6.3 A *credit union* must not hold *investments*, save that it may hold an *investment* that is:

- (1) a *deposit* placed with a *credit institution* which is authorised in ~~an EEA State~~ the UK to *accept deposits* on terms that the *deposit* shall be repayable within at most twelve months from the date on which that *investment* is made;
- (2) a loan, other than a subordinated loan qualifying as *capital* within the meaning given in 8.2, to a *credit institution* which is authorised in ~~an EEA State~~ the UK to *accept deposits*, with a *maturity* of up to twelve months from the date on which that *investment* is made;
- (3) a sterling-denominated *security* issued by the government of ~~an EEA State~~ the UK with a *maturity* of up to twelve months from the date on which that *investment* is made;
- (4) a fixed-interest sterling-denominated security guaranteed by the government of ~~an EEA State~~ the UK, with a *maturity* of up to twelve months from the date on which that *investment* is made, provided that such *guarantee* is unconditional in respect of the payment of both principal and interest on the security; or

...

6.4 If a *credit union* complies with 10.3, it may hold an *investment* that is:

...

- (2) a loan, other than a subordinated loan qualifying as *capital* within the meaning given in 8.2, to a *credit institution* which is authorised in ~~the UK an EEA State~~ the UK to *accept deposits* with a *maturity* of up to five years from the date on which that *investment* is made;
- (3) a sterling-denominated security issued by the government of ~~the UK an EEA State~~ the UK, with a *maturity* of up to five years from the date on which that *investment* is made;
- (4) a fixed-interest sterling-denominated security guaranteed by the government of ~~the UK an EEA State~~ the UK, with a *maturity* of up to five years from the date on which that *investment* is made, provided that such *guarantee* is unconditional in respect of the payment of both principal and interest on the *security*; or
- (5) any other product provided by a *credit institution* authorised in ~~the UK an EEA State~~ the UK to *accept deposits*, with a *maturity* of up to five years from the date on which that *investment* is made, provided it satisfies the requirement in 6.2.

...

6A INVESTMENT – TRANSITIONAL PROVISIONS

- 6A.1 The references in rule 6.3 to the *UK* shall be read as references to the *UK* or an *EEA State* except that in the case of an *EEA State* where the investment was made after *exit day* the maturity referred to therein shall be no later than 31 December 2020.
- 6A.2 The references in rule 6.4 to the *UK* shall be read as references to the *UK* or an *EEA State* except that in the case of an *EEA State* where the investment was made after *exit day* the maturity referred to therein shall be no later than 31 December 2020.

Annex R

Amendments to the Depositor Protection Part

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

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

...

(6) an overseas firm, that if:

(a) ~~is not an incoming firm; and~~ the firm has a Part 4A permission that includes accepting deposits; and

(b) ~~has a Part 4A permission that includes accepting deposits~~ deposits are held by a UK establishment of the firm.

1.2 Chapter 23 and **rule 20.2** applies apply to a UK branch of an ~~incoming firm that is a credit institution.~~ a Gibraltar-based credit institution

1.3 This Part also applies to a firm which used to have a Part 4A permission to accept deposits but which has ceased to have a Part 4A permission to accept new deposits, or which is subject to a requirement not to accept new deposits, and which is not a member of a ~~non-UK scheme~~ the Gibraltar DGS.

1.3A For the purposes of this Part, a deposit is held by a UK establishment or Gibraltar branch if it is assigned by the firm to an account of that UK establishment or Gibraltar branch (as applicable).

1.3B For the purposes of this Part, references to a Gibraltar establishment or branch (as applicable) of a UK firm, means an establishment or branch established pursuant to Gibraltar-market access rights.

1.4 Unless otherwise stated, in this Part, the following definitions shall apply:

...

deposit

means:

(1) a credit balance which results from funds left in an account or from temporary situations deriving from normal banking transactions and which a credit institution is required to repay under the legal and contractual conditions applicable, including a fixed-term deposit and a savings deposit, but excluding a credit balance where:

(a) its existence can only be proven by a financial instrument ~~financial instrument as defined in MiFID II,~~ unless it is a savings product which is evidenced by a certificate of deposit made out to a named person and which ~~exists~~ existed in the UK, Gibraltar or a Member State of the EU on 2 July 2014;

...

DGS member

...

- (5) an overseas firm ~~if~~ that is not an *incoming firm* and
- (a) the firm has a Part 4A permission that includes accepting deposits; and
 - (b) deposits are held by a UK establishment of the firm.

...

DGS EU Exit Regulations

means the Deposit Guarantee Scheme and Miscellaneous Provisions (Amendment) (EU Exit) Regulations 2018.

...

enterprise

means any entity engaged in economic activity, irrespective of its legal form and including, in particular, self-employed persons and family businesses engaged in craft or other activities and partnerships or associations regularly engaged in an economic activity.

~~*EEA right*~~

~~means the entitlement of a person to establish a branch or provide services in an EEA State other than that in which they have their relevant office in accordance with the Treaty as applied in the European Economic Area; and subject to the conditions of the CRR and CRD.~~

~~*euro firm*~~

~~means an incoming firm that is a credit institution of an EEA State that has adopted the euro or that does not convert into their national currency the amount referred to in Article 6(1) of the DGSD, pursuant to Article 6(5) DGSD.~~

...

exclusions list

means:

...

- (1) up to and including 31 December 2016, a list in the form set out in Section A of Annex 3 to this Part; ~~and~~
- (2) from 1 January 2017 until exit day, a list in the form set out in Section B of Annex 3 to this Part; and
- (3) from exit day, a list in the form set out in Section C of Annex 3 to this Part.

...

Gibraltar-based credit institution

means a credit institution authorised as such by the Gibraltar Financial Services Commission that has its head office in and is incorporated in Gibraltar.

Gibraltar DGS

means the deposit guarantee scheme established in Gibraltar.

Gibraltar market access rights

means market access rights pursuant to which a person incorporated in the UK is entitled to establish a branch or provide services in Gibraltar.

~~home state scheme~~

~~means a scheme or arrangement (including the deposit guarantee scheme) for the payment of compensation in respect of eligible deposits, which was established in the EEA State which is, with regard to a particular institution, the home Member State.~~

~~host state scheme~~

~~means a scheme or arrangement (including the deposit guarantee scheme) for the payment of compensation in respect of eligible deposits, which was established in the EEA State which is, with regard to a particular institution, the host Member State.~~

...

incoming firm

means a firm which, immediately before exit day, was an incoming firm within the meaning of section 193 of FSMA as in force at that date.

...

mandatory contributions

means, at any time, the mandatory contributions described in Article 10(4) of the DGSD paid before that time by credit institutions to schemes of mandatory contributions established by the United Kingdom for the purposes of covering the costs related to systemic risk, failure and resolution of institutions, up to the target level, less any amounts of such mandatory contributions previously borrowed by the FSCS which have not been repaid.

~~micro, small and medium-sized enterprises-enterprise~~

~~means an enterprise the annual turnover of which does not exceed EUR 50 million means micro, small and medium-sized enterprises as defined with regard to the annual turnover criterion referred to in Article 2(1) of the Annex to Commission Recommendation 2003/361/EC.~~

...

money laundering

has the meaning given in Article ~~1(3)~~ 4(2) of the *money laundering directive*.

money laundering directive

means ~~Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing~~; Directive 2015/849/EU.

...

non-UK scheme

means a scheme established pursuant to the *DGSD* in an *EEA State*; ~~other than the UK~~.

...

target level

means ~~the amount of available financial means which the deposit guarantee scheme is required to reach, which is 0.8% of the amount of covered deposits (excluding temporary high balances) of DGS members~~.

2 ELIGIBILITY

...

2.2 The provisions in this rule determine whether a *deposit* is an *eligible deposit*:

- (1) A *deposit* is an *eligible deposit* only if it is held by:
 - (a) a UK establishment of a DGS member; or
 - (b) a branch of a DGS member established in another EEA State under an EEA Right-Gibraltar pursuant to Gibraltar market access rights.
- (2) ~~A deposit is held by a UK establishment or a branch if it is assigned by the firm to an account of that UK establishment or that branch. [Deleted.]~~
- (3) A *deposit* is, subject to the other rules in this Chapter, an *eligible deposit* if it is held by a UK or Gibraltar establishment of a firm which:
 - (a) had a Part 4A permission to accept such *deposits* at the time the *deposit* was accepted but no longer has permission to accept *eligible deposits*, or is subject to a requirement preventing it from doing so; and
 - (b) is not now a member of a non-UK scheme the Gibraltar DGS which protects such *deposits*.

(4) The following are not *eligible deposits*:

...

- (f) a *deposit* the holder and any beneficial owner (as defined in regulation 3 of the Money Laundering Regulations, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017) of which have not, at the *compensation date* had their identity verified in accordance with:
 - (i) regulation 30 of the Money Laundering Regulations, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017;
 - (ii) if their identity was verified prior to 26 June 2017, regulation 9 of the Money Laundering Regulations 2007 (in which case, the term beneficial owner in (f) above shall have the meaning given in regulation 6 of the Money Laundering Regulations 2007); or
 - (iii) in each case, equivalent ~~European Economic Area requirements;~~
 - (1) Gibraltar requirements, provided that, if their identity is so verified after exit day, the deposit referred to in (f) is held by a branch of a DGS member established in Gibraltar pursuant to Gibraltar market access rights; or
 - (2) European Economic Area requirements, provided that their identity was so verified prior to exit day.

3 CIRCUMSTANCES IN WHICH THE FSCS PAYS COMPENSATION IN RESPECT OF ELIGIBLE DEPOSITS

...

3.2 The FSCS must pay compensation in accordance with this Part in respect of an *eligible deposit* if it is satisfied that the *eligible deposit* is a *deposit* with either:

- (1) a DGS member which is *in default*; or
- (2) a firm which is *in default* and which:
 - (a) had a *Part 4A permission* to accept such *deposits* at the time the *deposit* was accepted but no longer has permission to accept *eligible deposits*, or is subject to a requirement preventing it from doing so; and
 - (b) is not a ~~member of a non-UK scheme~~ the Gibraltar DGS which covers such *deposits*.

...

5 CALCULATING COMPENSATION

...

5.3 The limit provided for in 4.2 applies to the aggregate *eligible deposits* placed by a *depositor* with the same *credit institution*, irrespective of the number of accounts, the currency, or whether such *eligible deposits* are held by a UK establishment or a Gibraltar establishment of a DGS member ~~the location within the EEA.~~

...

6 PAYING COMPENSATION

...

6.2 The FSCS must pay any compensation to the *depositor*, with the following exceptions:

- (1) where the FSCS ~~is required to~~ may make payments on behalf of a *non-UK scheme* in accordance with the ~~deposit guarantee scheme regulations~~ DGS EU Exit Regulations;
- (2) ~~where the FSCS must instruct a non-UK scheme to make payments on its behalf in accordance with 27.3; [deleted.]~~

...

6.9 In applying this Chapter to *deposits* held with a *branch* ~~outside the UK~~ of a *DGS member* in Gibraltar, the FSCS must interpret references to:

- (1) *persons* entitled as personal representatives, trustees, bare trustees, *operators* of *pension schemes* or *persons* carrying on the *regulated activity* of winding up *pension schemes*; or

- (2) *persons* having a *joint account* or joint interest in a *deposit* or carrying on business in partnership,

as references to *persons* entitled, under the law of ~~the relevant country or territory~~ Gibraltar, in a capacity appearing to the *FSCS* to correspond as nearly as may be to that capacity.

7 FORM AND METHOD OF COMPENSATION

...

- 7.2 The *FSCS* may pay compensation in any form and by any method (or any combination of them) that it determines is appropriate including, without limitation:
- (1) by paying the compensation (on such terms as the *FSCS* considers appropriate) to a *DGS member* or ~~an incoming firm~~ a Gibraltar-based credit institution with an establishment in the UK which agrees to become liable to the *compensation recipient* in a like sum;
- (2) by paying compensation directly into an existing deposit account of (or for the benefit of) the *compensation recipient*, with a *DGS member* or ~~an incoming firm~~ a Gibraltar-based credit institution with an establishment in the UK (but before doing so the *FSCS* must take such steps as it considers appropriate to verify the existence of such an account and to give notice to the *depositor* of its intention to exercise this power);

...

8 CURRENCY OF COMPENSATION

...

- 8.2 ~~Subject to 8.3, the~~ The *FSCS* must make compensation payments in respect of *eligible deposits* in pounds sterling. Where the account in which the *eligible deposit* was held was maintained in a different currency, the *FSCS* must use the exchange rate applying on the *compensation date*.
- 8.3 ~~Where the FSCS is instructing a non-UK scheme to make a payment under 27.3, the FSCS must instruct the relevant non-UK scheme to make such payments in the currency of that host Member State [Deleted.]~~

9 TIME LIMITS

...

- 9.4 The *FSCS* may decide to defer the payment of compensation beyond the time period set out in 9.3 where:
- ...
- (5) the amount to be repaid is deemed to be part of a *temporary high balance*, in which case 10.8 applies; or
- (6) ~~the amount to be repaid is to be paid out by the host state scheme; or [deleted.]~~

...

...

12 SINGLE CUSTOMER VIEW REQUIREMENTS

...

12.9 A firm must ensure that each *single customer view* and *exclusions view* contains all the information set out in the table below.

...

39	Account branch jurisdiction.	<p>If the account is held in a branch outside the United Kingdom, please state in which jurisdiction the account is held [if applicable].</p> <p><u>Eligible deposits must be held by UK or Gibraltar establishments. State "GBR" or "GIB", as applicable.</u></p>	<p>ISO 3166-1 Alpha-3 or alternative code if ISO 3166-4 is unavailable</p> <p>Maximum number of characters in field: 3</p> <p>N/A</p>
40	<p>BRRD Marking</p> <p><u>Bank recovery and resolution marking</u></p>	Is the account marked under 13.2? [if applicable].	<p>Value: Yes / No</p> <p>Maximum number of characters in field: 3</p>

13 BRRD BANK RECOVERY AND RESOLUTION MARKING AND CONTINUITY OF ACCESS

...

13.2 A firm must mark accounts which hold:

...

- (2) *deposits* that would be *eligible deposits* from natural persons or *micro, small and medium-sized enterprises* if the *deposit* had not been made through a *branch* of the *firm* located outside the ~~EEA~~ UK or Gibraltar

...

...

16 FIRMS' DISCLOSURE OBLIGATIONS – INFORMATION AND EXCLUSIONS

...

16.2 A firm must:

...

- (3) before entering into a contract on *deposit-taking* with the intending *depositor* of deposits to be held by a UK or Gibraltar establishment of the firm:

...

each such intending *depositor*:

- (4) before entering into a contract on *deposit-taking*, inform each intending *depositor* of deposits to be held at a UK or Gibraltar establishment of the firm of the exclusions from *deposit guarantee scheme* protection that fall within 2.2(4)(b) and 2.2(4)(k), if applicable.

16.3 ~~Where the depositor holds eligible deposits through a UK establishment, the~~ The information sheet must be in English, or, if different, in the language that was agreed between the *depositor* and the *firm* when the account was opened. ~~A firm which accepts eligible deposits through a branch established in another EEA State may provide the information sheet in the official language of that EEA State.~~

17 FIRMS' DISCLOSURE OBLIGATIONS – STATEMENTS OF ACCOUNT

17.1 A *firm* must:

...

- (2) include a reference to the *information sheet* and a reference to the *exclusions list* on a *depositor's* statement of account in respect of deposits held by a UK or Gibraltar establishment of the firm;

- (3) at least annually:

- (a) provide to the depositor of deposits held by a UK or Gibraltar establishment of the firm;

...

- (4) include the following information on a depositor's statement of account in respect of deposits held by a UK or Gibraltar establishment of the firm;

...

17.3 A firm which was, immediately before exit day, a credit institution and an incoming firm, and which is a DGS member immediately after exit day, must, within two months after exit day:

- (1) provide to the depositor of deposits held by a UK establishment of the firm:

- (a) the information sheet; and

- (b) the exclusions list; and

- (2) if applicable, inform the depositor of the exclusions from deposit guarantee scheme protection that fall within 2.2(4)(b) and 2.2(4)(k).

...

19 DISCLOSURE OF TRANSFER OF DEPOSITS

- 19.1 In the case of a merger, conversion of *subsidiaries* into *branches*, transfer or similar operations, a *firm* must:
- ...
- (2) give *depositors* a three month period following notification in accordance with (1), to withdraw or transfer to another *institution*, without incurring any penalty, such part of their *eligible deposits*, together with any accrued interest and other benefits, as exceed the coverage level pursuant to 4.2 (or, if applicable in the case of a *non-UK scheme*, other transposition of Article 6(1) of the *DGSD*) at the time of the operation.

20 DISCLOSURE OF WITHDRAWAL OR EXCLUSION FROM THE DEPOSIT GUARANTEE SCHEME

- 20.1 A *firm* must inform *depositors* within one month if it withdraws from or is excluded from the *deposit guarantee scheme* or any *non-UK scheme*.
- 20.2 A Gibraltar-based credit institution with an establishment in the UK must inform depositors of that establishment within one month if it withdraws from or is excluded from the Gibraltar DGS.
- 20.3 A firm must inform depositors of deposits which:
- (1) immediately prior to exit day, were eligible deposits; and
- (2) on exit day, ceased to be eligible deposits by virtue of not being held at a UK or Gibraltar establishment,
- that such deposits ceased to be eligible deposits on exit day; and must do so as soon as practicably possible after exit day and in any event within one month after exit day.

22 NOTIFICATION REQUIREMENTS ON TRANSFER TO A NON-UK SCHEME ~~[deleted]~~

- 22.1 ~~If a firm which is a DGS member intends to transfer to become a member of a non-UK scheme, and cease to be a DGS member, it shall give at least six months' notice to the FSCS and the PRA of its intention to make such a transfer. During the six month period, the firm shall remain a DGS member. [Deleted.]~~

23 DEPOSIT COMPENSATION INFORMATION – BRANCHES AND WEBSITE

- 23.3 In this Chapter, references to “compensation leaflet” are:
- (1) in the case of a *DGS member*, references to the *FSCS*’s standard leaflet with respect to its protection of *deposits*; and
- (2) in the case of ~~an incoming firm that it is a credit institution,~~ a Gibraltar-based credit institution with an establishment in the UK, references to a leaflet with respect to the protection of *deposits* by the Gibraltar DGS compensation scheme of its *home member state* where such a leaflet is provided electronically and in English by the Gibraltar

~~DGS home state scheme~~ or, where a leaflet is not available, a link to the ~~home state scheme's~~ Gibraltar DGS' website.

23.4 A firm that *accepts deposits* under a single brand or trading name must prominently display the compensation sticker and compensation poster in each UK branch (and, in the case of a UK firm with a branch in Gibraltar, each Gibraltar branch) in the following ways:

...

23.5 A firm that *accepts deposits* under multiple brands or trading names must prominently display the compensation sticker and compensation poster in each UK branch (and, in the case of UK firm with a branch in Gibraltar, each Gibraltar branch) in the following ways:

...

23.10 A firm that *accepts eligible deposits* through a *branch* or *branches* established in other *EEA States* may provide the information required by this Chapter in the official language(s) of the *EEA State* (which may be either the compensation sticker, compensation poster or compensation leaflet in that language or the *firm's* own translation of that compensation sticker, compensation poster or compensation leaflet). ~~[Deleted.]~~

24 DUTIES OF THE FSCS

...

24.10 The FSCS must correspond with a *depositor* in any one of:

- (1) English; or
- (2) ~~any other official Union language~~ or Welsh if that language is used by the *firm* which holds the *eligible deposit* when communicating with that *depositor*.

...

26 CONFIDENTIALITY, INFORMATION SHARING AND CO-OPERATION

...

26.2 The FSCS must exchange with *host state schemes* (in relation to a *DGS member*), information: ~~[Deleted.]~~

- (1) relating to the *DGS member's* compliance with this Part;
- (2) necessary to prepare for a repayment of *depositors*, including markings made under Chapter 11;
- (3) communicated to the FSCS by the PRA that the PRA has detected problems with a *DGS member* that are likely to give rise to the intervention of the *deposit guarantee scheme*.

26.3 The FSCS must have appropriate procedures in place to enable it to share information and communicate effectively with *non-UK schemes*, the members of such schemes, and bodies

outside the *UK*. The *FSCS* shall inform the *PRA* of any cooperation agreement it enters into with a *non-UK scheme*. ~~[Deleted.]~~

26.4 In order to facilitate effective co-operation, the *FSCS* shall have written co-operation agreements in place with *non-UK schemes*. Such agreements shall take account of 26.1. ~~[Deleted.]~~

27 PAYMENTS IN RESPECT OF UK BRANCHES OF INCOMING FIRMS AND EEA BRANCHES OF DGS MEMBERS ~~[deleted.]~~

27.1 This Chapter applies only to the *FSCS*.~~[Deleted.]~~

27.2 Where the *FSCS* is required under the *deposit guarantee scheme regulations* to pay compensation on behalf of a *non-UK scheme*, the *FSCS* must inform the *depositors* concerned that the relevant *credit institution is in default* and of their right to compensation on behalf of the *non-UK scheme*. The *FSCS* may receive correspondence from those *depositors* on behalf of the *non-UK scheme*. ~~[Deleted.]~~

27.3 Where the *FSCS* is required, under this Part, to pay compensation to a *depositor* in respect of *deposits* held with a *branch* of a *DGS member* in an *EEA state* other than the *UK*, the *FSCS* must instruct the relevant *non-UK scheme* to make such payments on its behalf. The *FSCS* must provide the necessary funding prior to payout by the *non-UK scheme* and must compensate the *non-UK scheme* for costs incurred by the *non-UK scheme* with regard to acts done by the *non-UK scheme* in accordance with the instructions given by the *FSCS*. ~~[Deleted.]~~

28 SUBROGATION

...

28.3 (1) The *FSCS* may determine that, if it is necessary or desirable in conjunction with the exercise of the *FSCS*'s powers under 28.2, that the *compensation recipient* shall be treated as having irrevocably and unconditionally appointed the chairman of the *FSCS* for the time being to be their attorney and agent and on their behalf and in their name or otherwise to do such things and execute such deeds and documents as may be required under such laws of the *UK*, ~~Gibraltar another EEA State~~ or any other state or country to create or give effect to such assignment or transfer or otherwise give full effect to those powers.

...

30 RECOVERIES OF ELIGIBLE DEPOSITS: RETURN OF SURPLUS TO COMPENSATION RECIPIENT

30.1 If the *FSCS*, in relation to a *claim* for *eligible deposits*, makes recoveries from the *credit institution* or any third party in respect of that *eligible deposit*, it must:

- (1) retain from those recoveries a sum equal to the aggregate of:
 - (a) the sum paid by the *FSCS* as compensation; and

...

- (b) ~~any amount paid or payable by a home state scheme to the compensation recipient, and [deleted.]~~

...

32 FUNDING – USE OF EXISTING MANDATORY CONTRIBUTIONS

...

32.2 If the PRA determines, in accordance with the *deposit guarantee scheme regulations*, that the FSCS is unable to raise a *DGS compensation costs levy* from *DGS members* to meet the liabilities of the *deposit guarantee scheme*, the FSCS may borrow an amount equal to the ~~amount of such mandatory contributions~~ in order to meet the liabilities of the deposit guarantee scheme.

32.3 The FSCS must impose a *DGS compensation costs levy* on *DGS members* sufficient to repay any amounts ~~borrowed in accordance with 32.2 equal to mandatory contributions borrowed in accordance with Article 10 (4) of the DGSD~~ within a reasonable time and in accordance with repayment deadlines under the applicable loan agreement and 34.3.

...

48 FUNDING – TRANSFER OF LEVIES ~~[deleted.]~~

48.1 ~~This Chapter applies only to the FSCS. [Deleted.]~~

48.2 ~~If a firm ceases to be a DGS member and joins a non-UK scheme, the FSCS must transfer the contributions paid by that firm to the available financial means of the deposit guarantee scheme during the 12 months preceding the end of the membership to the relevant non-UK scheme. [Deleted.]~~

48.3 ~~48.2 does not apply if the firm has been excluded from the deposit guarantee scheme pursuant to Article 4(5) of the DGSD. [Deleted.]~~

48.4 ~~If some of the activities of a DGS member are transferred to another Member State and become subject to a non-UK scheme, the contributions paid by that firm during the 12 months preceding the transfer shall be transferred to the relevant non-UK scheme in proportion to the amount of covered deposits transferred. [Deleted.]~~

...

ANNEX 1 – INFORMATION SHEET (CHAPTER 16)

Currency of reimbursement:	Pound sterling (GBP, £) or, for branches of UK banks operating in other EEA Member States, the currency of that State.
----------------------------	--

ANNEX 2 – CONTENT OF COMPENSATION STICKERS AND POSTERS (CHAPTER 23)

The compensation stickers must contain the following statements only:

UK banks

building societies

credit unions

Northern Ireland credit unions

An overseas firm, that if:

(a) ~~is not an incoming firm;~~ the firm has a Part 4A permission that includes accepting deposits; and

(b) ~~has a Part 4A permission that includes accepting deposits~~ deposits are held by a UK establishment of the firm

...

(1) "Your eligible deposits ~~with~~ held by a UK/Gibraltar [delete as appropriate] establishment of [insert name of firm] are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme. Any deposits you hold above the limit are unlikely to be covered.

Please ask/click here [delete as appropriate] for further information or visit www.fscs.org.uk."

As an alternative, for *credit unions* or *Northern Ireland credit unions* that *accept deposits* under a single brand or trading name:

"Your eligible deposits are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme. Any deposits you hold above the limit are unlikely to be covered. Please ask/click here [delete as appropriate] for further information or visit www.fscs.org.uk."

~~Incoming firm that is a credit institution~~ UK branch of a Gibraltar-based credit institution

(2) "Your eligible deposits with [insert name of firm] are protected up to a total of ~~[insert 100,000 euro or home state equivalent]~~ [insert Gibraltarian coverage limit including applicable currency] by the Gibraltar Deposit Guarantee Scheme [insert name of compensation scheme] ~~the [insert home state of compensation scheme] deposit guarantee scheme~~ and are not protected by the UK Financial Services Compensation Scheme. Any deposits you hold above the ~~[insert 100,000 euro or home state equivalent]~~ [insert Gibraltarian coverage limit including applicable currency] limit are unlikely to be covered.

Please ask/click here [delete as appropriate] for further information or visit [insert website address of scheme]."

The compensation posters must contain the following statements only:

UK banks

building societies

credit unions

Northern Ireland credit unions

An overseas firm, that if:

(a) ~~is not an incoming firm~~ the firm has a Part 4A permission that includes accepting deposits; and

(b) ~~has a Part 4A permission that includes accepting deposits~~ deposits are held by a UK establishment of the firm.

...

(1) *Firms that accept deposits under a single brand or trading name*

"Your eligible deposits with ~~held by a UK/Gibraltar [delete as appropriate]~~ held by a UK/Gibraltar [delete as appropriate] establishment of [insert name of firm] are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme. Any deposits you hold above the limit are unlikely to be covered.

Please ask/click here ~~[delete as appropriate]~~ for further information or visit www.fscs.org.uk."

As an alternative, for credit unions or Northern Ireland credit unions that accept deposits under a single brand or trading name: "Your eligible deposits are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme. Any deposits you hold above the limit are unlikely to be covered.

Please ask/click here ~~[delete as appropriate]~~ for further information or visit www.fscs.org.uk."

(2) *Firms that accept deposits under multiple brands or trade names*

"Your eligible deposits with ~~held by a UK/Gibraltar [deleted as appropriate]~~ held by a UK/Gibraltar [deleted as appropriate] establishment of [insert name of firm] are protected up to a total of £85,000 by the Financial Services Compensation Scheme, the UK's deposit guarantee scheme. This limit is applied to the total of any deposits you have with the following: [insert name of brands as appropriate]. Any total deposits you hold above the limit between these brands are unlikely to be covered.

Please ask/click here ~~[delete as appropriate]~~ for further information or visit www.fscs.org.uk."

~~Incoming firm that is a credit institution~~ UK branch of a Gibraltar-based credit institution

(3) ~~Incoming firm that is a credit institution and~~ UK branch of a Gibraltar-based credit institution that accepts deposits under a single brand or trading name

"Your eligible deposits with [insert name of firm] are protected up to a total of ~~[insert 100,000 euro or home state equivalent]~~ [insert Gibraltarian coverage limit including applicable currency] by ~~[insert name of compensation scheme]~~ the [insert home state of compensation scheme] the Gibraltar-deposit guarantee scheme and are not protected by the UK Financial Services Compensation Scheme. Any deposits you hold above the ~~[insert 100,000 euro or home state equivalent]~~ [insert Gibraltarian coverage limit including applicable currency] limit are unlikely to be covered. Please ask/click here ~~[delete as appropriate]~~ for further information or visit ~~[insert website address of scheme]~~."

(4) ~~Incoming firm~~ UK branch of a Gibraltar-based credit institution that accepts deposits under multiple brands or trading names

"Your eligible deposits with [insert name of firm] are protected up to a total of ~~[insert 100,000 euro or home state equivalent]~~ [insert Gibraltarian coverage limit including applicable currency] by ~~[insert name of compensation scheme]~~ the ~~[insert home state of compensation scheme]~~ the Gibraltar deposit guarantee scheme and are not protected by the UK Financial Services Compensation Scheme. This limit is applied to the total of any deposits you have with the following: [insert names of brands as appropriate]. Any total deposits above the ~~[insert 100,000 euro or home state equivalent]~~ [insert Gibraltarian coverage limit including applicable currency] limit are unlikely to be covered. Please ask/click here [delete as appropriate] for further information or visit [insert website address of scheme]."

...

ANNEX 3 – EXCLUSIONS LIST (CHAPTER 16)

Section C (from exit day)

A deposit is excluded from protection if:

- (1) The holder and any beneficial owner of the deposit have never been identified in accordance with money laundering requirements. For further information, contact your bank, bank building society or credit union.
- (2) The deposit arises out of transactions in connection with which there has been a criminal conviction for money laundering.
- (3) It is a deposit made by a depositor which is one of the following:
 - credit institution
 - financial institution
 - investment firm
 - insurance undertaking
 - reinsurance undertaking
 - collective investment undertaking
 - pension or retirement fund¹
 - public authority, other than a small local authority.
- (4) It is a deposit of a credit union to which the credit union itself is entitled.
- (5) It is a deposit which can only be proven by a financial instrument² unless it is a savings product which is evidenced by a certificate of deposit made out to a named person and which existed in the UK, Gibraltar or a Member State of the EU on 2 July 2014).
- (6) It is a deposit of a collective investment scheme which qualifies as a small company.³
- (7) It is a deposit of an overseas financial services institution which qualifies as a small company.⁴
- (8) It is a deposit of certain regulated firms (investment firms, insurance undertakings and reinsurance undertakings) which qualify as a small business or a small company⁵ – refer to the FSCS for further information on this category.

- (9) It is not held by an establishment of a bank, building society or credit union in the *UK* or, in the case of a *bank* or *building society* incorporated in the *UK*, it is not held by an establishment in Gibraltar.

For further information about exclusions, refer to the FSCS website at www.FSCS.org.uk

¹ Deposits by personal pension schemes, stakeholder pension schemes and occupational pension schemes of micro, small and medium sized enterprises are not excluded

² As listed in Part I of Schedule 2 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, read with Part 2 of that Schedule

³ Under the Companies Act 1985 or Companies Act 2006

⁴ See footnote 3

⁵ See footnote 3

Annex S

Amendments to the Dormant Account Scheme Part

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

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

...

- (5) an overseas firm ~~that if:~~
- (a) ~~is not an incoming firm; and [deleted.]~~
 - (b) the firm has a Part 4A permission that includes accepting deposits; and
 - (c) deposits are held by a UK establishment of the firm.

1.2 In this Part, the following definitions shall apply:

...

DAS member

means:

...

- (4) an overseas firm, if:
- (a) the firm ~~that is not an incoming firm and~~ has a part 4A permission that includes accepting deposits; and
 - (b) deposits are held by a UK establishment of the firm.

Gibraltar-based credit institution

has the meaning given in the Depositor Protection Part.

...

7 FORM AND METHOD OF COMPENSATION

...

7.2 Subject to Chapter 6, the FSCS may pay compensation in any form and by any method (or any combination of them) that it determines is appropriate including, without limitation:

- (1) by paying the compensation (on such terms as the FSCS considers appropriate) to a firm with a Part 4A permission to accept deposits or a Gibraltar-based credit institution

~~with an establishment in the UK, an incoming firm~~ or another *dormant account fund operator* which agrees to become liable to the claimant in a like sum;

...

12 SUBROGATION

...

- 12.4 (1) The *FSCS* may determine that, if it is necessary or desirable in conjunction with the exercise of the *FSCS*'s powers under 12.3, that the claimant shall be treated as having irrevocably and unconditionally appointed the chairman of the *FSCS* for the time being to be their attorney and agent and on their behalf and in their name or otherwise to do such things and execute such deeds and documents as may be required under such laws of the *UK, Gibraltar* ~~another EEA State~~ or any other state or law-country to create or give effect to such assignment or transfer or otherwise give full effect to those powers.

...

Annex T

Amendments to the External Audit Part

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

1 APPLICATIONS AND DEFINITIONS

...

1.3 In this Part, the following definitions shall apply:

...

group supervisor

means the PRA in accordance with regulation 26 of The Solvency 2 Regulations ~~(in relation to a group) the authority designated as group supervisor in relation to that group, in accordance with Article 247 of the Solvency II Directive.~~

...

4 DUTIES ON THE EXTERNAL AUDITOR

...

4.2 Where the *relevant elements of the SFCR* in a *group SFCR* that:

- (1) pertains to an *undertaking* that is not a ~~Solvency II undertaking~~ UK Solvency II firm; and
- (2) information has been prepared in accordance with:
 - (a) *PRA* rules other than those implementing the *Solvency II Directive*; or
 - (b) ~~an EU instrument~~ UK law other than the *Solvency II Regulations*,

the external auditor shall state in the report under 4.1(2) that the information has been properly compiled in accordance with the relevant *PRA* rules and ~~EU instruments~~ UK law relating to that *undertaking* from information provided by *undertakings* in the *group* and the *relevant insurance group undertaking*.

...

Annex U

Amendments to the Financial Conglomerates Part

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

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to every *firm* except:

- (1) ~~an *incoming EEA firm*; [deleted.]~~
- (2) ~~an *incoming Treaty firm*; and [deleted.]~~

...

1.4 In this Part, the following definitions shall apply:

alternative investment fund manager

~~means a manager of alternative investment funds within the meaning of Article 4(1)(b), (l) and (ab) of the *AIFMD* or an *undertaking* which is outside the *EEA* and which would require authorisation in accordance with the *AIFMD* if it had its registered office within the *EEA*.~~

...

asset management company

~~means a management company within the meaning of Article 2(1)(b) of the *UCITS Directive*, as well as an *undertaking* the registered office of which is outside the *EEA* and which would require authorisation in accordance with Article 6(1) of the *UCITS Directive* if it had its registered office within the *EEA*.~~

...

competent authority

~~means any national authority of an *EEA State* which is empowered by law or regulation to supervise *regulated entities*, whether on an individual or group-wide basis.~~

...

consolidation group

means:

- (1) a *conventional group*; or
- (2) *undertakings* linked by an *Article 12(1) relationship* a *common management relationship* or an *Article 18(6) relationship*.

If a *parent undertaking* or *subsidiary undertaking* in a *conventional group* (the first person) has a consolidation ~~*Article 12(1) relationship*~~ *common management relationship* or an *Article 18(6) relationship* with another *person* (the second person), the second person, and any *subsidiary undertaking* of the second person, is also a member of the same *consolidation group*.

...

CRD full-scope firm

means an *investment firm* as defined in article 4(1)(2) of the *CRR* that is subject to the requirements imposed by virtue of MiFID, or which would be subject to ~~that Directive those requirements~~ if its head office were in the UK ~~an EEA State~~, and that is not a *limited activity firm* or a *limited licence firm*.

...

~~*EEA insurer*~~

~~means an undertaking whose head office is in any EEA State except the UK and which has received authorisation in accordance with article 14 of the Solvency II Directive.~~

~~*EEA prudential sectoral legislation*~~

~~means, in relation to a financial sector, requirements applicable to persons in that financial sector in accordance with EEA legislation with respect to prudential supervision of regulated entities in that financial sector.~~

~~*EEA UK regulated entity*~~

~~means a regulated entity that is an EEA firm or a UK firm.~~

...

~~*financial conglomerate notification*~~

~~means a notification issued in respect of a financial conglomerate that has been identified as a financial conglomerate as contemplated by regulation 2 of the Financial Conglomerates Regulations Article 4(2) of the Financial Groups Directive.~~

~~*Financial Conglomerates Regulations*~~

~~means The Financial Conglomerates and Other Financial Groups Regulations 2004 (SI 2004/1862)~~

...

~~*insurance sector*~~

means a sector composed of one or more of the following entities:

- (1) ~~a Solvency II undertaking~~ UK Solvency II firm;
- (2) *third country insurance undertaking* or a *third country reinsurance undertaking*;
- (3) an *insurance holding company*; and
- (4) in the relevant circumstances described in 5, an *asset management company* or an *alternative investment fund manager*.

...

~~*investment firm*~~

~~has the meaning given by Article 2(3) of the Financial Groups Directive~~

...

mixed financial holding company

~~has the meaning given in Article 2(15) of the *Financial Groups Directive* has the meaning given in regulation 1(2) of the *Financial Conglomerates Regulations*.~~

...

parent undertaking

~~has the meaning in Article 2(9) of the *Financial Groups Directive*.~~

participation

~~has the meaning given in article Article 2(11) of the *Financial Groups Directive* Article 4(1)(35) *CRR*.~~

...

regulated entity

means one of the following:

...

(2) ~~a *Solvency II undertaking*~~ UK Solvency II firm, a third country insurance undertaking, a third country reinsurance undertaking;

...

whether or not it is incorporated in, or has its head office in, ~~an EEA State~~ the UK.

~~*relevant competent authorities*~~

~~in relation to a *financial conglomerate*, means those *competent authorities* which are, or which have been appointed as, *relevant competent authorities* in relation to that *financial conglomerate* under Article 2(17) of the *Financial Groups Directive*.~~

...

sectoral rules

means, in relation to a *financial sector*, the following rules and requirements relating to the prudential supervision of *regulated entities* within that *financial sector*.

(1) ~~for the purposes of 2.8, *EEA prudential sectoral legislation* for that *financial sector* together with, as appropriate, the rules and requirements in (3);~~

(21) for the purpose of calculating *solo capital resources* and a *solo capital resources requirement*:

(a) to the extent provided for in paragraph 6.4 to 6.6 of Annex 2, rules and requirements that are referred to in those paragraphs; ~~and or~~

(b) ~~the rules and requirements in (3); or~~

(32) for all other purposes, rules and requirements of the PRA.

and so that:

- (43) in relation to prudential rules about consolidated supervision for any financial sector, those requirements include ones relating to the form and extent of consolidation;
- (54) in relation to any financial sector, those requirements include ones relating to the eligibility of different types of capital;
- (65) in relation to any financial sector, those requirements include both ones applying on a solo basis and ones applying on a consolidated basis; and
- (76) references to the PRA's sectoral rules are to sectoral rules in the form of rules.

...

~~subsidiary undertaking~~

~~has the meaning given in Article 2(10) of the *Financial Groups Directive*.~~

~~third country financial conglomerate~~

~~a *financial conglomerate* that is of a type that falls under Article 5(3) of the *Financial Groups Directive* has the meaning given in regulation 7 of the *Financial Conglomerates and Other Financial Groups Regulations 2004*.~~

~~third country insurance undertaking~~

~~means an *undertaking* that has its head office outside the *EEA* and that would require authorisation as an *insurance undertaking* in accordance with Article 14 of the *Solvency II Directive* if its head office was situated in the *EEA*.~~

~~third country reinsurance undertaking~~

~~means an *undertaking* that has its head office outside the *EEA* and that would require authorisation as a *reinsurance undertaking* in accordance with Article 14 of the *Solvency II Directive* if its head office were situated in the *EEA*.~~

...

~~UK regulated EEA financial conglomerate~~

~~means a *financial conglomerate* other than a *third country financial conglomerate* that satisfies one of the following conditions:~~

- (1) ~~3.3 applies with respect to it; or~~
- (2) ~~a *firm* that is a *member* of that *financial conglomerate* is subject to obligations imposed through its *Part 4A permission* or section 55M of *FSMA* to ensure that the *financial conglomerate* meets levels of capital adequacy based on or stated to be based on Annex I of the *Financial Groups Directive*.~~

3 CAPITAL ADEQUACY

- 3.4 (1) Subject to 3.5, the definitions of conglomerate capital resources and conglomerate capital resources requirement that apply for the purposes of 3.3 are the definitions from whichever of Part 1 or Part 2 of Annex 2 the firm has indicated to the PRA it will apply to the group or each part of the group.
- (2) The firm must indicate to the PRA in advance which Part of Annex 2 it intends to apply to the group or each part of the group.

...

4 RISK CONCENTRATION AND INTRA-GROUP TRANSACTIONS

...

- 4.2 A firm that is a member of a ~~UK regulated EEA~~ *financial conglomerate* in respect of which a *financial conglomerate notification* has been issued, and that is headed by a *mixed financial holding company* must ensure compliance with the *sectoral rules*, identified for these purposes in the table at 4.3, regarding *risk concentration* and *intra-group transactions* of the *most important financial sector* in that *financial conglomerate* with respect to that *financial sector* as a whole, including the *mixed financial holding company*.

...

5 ASSET MANAGEMENT COMPANIES AND ALTERNATIVE INVESTMENT FUND MANAGERS

- 5.1 A firm must treat an *asset management company* and an *alternative investment fund manager* that is a member of a *financial conglomerate* of which that firm is a member:

...

- (2) In the case of a *financial conglomerate* for which the PRA is the *coordinator*, a firm must allocate an *asset management company* and an *alternative investment fund manager*:
- (a) to the *investment services sector* where a decision to that effect has been made by ~~the undertaking in the financial conglomerate that is the group member referred to in Article 4(2) of the Financial Groups Directive~~ the relevant member referred to in regulation 2(4) of the *Financial Conglomerates Regulations*;

...

6 THIRD COUNTRY FINANCIAL CONGLOMERATE

- 6.1 This Chapter applies to a firm that is a member of a *third country financial conglomerate* except:

- (1) ~~an incoming EEA firm; or [deleted.]~~
- (2) ~~an incoming Treaty firm; or [deleted.]~~

...

7 RISK SYSTEMS

7.1 This Chapter applies to a *firm* that is a member of a ~~UK regulated~~ *EEA financial conglomerate* in respect of which a *financial conglomerate notification* has been issued.

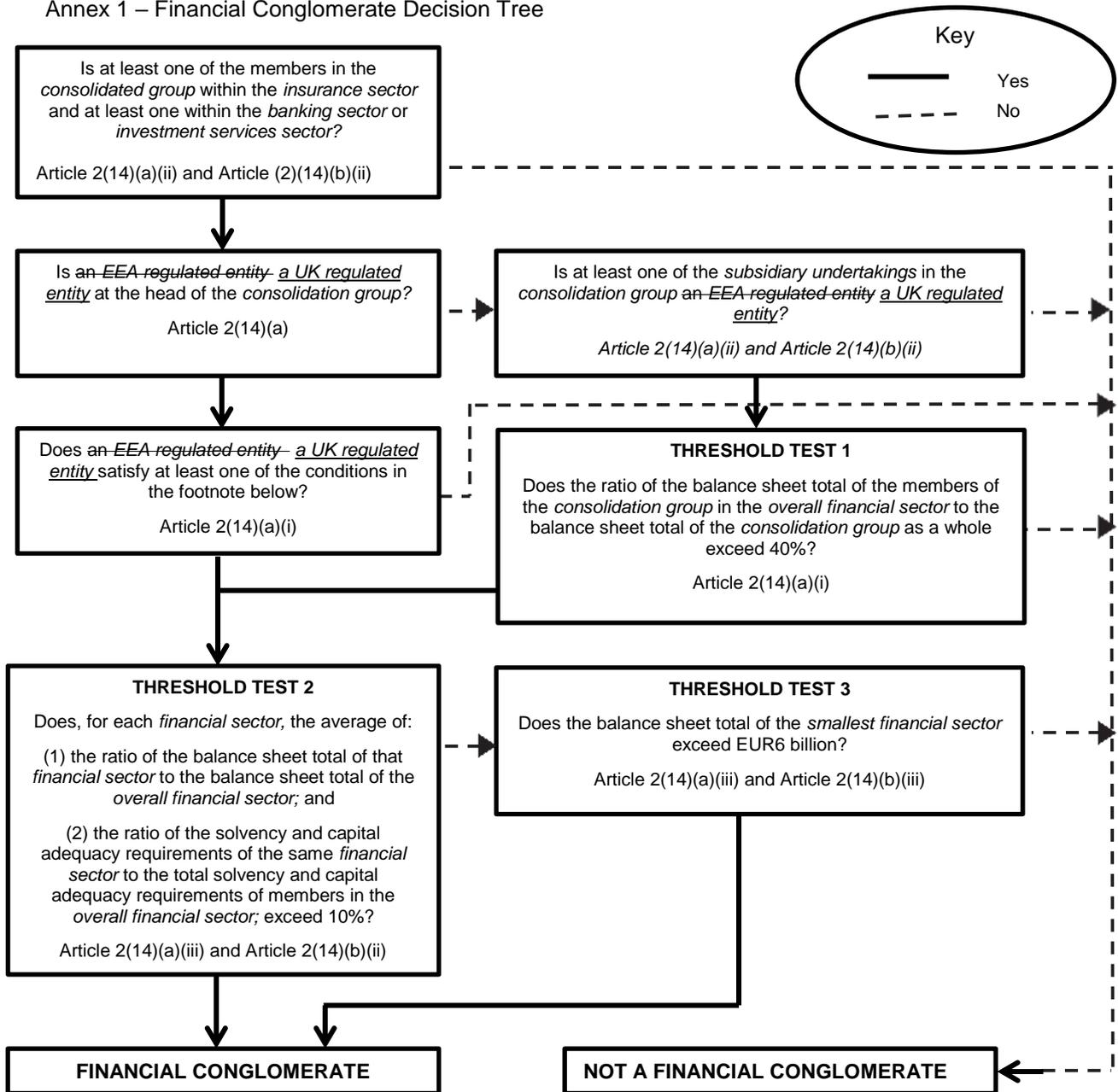
...

8 TRANSITIONALS

8.2 Correlation table:

COLUMN A	COLUMN B	COLUMN C
Financial Conglomerates Directive	(PRA Handbook as at 31 December 2015)	Financial Conglomerates (PRA Rulebook)
Art 3.3 Regulation 16 of the <i>Financial Conglomerates Regulations</i>	Rule 3.1.5 <i>waiver</i>	Rule 2.1 <i>waiver</i>
Art 3.3a Regulation 17 of the <i>Financial Conglomerates Regulations</i>		
Art 3.5 Regulation 19 of the <i>Financial Conglomerates Regulations</i>	Rule 3.1.11 <i>waiver</i>	Rule 2.7 <i>waiver</i>
Art 3.4(b) Regulation 18(b) of the <i>Financial Conglomerates Regulations</i>		
Art 6(5) Regulation 24 of the <i>Financial Conglomerates Regulations</i>	Rule 3.1.29 <i>waiver</i>	Rule 3.3 <i>waiver</i>

Annex 1 – Financial Conglomerate Decision Tree



Footnote: The conditions are that the ~~EEA regulated entity~~ UK regulated entity at the head of the consolidation group: (1) is a parent undertaking of a member of the consolidation group in the overall financial sector, (2) has a participation in a member of the consolidation group that is in the overall financial sector, or (3) has a consolidation ~~Article 12(1) relationship~~ common management relationship with a member of the consolidation group that is in the overall financial sector.

Annex 2 – Capital Adequacy Calculations for Financial Conglomerates

...

3 Table

Types of financial conglomerate	<p>3.1 (1) This paragraph sets out how to determine the category of <i>financial conglomerate</i>.</p> <p>(2) If there is an EEA a <u>UK</u> regulated entity at the head of the <i>financial conglomerate</i>, then:</p> <p>(a) if that entity is in the <i>banking sector</i> or the <i>investment services sector</i>, the <i>financial conglomerate</i> is a <i>banking and investment services conglomerate</i>; or</p> <p>(b) if that entity is in the insurance sector, the <i>financial conglomerate</i> is an <i>insurance conglomerate</i>.</p> <p>(3) If (2) does not apply and the <i>most important financial sector</i> is the <i>banking and investment services sector</i>, it is a <i>banking and investment services conglomerate</i>.</p> <p>(4) If (2) and (3) do not apply, it is an <i>insurance conglomerate</i>.</p>
---------------------------------	---

...

5 Table Part 3: Principles applicable to all methods

...

Application of sectoral rules: general	<p>5.4 The following adjustments apply to the <i>applicable sectoral rules</i> as they are applied by the rules in this Annex.</p> <p>(1) If any of those rules would otherwise not apply to a situation in which they are applied by this Annex, those rules nevertheless still apply (and in particular, any of those rules that would otherwise have the effect of disapplying consolidated supervision do not apply).</p> <p>(2) If it would not otherwise have been included, an <i>ancillary insurance services undertaking</i> is included in the <i>insurance sector</i>.</p> <p>(3) The scope of those rules is amended so as to remove restrictions relating to where members of the <i>financial conglomerate</i> are incorporated or have their head office, so that the scope covers every member of the <i>financial conglomerate</i> that would have been included in the scope of those rules if those members had their head offices in <u>the UK</u> an EEA State.</p> <p>(4) For the purposes of Parts 1 to 2, those rules must be adjusted, if necessary, when calculating the capital resources, capital resources requirements or solvency requirements for a particular <i>financial sector</i> to exclude those for a member of another <i>financial sector</i>.</p> <p>(5) Any <i>waiver</i> granted to a member of the <i>financial conglomerate</i> under those rules does not apply for the purposes of this annex.</p>
--	--

...

6 Table: Part 4: Definitions used in this Annex

...

Solo capital resources	<p>6.4 (1) The <i>solo capital resources requirement</i> of an <i>undertaking</i> in the <i>insurance sector</i> is:</p>
------------------------	--

<p>requirement: insurance sector</p>	<p>(a)</p>	<p>in respect of a <i>UK Solvency II firm</i>, the <i>SCR</i>;</p>
	<p>(b)</p>	<p>in respect of a <i>Solvency II undertaking</i> other than a <i>UK Solvency II firm</i>, the equivalent of the <i>SCR</i> as calculated in accordance with the <i>Solvency II EEA implementing measures</i> in the <i>EEA State</i> in which it has received authorisation in accordance with article 14 of the <i>Solvency II Directive</i>; [deleted.]</p>
	<p>(c)</p>	<p>in respect of a <i>third country insurance undertaking</i> or <i>third country reinsurance undertaking</i> to which Group Supervision, 10.4(2) applies, the equivalent of the <i>SCR</i> as calculated in accordance with the applicable requirements in that <i>third country</i>;</p>
	<p>(d)</p>	<p>in respect of any <i>undertaking</i> which is not within (a) to (c), the capital resources requirement calculated according to the rules for the calculation of the solo capital resources requirement applicable to that <i>undertaking</i> for the purposes of the calculation referred to in Group Supervision and Chapter I of Title II of the <i>delegated acts</i> or, if no rules are applicable for that calculation under Group Supervision and Chapter I of Title II of the <i>delegated acts</i>, in accordance with the <i>SCR Rules</i>.</p>
<p>Solo capital resources requirement: EEA firms in the banking sector or investment services sector [Deleted.]</p>	<p>6.5</p>	<p>The <i>solo capital resources requirement</i> for an <i>EEA regulated entity</i> (other than a <i>bank</i>, <i>building society</i>, <i>designated investment firm</i>, <i>IFPRU investment firm</i> as defined in the <i>FCA Handbook</i>, <i>BIPRU firm</i> as defined in the <i>FCA Handbook</i>, an <i>insurer</i> or an <i>EEA insurer</i>) that is subject to the solo capital adequacy sectoral rules for its <i>financial sector</i> of the <i>competent authority</i> that authorised it is equal to the amount of capital it is obliged to hold under those <i>sectoral rules</i> provided that the following conditions are satisfied. [Deleted]</p> <p>(1) for the purposes of the <i>banking sector</i> and the <i>investment services sector</i>, those <i>sectoral rules</i> must correspond to the <i>PRA sectoral rules</i> identified in paragraph 6.2 as applying to that <i>financial sector</i>;</p> <p>(2) the entity must be subject to those <i>sectoral rules</i> in (1); and</p> <p>(3) paragraph 6.3 applies to the entity and those <i>sectoral rules</i>.</p>
<p>Solo capital resources requirement: non-EEA</p>	<p>6.6</p>	<p>The <i>solo capital resources requirement</i> for a <i>recognised third country credit institution</i> or a <i>recognised third country investment firm</i> is the amount of capital resources that it is obliged to hold</p>

firms non-UK firms
subject to equivalent regimes in the banking sector or investment services sector

under the *sectoral rules* for its *financial sector* that apply to it in the state or territory in which it has its head office provided that:

- (1) there is no reason for the *firm* applying the rules in this Annex to believe that the use of those *sectoral rules* would produce a lower figure than would be produced under paragraph 6.2; and
- (2) paragraph 6.3 applies to the entity and those *sectoral rules*.

Annex 3 –Prudential Rules for Third Country Financial Conglomerates (6.2)

...

2 Table: PART 2: Adjustment of scope

2.1	The adjustments that must be carried out under this paragraph are that the scope of the rules referred to in Part 1 of this Annex, are amended:
(1)	to remove any provisions disapplying those rules for <i>third country financial conglomerates</i> ;
(2)	to remove all limitations relating to where a member of the <i>third country financial conglomerate</i> is incorporated or has its head office; and
(3)	so that the scope covers every member of the <i>third country financial conglomerate</i> that would have been included in the scope of those rules if those members had their head offices in, and were incorporated in, and an EEA State the <i>UK</i> .

Annex V

Amendments to the Fitness and Propriety Part

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

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to every *firm* that is:

- (1) a *CRR firm*;
- (2) a *credit union*; or
- (3) a *third country CRR firm* in relation to: ~~the activities of its establishment in the UK.~~
 - (a) the activities of its establishment in the UK; or
 - (b) if it does not have an establishment in the UK, activities in the UK.

...

Annex W

Amendments to the Friendly Society – Liability Valuation Part

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

...

11 RATES OF INTEREST

...

- 11.8 For the purposes of 11.7, the *issuer's* profits after taxation from its ordinary activities for the relevant *financial year* must be derived from accounts drawn up in accordance with legislation implementing the *Accounts Directives* or, if accounts are not so drawn up in accordance with ~~the *Accounts Directives*~~, from accounts drawn up in accordance with International Accounting Standards Committee accounting standards or US generally accepted accounting practice.

...

Annex X

Amendments to the FSCS Management Expenses Levy Limit and Base Costs Part

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

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

CRO insurer

has the meaning given in the Policyholder Protection Part.

...

participant firm

(1) has the meaning given in paragraph A (2) of the *PRA Handbook* Glossary definition of 'participant firm' as at 29 February 2016 for the purposes of the *PRA's* rules and has the meaning given in the *FCA Handbook* for the purposes of the *FCA's* rules in FEES 1; and

(2) includes *CRO insurers*.

Annex Y

Amendments to the General Organisational Requirements Part

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

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to a *CRR firm*:

...

(2) ~~with respect to the carrying on of *passport activities* by it from a *branch* in another *EEA state*; [deleted.]~~

...

1.1A 2.1 to 2.8 do not apply to a *firm* with respect to the carrying on of *benchmarking activities* except to the extent that ~~they transpose an *EU instrument*~~ those rules constitute *retained EU law* within the meaning of the European Union (Withdrawal) Act 2018.

Annex Z

Amendments to the General Provisions 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:

...

~~incoming ECA provider~~

~~has the meaning given in the FCA Handbook.~~

...

SRO firm with a top-up permission

means a firm to which regulation 34 of the EEA Passport Rights (Amendment, etc., and Transitional Provisions (EU Exit) Regulations 2018 applies.

SRO firm without a top-up permission

means a firm to which regulation 28 of the EEA Passport Rights (Amendment, etc., and Transitional Provisions) (EU Exit) Regulations 2018 applies.

State of the risk

~~means references to the EEA State in which a risk is situated in accordance with paragraphs 6(3) and 6(4) of Schedule 12 to FSMA.~~

...

TPR firm

means a firm to which regulation 8 or regulation 11 of the EEA Passport Rights (Amendment, etc., and Transitional Provisions) (EU Exit) Regulations 2018 applies.

TPR firm with a top-up permission

means a firm to which regulation 11 of the EEA Passport Rights (Amendment, etc., and Transitional Provisions (EU Exit) Regulations 2018 applies.

TPR firm without a top-up permission

means a firm to which regulation 8 of the EEA Passport Rights Amendment, etc., and Transitional Provisions) (EU Exit) Regulations 2018 applies.

...

3 DISCLOSURE TO RETAIL CLIENTS

3.1 This Chapter

...

- (2) does not apply to:
- (a) ~~an incoming ECA provider when the firm is acting as such; [deleted.]~~
 - (b) ~~an incoming EEA firm which has permission only for cross border services and which does not carry on regulated activities in the UK; [deleted.]~~
 - (c) ~~an incoming firm not falling under (a) and (b), to the extent that the firm is subject to equivalent rules imposed by its home Member State; [deleted.]~~
 - ...
 - (e) general insurance business if:
 - (i) ~~the State of the risk is an EEA State other than the UK; or [deleted.]~~
 - (ii) the State of the risk is outside the EEA UK and the *policyholder* is not in the UK when the *contract of insurance* is entered into;
 - ...
 - (f) long-term insurance business if:
 - (i) ~~the policyholder's habitual residence is in an EEA State other than the UK; or [deleted.]~~
 - (ii) the *policyholder's habitual residence* is outside the EEA UK and the policyholder is not present in the UK when the *contract of insurance* is entered into; or
 - ...

3.2 A firm must take reasonable care to ensure that every letter (or electronic equivalent) which it or its *employees* send to a *retail client*, which a view to or in connection with the *firm* carrying on a *regulated activity*, includes the following disclosure:

- ...
- (2) for an *overseas firm* (which is not an ~~incoming firm~~ a TPR firm or a SRO firm) "[Authorised and regulated by [name of the overseas regulator of the overseas firm] in the jurisdiction of that overseas firm's registered office (or, if it has no registered office, its head office)]. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request."
- (a) If the *overseas firm* (~~which is not an incoming firm~~) translates the name of the overseas regulator into English it must ensure that the State in which the regulator is based is clear;
 - (b) An *overseas firm* (~~which is not an incoming firm~~) is not required to disclose its applicable authorisation or regulation by the overseas regulator if it is not so authorised or regulated.
- (3) for an ~~incoming firm~~ without a ~~top-up permission~~ either: ~~[deleted.]~~
- (a) "Authorised by [name of ~~home Member State~~ regulator]"; or
 - (b) "Authorised by [name of ~~home Member State~~ regulator] and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation

~~Authority. Details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request".~~

If the *incoming firm* without a *top-up permission*:

...

- ~~(c) translates the name of the *home Member State* regulator into English it must ensure that the State in which the regulator is based is clear;~~
- ~~(d) indicates or implies to a *customer* that is regulated by the *PRA* or the *FCA*, it must make the disclosure in (b).~~
- (4) ~~for an *incoming firm* with a *top-up permission*, "Authorised by [name of *home Member State* regulator] and the Prudential Regulation Authority and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority, and regulation by the Financial Conduct Authority are available from us on request"; [deleted.]~~

If the *incoming firm* with a *top-up permission* translates the name of the *home Member State* regulator into English it must ensure that the State in which the regulator is based is clear.

...

- (4A) for an *overseas firm* that is a *TPR firm without a top-up permission*, "Authorised and regulated by [name of the overseas regulator of the *overseas firm* in the jurisdiction of that *overseas firm*'s registered office (or, if it has no registered office, its head office)]. Deemed authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website."

If the *firm* translates the name of the overseas regulator into English it must ensure that the State in which the regulator is based is clear.

- (4B) for an *overseas firm* that is a *TPR firm with a top-up permission*, "Authorised and regulated by [name of the overseas regulator of the *overseas firm* in the jurisdiction of that *overseas firm*'s registered office (or, if it has no registered office, its head office)]. Authorised by the Prudential Regulation Authority and with deemed variation of permission. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website."

If the *firm* translates the name of the overseas regulator into English it must ensure that the State in which the regulator is based is clear.

- (4C) for an *overseas firm* that is an *SRO firm without a top-up permission*, "Authorised and regulated by [name of the overseas regulator of the *overseas firm* in the jurisdiction of that *overseas firm*'s registered office (or, if it has no registered office, its head office)]. Deemed authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation

Authority. Details of the Financial Services Contracts Regime, which allows EEA-based firms to operate in the UK for a limited period to carry on activities which are necessary for the performance of pre-existing contracts, are available on the Financial Conduct Authority’s website.”

If the *firm* translates the name of the overseas regulator into English it must ensure that the State in which the regulator is based is clear.

- (4D) for an overseas firm that is a SRO firm with a top-up permission, “Authorised and regulated by [name of the overseas regulator of the overseas firm in the jurisdiction of that overseas firm’s registered office (or, if it has no registered office, its head office)]. Authorised by the Prudential Regulation Authority and with deemed variation of permission. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details of the Financial Services Contracts Regime, which allows EEA-based firms to operate in the UK for a limited period to carry on activities which are necessary for the performance of pre-existing contracts, are available on the Financial Conduct Authority’s website.”

If the *firm* translates the name of the overseas regulator into English it must ensure that the State in which the regulator is based is clear.

5 STATEMENTS ABOUT AUTHORISATION AND REGULATION BY THE PRA

5.1 This Chapter:

- (1) subject to (2), applies to:
- ...
- (b) activities carried on from an establishment maintained by the *firm* (or by its *appointed representative*) in the *UK*, provided that, in the case of the *MiFID or equivalent third country business of the firm business of an incoming EEA firm*, it only applies to business conducted within the territory of the *UK*;
- ...
- (2) does not apply to:
- (a) ~~an incoming ECA provider when the firm is acting as such; [deleted.]~~
- (b) ~~an incoming EEA firm which has permission only for cross border services and which does not carry on regulated activities in the UK; [deleted.]~~
- (c) ~~an incoming a third country firm not falling under (a) or (b), to the extent that the firm is subject to equivalent rules imposed by its home Member State;~~
- ...

6 DISCLOSURE TO RETAIL CLIENTS ON ACTIVITIES FROM NON-UK ESTABLISHMENTS

6.1 This Chapter:

- ...
- (2) does not apply to:
- (a) ~~an incoming ECA provider when the firm is acting as such; [deleted.]~~

- (b) ~~an incoming EEA firm which has permission only for cross border services and which does not carry on regulated activities in the UK; [deleted.]~~
- (c) ~~an incoming a third country firm not falling under (a) or (b), to the extent that the firm is subject to equivalent rules imposed by its home Member State;~~

...

7 INSURANCE AGAINST FINANCIAL PENALTIES

- 7.1 This Chapter applies to every *firm*, ~~but only with respect to business that can be regulated under section 137G of FSMA.~~

...

Annex AA

Amendments to the Group Financial Support Part

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

1 APPLICATION AND DEFINITIONS

...

1.3 In this Part, the following definitions shall apply:

competent authority

means: ~~a public authority or body officially recognised by national law which is empowered by national law to supervise institutions as part of the supervisory system in operation in the EEA State concerned or the European Central Bank with regard to the specific tasks conferred on it by Article 4 of Council Regulation (EU) No. 1024/2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions.~~

(1) the PRA, in respect of PRA-*authorised persons*;

(2) the FCA, in respect of any other *person*;

conditions for early intervention

means circumstances in which an *institution* infringes or is likely in the near future to infringe the requirements of the *CRR*, ~~the~~ or the requirements of provisions implementing CRD, MiFID II or any of Articles 3 - 7, 14 - 17 and 24, - 26 of *MiFIR*.

~~EEA consolidating supervisor~~

means ~~a competent authority responsible under the CRD for the exercise of supervision on a consolidated basis of:~~

(1) ~~an EEA parent institution; or~~

(2) ~~institutions controlled by an EEA parent financial holding company or an EEA parent mixed financial holding company.~~

~~EEA parent financial holding company~~

means ~~a parent financial holding company in an EEA State which is not a subsidiary of an institution authorised in any EEA State or of another financial holding company or mixed financial holding company set up in any EEA State.~~

~~EEA parent institution~~

means ~~a parent institution in an EEA State which is not a subsidiary of another institution authorised in an EEA State or of a financial holding company or mixed financial holding company set up in any EEA State.~~

~~EEA parent mixed financial holding company~~

means ~~a parent mixed financial holding company in an EEA State which is not a subsidiary of an institution authorised in any EEA State or of another financial holding company or mixed financial holding company set up in any EEA State.~~

EEAUK parent undertaking

means ~~an EEA a UK parent institution, an EEA a UK parent financial holding company or an EEA a UK parent mixed financial holding company.~~

...

group financial support agreement

means an agreement between:

- (1) a UK parent institution, ~~in an EEA State, an EEA parent institution~~ or a qualifying parent undertaking, a financial holding company, a mixed financial holding company or a mixed-activity holding company established in an EEA State established in the UK; and
- (2) a *subsidiary* of an entity referred to in (1) set up ~~in a different EEA State to that of the entity referred in (1) or~~ in a *third country* and that is an *institution* or a *financial institution* covered by the consolidated supervision of the entity referred to in (1),

to provide financial support to a party that is an *institution* at a time when that *institution* meets the *conditions for early intervention*.

...

management body

means a *BRRD undertaking's* body or bodies, which are appointed in accordance with ~~national UK~~ law, which are empowered to set the *BRRD undertaking's* strategy, objectives and overall direction, and which oversee and monitor management decision-making, and include the *persons* who effectively direct the business of the *BRRD undertaking*.

...

~~*parent institution in an EEA State*~~

~~means an institution authorised in an EEA State which has an institution or financial institution as subsidiary or which holds a participation in such an institution or financial institution, and which is not itself a subsidiary of another institution authorised in the same EEA State or of a financial holding company or mixed financial holding company set up in the same EEA State.~~

~~*parent financial holding company in an EEA State*~~

~~means a financial holding company which is not itself a subsidiary of an institution authorised in the same EEA State, or of a financial holding company or mixed financial holding company set up in the same EEA State.~~

~~*parent mixed financial holding company in an EEA State*~~

~~means a mixed financial holding company which is not itself a subsidiary of an institution authorised in the same EEA State, or of a financial holding company or mixed financial holding company set up in the same EEA State.~~

...

2 GROUP FINANCIAL SUPPORT AGREEMENT

...

2.2 A *BRRD undertaking* must not enter into a proposed *group financial support agreement* if:

- (1) the ~~EEA~~ consolidating supervisor has not granted permission to do so; or
- (2) at the time the proposed agreement is made, a the competent authority has decided that a party to the agreement that is an *institution* meets the *conditions for early intervention*.

3 SUBMISSION OF GROUP FINANCIAL SUPPORT AGREEMENT

3.1 This Chapter applies to a *BRRD undertaking* which is ~~an EEA~~ a *UK parent undertaking*, unless the *FCA* is the ~~EEA~~ consolidating supervisor of its *group*.

3.2 If a *BRRD undertaking* or any member of its *group* intends to enter into a *group financial support agreement*, or amend a *group financial support agreement* previously authorised by ~~an EEA~~ the consolidating supervisor, the *BRRD undertaking* must submit to the ~~EEA~~ consolidating supervisor an application for authorisation of the proposed agreement or amendment.

...

4 CONDITIONS FOR GROUP FINANCIAL SUPPORT

4.1 A *BRRD undertaking* must not provide financial support in accordance with a *group financial support agreement* unless the following conditions are met:

...

- (7) where a *firm* provides the financial support, it complies at the time the financial support is provided, with the requirements of the provisions implementing CRD relating to capital or liquidity and any requirements of provisions implementing imposed pursuant to Article 104(2) of the CRD and the provision of the financial support does not cause the *firm* to infringe those requirements;

...

6 NOTIFICATION OF PROPOSED GROUP FINANCIAL SUPPORT

6.1 A *BRRD undertaking* that intends to provide financial support in accordance with a *group financial support agreement* must ensure that its *management body* notifies:

...

- (2) the *FCA* where it is the *consolidating supervisor* ~~where different from the authorities in (1) and (3), where applicable, the EEA consolidating supervisor,~~
- (3) ~~where different from the authorities in (1) and (2), the competent authority of the group member receiving the financial support; and [deleted.]~~
- (4) the ~~EBA~~, [deleted.]

before it provides that financial support.

...

7 PROVISION AND NOTIFICATION OF GROUP FINANCIAL SUPPORT

...

7.3 Where the *management body* of a *BRRD undertaking* decides to provide the financial support, that *BRRD undertaking* must notify:

...

- (2) ~~the FCA where it is the *consolidating supervisor* where different from the authorities in (1) and (3), where applicable, the *EEA consolidating supervisor*;~~
- (3) ~~where different from (1) and (2), the *competent authority* of the *group member* receiving the financial support; and [deleted.]~~
- (4) ~~the *EBA*. [deleted.]~~

Annex AB

Amendments to the Group Risk Systems Part

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

1 APPLICATION AND DEFINITIONS

...

1.3 In this Part, the following definitions shall apply:

group

means, in relation to a *person* ("A), A and any *person*:

(2) who has an ~~Article 12(1) relationship~~ a common management relationship with A;

(3) who has an ~~Article 12(1) relationship~~ a common management relationship with any *person* in (1);

2 GROUP SYSTEMS AND CONTROLS

...

2.3 A *firm* must comply with 2.1(2) in relation to any *UK consolidation group* or non-EEAUK sub-group of which it is a member, as well as in relation to its *group*.

...

Annex AC

Amendments to the Group Supervision Part

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

1 APPLICATIONS AND DEFINITIONS

1.1 ...

(1) ...

(b) that is a member of a *group* for which a *supervisory authority* (other than the *PRA*) is the *group supervisor*, subject to (c) and to the extent this Part gives effect to the *Solvency II EEA implementing measures* in the ~~EEA~~ *State territory of its group supervisor*, and

(c) where the *group supervisor* of a *group* of which a *firm* is a member is a *supervisory authority* in an ~~EEA State Gibraltar~~ other than the ~~UK~~, the requirements of the *Solvency II EEA implementing measures* in that ~~EEA State~~ *territory* apply to the *firm* in relation to its capacity as a member of that *group*;

1.2 In this Part, the following definitions shall apply:

...

group supervisor

means (in relation to a *group*) the authority designated as *group supervisor* in relation to that *group*, in accordance with *Solvency II EEA implementing measures* implementing Article 247 of the *Solvency II Directive* or in accordance with regulation 26 of the *Solvency 2 Regulations*.

...

related undertaking

means, in relation to an *undertaking* ("U"):

- (1) any *subsidiary undertaking* of U; or
- (2) any *undertaking* in which U or any of U's *subsidiary undertakings* holds a *participation*; or
- (3) any *undertaking* linked to U by an ~~Article 12(1) relationship~~ a common management relationship; or
- (4) any *undertaking* linked by an ~~Article 12(1) relationship~~ a common management relationship to an *undertaking* in (1), (2) or (3).

Solvency II EEA implementing measures

means any measures implementing the *Solvency II Directive* in Gibraltar.

Solvency II undertaking

means:

- (1) a Gibraltarian insurance undertaking as defined under Regulation 10(2) The Gibraltar (Miscellaneous Amendments) (EU Exit) Regulations 2019;
- (2) a Gibraltarian reinsurance undertaking as defined under Regulation 10(2) The Gibraltar (Miscellaneous Amendments) (EU Exit) Regulations 2019; or
- (3) a UK Solvency II firm

supervisory authority

means the national authorities empowered by law or regulation of the UK or Gibraltar to supervise Solvency II undertakings for the purposes of the provisions implementing the Solvency II Directive including the PRA, FCA and Financial Services Commission of Gibraltar (FSC)

...

2 CASES OF APPLICATION AND SCOPE OF GROUP SUPERVISION

2.1

...

...

- (2) the parent undertaking of a UK Solvency II firm is an insurance holding company or a mixed financial holding company which has its head office in the UK or Gibraltar ~~an EEA State~~; or
- (3) the parent undertaking of a UK Solvency II firm is an insurance holding company or a mixed financial holding company which does not have its head office in ~~an EEA State~~ the UK or Gibraltar or is a third country insurance undertaking or a third country reinsurance undertaking; or

...

2.2

Where, in accordance with 2.1, this Part applies at the level of a group, that group consists of all undertakings within the relevant group, subject to 2.3 and 3 and provided that:

- (1) where 2.1(1) applies, the definition of a group must be applied to the participating Solvency II undertaking, its subsidiary undertakings, the undertakings in which it holds a participation and undertakings to which it is linked by ~~an Article 12(1) relationship~~ a common management relationship or, where applicable, to the undertakings in a mutual-type group;
- (2) where 2.1(2) applies, the definition of a group must be applied to the insurance holding company or mixed financial holding company, its subsidiary undertakings, the undertakings in which it holds a participation and undertakings to which it is linked by

~~an Article 12(1) relationship~~ a common management relationship or, where applicable, to the *undertakings* in a *mutual-type group*;

- (3) where 2.1(3) applies, the definition of a *group* must be applied to the *insurance holding company* or *mixed financial holding company*, *third country insurance undertaking* or *third country reinsurance undertaking* (as applicable), its *subsidiary undertakings*, the *undertakings* in which it holds a *participation* and *undertakings* to which it is linked by ~~an Article 12(1) relationship~~ a common management relationship or, where applicable, to the *undertakings* in a *mutual-type group*; and
- (4) where 2.1(4) applies, the definition of a *group* must be applied to the *mixed activity insurance holding company*, its *subsidiary undertakings*, the *undertakings* in which it holds a *participation* and *undertakings* to which it is linked by ~~an Article 12(1) relationship~~ a common management relationship or, where applicable, to the *undertakings* in a *mutual-type group*.

2.3 Where the PRA as *group supervisor* has granted a waiver or where a supervisory authority which is the *group supervisor* has decided, in accordance with Solvency II EEA implementing measures implementing Article 214 of the Solvency II Directive, not to include an *undertaking* in the *group supervision* referred to in 2.1:

...

3 LEVELS

3.1 If the participating Solvency II undertaking or the *insurance holding company* or *mixed financial holding company* referred to in 2.1(1) or 2.1(2) is itself a *subsidiary undertaking* of another Solvency II undertaking or of another *insurance holding company* or *mixed financial holding company* which has its head office in the UK or Gibraltar ~~an EEA State~~, then 4 to 19 apply only at the level of the ultimate ~~Solvency II undertaking~~ UK Solvency II firm, *insurance holding company*, or *mixed financial holding company* in the *group* which has its head office in the UK or Gibraltar ~~an EEA State~~.

3.2 If the PRA makes a decision referred to in Article 216(1) or 217(1) of the Solvency II Directive to undertake (group supervision at national level) in accordance with Regulation 13 of the Solvency 2 Regulations then 4 to 19 apply with any necessary changes, subject to the relevant requirements of Regulations 13, 14 and 16 of the Solvency 2 Regulations. Articles 216(6) and 217 of the Solvency II Directive and the following:

...

4 GROUP SOLVENCY: GENERAL PROVISIONS

...

4.4 *Relevant insurance group undertakings* must:

...

- (4) if the PRA has extended the period referred to (3) by reason of the declaration by EIOPA of an exceptional adverse situation affecting the group, submit a progress report to the PRA every three months setting out the measures taken and the progress made to re-establish the level of own funds covering the group SCR or to reduce the risk profile to ensure compliance

with the group SCR, if the PRA has extended the period referred to in (3) by reason of the declaration:

- (a) (before *exit day*) by EIOPA; or
- (b) (on or after *exit day*) by the PRA pursuant to regulation 4A of the *Solvency 2 Regulations*.

of an *exceptional adverse situation* affecting the group, submit a progress report to the PRA every three months setting out the measures taken and the progress made to re-establish the level of *own funds* covering the group SCR or to reduce the risk profile to ensure compliance with the group SCR.

...

5 GROUP SOLVENCY: FREQUENCY OF CALCULATIONS

...

5.2

...

- (2) the UK holding company or such other undertaking in the group as may be determined by the group supervisor in accordance with regulation 15(1)(c) of the *Solvency 2 Regulations* or *Solvency II EEA implementing measures* implementing Article 219(1) of the *Solvency II Directive* in the case of the calculations referred to in 4.2

5.3

...

- (3) Upon request by the group supervisor, where there is evidence to suggest that the risk profile of the group has altered significantly since the date on which the group Solvency Capital Requirement was last reported in accordance with Article 219(2) of the *Solvency II Directive*, the group SCR must be recalculated without delay and reported to the group supervisor.

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

...

6.2

...

- (2) When giving notice, a firm must:

...

- (g) for any item referred to in Article 82(3) of the *delegated act* (including after *exit day* the relevant national law provision), provide a draft of a properly reasoned independent accounting opinion from an appropriately qualified individual as to the item's treatment in the financial statements of the group member issuing the proposed item and of the group;

...

7 GROUP SOLVENCY: BASIC PRINCIPLES

7.1 ...

...

- (2) in accordance with *method 1*, unless the *group supervisor* has determined under *Solvency II EEA implementing measures implementing Article 220(2) of the Solvency II Directive* or imposed a *requirement* that *method 2* or a combination of *method 1* and *method 2* must be applied.

8 GROUP SOLVENCY: PROPORTIONAL SHARES

...

8.3 Notwithstanding 8.2:

- (1) where the *related undertaking* is a *subsidiary undertaking* and does not have sufficient *eligible own funds* to cover its *SCR*, the total *solvency deficit* of the *subsidiary undertaking* must be taken into account (or a proportional share of that *solvency deficit*, if the *group supervisor* so determines under *regulation 17(4) of the Solvency 2 Regulations or Solvency II EEA implementing measures implementing Article 221(1) of the Solvency II Directive*); and
- (2) the proportional share must be as determined by the *group supervisor* if such a determination is made under *regulation 17(2) of the Solvency 2 Regulations or Solvency II EEA implementing measures implementing Article 221(2) of the Solvency II Directive*.

9 GROUP SOLVENCY: ELIMINATION OF DOUBLE USE OF ELIGIBLE OWN FUNDS AND INTRA-GROUP CREATION OF CAPITAL AND VALUATION

...

9.2 Without prejudice to 9.1 or 9.3, the following must be excluded in the calculation of the solvency of a *group* unless they are, and only insofar as they are, eligible for covering the *SCR* of the *related undertaking* concerned:

- (1) surplus funds falling under *Surplus Funds 2.2 or Solvency II EEA implementing measures implementing Article 91(2) of the Solvency II Directive* arising in a *related Solvency II undertaking* of the *participating Solvency II undertaking* for which the solvency of a *group* is calculated; and

...

9.6 Any *eligible own funds* of a *related Solvency II undertaking* of the *participating Solvency II undertaking* for which the solvency of a *group* is calculated that are subject to prior authorisation from the *supervisory authority* of the *related Solvency II undertaking*, in accordance with *regulation 44 of the Solvency 2 Regulations or Solvency II EEA implementing measures implementing Article 90 of the Solvency II Directive*, must be included in the calculation of the group solvency only in so far as they have been duly authorised by that *supervisory authority*.

...

10 GROUP SOLVENCY: APPLICATION OF THE CALCULATION METHODS

...

10.2 In respect of a *related Solvency II undertaking* with its head office in an ~~EEA State Gibraltar~~ other than that of the ~~Solvency II undertaking~~ for which the group solvency calculation of the ~~group~~ is carried out, the group solvency calculation must take account of the SCR and the own funds eligible for the SCR as laid down in the *Solvency II EEA implementing measures* of ~~that other EEA State Gibraltar~~.

10.3 ...

(4) Any eligible own funds of an *intermediate holding company*, which would require prior authorisation from a *supervisory authority* in accordance with regulation 44 of the *Solvency 2 Regulations* or *Solvency II EEA implementing measures* implementing Article 90 of the *Solvency II Directive*, may be included in the calculation of the *group solvency* of the group only in so far as they have been duly authorised by the *group supervisor*.

10.4 ...

(2) If the third country in which that *third country insurance undertaking* or *third country reinsurance undertaking* has its head office makes it subject to authorisation and imposes on it a solvency regime that is assessed to be equivalent under Article 227 of the ~~Solvency II Directive~~ Article 379A of the *delegated act*, the calculation in (1) must take into account, as regards that *undertaking*, the requirement equivalent to the SCR and the capital items eligible to satisfy that requirement as laid down by that third country.

10.5 When calculating the group solvency of a *Solvency II undertaking* in a group which is a *participating undertaking* in a *credit institution, investment firm or financial institution*, the *participating Solvency II undertaking* must either:

(1) apply *method 1* or *method 2* in Annex I to Directive 2002/87/EC *Financial Conglomerates Annex 2* with any necessary changes, provided that *method 1* in that Annex must be applied only where the *group supervisor* is satisfied as to the level of integrated management and internal control regarding the *undertakings* which would be included in the scope of consolidation and provided always that the method chosen must be applied in a consistent manner over time; or

10.6 Where the information necessary for calculating the group solvency of a *Solvency II undertaking* in a group, concerning a *related undertaking* with its head office in an ~~EEA State~~ or ~~the UK or Gibraltar~~ or a third country is not available to the *group supervisor* then:

...

15 GROUPS WITH CENTRALISED RISK MANAGERMENTS

15.1 — 15.3 applies to any *Solvency II undertaking* in a group which is a *subsidiary undertaking* of another *Solvency II undertaking* or of an *insurance holding company* or *mixed financial holding company* where all of the following conditions are satisfied: ~~[Deleted.]~~

~~(1) the subsidiary undertaking, in relation to which the group supervisor has not made a decision under Article 214(2) of the Solvency II Directive, is included in the group supervision carried out by the group supervisor at the level of the parent undertaking in accordance with this Part;~~

~~(2) the risk-management processes and internal control mechanisms of the parent undertaking cover the subsidiary undertaking and the parent undertaking satisfies the PRA regarding the prudent management of the subsidiary undertaking;~~

~~(3) (a) the parent undertaking; or~~

~~(b) one or more relevant insurance group undertakings;~~

is permitted, under 17.2(3), to produce a single document covering all relevant ORSAs;

~~(4) (a) the parent undertaking; or~~

~~(b) one or more relevant insurance group undertaking;~~

is permitted, under 18.1(2), to produce a single SFCR covering all relevant Solvency II undertakings and insurance holding companies and mixed financial holding company; and

~~(5) an application for permission to be subject to 15.3 has been submitted by the parent undertaking or one or more relevant insurance group undertakings and a favourable decision has been made on that application in accordance with the procedure in Article 237 of the Solvency II Directive.~~

15.2 An application for permission to be subject to 15.3 must be made to the PRA if the subsidiary undertaking is a UK Solvency II firm. ~~[Deleted.]~~

15.3 Without prejudice to 11.4 and subject to 15.4, if the conditions referred to in 15.1 are satisfied, the SCR of the subsidiary undertaking in the group must be calculated in accordance with any decisions taken in accordance with Article 238 of the Solvency II Directive. ~~[Deleted.]~~

15.4 (1) 15.3 ceases to apply where:

(a) the condition referred to in 15.1(1) is no longer complied with;

(b) the condition referred to in 15.1(2) is no longer complied with and the group does not restore compliance with this condition in an appropriate period of time;

(c) the conditions referred to in 15.1(3) and 15.1(4) are no longer complied with. ~~[Deleted.]~~

(2) The parent undertaking or relevant insurance group undertakings of a group to which 15.3 applies must ensure that the conditions referred to in 15.1(2) to (4) are complied with on an ongoing basis and in the event of non-compliance must:

(a) inform the group supervisor and the supervisory authority of the subsidiary undertaking concerned without delay; and

- (b) ~~present a plan to the supervisory authorities to restore compliance within an appropriate period of time.~~

...

20 THIRD COUNTRIES

- 20.1 When 2.1(3) applies, 4 to 14, 16 to 19 and External Audit 2 to 4 apply with any necessary changes at the level of the *insurance holding company* or *mixed financial holding company* which does not have its head office in ~~the UK or Gibraltar~~ an EEA State, *third country insurance undertaking* or *third country reinsurance undertaking* unless:
- (1) subject to 20.2, the *third country* in which that *undertaking* has its head office is assessed to be equivalent under provisions implementing Article 260 of the *Solvency II Directive*, Article 380 and 380A of the delegated act, or an equivalence determination under paragraph 12 of Schedule 1 of The Equivalence Determinations for Financial Services and Miscellaneous Provisions (Amendment etc) (EU Exit) Regulations 2019; or
 - (2) in the absence of equivalent group supervision referred to in Article 260 of the *Solvency II Directive*, the *PRA* has specified other methods in accordance with provisions implementing Article 262 of the *Solvency II Directive*, Article 380 and 380A of the delegated act, or an equivalence determination under paragraph 12 of Schedule 1 of The Equivalence Determinations for Financial Services and Miscellaneous Provisions (Amendment etc) (EU Exit) Regulations 2019.
- ...
- 20.2 20.1(1) does not apply where, in the case of temporary equivalence under Article 260(5) of the *Solvency II Directive*, there is a *Solvency II undertaking* in the *group* that has a balance sheet total that exceeds the balance sheet total of the *parent undertaking* situated outside of the ~~EEA~~ UK and Gibraltar.
- 20.3 When calculating the solvency of a *group* falling within 2.1(3) for the purpose of 20.1, a *relevant insurance group undertaking* must treat the *parent undertaking* (being an *insurance holding company* which does not have its head office in ~~an EEA State~~ the UK or Gibraltar or a *third country insurance undertaking* or a *third country reinsurance undertaking*), solely for the purposes of that calculation, as a *UK Solvency II firm* to which 2.1(1)(a) applies.
- 20.4 Where the *parent undertaking* referred to in 2.1(3) is itself a *subsidiary undertaking* of an *insurance holding company* or *mixed financial holding company* which does not have its head office in ~~an EEA State~~ the UK or Gibraltar or a *third country insurance undertaking* or a *third country reinsurance undertaking*, 20.1 applies at the level of either:
- (1) the ultimate *parent undertaking* which is an *insurance holding company* or *mixed financial holding company* which does not have its head office in ~~an EEA State~~ the UK or Gibraltar or a *third country insurance undertaking* or a *third country reinsurance undertaking*; or
 - (2) such other *parent undertaking* as the *PRA* may determine in accordance with Article 263 of the *Solvency II Directive* Regulation 36A of the *Solvency 2 Regulations*.
- ...

Annex AD

Amendments to the Groups Part

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

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

third country banking and investment group

means a *group* that meets the following conditions:

- (1) it is headed by a *third country undertaking* that would be:
 - (a) an *institution*;
 - (b) a *financial holding company*, or
 - (c) a *mixed financial holding company*,

if its head office was in the ~~EEA~~UK; and

- (2) it is not part of a wider *consolidation group*.

...

2 METHODS OF PRUDENTIAL CONSOLIDATION

2.1 (1) In carrying out the calculations in (Part One, Title II, Chapter 2 of the *CRR*) for the purposes of prudential consolidation, a *firm* must include the relevant proportion of an undertaking with whom it has ~~an~~:

- (a) ~~Article 12(1) relationship~~a common management relationship; or
- (b) an Article 18(6) relationship.

...

...

3 THIRD COUNTRY BANKING AND INVESTMENT GROUPS

...

3.4 The scope of the *CRR* requirements and rules referenced in 3.2 and 3.3 is adjusted:

...

- (3) so that the scope covers every member of the *third country banking and investment group* that would have been included in the scope of those rules if those members had their head offices, and were incorporated in ~~an EEA State~~the UK.

Annex AE

Amendments to the Housing Part

In this Annex deleted text is struck through.

1 APPLICATION AND DEFINITIONS

1.1 If either Condition A or Condition B is met, this Part applies to a *firm* with a *Part 4A permission* that includes entering into a *regulated mortgage* contract as lender, except:

- (1) ~~an *EEA Firm* with respect to an activity carried on in the *UK* under an *EEA right*, or~~
[deleted.]

...

1.4 1.3 does not apply in relation to a *subsidiary undertaking* that:

- (1) ~~is an *EEA firm* with respect to an activity carried on in the *UK* under an *EEA right*,~~
[deleted.]

...

Annex AF

Amendments to the Incoming Firms and Third Country Firms Part

In this Annex deleted text is struck through.

Part

~~Incoming Firms and Third Country Firms~~

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies only to:

- (1) ~~an *incoming firm*; or [deleted.]~~
- (2) a *third country firm*.

that is:

- (3) a *bank*; or
- (4) a *designated investment firm*.

...

Annex AG

Amendments to the Insurance – Allocation of Responsibilities Part

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

1 APPLICATIONS AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

...

(4) a *third country branch undertaking* (other than a *Swiss general insurer*); ~~and~~

(4A) a *third country insurance services provider*; and

...

1.1A This Part does not apply to a *SRO firm*.

1.2 In this Part, the following definitions shall apply:

...

prescribed responsibility

means

(1) for a *firm* (other than a *third country branch undertaking*, a *third country insurance services provider* or a *small run-off firm*) means the responsibilities in 3.1 and 3.3;

(2) for a *third country branch undertaking* (other than a ~~*UK deposit insurer*~~ or a *Swiss general insurer*) means the responsibilities set out in 3.1 and 3.3 to the extent only that they are relevant to the operations effected by its *third country branch*, save in relation to 3.1(4) which shall also take account of the operations of the *third country branch undertaking* to the same extent as is necessary to ensure compliance by the *third country branch undertaking* with Third Country Branches 13;

(3) ~~for a *UK deposit insurer*, means the responsibilities set out in 3.1 and 3.3 to the extent only that they are relevant to the operations effected by its *third country branch* and all its *third country undertaking EEA branches*, save in relation to 3.1(4) which shall also take account of the operations of the *third country branch undertaking* to the same extent as is necessary to ensure compliance by the *third country branch undertaking* with Third Country Branches 13; [deleted.]~~

third country insurance provider prescribed responsibility

means the responsibilities set out in 3B.2

...

2 ALLOCATION OF RESPONSIBILITIES

2.1 Subject to 3A.3 & 3B.3, a A firm (other than a third country branch undertaking, a third country insurance services provider, a small run-off firm or a UK ISPV) must allocate each of the prescribed responsibilities set out in 3.1 (other than 3.1(10) and (11)) to one or more persons who, in relation to that firm, are approved under section 59 of FSMA by:

...

2.2 Subject to 3A.3 & 3B.3, a A firm (other than a third country branch undertaking, third country insurance services provider, a small run-off firm or a UK ISPV) must allocate each of the prescribed responsibilities set out in 3.1(10) and (11) and the prescribed responsibility set out in 3.3, if applicable, to one or more non-executive directors who perform:

2.3 Subject to 3A.3 & 3B.3, a A third country branch undertaking (other than a Swiss general insurer) must allocate each of the prescribed responsibilities set out in 3.1 to 3.1(1), (4), (5), (6), (7) and (12) and each of the third country branch prescribed responsibilities to one or more persons who, in relation to that firm, are approved under section 59 of FSMA or treated as so approved pursuant to a notice given under section 59ZZA, by:

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

...

2.3A A third country insurance services provider who has been given a notice under section 59ZZA must allocate each of the prescribed responsibilities set out in chapter 3B to one or more persons who are treated under that section as approved under section 59.

3A PRESCRIBED RESPONSIBILITIES: UK BRANCHES

...

3A.3 In relation to a firm who is treated, by virtue of the EEA Passport Rights (Amendment, etc and Transitional Provisions) (EU Exit) Regulations 2018, as having permission under Part 4A of FSMA to carry on a regulated activity:

- (1) the prescribed responsibilities set out in 3.1 and the third country branch prescribed responsibilities set out in 3A.2 shall not apply; and
- (2) each of the responsibilities set out in this rule is a third country branch prescribed responsibility:
 - (i) responsibility for the firm's compliance with the UK regulatory system applicable to the firm (PR FF)
 - (ii) where the firm has applied for permission under Part 4A of FSMA to carry on a regulated activity, until such time as the application has been determined or withdrawn, the responsibility for managing the process of obtaining such permission, including, without limitation, the completion and submission of the firm's application, and providing the PRA with such co-operation and with all accurate and up to date information that it may reasonably require in order to determine whether the requirements for authorisation have been met).

3B PRESCRIBED RESPONSIBILITIES: UK SERVICES PROVIDERS

3B.1 This Chapter applies only to a *third country insurance services provider*.

3B.2 Subject to 3B.3, each of these responsibilities is a *third country insurance provider prescribed responsibility*:

- (1) responsibility for management of the application of the *firm's* risk management processes to its *UK* activities;
- (2) responsibility for the *firm's* compliance with the *UK regulatory system* applicable to the *firm*;
- (3) responsibility for the escalation of correspondence from the *PRA, FCA* and other regulators in respect of the *firm* to each of the *governing body* or the *management body* of the *firm* and, as appropriate, the *firm's parent undertaking* and the ultimate *parent undertaking* of the *firm's group*; and
- (4) responsibility for management of the application of the *firm's* systems and controls to its *UK* activities.

3B.3 In relation to a *firm* who is treated, by virtue of the EEA Passport Rights (Amendment, etc and Transitional Provisions) (EU Exit) Regulations 2018, as having permission under Part 4A of *FSMA* to carry on a *regulated activity*:

- (1) the *prescribed responsibilities* set out in 3.1 and the *third country insurance service provider prescribed responsibilities* set out in 3B.2 shall not apply; and
- (2) each of the responsibilities set out in this rule is a *third country insurance provider prescribed responsibility*:
 - (i) responsibility for the *firm's* compliance with the *UK regulatory system* applicable to the *firm*;
 - (ii) where the *firm* has applied for permission under Part 4A of *FSMA* to carry on a *regulated activity*, until such time as the application has been determined or withdrawn, the responsibility for managing the process of obtaining such permission, including, without limitation, the completion and submission of the *firm's* application and providing the *PRA* with such co-operation and with all accurate and up to date information that it may reasonably require in order to determine whether the requirements for authorisation have been met).

4 IDENTIFICATION OF KEY FUNCTIONS

4.1 A *firm* must identify:

- (1) each of the *functions* that the *firm* considers to be a *key function*; and
- (2) any such *key function* that amounts to effectively running the firm (or, for a *third country branch undertaking* other than a *Swiss general insurer*, effectively running the operations effected by the *third country branch*, or, for a *UK deposit insurer*, the operations effected by the *third country branch* and all the *third country undertaking*

EEA branches) or for a third country insurance services provider, effectively running the activities carried out in the UK.

...

5 RECORDS

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

- (1) a list of the *key functions* identified by the firm in accordance with 4.1 highlighting those that amount to effectively running the firm (or, for a *third country branch undertaking* other than a *Swiss general insurer*, effectively running the operations effected by the *third country branch* ~~or, for a UK deposit insurer, the operations effected by the third country branch and all the third country undertaking EEA branches~~); or for a third country insurance services provider, effectively running the activities carried out by the third country insurance services provider, in the UK;
- (2) the names of the persons who effectively run the firm (or, for a *third country branch undertaking* other than a *Swiss general insurer*, effectively run the operations effected by the *third country branch* ~~or, for a UK deposit insurer, the operations effected by the third country branch and all the third country undertaking EEA branches~~) or who are responsible for other *key functions* listed pursuant to 5.1(1); or for a third country insurance services provider, effectively running the activities carried out by the third country insurance services provider, in the UK;

...

- (6) where a firm (other than a *third country branch undertaking* or third country insurance services provider) is a member of a group:

...

- (7) matters reserved to the *governing body* (including the terms of reference of its committees) and including, in the case of a *third country branch undertaking*, the equivalent body (or its committees) responsible for the management of the *third country branch undertaking's* business activities in the UK and in the case of a third country insurance services provider, the equivalent body (or its committees) responsible for the management of the firm's activities in the UK.

Annex AH

Amendments to the Insurance – Certification Part

In this Annex new text is underlined.

1 APPLICATION AND DEFINITION

1.1 Unless otherwise stated, this Part applies to:

...

(4) a third country branch undertaking (other than a Swiss general insurer) in relation to the activities of the third country branch that are subject to the regulatory system;

(4A) a third country insurance services provider in relation to the activities carried out in the UK that are subject to the regulatory system; and

...

1.1A This Part does not apply to a SRO firm.

1.3A For the purposes of this Part, large firm includes a third country insurance services provider which would be a large firm if the amounts specified in (a) and (b) of the Glossary definition are only those amounts relating to the activities carried out in the UK by the third country insurance services provider.

1.4 This Part does not apply to a function performed by:

(1) a PRA approved person;

(1A) a person in relation to whom a notice under section 59ZZA has been given to an authorised person;

(2) a person who performs an FCA controlled function; or

(3) a non-executive director in relation to their non-executive director function.

Annex AI

Amendments to the Insurance – Conduct Standards Part

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

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

- (1) a *UK Solvency II firm*;
- (2) in accordance with Insurance General Application 3, the *Society*, as modified by 4;
- (3) in accordance with Insurance General Application 3, *managing agents*, as modified by 4;
- (4) a *third country branch undertaking* (other than a *Swiss general insurer*);
- (5) a *UK ISPV*; ~~and~~
- (5A) a *third country insurance services provider*, and
- (6) in relation to any of the foregoing *firms*, any *person* who is:
 - (a) a *Conduct Rules non-executive director*;
 - (b) an *employee* of a *firm* who is a *key function holder*;
 - (c) a *certification employee* (other than a *key function holder*);
 - (d) approved under section 59 of *FSMA* by either:
 - (i) the *PRA*; or
 - (ii) the *FCA*, in relation to a *relevant senior management function*;
 - (e) an *employee* who should have been approved under section 59 of *FSMA* by either:
 - (i) the *PRA*; or
 - (ii) the *FCA*, in relation to a *relevant senior management function*; ~~or~~
 - (f) an *employee* who is performing a function that would have been a *controlled function* but for Insurance - Senior Management Functions 2.4; or
 - (g) a *person* in relation to whom a notice under *section 59ZZA* has been or could be given by the *PRA* to an *authorised person*.

2 SCOPE OF CONDUCT STANDARDS

2.1 If you are a natural person who is:

- (1) an *employee* of a *firm* who is a *key function holder*, ~~or~~
- (2) approved under section 59 of *FSMA* by either:
 - (a) the *PRA*; or
 - (b) the *FCA*, in relation to a *relevant senior management function*; or
- (3) a person in relation to whom a notice under section 59ZZA has been given by the PRA to an authorised person.

you must comply at all times with all of the conduct standards.

2.1B If you are an *employee* of a type specified in 1.1(6)(c), (e), ~~or~~ (f) or (g) you must comply at all times with the conduct standards specified in 3.1 to 3.3.

Annex AJ

Amendments to the Insurance – Fitness and Propriety Part

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

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

...

(4) a *third country branch undertaking* (other than a *Swiss general insurer*); ~~and~~

(5) a *UK ISPV*; ~~and~~

(6) a *third country insurance services provider*.

...

1.1A Any reference in this Part to assessing or deciding whether a *person* is a fit and proper *person*, shall, in relation to a *SRO firm*, be construed as a reference to assessing or deciding whether the *person* is fit and proper to perform the function of overseeing an orderly run-off of the *firm's regulated activities* in the *UK*.

4 DISCLOSURE AND REPLACEMENTS

4.1

(1) A *firm* (other than a *UK ISPV* or *third country insurance services provider*) shall notify the *PRA* of any changes to the identity of *key function holders* and shall provide the *PRA* with:

...

Annex AK

Amendments to the Insurance –Senior Management Functions Part

In this Annex new text is underlined.

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

...

(4) a *third country branch undertaking* (other than a *Swiss general insurer*); ~~and~~

(5) a *UK ISPV*, in accordance with 12; and

(6) a *third country insurance services provider*.

...

2 GENERAL

...

2.3 A *firm* (other than a *third country branch undertaking*, a *firm that does not have an establishment in the UK* or a *small run-off firm*) must ensure that one or more *persons* performs each of the following *PRA senior management functions* on its behalf:

...

6 HEAD OF THIRD COUNTRY BRANCH

6.1 This Chapter applies only to a *firm* that is a *third country branch undertaking* or a *third country insurance services provider* (other than a *Swiss general insurer*).

6.1A (1) 6.2, 6.3, 6.4 and 6.5 shall not apply to a *SRO firm*.

(2) 6.6 and 6.7 apply only to a *SRO firm*.

6.2 The *Head of Third Country Branch function* (SMF19) is the function of having responsibility for:

(1) the conduct of all activities of the *third country branch undertaking* that are subject to the *regulatory system*; or

(2) the conduct of all activities of the *third country insurance services provider* that are subject to the *regulatory system*.

6.3 (1) A *third country branch undertaking* or a *third country insurance services provider* must have at least one *person* approved to perform the *Head of Third Country Branch function*.

- (2) If a vacancy arises in respect of the *Head of Third Country Branch function*, a *third country branch undertaking* or a *third country insurance services provider* must ensure that it appoints a *person* to fill that vacancy as soon as possible.
- 6.4 A *third country branch undertaking* or a *third country insurance services provider* that transacts *with-profits insurance business* must have at least one *person* approved to perform the *With-Profits Actuary function* (SMF20a).
- 6.5 A *third country branch undertaking* or a *third country insurance services provider* is not required to have any *person(s)* approved to perform any of the other *PRA senior management functions*.
- 6.6 A *SRO firm* must ensure that at least one *person* performs the *Head of Third Country Branch Function* on its behalf and if a vacancy arises in respect of that function it must ensure that it appoints a *person* to fill the vacancy as soon as possible.
- 6.7 For the purposes of 6.6 the *Head of Third Country Branch Function* (SMF 19) is the function of having responsibility to oversee the orderly run-off of the *firm's regulated activities* in the UK.

...

13. COMBINATION OF PRA SENIOR MANAGEMENT FUNCTIONS

- 13.1 This Chapter does not apply to a *third country branch undertaking* or to a *firm* that does not have an establishment in the UK.

Annex AL

Amendments to the Insurance – Senior Managers Regime – Applications and Notifications Part

In this Annex new text is underlined.

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

...

(4) a *third country branch undertaking* (other than a *Swiss general insurer*); ~~and~~

(5) a *UK ISPV*; and

(6) a *third country insurance services provider*.

1.2 In this Part, the following definitions shall apply:

...

current approved person approval

means

(1) an approval granted to a *person* under section 59 of *FSMA* (Approval for particular arrangements):

(a) by the *PRA* for the performance of a *PRA senior management function*; or

(b) by the *FCA* for the performance of an *FCA designated senior management function* or a *significant influence function*;

but excludes a notice given under *section 59ZZA* of *FSMA* treating a *person* as approved;

...

1.3 In this Part, *PRA approved person* also includes a *person* in relation to whom a notice under *section 59ZZA* has been given to an *authorised person*.

...

2A SECTION 59ZZA APPLICATION

2A.1 (1) In the case of a *section 59ZZA application*, the following directions shall have effect in substitution for any directions relating to the provision of information, documents, *statement of responsibilities* and form of application which would otherwise apply on the making of an application under section 60 of *FSMA*.

(2) The *PRA* directs that the application must contain the information and be accompanied by such documents as are set out in the form approved by the *PRA* for the purposes of this direction; except that where the application is in respect of a

person who holds a current approved persons approval, Form E may be used in accordance with 2.3 instead.

- (3) The PRA directs that the application must be accompanied by a statement of responsibilities in accordance with Insurance - Allocation of Responsibilities 5.4, containing such information as is set out in the form approved by the PRA for the purposes of this direction; except that where a Form E is used pursuant to (2) above, the application must provide a statement of responsibilities specified in 2.7.
- (4) A function performed by a person in relation to whom a notice under section 59ZZA of FSMA could be given, shall not (otherwise than for the purposes of making an application under section 60 of FSMA), be treated as a controlled function until the earliest of:
- (a) 12 weeks beginning on the day on which exit day occurs;
 - (b) the giving of the notice under section 59ZZA; or
 - (c) the notification by the PRA of its decision to grant or refuse the application.
- (5) In this Chapter statement of responsibilities form means for a firm making a section 59ZZA application the form to be completed by a firm containing:
- (a) the information referred to in Insurance – Allocation of Responsibilities 5.1(3);
 - (b) in respect of 2A.1(3), the information required by section 60(2A) of FSMA; and
 - (c) in respect of Insurance – Allocation of Responsibilities 5.5, the information required by section 60(2A) of FSMA.

...

2B SRO FIRMS

2B.1 2A.1 shall apply to a SRO firm as if:

- (1) the reference in 2A.1 (2) and (3) to the forms approved by the PRA were references to the forms approved for the purposes of an application made by a SRO firm; and
- (2) the reference in 2A.1 (4)(a) to 12 weeks beginning on the day on which exit day occurs were a reference to 12 weeks beginning on the day the firm became a SRO firm.

6 PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS

6.1 The PRA directs that save as required by 6.1A or 6.2, a firm must make any applications, notifications or submissions required by this Part by submitting the form specified using the ONA system.

6.1A The PRA directs that a *firm* making a *section 59ZZA* application must make that application by submitting the information, documents, *statement of responsibilities* and forms required by 2A in the manner set out in Notifications 7.

Annex AM

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

Part

INSURANCE – SUPERVISED RUN OFF

Chapter content

1. APPLICATION AND DEFINITIONS
2. PROVISION OF RUN-OFF PLAN
3. CONTENT OF SCHEME OF OPERATIONS
4. NOTIFICATIONS AND ANNUAL UPDATES
5. THIRD COUNTRY BRANCHES

1 APPLICATION AND DEFINITIONS

1.1 This Part applies to *SRO insurers*.

1.2 In this Part, the following definitions shall apply:

end date

means the end of the relevant period determined in accordance with regulation 41 of the EEA Passport Rights (Amendment, etc., and Transitional Provisions) (EU Exit) Regulations 2018.

material transaction

means a transaction (when aggregated with any similar transactions) in which:

- (1) the price actually paid or received for the transfer of assets or liabilities or the performance of services; or
- (2) the price which would have been paid or received had that transaction been negotiated at arm's length between unconnected parties;

exceeds:

- (a) in the case of a *firm* which carries on *long-term insurance business*, but not *general insurance business*, the sum of €20,000 and 5% of the *firm's* liabilities arising from its *long-term insurance business*, excluding *linked long-term liabilities* and net of *reinsurance ceded*; or
- (b) in the case of a *firm* which carries on *general insurance business*, but not *long-term insurance business*, the sum of €20,000 and 5% of the *firm's* liabilities arising from its *general insurance business*, net of *reinsurance ceded*; or
- (c) in the case of a *firm* which carries on both *long-term insurance business* and *general insurance business*:

- (i) where the transaction is in connection with the *firm's long-term insurance business*, the sum of €20,000 and 5% of the *firm's liabilities* arising from its *long-term insurance business*, excluding *linked long-term liabilities* and net of *reinsurance ceded*; and
 - (ii) in all other cases, the sum of €20,000 and 5% of the *firm's liabilities* arising from its *general insurance business*, net of *reinsurance ceded*.
- and
- (d) a reference to the "*firm's liabilities*" is to be interpreted as a reference only to the liabilities relevant to the operations permitted under regulation 28 or 34 of Part 6 of the EEA Passport Rights (Amendment, etc., and Transitional Provisions) (EU Exit) Regulations 2018.

scheme of operations

means a scheme which:

- (1) describes the nature of the risks which the *insurer* is underwriting, or intends to underwrite, and the guiding principles which it intends to follow in reinsuring or covering those risks; and
- (2) contains the information required under 3.1.

2 PROVISION OF RUN-OFF PLAN

2.1 A *firm* must, within 28 days of the date on which the *firm* becomes a *SRO firm*, submit a run-off plan to the *PRA* including:

- (1) a *scheme of operations*, in accordance with 3; and
- (2) an explanation of how, or to what extent:
 - (a) all *liabilities to policyholders* will be met in full as they fall due; and
 - (b) the *firm* will have ceased *effecting contracts of insurance* and *carrying out contracts of insurance* by the *end date*.

3 CONTENT OF SCHEME OF OPERATIONS

3.1 In accordance with 3.2, a *scheme of operations* must:

- (1) describe the *firm's* run-off strategy;
- (2) include a description of the business underwritten by the *firm*;
- (3) in the case of *third country branch undertakings*, include financial projections (including appropriate scenarios and stress-tests) as follows:
 - (a) a forecast summary profit and loss account in accordance with 3.3;
 - (b) a forecast summary balance sheet in accordance with 3.4; and

- (c) forecast *MCR* and *SCR* at the end of each financial year or part financial year;
 - (4) as at the end of each financial year which falls (in whole or part) within the period to which the *scheme of operations* relates:
 - (a) in the case of *third country branch undertakings*, identify any *material transactions* proposed to be entered into or carried out with, or in respect of, any associate or any other *person* with whom the *firm* has *close links*; and
 - (b) describe the assumptions which underlie those forecasts and the reasons for adopting those assumptions; and
 - (5) cover the run-off period until all *liabilities to policyholders* will be met in full or otherwise transferred.
- 3.2 The information required by 3.1 must:
- (1) in the case of *third country branch undertakings*, reflect the nature and content of the rules relating to *eligible own funds* applicable to a *firm*;
 - (2) where a *firm* carries on both *long-term insurance business* and *general insurance business*, be separated for *long-term insurance business* and *general insurance business*; and
 - (3) in the case of *third country branch undertakings*, take account only of matters relevant to the operations effected by the *third country branch*.
- 3.3 The forecast summary profit and loss account referred to in 3.1(3)(a) must contain the following information:
- (1) *premiums* and *claims* (gross and net of *reinsurance*) analysed by accounting *class* of *insurance business*;
 - (2) investment return;
 - (3) expenses;
 - (4) other charges and income;
 - (5) taxation; and
 - (6) dividends paid and accrued.
- 3.4 The forecast summary balance sheet referred to in 3.1(3)(b) must contain the following information:
- (1) investments analysed by type;
 - (2) assets held to cover *linked long-term liabilities*;
 - (3) other assets and liabilities separately identifying cash at bank and in hand;
 - (4) capital and reserves analysed into called up share capital or equivalent funds, share premium account, revaluation reserve, other reserves and profit and loss account;
 - (5) subordinated liabilities;

- (6) the fund for future appropriations;
- (7) *technical provisions* gross and net of *reinsurance* analysed by accounting *class* of *insurance business* and separately identifying the provision for *linked long-term liabilities*, *unearned premiums*, *unexpired risks* and *equalisation*; and
- (8) other liabilities and credits.

4 NOTIFICATIONS AND ANNUAL UPDATES

4.1 A firm must:

- (1) notify the *PRA* at least 28 days before entering into or carrying out any *material transaction* with, or in respect of, an associate or any other *person* with whom the *firm* has *close links*, unless that transaction is in accordance with a *scheme of operations* which has been submitted to the *PRA*;
- (2) notify the *PRA* promptly of any matter which has happened or is likely to happen and which represents a significant departure from the *scheme of operations* and either:
 - (a) explain the nature of the departure and the reasons for it and in the case of *third country branch undertakings*, provide revised forecast financial information in 3.1(3) in the *scheme of operations* for its remaining term; or
 - (b) include an amended *scheme of operations* and explain the amendments and the reasons for them.

4.2 A firm must, at least annually, update the *PRA* in writing on progress against, or deviation from, the *firm's* run-off plan submitted in accordance with 2.

5 THIRD COUNTRY BRANCHES

5.1 This Chapter applies to *third country branch undertakings*.

5.2 In this Part, reference to “*SCR*”, “*MCR*” and “*technical provisions*” is to be interpreted in accordance with Third Country Branches 10.2(1) to (3).

Annex AN

Amendments to the Insurance Company – Exposure Limits Part

In this Annex new text is underlined.

...

9 EXPOSURES EXCLUDED FROM LIMITS

...

- 9.4 (1) If a *firm* has a *counterparty exposure*, *asset exposure* or *reinsurance exposure* the whole or any part of which is:
- (a) guaranteed by a *credit institution* or an *investment firm* subject in either case to provisions implementing the CRD or supervision by a *third country* supervisory authority with a *CRD-equivalent* regime; or
 - (b) adequately mitigated by a credit *derivative*;

...

...

Annex AO

Amendments to the Insurance Company – Technical Provisions Part

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

...

5 LOCALISATION

- 5.1 This Chapter does not apply:
- (1) to a *Swiss general insurer*;
 - (2) in respect of debts owed by *reinsurers*;
 - (3) in respect of *insurance business* carried on by a *UK firm* outside ~~an EEA State~~ the UK;
or
 - (4) in respect of *general insurance business class* groups 3 (Marine and transport) and 4 (Aviation) of Insurance Company – Reporting 12.7.
- 5.2 In accordance with 5.3, a *firm* must hold *admissible assets* held pursuant to Insurance Company – Risk Management 3.2:
- (1) (where the *admissible assets* cover *technical provisions* in UK sterling), in the UK ~~any EEA State~~; and
 - (2) (where the *admissible assets* cover *technical provisions* in any currency other than UK sterling), ~~in any EEA State or~~ in the UK or in the country of that currency.

...

Annex AP

Amendments to the Insurance General Application Part

In this Annex deleted text is struck through.

...

2 UK SOLVENCY II FIRM

...

2.3 Subject to 2.5, a *firm* of the kind mentioned in 2.2(5) or 2.2(6) is excluded if it fulfils all of the following conditions:

...

(2) the total of the *firm's technical provisions*, gross of the amounts recoverable from *reinsurance contracts* and *UK ISPVs*, as referred to in Technical Provisions 2.1 to 2.3 does not exceed 25,000,000 euro;

(3) where the *firm* belongs to a *group*, the total of the *technical provisions* of the *group* defined as gross of the amounts recoverable from *reinsurance contracts* and *UK ISPVs* does not exceed 25,000,000 euro;

...

(5) the business of the *firm* does not include *reinsurance operations*:

...

...

(ii) 2,500,000 euro of its *technical provisions* gross of the amounts recoverable from *reinsurance contracts* and *UK ISPVs*; or

(b) with more than 10% of its gross written premium income or more than 10% of its *technical provisions* gross of the amounts recoverable from *reinsurance contracts* and *UK ISPVs*.

2.4 A *firm* excluded under 2.3 shall cease to be excluded under that rule:

...

(2) ~~immediately and for as long as~~ for so long as it continues to *carry out contracts of insurance effected before exit day* if:

(a) it ~~exercises~~ exercised *EEA rights* under the *Solvency II Directive* before exit day;

....

2.5 Subject to 2.6, a *firm* of the kind mentioned in 2.2(6) is not excluded under 2.3 for so long as it continues to carry out contracts of insurance effected before exit day if;

...

(2) it ~~exercises~~ exercised *EEA rights* under the *Solvency II Directive* before exit day.

2.6 A *firm* of the kind mentioned in 2.2(4), 2.2(5) or 2.2(6) is excluded provided

(1) ~~it is not exercising *EEA rights* under the *Solvency II Directive*; and [deleted.]~~

...

Annex AQ

Amendments to the Insurance Special Purpose Vehicles Part

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

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to a *UK ISPV* (including a *UK ISPV* that is a ~~*non-Solvency 2 transformer vehicle*~~).

1.2 In this Part, the following definitions shall apply:

...

~~*non-Solvency 2 transformer vehicle*~~

has the meaning given in regulation 9(1) of the ~~*Risk Transformation Regulations*~~.

...

UK multi-arrangement ISPV

means:

(1) — a ~~*UK ISPV*~~ that is a ~~*multi-arrangement special purpose vehicle*~~; and

(2) — a ~~*UK ISPV*~~ that is a ~~*non-Solvency 2 transformer vehicle*~~ which assumes risks under more than one separate contractual arrangement from one or more ~~*undertaking(s)*~~.

2 GENERAL PROVISIONS

2.1 A *UK ISPV* must ensure that at all times:

...

(2) if it is a ~~*UK multi-arrangement special purpose vehicle ISPV*~~, each group of cells (if any) is fully funded.

3 APPLICATION OF SOLVENCY II REGULATIONS TO UK ISPVs WITH PART 4A PERMISSION [Deleted]

3.1 [deleted]

3.1A A ~~*UK ISPV*~~ that is a ~~*non-Solvency 2 transformer vehicle*~~ must apply any relevant provision of the ~~*Solvency II Regulations*~~ as at 1 January 2016 in order to achieve the same effect as that provision of the ~~*Solvency II Regulations*~~ would have (that is, conforming with the requirements of the relevant provision) when applied to a ~~*Solvency II special purpose vehicle*~~. [deleted.]

4 MULTI-ARRANGEMENT ISPVs SPECIAL PURPOSE VEHICLES

4.1 This Chapter only applies to a *UK multi-arrangement special purpose vehicle (SPV)*.

4.2 A *UK multi-arrangement special purpose vehicle (SPV)* must be a *UK protected cell company*.

...

Annex AR

Amendments to the Internal Capital Adequacy Assessment 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:

group

means in relation to a *person* ("A"), A and any *person*:

...

(c) who has an ~~Article 12(1) relationship~~ a common management relationship with A;

(d) who has an ~~Article 12(1) relationship~~ a common management relationship with any *person* who falls into (a);

...

~~*parent financial holding company in a Member State*~~

means ~~(in accordance with point (26) of Article 3(1) of the CRD) a financial holding company which is not itself a subsidiary of an institution authorised in the same EEA State, or of a financial holding company or mixed financial holding company set up in the same EEA State~~ [Deleted.]

~~*parent institution in a Member State*~~

means ~~(in accordance with point (24) of Article 3(1) of the CRD) an institution authorised in an EEA State which has an institution or financial institution as subsidiary or which holds a participation in such an institution or financial institution, and which is not itself a subsidiary of another institution authorised in the same EEA State or of a financial holding company or mixed financial holding company set up in the same EEA State.~~ [Deleted.]

~~*parent mixed financial holding company in a Member State*~~

means ~~(in accordance with point (28) of Article 3(1) of the CRD) a mixed financial holding company which is not itself a subsidiary of an institution authorised in the same EEA State, or of a financial holding company or mixed financial holding company set up in the same EEA State.~~ [Deleted.]

...

...

14 APPLICATION OF THIS PART ON AN INDIVIDUAL BASIS, A CONSOLIDATED BASIS AND A SUB-CONSOLIDATED BASIS

...

14.3 A firm which is a UK parent institution in a Member State must comply with the *ICAAP rules* on a *consolidated basis*.

14.4 A firm controlled by a UK parent financial holding company in a Member State or a UK parent mixed financial holding company in a Member State must comply with the *ICAAP rules* on the basis of the *consolidated situation* of that holding company, if the *PRA* is responsible for supervision of the *firm* on a *consolidated basis* under Article 111 of the CRD-Part 6 of the Capital Requirements Regulations.

...

...

Annex AS

Amendments to the Internal Governance of Third Country Branches Part

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

1 APPLICATIONS AND DEFINITIONS

...

1.3 In this Part, the following definitions shall apply:

auction regulation bidding

means the *regulated activity of bidding in emissions auctions* where it is carried on by:

- (a) ~~a firm that is exempt from MiFID under article 2(1)(i); or~~ collective investment undertakings and pension funds and the depositaries and managers of such undertakings; or

...

Annex AT**Amendments to the Internal Liquidity Adequacy Assessment Part**

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

...

8 MANAGING LIQUIDITY ACROSS LEGAL ENTITIES, BUSINESS LINES, COUNTRIES AND CURRENCIES

8.1 A *firm* must actively manage its *liquidity risk exposures* and related funding needs and take into account

- (1) existing legal, regulatory and operational limitations to potential transfers of liquidity and unencumbered assets amongst entities, both within and outside the ~~EEA UK~~; and

...

...

12 LIQUIDITY CONTINGENCY PLAN

...

12.3 The *liquidity contingency plan* must also set out adequate strategies and proper implementation measures in order to address possible liquidity shortfalls, ~~including in relation to branches established in another EEA State~~. Those plans must be tested at least annually, updated on the basis of the outcome of the alternative scenarios set out in 11.2, and be reported to and approved by the *firm's senior management*, so that internal policies and processes can be adjusted accordingly

12.4 A *firm* must take the necessary operational steps in advance to ensure that *liquidity contingency plans* can be implemented immediately, including holding collateral immediately available for central bank funding. This includes holding collateral where necessary in the ~~currency of another EEA State or~~ currency of a third country to which the firm has exposures, and where operationally necessary within the territory of ~~an EEA State or the~~ third country to whose currency it is exposed.

...

14 APPLICATION OF THIS PART ON AN INDIVIDUAL OR DOMESTIC LIQUIDITY SUB-GROUP BASIS AND A CONSOLIDATED BASIS

...

14.4 A firm which is ~~an EEA a UK~~ parent institution must comply with this Part on the basis of its *consolidated situation*.

...

14.6 A *UK bank* or *building society* controlled by ~~an EEA a UK~~ parent financial holding company or by ~~an EEA a UK~~ parent mixed financial holding company must comply with this Part on the basis of the *consolidated situation* of that holding company if the *PRA* is responsible for supervision of the *UK bank* or *building society* on a *consolidated basis* under ~~Article 111 of the CRD~~ Part 6 of the Capital Requirements Regulations.

14.7 A *UK designated investment firm* controlled by ~~an EEA a UK parent financial holding company~~ or by ~~an EEA a UK parent mixed financial holding company~~ must comply with this Part on the basis of the *consolidated situation* of that holding company if:

- (1) there is no *subsidiary* of the holding company which is a *credit institution* to which 14.6 applies; and
- (2) the *PRA* is responsible for the supervision of the *UK designated investment firm* on a *consolidated basis* under ~~Article 111 of the CRD~~ Part 6 of the *Capital Requirements Regulations*.

...

16 TRANSITION PROVISION [Deleted.]

16.1 In 14.4 — 14.7 any reference to ~~EEA~~ is to be read as a reference to ~~EU~~ [Deleted.]

Annex AU

Amendments to the Large Exposures Part

In this Annex new text is underlined.

...

2 INTRA-GROUP EXPOSURES: NON-CORE LARGE EXPOSURES GROUP AND RESOLUTION EXEMPTIONS

...

2.1 (1) A firm with an *NCLEG non-trading book permission* may (in accordance with that permission) exempt, from the application of Article 395(1) of the *CRR*, *non-trading book exposures*, including participations or other kinds of holdings, incurred by the *firm* to members of its *NCLEG* that are:

...

in so far as those undertakings are covered by the supervision on a *consolidated basis* to which the *firm* itself is subject, in accordance with the *CRR*, provisions implementing Directive 2002/87/EC or with equivalent standards in force in a third country.

...

NCLEG trading book exemption

2.2 (1) A firm with an *NCLEG trading book permission* may (in accordance with that permission) exempt, from the application of Article 395(1) of the *CRR*, *trading book exposures* up to its *trading book exposure allocation*, including *participations* or other kinds of holdings, incurred by the *firm* to members of its *NCLEG* that are:

...

in so far as those undertakings are covered by the supervision on a *consolidated basis* to which the *firm* itself is subject, in accordance with the *CRR*, provisions implementing Directive 2002/87/EC or with equivalent standards in force in a third country;

...

2.4 A firm must exclude from the limit in Article 395(1) of the *CRR* *resolution exposures* to:

...

in so far as those undertakings are covered by the supervision on a *consolidated basis* to which the *firm* itself is subject, in accordance with the *CRR*, provisions implementing Directive 2002/87/EC or with equivalent standards in force in a third country.

...

Annex AV**Amendments to the Leverage Ratio Part**

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

1 APPLICATIONS AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

- (1) every *firm* that is a *UK bank* or a *building society* that, on the *firm's last accounting reference date*, had *retail deposits* equal to or greater than £50 billion either on:
- (a) an individual basis;
 - (b) if the *firm* is a *UK parent institution* ~~*in a Member State*~~, on the basis of its *consolidated situation*; or
 - (c) if the *firm* is controlled by a *UK parent financial holding company* ~~*in a Member State*~~ or by a *UK parent mixed financial holding company* ~~*in a Member State*~~ and the *PRA* is responsible for supervision of that holding company on a *consolidated basis* under ~~Article 111 of the CRD~~ Part 6 of the *Capital Requirements Regulations*, on the basis of the *consolidated situation* of that holding company; and
- (2) a *ring-fenced body* that is a member of a *group* containing a *firm* falling within 1.1(1).

...

2 BASIS OF APPLICATION

...

2.2 A *firm* that is a *UK parent institution* ~~*in a Member State*~~ must comply with this Part on the basis of its *consolidated situation*.

2.3 A *firm* that is controlled by a *UK parent financial holding company* ~~*in a Member State*~~ or a *UK parent mixed financial holding company* ~~*in a Member State*~~ for which the *PRA* is responsible for supervision on a *consolidated basis* under ~~Article 111 of the CRD~~ Part 6 of the *Capital Requirements Regulations* must comply with this Part on the basis of the *consolidated situation* of that holding company.

...

Annex AW

Amendments to the Liquidity Coverage Requirement – UK Designated Investment Firms Part

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

...

2 LIQUIDITY COVERAGE REQUIREMENT

- 2.1 (1) For the purpose of complying with Article 412 (1) of the *CRR*, a *firm* must comply with the obligations set out in the *Delegated Regulation* as they apply to a *credit institution* supervised ~~under~~ pursuant to the *CRD*, subject to the modifications in (2).

...

3 COMPLIANCE WITH LIQUIDITY REPORTING

...

- 3.2 (1) A *firm* must comply with the reporting requirements laid down in Chapter 1 and Chapter 7 to Chapter 9 of the *COREP Regulation* with the exception of Article 15 as they apply to a *credit institution* supervised ~~under~~ pursuant to the *CRD*.

4 APPLICATION OF THIS PART ON AN INDIVIDUAL BASIS AND A CONSOLIDATED BASIS

...

- 4.2 A *firm* which is ~~an EEA a UK parent institution~~ must comply with this Part on the basis of its *consolidated situation*.
- 4.3 A *firm* controlled by ~~an EEA a UK parent financial holding company~~ or by ~~an EEA a UK parent mixed financial holding company~~ must comply with this Part on the basis of the *consolidated situation* of that holding company if:

...

- (2) the *PRA* is responsible for the supervision of the *UK designated investment firm* on a *consolidated basis* under ~~Article 114 of the CRD~~ Part 6 of the *Capital Requirements Regulations*.

...

5 TRANSITIONAL PROVISIONS

- 5.1 In 4.2 and 4.3 any reference to ~~EEA~~ is to be read as a reference to EU. ~~[Deleted.]~~

Annex AX

Amendments to the Minimum Capital Requirement 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:

captive insurer

means a ~~Solvency II undertaking~~ UK Solvency II firm owned by:

- (1) a financial *undertaking* other than a ~~Solvency II undertaking~~ UK Solvency II firm; or
- (2) a *group* of ~~Solvency II undertakings~~ UK Solvency II firms; or
- (3) a non-financial *undertaking*;

the purpose of which is to provide insurance cover exclusively for the risks of the undertaking or undertakings to which it belongs, or of an *undertaking*, or *undertakings*, of the *group* of which that ~~Solvency II undertaking~~ UK Solvency II firm is a member.

captive reinsurer

means a ~~Solvency II undertaking~~ UK Solvency II firm that is a *pure reinsurer* owned by:

- (1) a financial *undertaking* other than a ~~Solvency II undertaking~~ UK Solvency II firm; or
- (2) a *group* of ~~Solvency II undertakings~~ UK Solvency II firms; or
- (3) a non-financial *undertaking*;

the purpose of which is to provide *reinsurance* cover exclusively for the risks of the *undertaking* or *undertakings* to which it belongs or of an *undertaking* or *undertakings* of the *group* of which that *pure reinsurer* is a member.

Annex AY

Amendments to the Notifications 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:

...

~~EEA~~ UK *financial conglomerate*

means a *financial conglomerate* that ~~is of a type that falls under Article 5(2) of the *Financial Groups Directive*~~ has:

- (1) a regulated entity at the head of the *financial conglomerate*;
- (2) a mixed financial holding company which has its head office in the UK; or
- (3) a regulated entity linked with another financial sector entity by a common management relationship.

...

regulated entity

means one of the following:

- (1) a *credit institution*;
- (2) an *insurance undertaking* within the meaning of Article 13(1) of the *Solvency II Directive*; or
- (3) an *investment firm*,

whether or not it is incorporated in, or has its head office in, ~~an EEA State~~ the UK.

...

~~State aid~~

~~means any aid granted by an EEA State or through an EEA State's resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods and which affects trade between EEA States.~~

...

1.3 This Part applies to incoming firms without a top-up permission as follows: [Deleted.]

- (1) ~~1 applies in full~~

- (2) ~~2.1-2.3 apply in so far as responsibility for the matter in question is not reserved by an EU instrument to the firm's Home State regulator;~~
- (3) ~~2.4-2.5 apply in full;~~
- (4) ~~2.6-2.9 apply in so far as responsibility for the matter in question is not reserved by an EU instrument to the firm's Home State regulator;~~
- (5) ~~3-4 do not apply;~~
- (6) ~~5.1-5.3 apply in full except that 5.2(2) does not apply to an incoming EEA firm without a top-up permission;~~
- (7) ~~5.4 applies in so far as responsibility for the matter in question is not reserved by an EU instrument to the firm's Home State regulator;~~
- (8) ~~5.5 applies in full; and~~
- (9) ~~6, 7 and 9 apply in full.~~

...

2 GENERAL NOTIFICATION REQUIREMENTS

...

2.3 A firm must give the PRA notice of:

- (1) any proposed restructuring, reorganisation or business expansion which could have a significant impact on the firm's risk profile or resources, including, but not limited to:
 - ...
 - (b) ~~commencing the provision of cross-border services into a new territory;~~
~~[deleted.]~~
 - ...
 - (f) a substantial change or a series of changes in the governing body of an overseas firm ~~(other than an incoming firm);~~
 - ...

4 NOTIFIED PERSONS

4.1 (1) An overseas firm, ~~which is not an incoming firm,~~ must notify the PRA within 30 business days of any person taking up or ceasing to hold the following positions:

...

5 CORE INFORMATION REQUIREMENTS

...

5.4 A firm must notify the PRA immediately if it becomes subject to or ceases to be subject to the supervision of any overseas regulator ~~(including a Home State regulator).~~

...

9 FINANCIAL CONGLOMERATE NOTIFICATION

...

- 9.5 (1) A *firm* must, at the level of the ~~EEA~~ UK *financial conglomerate*, regularly provide the *PRA* with details on the UK *financial conglomerate's* legal structure and governance and organisational structure, including all *regulated entities*, and non-regulated subsidiaries ~~and significant branches~~.
- (2) A *firm* must disclose publicly, at the level of the ~~EEA~~ UK *financial conglomerate*, on an annual basis, either in full or by way of references to equivalent information, a description of the UK *financial conglomerate's* legal structure and governance and organisational structure.
- (3) For the purposes of (1) and (2), where a *firm* is a member of ~~an EEA~~ a UK *financial conglomerate* which is part of a wider ~~UK regulated EEA~~ *financial conglomerate*, reporting applies only at the level of the ~~EEA~~ UK *parent mixed financial holding company* or ultimate ~~EEA~~ UK *mixed financial holding company*.

...

Annex AZ**Amendments to the Outsourcing Part**

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

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to a *CRR firm*:

...

(2) ~~with respect to the carrying on of *passport*ed activities by it from a *branch* in another *EEA state*;~~[deleted.]

(3) in a *prudential context* with respect to activities wherever they are carried on; and

(4) taking into account any activity of other members of a *group* of which the *firm* is a member.

...

2 OUTSOURCING

2.1 A *firm* must:

...

(2) not undertake the *outsourcing* of important operational functions in such a way as to impair materially:

(a) the quality of its internal control; and

(b) the ability of the *PRA* to monitor the *firm's* compliance with all obligations under the *regulatory system* and, if different, of a *competent authority* to monitor the *firm's* compliance with all obligations ~~under~~ implemented pursuant to *MiFID II*.

2.1A A *MiFID investment firm* must extend the arrangements and meet the requirements of the *Articles 30, 31 Outsourcing Requirements*, so they apply with respect to *other matters* on the following basis:

(1) references to "authorisation" under *MiFID II* are references to authorisation under section 31(2) of the Act;

(2) references to "obligations" ~~under~~ implemented pursuant to *MiFID II* are references to a firm's obligations under the *regulatory system*;

Annex BA

Amendments to the Passporting Part

This Part is deleted.

Part

PASSPORTING

Deleted

Annex BB

Amendments to the Policyholder Protection Part

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

1 APPLICATION AND DEFINITIONS

...

1.1A For the purposes of Chapter 21 and Annex 2, references to “firm” includes *CRO insurers*.

1.2 In this Part, the following definitions shall apply:

...

CRO insurer

a person to whom Regulation 47 of the EEA Passport Exit Regulations applies in respect of the activities of *effecting contracts of insurance or carrying out contracts of insurance*.

...

EEA Passport Exit Regulations

means the EEA Passport Rights (Amendment, etc., and Transitional Provisions) (EU Exit) Regulations 2018.

...

money laundering

has the meaning given in Article 1(3) of the Money Laundering Directive 2015/849/EU. ~~means any act which:~~

- ~~(1) constitutes an offence under section 18 (Money laundering) of the Terrorism Act 2000;~~
- ~~(2) constitutes an offence under section 327 (Concealing etc), section 328 (Arrangements) or section 329 (Acquisition, use and possession) of the Proceeds of Crime Act 2002;~~
- ~~(3) constitutes an attempt, conspiracy or incitement to commit an offence specified in paragraph (2)~~
- ~~(4) constitutes aiding, abetting, counselling or procuring the commission of an offence specified in paragraph (2); or~~
- ~~(5) would constitute an offence specified in paragraph (2), (3), or (4) if done in the *United Kingdom*.~~

...

occupational pension fund management business

...

- (2) (other than in connection with a *personal pension scheme*) *pension fund management* written as linked long-term business, for an *occupational pension scheme* or for an institution ~~falling within~~ referred to in **article 2** of the Council Directive of 3 June 2003 on the activities and

supervision of institutions for occupation retirement provision (No 2003/43/EC), but only to the extent that:

...

participant firm

means:

- (1) a firm which is an *insurer*, or a *member* (except 21, 22.6 - 22.8 and Annex 2 in respect of a *member*); or
- (2) a CRO insurer.

...

TPR insurer

means in relation to a *contract of insurance*, a *person* to whom Regulation 8 or 11 of the EEA Passport Exit Regulations applied, at the time at which the *contract of insurance* was issued.

...

9 PROTECTED CLAIMS

...

9.2 A *protected contract of insurance* is:

- (A1) (if issued on or after *exit day*) a contract of insurance within 9.2A;
- (1) (if issued after 1 December 2001 and before *exit day*) a *contract of insurance* within 9.3; or
- (2) (if issued before 1 December 2001) a *contract of insurance* within 9.6.

9.2A A contract of insurance issued on or after *exit day* which:

- (1) relates to a protected risk or commitment as described in 9.2B;
- (2) was issued by a *relevant person* (whether or not there is now a *successor* in respect of that *relevant person*) through an establishment in:
 - (a) the UK; or
 - (b) (in relation only to a *TPR insurer*, a *SRO insurer* or a *CRO insurer* that (in each case) has no establishment in the UK) an *EEA State*; or
 - (c) the Channel Islands or the Isle of Man; or
 - (d) Gibraltar
- (3) is a *contract of long-term insurance* or a *relevant general insurance contract*;
- (4) is not a *reinsurance contract*; and
- (5) if it is a *contract of insurance* entered into by a *member*, was entered into on or after 1 January 2004;

is a protected contract of insurance.

9.2B A risk or commitment is a protected risk or commitment for the purpose of 9.2A if:

- (1) in the case of a contract of insurance falling within 9.2A(2)(a) it is situated in the UK, Gibraltar, the Channel Islands or the Isle of Man;
- (2) in the case of a contract of insurance falling within 9.2A(2)(b) it is situated in the UK;
- (3) in the case of a contract of insurance falling within 9.2A(2)(c), it is situated in the UK, the Channel Islands or the Isle of Man;
- (4) in the case of a contract of insurance falling within 9.2A(2)(d) where the relevant person is a UK firm, it is situated in the UK or Gibraltar;
- (5) in the case of a contract of insurance falling within 9.2A(2)(d) where the relevant person is incorporated in Gibraltar, it is situated in the UK; or
- (6) in the case of a contract of insurance falling within 9.2A(2)(d) where the relevant person is a TPR insurer, SRO insurer or CRO insurer, it is situated in the UK.

9.3 A contract of insurance issued after 1 December 2001 and before exit day which:

- (1) relates to a protected risk or commitment as described in 9.4;
- (2) was issued by a relevant person (whether or not there is now a successor in respect of that relevant person) through an establishment in:
 - ...
 - (b) another an EEA State other than the UK; or
 - (c) the Channel Islands or the Isle of Man; or
 - (d) Gibraltar.
 - ...

9.4 A risk or commitment is a protected risk or commitment for the purpose of 9.3 if:

- (1) in the case of a contract of insurance falling within 9.3(2)(a), it is situated in the UK, Gibraltar, an EEA State, the Channel Islands or the Isle of Man;
- (2) in the case of a contract of insurance where the relevant person was, at the time of issue, a UK firm within the meaning of paragraph 10 of Schedule 3 of FSMA (as in force immediately before exit day) is a UK firm issuing and issued that a contract of insurance through an establishment falling within 9.3(2)(b), it is situated in the UK, Gibraltar or an EEA State;
- (3) in the case of a contract of insurance where the relevant person was not, at the time of issue, a UK firm within the meaning of paragraph 10 of Schedule 3 of FSMA (as in force immediately before exit day) is a firm which is not a UK firm issuing a and issued that contract of insurance through an establishment falling within 9.3(2)(b) or 9.3(2)(d), it is situated in the UK; or

...

9.5 For the purposes of 9.2B, 9.4 and 9.6, the situation of a risk or commitment is determined as follows:

...

...

10 RELEVANT PERSONS IN DEFAULT

...

10.4 The FSCS may determine a *relevant person* to be *in default* if it is satisfied that a *protected claim* exists, and the *relevant person* is the subject of one or more of the following proceedings in the UK (or of equivalent or similar proceedings in another jurisdiction):

...

- (2) a determination by the *relevant person's* ~~Home State regulator~~ regulator or ~~other competent authority~~ that the *relevant person* appears unable to meet claims against it and has no early prospect of being able to do so;

....

11 SUCCESSORS IN DEFAULT

...

11.4 The FSCS may determine a *successor* to be *in default* if it is satisfied that a *protected claim* exists, and the *successor* is the subject of one or more of the following proceedings in the UK (or of equivalent or similar proceedings in another jurisdiction):

...

- (2) where relevant, a determination by the *successor's* ~~Home State regulator~~ regulator or ~~other competent authority~~ that the *successor* appears unable to meet *claims* against it and has no early prospect of being able to do so;

...

...

12 ASSIGNMENT (AUTOMATIC, ELECTRONIC AND IN WRITING)

...

12.9 (1) The FSCS may determine that:

...

that claimant shall be treated as having irrevocably and unconditionally appointed the chairman of the FSCS for the time being to be his attorney and agent and on his behalf and in his name or otherwise to do such things and execute such deeds and documents as may be required under such laws of the UK, ~~another EEA State Gibraltar~~ or any other state or country to create or give effect to such assignment or transfer or otherwise give full effect to those powers.

...

...

ANNEX 2: METHODOLOGY FOR CALCULATION OF A PARTICIPANT FIRM'S LEVY SHARE

Insurance Class B1	General Insurance Provision
Firms with permission for:	...
Tariff base	<p>Insurance Class B1: Relevant net premium income and eligible liabilities.</p> <p>Relevant net premium income is calculated in accordance with the method applicable to the <i>firm</i> for calculating 'gross written premium for fees purposes' in Fees 1.2 and Fees 3.4 (2) (b) with the following adjustments:</p> <p>...</p> <p>(2) If an <i>incoming EEA firm</i> does not report relevant net premium income in the way contemplated in this table, the <i>participant firm's</i> relevant net premium income is calculated in the same way as they would be for a <i>UK firm</i>. [deleted.]</p> <p>Eligible liabilities are calculated in accordance with the method applicable to the <i>firm</i> for calculating 'best estimate liabilities for fees purposes' in Fees 1.2 and Fees 3.4 (2) (b) with the following adjustments:</p> <p>...</p> <p>(3) If an <i>incoming EEA firm</i> does not report liabilities in the way contemplated by this table, the <i>participant firm's</i> liabilities are calculated in the same way as they would be for a <i>UK firm</i>. [deleted.]</p> <p>...</p>

Insurance Class C1	Life and Pensions Provision
Firms with permission for:	...
Tariff base	<p>Insurance Class C1: Relevant net premium income and eligible liabilities.</p> <p>Relevant net premium income is calculated in accordance with the method applicable to the <i>firm</i> for calculating 'gross written premium for fees purposes' in Fees 1.2 and Fees 3.4 (3) (c) with the following adjustments:</p> <p>...</p> <p>(5) If an <i>incoming EEA firm</i> does not report relevant net premium income in the way contemplated in this table, the <i>participant firm's</i> relevant premium income is calculated in the same way as they would be for a <i>UK firm</i>. [deleted.]</p> <p>Eligible liabilities are calculated in accordance with the method applicable to the <i>firm</i> for calculating 'best estimate liabilities for fee purposes' as defined</p>

in Fees 1.2 and Fees 3.4 (3) (c) with the following adjustments.

...

~~(3) If an *incoming EEA firm* does not report liabilities in the way contemplated by this table, the *participant firm's* liabilities are calculated in the same way as they would be for a *UK firm*.[deleted.]~~

...

Annex BC**Amendments to the Public Disclosures Part**

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

...

3 PUBLIC DISCLOSURE OF LEVERAGE RATIO

3.1 This Chapter applies to;

- (1) every firm that is a *UK bank* or a *building society* that, on the firm's last accounting reference date, had retail deposits equal to or greater than £50 billion either on:
 - (a) an individual basis;
 - (b) if the firm is a UK parent institution ~~in a Member State~~, on the basis of its consolidated situation; or
 - (c) if the firm is controlled by a UK parent financial holding company ~~in a Member State~~ or by a UK parent mixed financial holding company ~~in a Member State~~ and the PRA is responsible for supervision of that holding company on a consolidated basis under Article 111 of the CRD Part 6 of the Capital Requirements Regulations, on the basis of the consolidated situation of that holding company.

...

Application on an individual or consolidated basis

3.2 A firm that is:

- (1) not a member of a consolidation group in relation to which (2) or (3) applies must comply with this Chapter on an individual basis;
- (2) a UK parent institution ~~in a Member State~~ must comply with this Chapter on the basis of its consolidated situation;
- (3) controlled by a UK parent financial holding company ~~in a Member State~~ or a UK parent mixed financial holding company ~~in a Member State~~ for which the PRA is responsible for supervision on a consolidated basis under Part 6 of the Capital Requirements Regulations ~~Article 111 of the CRD~~ must comply with this Chapter on the basis of the consolidated situation of that holding company.

...

Annex BD

Amendments to the Record Keeping Part

In this Annex deleted text is struck through.

1 APPLICATIONS AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to a *CRR firm*:

...

- (2) ~~with respect to the carrying on of *passport activities* by it from a *branch* in another *EEA state*; [deleted.]~~
- (3) in a *prudential context* with respect to activities wherever they are carried on; and
- (4) taking into account any activity of other members of a *group* of which the *firm* is a member.

...

2 RECORD KEEPING

2.1 A *firm* must arrange for orderly records to be kept of its business and internal organisation, including all services, activities and transactions undertaken by it, which must be sufficient to enable the *PRA* or any other relevant ~~competent authority under *MiFID II*~~ to:

- (1) fulfil its supervisory tasks and perform the enforcement actions under the *regulatory system*; and
- (2) in particular ascertain that the *firm* has complied with all obligations.

...

Annex BE**Amendments to the Recovery Plans 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:

Article 1(1)(b) entity

means a *financial institution* that is established in ~~an EEA State~~ the UK when the *financial institution* is a *subsidiary* of a *credit institution* or *investment firm*, or of an *Article 1(1)(c) entity* or an *Article 1(1)(d) entity* and is covered by the supervision of the *parent undertaking* on a *consolidated basis* in accordance with Articles 6 to 17 of *CRR*.

Article 1(1)(c) entity

means a *financial holding company*, *mixed financial holding company* or *mixed activity holding company* that is established in ~~an EEA State~~ the UK

Article 1(1)(d) entity

means a UK parent financial holding company ~~in an EEA State, an EEA parent financial holding company, a parent mixed financial holding company in an EEA State or an EEA~~ a UK parent mixed financial holding company.

competent authority

means a public authority or body officially recognised by national law which is empowered by national law to supervise *institutions* as part of the supervisory system in operation in the ~~EEA State~~ concerned or the European Central Bank with regard to the specified tasks conferred on it by Article 4 of Council Regulation (EU) No. 1024/2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions.

means:

- (1) the PRA, in respect of PRA-*authorised persons*;
- (2) the FCA, in respect of any other *person*;

conditions for early intervention

means where an *institution* infringes or is likely in the near future to infringe the requirements of the *CRR*, ~~*CRD*, *MiFID II*~~ or any of Articles 3 to 7, 14 to 17 and 24, 25 and 26 of *MiFIR* or requirements implementing *CRD* or *MiFID II*.

~~*EEA consolidating supervisor*~~

means a *competent authority* responsible for the exercise of supervision on a consolidated basis of:

- (1) ~~an EEA a UK parent institution~~; or
- (2) ~~institutions controlled by an EEA a UK parent financial holding company or an EEA a UK parent mixed financial holding company.~~

...

EEA parent undertaking

~~means an EEA parent institution, an EEA parent financial holding company or an EEA parent mixed financial holding company.~~

...

parent financial holding company in an EEA State

~~means a financial holding company which is not itself a subsidiary of an institution authorised in the same EEA State, or of a financial holding company or mixed financial holding company set up in the same EEA State.~~

parent mixed financial holding company in an EEA State

~~means a mixed financial holding company which is not itself a subsidiary of an institution authorised in the same EEA State, or of a financial holding company or mixed financial holding company set up in the same EEA State.~~

parent institution in an EEA State

~~means an institution authorised in an EEA State which has an institution or financial institution as a subsidiary or which holds a participation in such an institution or financial institution, and which is not itself a subsidiary of another institution authorised in the same EEA State or of a financial holding company or mixed financial holding company set up in the same EEA State.~~

...

significant branch

~~means a branch of an institution that would be designated as being significant in accordance with Article 51(1) of the CRD.~~

State aid

~~means any aid granted by an EEA State or through an EEA State's resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods and which affects trade between EEA States.~~

2 RECOVERY PLANS

2.1 This Chapter applies to a *firm* that is not part of a *group* subject to consolidated supervision by a consolidating supervisor pursuant to Articles 111 and 112 of the CRD.

...

3 GROUP RECOVERY PLANS

3.1 This Chapter applies to a *BRRD undertaking* which is:

- (1) an ~~EEA~~ UK parent undertaking unless the *FCA* is the ~~EEA~~ consolidating supervisor of its *group*; or
- (2) a *firm* controlled by an ~~EEA~~ parent financial holding company or an ~~EEA~~ parent mixed financial holding company if: ~~[deleted.]~~

~~(a) the EEA parent financial holding company or EEA parent mixed financial holding company is not incorporated in the UK and does not have a place of business in the UK; and~~

~~(b) the PRA is the EEA consolidating supervisor of the firm~~

3.2 If the ~~EEA~~ consolidating supervisor is the *PRA*, a *BRRD undertaking* must draw up a *group recovery plan* and submit the *group recovery plan* to the *PRA*. ~~If the EEA consolidating supervisor is not the PRA, a BRRD undertaking that is a qualifying parent undertaking must make arrangements to ensure that a group recovery plan is drawn up and submitted to the EEA consolidating supervisor.~~

3.3 The *group recovery plan* must consist of a recovery plan for the *group* headed by the ~~EEA~~ UK parent undertaking as a whole.

...

3.5 The *group recovery plan* must identify measures that may be required to be implemented at the level of the ~~EEA~~ UK parent undertaking and each individual *subsidiary*.

...

3.7 The *group recovery plan* must include arrangements to ensure the coordination and consistency of measures to be taken at the level of the ~~EEA~~ UK parent undertaking, at the level of an *Article 1(1)(c) entity* or *Article 1(1)(d) entity*, as well as measures to be taken at the level of a *subsidiary* and, where applicable, in accordance with the *CRD* at the level of a *significant branch*.

3.8 The *group recovery plan* must include the elements specified in 2.6 – 2.9. The *group recovery plan* must include, where applicable, arrangements for intra-group financial support adopted pursuant to an agreement for intra-group financial support that has been concluded in accordance with ~~Articles 19 – 26 of the BRRD~~ The Bank Recovery and Resolution (No 2) Order 2014 (2014/3348) or Group Financial Support 2 – 8.

...

3.12 A *BRRD undertaking* that is a *qualifying parent undertaking* must make arrangements to ensure it is demonstrated to the ~~EEA~~ *consolidating supervisor* that the *group recovery plan* meets the requirements set out in this Chapter and the following criteria:

...

...

5 GOVERNANCE ARRANGEMENTS

...

5.3 A *BRRD undertaking* which is required to draw up a *group recovery plan* must, taking into account the nature, scale and complexity of its business and the business of other members of its *group*, establish and maintain appropriate internal processes regarding the governance of the *group recovery plan* and must:

- (1) ensure that its *management body* oversees, assesses and approves the *group recovery plan* before the *BRRD undertaking* submits the *group recovery plan* to the ~~EEA~~ *consolidating supervisor*;

...

6 RECOVERY PLAN AND GROUP RECOVERY PLAN INDICATORS

...

6.6 A *BRRD undertaking* that is a *qualifying parent undertaking* must:

- (1) notify the *PRA* without delay if it (or any member of its *group*) decides to take action under the *group recovery plan* or to refrain from taking action and the *PRA* is the ~~EEA~~ *consolidating supervisor*; ~~and~~
- (2) ~~make arrangements to ensure the *EEA consolidating supervisor* is notified without delay if it (or any member of its *group*) decides to take action under the *group recovery plan* or to refrain from taking action and the *PRA* is not the *EEA consolidating supervisor* [deleted.]~~

...

Annex BF

Amendments to the Regulatory Reporting Part

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

1 APPLICATIONS AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to every *firm* permitted to carry on the *regulated activities* listed in column (1) of the table in 6.1, ~~except an *incoming EEA firm* with *permission for cross border services* only.~~

1.2 In this Part, the following definitions shall apply:

....

credit institution

- (1) ~~a credit institution authorised under the *CRD*; or~~
- (2) ~~an institution which would satisfy the requirements for authorisation as a credit institution under the *CRD* if it had its registered office (or if it does not have a registered office, its head office) in an *EEA State*.~~

means an *undertaking* the business of which is to take deposits or other repayable funds from the public and to grant credits for its own account, not including entities referred to in Art 2(5) of Directive 2013/36/EU.

...

FINREP firm

means

- (1) a *credit institution* or *investment firm* subject to the *CRR* that is also subject to section 403(1) of the Companies Act 2006 ~~article 4 of Regulation (EC) No 1606/2002; or~~
- (2) a *credit institution* other than one referred to in section 403(1) of the Companies Act 2006 ~~Article 4 of Regulation (EC) No 1606/2002~~ that prepares its consolidated accounts in conformity with the *UK-adopted international accounting standards* ~~adopted in accordance with the procedure laid down in article 6(2) of that Regulation.~~

...

IFRS firm

means a *firm* applying *UK-adopted international accounting standards* ~~as applicable under regulation (EC) No 1606/2002.~~

...

non-EEA-UK bank

means a *bank* which is a *body corporate* or *partnership* formed under the law of any country or territory outside the ~~*EEA-UK*~~.

...

UK consolidation group

means the *consolidation group* of a *firm* to which supervision on a *consolidated basis* by the *PRA* applies in accordance with Article 111 of *CRD Part 6 of the Capital Requirements Regulations*.

UK regulated EEA financial conglomerate

means a *financial conglomerate* (other than a *third-country financial conglomerate*) that satisfies one of the following conditions:

- (1) ~~GENPRU 3.1.29 R (Capital adequacy calculations for *financial conglomerates*) in the *PRA Handbook* applies with respect to it; or~~
- (2) ~~a *firm* that is a member of that *financial conglomerate* is subject to obligations imposed through its *Part 4A permission* to ensure that *financial conglomerate* meets levels of capital adequacy based or stated to be based on Annex I of the *Financial Groups Directive*.~~

2 REPORTING REQUIREMENTS – DATA ITEMS

...

2.4 Unless otherwise stated, any *data items* to be submitted in accordance with 2.1 to 2.3 by a ~~*non-EEA non-UK bank*, or an *EEA bank*~~, should cover the activities of the *branch* operation in the *UK* only.

...

2.10 A firm permitted to carry on the *regulated activity* of entering into a *regulated mortgage contract*, ~~except an *incoming EEA firm* with *permission for cross border services* only~~, must also submit *data items* as required by Chapter 22.

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>Non-UK 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.]	[deleted.]	[deleted.]
Description of <i>data item</i>							
...							

Daily Flows	FSA047 ((13), (16) and (18))	FSA047 ((13), (16) and (18))	FSA047 ((13), (16) and (18))		FSA047 ((13), (15), (16) and (18)) [deleted.]	-	-
Enhanced Mismatch Report	FSA048 ((13), (16) and (18))	FSA 048 ((13), (16) and (18))	FSA048 ((13), (16) and (18))		FSA048 ((13), (15), (16) and (18)) [deleted.]	-	-
...							

...

(35) A firm must complete this item separately on each of the following bases that are applicable.

...

- (d) If it is an ~~an EU~~ UK parent institution, it must complete the item on the basis of its consolidated situation if the PRA is responsible for supervision of the firm on a consolidated basis in accordance with Part 6 of the Capital Requirements Regulations.
- (e) If it is a UK bank or building society controlled by an ~~an EU~~ UK parent financial holding company or by an ~~an EU~~ UK parent mixed financial holding company it must complete the item on the basis of the consolidated situation of that holding company if the PRA is responsible for supervision of the firm on a consolidated basis in accordance with Part 6 of the Capital Requirements Regulations under Article 111 of the CRD.
- (f) If it is a UK designated investment firm controlled by an ~~an EU~~ UK parent financial holding company or by an ~~an EU~~ UK parent mixed financial holding company the firm must complete the item on the basis of the consolidated situation of that holding company if: (1) there is no subsidiary of the holding company which is a credit institution to which (e) applies; and (2) the PRA is responsible for the supervision of the firm on a consolidated basis in accordance with Part 6 of the Capital Requirements Regulations under Article 111 of the CRD.

...

7.2 The applicable reporting frequencies for submission of data items and periods referred to in 7.1 are set out in the table below according to firm type. Reporting frequencies are calculated from a firm's accounting reference date, unless indicated otherwise.

...

(14) The reporting frequency is as follows:

- (a) weekly if the firm has total assets, calculated in accordance with provisions implementing Council Directive 86/635/EEC, equal or greater than EUR 30 billion on either an individual basis or UK consolidation group basis. This requirement stops applying if the total assets of the firm on both an individual basis and UK consolidation group basis reduce to less than EUR 30 billion for at least four consecutive weekly reporting periods, in which case the firm is required to start reporting this data item monthly after the end of last consecutive reporting period; and
- (b) monthly if the firm has total assets, calculated in accordance with provisions implementing Council Directive 86/635/EEC, of less than EUR 30 billion on both an individual basis and UK consolidation group basis. This requirement stops applying if during any monthly reporting period the total assets of the

firm, on either an individual basis or *UK consolidation group* basis, become equal to or greater than EUR 30 billion, in which case the *firm* is required to start reporting this *data item* weekly after the end of that reporting period.

...

7.3 The applicable due dates for submission referred to in the table in 6.1 are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in 7.2, unless indicated otherwise.

...

(2) Applicable to ~~non-EEA~~ *non-UK banks*.

...

...

9 REGULATED ACTIVITY GROUP 3

...

9.2

...

(19) A *firm* must complete this item separately on each of the following bases that are applicable.

...

(d) If it is an ~~EU~~ *UK parent institution*, it must complete the item on the basis of its *consolidated situation* if the *PRA* is responsible for supervision of the *firm* on a *consolidated basis* in accordance with Part 6 of the *Capital Requirements Regulations*.

(e) If it is a *UK bank* or *building society* controlled by an ~~EU~~ *UK parent financial holding company* or by an ~~EU~~ *UK parent mixed financial holding company* it must complete the item on the basis of the *consolidated situation* of that holding company if the *PRA* is responsible for supervision of the *firm* on a *consolidated basis* in accordance with Part 6 of the *Capital Requirements Regulations* under Article 111 of the *CRD*.

(f) If it is a *UK designated investment firm* controlled by an ~~EU~~ *UK parent financial holding company* or by an ~~EU~~ *UK parent mixed financial holding company* the *firm* must complete the item on the basis of the *consolidated situation* of that holding company if: (1) there is no *subsidiary* of the holding company which is a *credit institution* to which (e) applies; and (2) the *PRA* is responsible for the supervision of the *firm* on a *consolidated basis* in accordance with Part 6 of the *Capital Requirements Regulations* under Article 111 of the *CRD*.

If the *data item* is required to be completed by the *firm* on a *consolidated basis* (pursuant to (d), (e) or (f) above) or on a *sub-consolidated basis* (pursuant to (c) above), the *firm* must carry out the consolidation or sub-consolidation to the same extent and in the same manner as it is required to comply with the obligations laid down in Part Six of the *CRR* on a *consolidated basis* or *sub-consolidated basis*.

...

9.3

...

(11) The reporting frequency is as follows:

- (a) weekly if the *firm* has *total assets*, calculated in accordance with provisions implementing Council Directive 86/635/EEC, equal or greater than EUR 30 billion on either an individual basis or *UK consolidation group* basis. This requirement stops applying if the *total assets* of the *firm* on both an individual basis and *UK consolidation group* basis reduce to less than EUR 30 billion for at least four consecutive weekly reporting periods, in which case the *firm* is required to start reporting this *data item* monthly after the end of last consecutive reporting period; and
- (b) monthly if the *firm* has *total assets*, calculated in accordance with provisions implementing Council Directive 86/635/EEC, of less than EUR 30 billion on both an individual basis and *UK consolidation group* basis. This requirement stops applying if during any monthly reporting period the *total assets* of the *firm*, on either an individual basis or *UK consolidation group* basis, become equal to or greater than EUR 30 billion, in which case the *firm* is required to start reporting this *data item* weekly after the end of that reporting period.

...

12 FINANCIAL CONGLOMERATES

12.1 This Chapter applies only to a *firm* that is a member of a *financial conglomerate* and either:

...

- (1) it is at the head of a UK-regulated ~~EEA~~ *financial conglomerate*; or
- (2) its *Part 4A permission* contains a requirement which either:

...

- (b) applies 12.3 to the *firm* unless the *UK mixed financial holding company* of the *financial conglomerate* to which the *firm* belongs submits the report required under this rule (as if the rule applied to it).

...

...

20 CAPITAL+ REPORTS

...

20.6 A *firm* satisfies *Capital+ condition 1*:

- (1) if the *firm* is a ~~UK parent institution in a Member State~~, where it has *retail deposits* equal to or greater than £50 billion and *total assets* equal to or greater than £320 billion on the basis of its *consolidated situation*;
- (2) if the *firm* is controlled by a ~~UK parent financial holding company in a Member State~~, a ~~UK parent mixed financial holding company in a Member State~~ or a ~~UK parent institution in a Member State~~ and the *PRA* is responsible for supervision of that holding company or ~~UK parent institution in a Member State~~ on a *consolidated basis*

under ~~Article 111 of the CRD Part 6 of the Capital Requirements Regulations~~, where it has *retail deposits* equal to or greater than £50 billion and *total assets* equal to or greater than £320 billion on the basis of the *consolidated situation* of that UK holding company or UK parent institution in a Member State;

...

...

20.8 A firm satisfies *Capital+ condition 3*:

- (1) if the firm is a UK parent institution in a Member State, where it has *retail deposits* equal to or greater than £50 billion and *total assets* greater than £5 billion but less than £320 billion on the basis of its *consolidated situation*;
- (2) if the firm is controlled by a UK parent financial holding company in a Member State, a UK parent mixed financial holding company in a Member State or a UK parent institution in a Member State and the PRA is responsible for supervision of that UK holding company or UK parent institution in a Member State on a *consolidated basis* under ~~Article 111 of the CRD Part 6 of the Capital Requirements Regulations~~, where it has *retail deposits* greater than or equal to £50 billion and *total assets* greater than £5 billion but less than £320 billion on the basis of the *consolidated situation* of that UK holding company or UK parent institution in a Member State;

...

20.10 A firm satisfies *Capital+ condition 5* if it:

- (1) is part of a *consolidation group*;
- (2) has *total assets* greater than £5 billion:
 - (a) if the firm is a UK parent institution in a Member State, on the basis of its *consolidated situation*
 - (b) if the firm is controlled by a UK parent financial holding company in a Member State, a UK parent mixed financial holding company in a Member State or a UK parent institution in a Member State and the PRA is responsible for supervision of that UK holding company or UK parent institution in a Member State on a *consolidated basis* under ~~Article 111 of the CRD Part 6 of the Capital Requirements Regulations~~, on the basis of the *consolidated situation* of that UK holding company or UK parent institution in a Member State; and

...

20.22 Where a firm is required to submit a *data item* in accordance with this rule, that *data item* should be completed:

...

- (2) if the firm is a UK parent institution in a Member State and the firm satisfies *Capital+ condition 1* on the basis of 20.6(1) or *Capital+ condition 3* on the basis of 20.8(1), on the basis of its *consolidated situation*; or
- (3) if the firm is controlled by a UK parent financial holding company in a Member State, a UK parent mixed financial holding company in a Member State or a UK parent institution in a Member State and the PRA is responsible for supervision of that holding company or UK parent institution in a Member State on a *consolidated basis* under ~~Article 111 of the CRD Part 6 of the Capital Requirements Regulations~~ and the firm satisfies *Capital+ condition 1* on the basis of 20.6(2) or *Capital+ condition 3* on

the basis of 20.8(2), on the basis of the *consolidated situation* of that holding company or ~~UK parent institution in a Member State~~.

20.22A If a firm meets a *Capital+ condition* on the basis of 20.6(4), 20.8(4) or 20.10A, it must submit the *data item* on a *sub-consolidated basis* in addition to meeting any requirement to submit a *data item* on an individual basis or on the basis of its, its holding company's or its UK parent institution's ~~in a Member State's consolidated situation~~.

...

20.24 Where a firm is required to submit a *data item* in accordance with this rule, as set out in the *Capital+ reporting table*, that *data item* should be completed:

- (1) if the firm is a UK parent institution in a Member State and the firm satisfies *Capital+ condition 5* on the basis of 20.10(2)(a) or *Capital+ condition 7* on the basis of 20.12, on the basis of its *consolidated situation*; or
- (2) if the firm is controlled by a UK parent financial holding company in a Member State, a UK parent mixed financial holding company in a Member State or a UK parent institution in a Member State and the PRA is responsible for supervision of that holding company or UK parent institution in a Member State on a *consolidated basis* under ~~Article 111 of the CRD~~ Part 6 of the *Capital Requirements Regulations* and the firm satisfies *Capital+ condition 5* on the basis of 20.10(2)(b) or *Capital+ condition 7* on the basis of 20.12, on the basis of the *consolidated situation* of that holding company or UK parent institution in a Member State.

...

22 REGULATORY MORTGAGE CONTRACT REPORTING

Application

22.1 This Chapter applies to every firm permitted to carry on the *regulated activity* of *entering into a regulated mortgage contract*, ~~except an incoming EEA firm with permission for cross border services only~~.

...

Annex BG

Amendments to the Related Party Transaction Risk Part

In this Annex deleted text is struck through.

1 APPLICATIONS AND DEFINITIONS

1.1 This Part applies to:

- (1) a *UK bank*;
- (2) a *building society*; and
- (3) an *overseas firm* that:
 - (a) ~~is not an *incoming firm*; and [deleted.]~~
 - (b) has a *Part 4A permission* that includes permission to carry out *accepting deposits*.

...

Annex BH

Amendments to the Remuneration Part

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

1 APPLICATIONS AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

- (1) a *CRR firm* in relation to its:
- (a) *UK* activities; and
 - (b) ~~passport activities carried on from a branch in another EEA State; and~~
[deleted.]
 - (c) other activities wherever they are carried on, in a *prudential context*, and

...

1.3 (1) In this Part, the following definitions shall apply:

...

consolidation group entity

means an *institution* or *financial institution* which is, in relation to a *CRR firm* responsible for consolidation:

- (1) the *CRR firm* responsible for consolidation;
- (2) a *subsidiary* of the *CRR firm* responsible for consolidation; or
- (3) a *subsidiary* of the ~~EEA~~ UK parent financial holding company or ~~EEA~~ UK parent mixed financial holding company by which the *CRR firm* responsible for consolidation is controlled.

CRR firm responsible for consolidation

means a *CRR firm* which is either:

- (1) ~~an EEA~~ a UK parent institution; or
- (2) controlled by ~~an EEA~~ a UK parent financial holding company or by ~~an EEA~~ a UK parent mixed financial holding company and to which supervision on a consolidated basis by the PRA applies in accordance with ~~Article 111 of CRD~~ Part 6 of the Capital Requirements Regulations

...

total assets

means:

- (1) in relation to a *CRR firm* ~~or an EEA bank~~, its total assets as set out in its balance sheet on the relevant *accounting reference date*; and
- (2) in relation to a *third country CRR firm*, the total assets of the *third country CRR firm* as set out in its balance sheet on the relevant *accounting reference date* that cover the activities of the *branch* operation in the *UK*.

...

4 GROUPS

- 4.1 A *firm* must apply the requirements at *group, parent undertaking* and *subsidiary undertaking* levels, including those *subsidiaries* established in a country or territory which is not the UK ~~in an EEA State~~.

...

14 NON-COMPLIANCE

- 14.1 A *firm* must ensure that variable *remuneration* is not paid through vehicles or methods that facilitate non-compliance with obligations arising from ~~CRR, CRD~~ or this Part.

15 REMUNERATION STRUCTURES

...

- 15.11 A *firm* must ensure that any approval by the shareholders or owners or members of the *firm* for the purposes of 15.10 is carried out in accordance with the following procedure:

...

- (3) the *firm* must, without delay, inform the *PRA* of the recommendation to its shareholders or owners or members, including the proposed higher ratio and the reasons therefor and must demonstrate to the *PRA* that the proposed higher ratio does not conflict with the firm's obligations under the ~~CRD and the CRR~~ and provisions implementing the CRD, having regard in particular to the *firm's own funds* obligations;

...

- 15.13 A *firm* may apply a discount rate to a maximum of 25% of an *employee's* total variable *remuneration* provided it is paid in instruments that are deferred for a period of not less than five years. ~~In applying this discount rate, firms must apply the EBA Guidelines on the applicable notional discount rate for variable remuneration of 27 March 2014.~~

17 REMUNERATION BENCHMARKING REPORTING REQUIREMENTS

...

- 17.5 A *firm* that is not, and does not have, ~~an EEA a UK parent institution, an EEA a UK parent financial holding company or an EEA a UK parent mixed financial holding company~~ must complete that report on an unconsolidated basis in respect of *remuneration* awarded to *employees* of the *firm* in the last completed financial year.

...

18 HIGH EARNERS REPORTING REQUIREMENTS

...

- 18.4 A firm that is not, and does not have, ~~an EEA a UK parent institution, an EEA a UK parent financial holding company or an EEA a UK parent mixed financial holding company~~ must complete that report on an unconsolidated basis in respect of *remuneration* awarded in the last completed financial year to all *high earners* of the *firm* who mainly undertook their professional activities within the UK EEA.
- 18.5 A firm that is a *CRR firm responsible for consolidation* must complete that report on a *consolidated basis* in respect of *remuneration* awarded in the last completed financial year to all *high earners* who mainly undertook their professional activities within the ~~EEA UK~~ at:
- (1) the ~~EEA UK parent institution, EEA UK parent financial holding company or the EEA UK parent mixed financial holding company~~ of the *consolidation group*;
 - (2) each *consolidation group entity* that has its registered office (or if it has no registered office, its head office) in the UK ~~an EEA State~~; and
 - (3) each *branch* of any other *consolidation group entity* that is established or operating in the UK ~~an EEA State~~.

...

Annex BI

Amendments to the Reporting Part

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

...

3 PUBLIC DISCLOSURE: SOLVENCY AND FINANCIAL CONDITION REPORT

...

3.6 The disclosure required by 3.3(5)(b) must include the following:

...

- (2) the amount of any *capital add-on* imposed upon the *firm* ~~in accordance with Article 37 of the *Solvency II Directive*, by the *PRA*~~ together with concise information on the justification given by the *PRA* for its imposition; and
- (3) the impact of any *undertaking specific parameters* the *firm* is required to use in calculating the *standard formula* by the *PRA* ~~in accordance with Article 110 of the *Solvency II Directive*~~, together with concise information on the justification given by the *PRA* for requiring the use of those *undertaking specific parameters*.

Annex BJ

Amendments to the Reporting Leverage Ratio Part

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

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

- (1) every *firm* that is a *UK bank* or a *building society* that, on the *firm's last accounting reference date*, had *retail deposits* equal to or greater than £50 billion either on:
- (a) an individual basis;
 - (b) if the *firm* is a *UK parent institution* ~~*in a Member State*~~, on the basis of its *consolidated situation*; or
 - (c) if the *firm* is controlled by a *UK parent financial holding company* ~~*in a Member State*~~ or by a *UK parent mixed financial holding company* ~~*in a Member State*~~ and the *PRA* is responsible for supervision of that holding company on a *consolidated basis* under ~~Article 111 of the CRD~~ Part 6 of the *Capital Requirements Regulations*, on the basis of the *consolidated situation* of that holding company; and

...

2 BASIS OF APPLICATION

...

- 2.2 A *firm* that is a *UK parent institution* ~~*in a Member State*~~ must comply with this Part on the basis of its *consolidated situation*.
- 2.3 A *firm* that is controlled by a *UK parent financial holding company* ~~*in a Member State*~~ or a *UK parent mixed financial holding company* ~~*in a Member State*~~ for which the *PRA* is responsible for supervision on a *consolidated basis* under Part 6 of the *Capital Requirements Regulations* ~~Article 111 of the CRD~~ must comply with this Part on the basis of the *consolidated situation* of that holding company.

Annex BK

Amendments to the Reporting Pillar 2 Part

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

1 APPLICATION AND DEFINITIONS

...

- 1.4 A firm which is a UK parent institution ~~in a Member State~~ must comply with this Part on a consolidated basis.
- 1.5 A firm controlled by a UK parent financial holding company ~~in a Member State~~ or a UK parent mixed financial holding company ~~in a Member State~~ must comply with this Part on the basis of the consolidated situation of that holding company, if the PRA is responsible for supervision of the firm on a consolidated basis under Article 111 of the CRD Part 6 of the Capital Requirements Regulations.
- 1.6 In this Part the following definitions shall apply:

...

parent financial holding company in a Member State

means (in accordance with point (26) of Article 3(1) of the ~~CRD~~) a financial holding company which is not itself a subsidiary of an ~~institution~~ authorised in the same ~~EEA State~~, or of a ~~financial holding company or mixed financial holding company~~ set up in the same ~~EEA State~~.

parent institution in a Member State

means (in accordance with point (24) of Article 3(1) of the ~~CRD~~) an institution authorised in an ~~EEA State~~ which has an ~~institution or financial institution as subsidiary~~ or which holds a ~~participation~~ in such an ~~institution or financial institution~~ and which is not itself a ~~subsidiary~~ of another ~~institution~~ authorised in the same ~~EEA State~~ or of a ~~financial holding company or mixed financial holding company~~ set up in the same ~~EEA State~~.

parent mixed financial holding company in a Member State

means (in accordance with point (28) of Article 3(1) of the ~~CRD~~) a mixed financial holding company which is not itself a subsidiary of an ~~institution~~ authorised in the same ~~EEA State~~, or of a ~~financial holding company or mixed financial holding company~~ set up in the same ~~EEA State~~.

Annex BL

Amendments to the Resolution Pack 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:

competent authority

means a public authority or body officially recognised by national law which is empowered by national law to supervise ~~institutions~~ as part of the supervisory system in operation in the ~~EEA State concerned or the European Central Bank with regard to the specific tasks conferred on it by Article 4 of Council Regulation (EU) No. 1024/2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions.~~

EEA consolidating supervisor

means a *competent authority* responsible under the ~~CRD~~ for the exercise of supervision on a consolidated basis of:

- (1) ~~an EEA a UK~~ parent institution; or
- (2) institutions controlled by ~~an EEA a UK~~ parent financial holding company or ~~an EEA a UK~~ parent mixed financial holding company.

EEA UK parent undertaking

means ~~an EEA a UK~~ parent institution, ~~an EEA a UK~~ parent financial holding company or ~~an EEA a UK~~ parent mixed financial holding company.

group-level resolution authority

means the ~~resolution authority~~ in the ~~EEA State~~ in which the ~~EEA consolidating supervisor~~ is situated.

...

group resolution plan

means a plan for the resolution of a *group* drawn up in accordance with ~~Articles 12 and 13 of the BRRD Article 40 and Schedule 2 of The Bank Recovery and Resolution (No 2) Order 2014 (2014/3348).~~

parent financial holding company in an EEA State

means a *financial holding company* which is not itself a *subsidiary* of an *institution* authorised in the same *EEA State*, or of a *financial holding company* or *mixed financial holding company* set up in the same *EEA State*.

parent mixed financial holding company in an EEA State

~~means a mixed financial holding company which is not itself a subsidiary of an institution authorised in the same EEA State, or of a financial holding company or mixed financial holding company set up in the same EEA State.~~

~~parent institution in an EEA State~~

~~means an institution authorised in an EEA State which has an institution or financial institution as subsidiary or which holds a participation in such an institution or financial institution, and which is not itself a subsidiary of another institutions authorised in the same EEA State or of a financial holding company or mixed financial holding company set up in the same EEA State.~~

~~resolution authority~~

~~means an authority designated by an EEA State in accordance with Article 3 of the BRRD the Bank of England.~~

...

3 GROUP RESOLUTION PACK

3.1 This Chapter applies to a BRRD undertaking which is:

- (1) ~~an EEA a UK parent undertaking unless the FCA is the EEA consolidating supervisor of its group; or~~
- (2) ~~a firm controlled by an EEA parent financial holding company or an EEA parent mixed financial holding company if:~~
 - (a) ~~the holding company is not incorporated in the UK and does not have a place of business in the UK; and~~
 - (b) ~~the PRA is the EEA consolidating supervisor of the firm [deleted.]~~

...

3.4 A BRRD undertaking must submit its group resolution pack to the PRA, ~~if the PRA is the EEA consolidating supervisor and, in any other case, to the group-level resolution authority.~~

...

Annex BM

Amendments to the Ring-Fenced Bodies Part

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

...

16 ACCESS TO CENTRAL COUNTERPARTIES AND CENTRAL SECURITIES DEPOSITORIES

...

- 16.3 For the purposes of this Chapter, if a *ring-fenced body* accesses the services of a *central counterparty* or a *central securities depository* not established in ~~an EEA state~~ the UK or any part of whose operations are not subject to the law of ~~an EEA state~~ the UK, the *ring-fenced body* will be considered to comply with the *rules* in this Chapter if it has taken necessary steps to ensure that its positions, if applicable, and assets are identifiable separately from the positions, if applicable, and assets of any other *person* by measures that deliver outcomes comparable to those set out in the *rules* in this Chapter.

...

Annex BN

Amendments to the Risk Control Part

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

1 APPLICATIONS AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to a *CRR firm*

...

(2) ~~with respect to the carrying on of *passport*ed activities by it from a *branch* in another *EEA state*; [deleted.]~~

...

1.1A 2.1 to 2.6 do not apply to a *firm* with respect to the carrying on of *benchmarking activities* except to the extent that ~~they transpose an *EU instrument*~~ those rules constitute *retained EU law*.

Annex BO

Amendments to the Run-off Operations Part

In this Annex new text is underlined.

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

- (1) a *UK Solvency II* firm; and
- (2) in accordance with 5, *third country branch undertakings* except:
 - (a) Swiss general insurers; and
 - (b) SRO insurers.

Annex BP

Amendments to the Senior Management Functions Part

In this Annex new text is underlined.

1 APPLICATION AND DEFINITIONS

- 1.1 Unless otherwise stated, this Part applies to every *firm* that is:
- (1) a *CRR firm*;
 - (2) a *credit union*; or
 - (3) a *third country CRR firm* in relation to ~~the activities of its establishment in the UK.~~
 - (a) the activities of its establishment in the UK; or
 - (b) if it does not have an establishment in the UK, its activities in the UK.
- ...

7 UK BRANCH OF OVERSEAS FIRM

- 7.1 This Chapter applies only to a *third country CRR firm* in relation to ~~the activities of its establishment in the UK.~~
- (1) the activities of its establishment in the UK; or
 - (2) if it does not have an establishment in the UK, its activities in the UK.
- 7.1A (1) 7.2 and 7.3(1) do not apply to a *third country CRR firm* that is a *SRO firm*.
- (2) 7.4 and 7.5 apply only to a *SRO firm*.
- 7.2 The *Head of Overseas Branch Function* (SMF 19) is the function of having responsibility alone or jointly with others for ~~the conduct of all activities of the UK establishment of a third country firm which are subject to the UK regulatory system.~~
- (1) the conduct of all activities of the UK establishment of a *third country firm* which are subject to the UK regulatory system; or
 - (2) where the *firm* does not have an establishment in the UK, the conduct of all activities which are subject to the UK regulatory system.
- ...
- 7.4 A *SRO firm* must ensure that at least one *person* performs the *Head of Overseas Branch function* on its behalf.
- 7.5 For the purposes of 7.4, the *Head of Overseas Branch Function* (SMF 19) is the function of having responsibility to oversee the orderly run-off of the *firm's regulated activities* in the UK.

Annex BQ

Amendments to the Senior Managers Regime – Applications and Notifications Part

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

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to every *firm* that is:

- (1) a *CRR firm*;
- (2) a *credit union*; or
- (3) a *third country CRR firm* in relation to: ~~the activities of its establishment in the UK.~~
 - (a) the activities of its establishment in the UK; or
 - (b) if it does not have an establishment in the UK, its activities in the UK.

1.2 In this Part, the following definitions shall apply:

...

current approved person approval

means

- (1) an approval granted to a *person* under section 59 of *FSMA* (Approval for particular arrangements):
 - (a) by the *PRA* for the performance of a *PRA senior management function*; or
 - (b) by the *FCA* for the performance for the performance of an *FCA designated senior management function* or a *significant influence function*;

but excludes a notice given under section 59ZZA of *FSMA* treating a *person* as approved for those purposes.

...

1.3 In this Part, *PRA approved person* also includes a *person* in relation to whom a notice under section 59ZZA has been given to an *authorised person*.

...

2A SECTION 59ZZA APPLICATION

2A.1 (1) In the case of a *section 59ZZA application*, the following directions shall have effect in substitution for any directions relating to the provision of information, documents, statement of responsibilities and the form of application that would otherwise apply on the making of an application under section 60 of *FSMA*.

- (2) The PRA directs that the application must contain the information and be accompanied by such documents as are set out in the form approved by the PRA for the purposes of this direction; except that where the application is in respect of a person who holds a current approved persons approval, Form E may be used in accordance with 2.3 instead.
- (3) The PRA directs that the application must be accompanied by a statement of responsibilities in accordance with Allocation of Responsibilities 2.1, containing such information as is set out in the form approved by the PRA for the purposes of this direction; except that where Form E is used pursuant to (2) above, the application must provide a statement of responsibilities in the form specified in 2.7(2).
- (4) A function performed by a person in relation to whom a notice under section 59ZZA of FSMA could be given, shall not (otherwise than for the purposes of making an application under section 60 of FSMA), be treated as a controlled function until the earliest of:
- (a) 12 weeks beginning on the day on which exit day occurs;
 - (b) the giving of the notice under section 59ZZA of FSMA; or
 - (c) the notification by the PRA of its decision to grant or refuse the application.

2B SRO FIRMS

2B.1 2A.1 shall apply to a SRO firm as if:

- (1) the reference in 2A.1(2) and (3) to the forms approved by the PRA were references to the forms approved for the purposes of an application made by a SRO firm; and
- (2) as if the reference in 2A.1(4)(a) to 12 weeks beginning on the day on which exit day occurs were a reference to 12 weeks beginning on the day the firm became a SRO firm.

7 PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS

- 7.1 (1) The PRA directs that:
- (a) subject to (aa) a firm other than a credit union must make any applications, notifications or submissions required by this Part by submitting the form specified using the ONA system; and
 - (aa) a firm making a section 59ZZA application must do so by submitting the information, documents, statement of responsibilities and forms required by 2A: in the manner set out in Notifications 7;

Annex BR

Amendments to the Skills, Knowledge and Expertise Part

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

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to a *CRR firm*

...

(2) ~~with respect to the carrying on of *passport activities* by it from a *branch* in another *EEA state* [deleted.]~~

...

1.1A 2.1A to 2.1B do not apply to a *firm* with respect to the carrying on of *benchmarking activities* except to the extent that ~~they transpose an *EU instrument*~~ those rules constitute *retained EU law*.

...

Annex BS

Amendments to the Stay In Resolution Part

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

1 APPLICATIONS AND DEFINITIONS

...

1.3 The condition in 1.2 is that the *subsidiary* is:

- (1) a *credit institution*;
- (2) an *investment firm* or an *undertaking* which would be an *investment firm* if it had its head office in ~~an EEA State~~ the UK; or
- (3) a *financial institution*; and

is not a *BRRD undertaking* which falls within 1.1

1.4 In this Part, the following definitions shall apply:

...

excluded person

means:

...

- (b) ~~a person who has been designated by an EEA State as a system under Article 2(a) of the Directive 98/26/EC of the European Parliament and of the Council on settlement finality in payment and securities settlement systems or an operator of such a system; [deleted.]~~
- (c) an exchange, other trading facility, payment system, settlement system or other financial market utility or infrastructure established in a *third country* not within (a) ~~or (b)~~

...

3 TRANSITIONAL PROVISIONS

3.1 From 1 June 2016 this Part applies in relation to a *third-country law financial arrangement* under 2.1 where a direct or indirect counterparty is:

- (1) a *credit institution*;
- (2) an *investment firm*; or
- (3) an *undertaking* which would be an *investment firm* if it had its head office in ~~an EEA State~~ the UK.

...

Annex BT

Amendments to the Supervised Run-Off Part

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

Part

SUPERVISED RUN-OFF

Chapter content

1. APPLICATION AND DEFINITIONS
2. PROVISION OF RUN-OFF PLAN
3. CONTENT OF RUN-OFF PLAN
4. NOTIFICATIONS AND ANNUAL UPDATES

1 APPLICATION AND DEFINITIONS

1.1 This Part applies to *SRO firms*, except *SRO insurers*.

1.2 In this Part, the following definitions shall apply:

end date

means the end of the relevant period determined in accordance with regulation 41 of the EEA Passport Rights (Amendment, etc., and Transitional Provisions) (EU Exit) Regulations 2018.

2 PROVISION OF RUN-OFF PLAN

2.1 A *firm* must, within 28 days of the date on which the *firm* becomes an *SRO firm*, submit a run-off plan, in accordance with 3, to the *PRA*.

3 CONTENT OF RUN-OFF PLAN

3.1 A *firm's* run-off plan must:

- (1) describe the *firm's* run-off strategy;
- (2) include a description of the business of the *firm*;
- (3) include an explanation of how, or to what extent, the *firm* will have ceased *accepting deposits* by the *end date*; and
- (4) cover the run-off period until all *deposits*, including any interest or premium payable, will be paid, repaid or returned to **depositors** or otherwise transferred.

4 NOTIFICATIONS AND ANNUAL UPDATES

4.1 A *firm* must notify the *PRA* promptly of any matter which has happened or is likely to happen and which represents a significant departure from the run-off plan and either:

- (1) explain the nature of the departure and the reasons for it; or
- (2) include an amended run-off plan and explain the amendments and the reasons for them.

4.2 A *firm* must, at least annually, update the *PRA* in writing on progress against, or deviation from, its run-off plan submitted in accordance with 2.

Annex BU

Amendments to the Technical Provisions 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;

...

cost-of-capital rate

means the rate (above the relevant risk-free interest rate) that must be used in the determination of the cost that a ~~Solvency II undertaking~~ UK Solvency II firm would incur in order to hold an amount of *eligible own funds* equal to the SCR necessary to support the insurance and *reinsurance obligations* over their lifetime, as specified in the *Solvency II Regulations* ~~adopted under Article 86 of the Solvency II Directive~~.

2 CALCULATION OF TECHNICAL PROVISIONS

...

2.2 The value of *technical provisions* must correspond to the current amount that the *firm* would have to pay if it were to transfer its insurance and *reinsurance obligations* immediately to another ~~Solvency II undertaking~~ UK Solvency II firm.

...

3 BEST ESTIMATE

3.1 The *best estimate* must:

...

(2) be calculated:

- (a) based upon up-to-date and credible information and realistic assumptions;
- (b) using adequate, applicable and relevant actuarial and statistical methods; and
- (c) gross, without deduction of the amounts recoverable from *reinsurance contracts* and UK ISPVs, which *firms* must calculate separately in accordance with 11.

4 RISK MARGIN

4.1 Where *firms* value the *best estimate* and *risk margin* separately, the *risk margin* must be an amount equal to the cost that a ~~Solvency II undertaking~~ UK Solvency II firm would incur in

order to hold *eligible own funds* to cover the *SCR* necessary to support the insurance and *reinsurance* obligations over their lifetime, determined using the *cost-of-capital rate*.

- 4.2 The *risk margin* must be such as to ensure that the value of the *technical provisions* is equivalent to the amount that a ~~Solvency II undertaking~~ UK Solvency II firm would be expected to require in order to take over and meet the insurance and *reinsurance* obligations over their lifetime.

7 CALCULATION OF THE MATCHING ADJUSTMENT

...

- 7.2 The *matching adjustment* shall be calculated for each currency in accordance with the following principles:

...

- (4) the use of external credit assessments in the calculation of the *matching adjustment* shall be in line with the specifications set out in the *Solvency II Regulations*, ~~adopted under Article 111(1)(n) of the Solvency II Directive~~.

- 7.3 For the purposes of 7.2(2) and subject to 7.5, the fundamental spread shall be:

...

- (2) for exposures to ~~the UK's EEA States'~~ central governments and central banks, no lower than 30% of the long term average of the spread over the risk-free interest rate of assets of the same duration, credit quality and asset class, as observed in financial markets;
- (3) for assets other than exposures to ~~the UK's EEA States'~~ central governments and central banks, no lower than 35% of the long-term average of the spread over the risk-free interest rate of assets of the same duration, credit quality and asset class, as observed in financial markets;

...

8 VOLATILITY ADJUSTMENT

- 8.1 A firm must not apply a *volatility adjustment* to the *relevant risk-free interest rate term structure* to calculate the *best estimate* of its insurance or *reinsurance* obligations unless:

...

- (2) the *volatility adjustment* has been set out in *Solvency II Regulations* ~~adopted under Article 77e of the Solvency II Directive~~ or published by the PRA under regulation 4B of the Solvency 2 Regulations.

...

- 8.4 A firm must only apply a *volatility adjustment* that includes a relevant country increase referred to in ~~Article 77d(4) of the Solvency II Directive~~ regulation 4B(6) of the Solvency 2 Regulations to calculate the *best estimate* of its insurance or *reinsurance* obligations of products sold in the insurance market of that country, respectively.

...

11 RECOVERABLES FROM REINSURANCE CONTRACTS AND ISPVs

11.1 (1) *Firms must calculate amounts recoverable from reinsurance contracts and UK ISPVs in accordance with 2 to 10.*

...

12 DATA QUALITY AND APPLICATION OF APPROXIMATIONS

...

12.2 Where *firms* have insufficient data of appropriate quality to apply a reliable actuarial method to a set or subset of their insurance and *reinsurance* obligations, or amounts recoverable from their *reinsurance contracts* and *UK ISPVs*, *firms* may use appropriate approximations, including case-by-case approaches, in the calculation of the *best estimate*.

...

15 COMMUNITY CO INSURANCE OPERATIONS

15.1 ~~In relation to *Community co-insurance operations*, where a *firm* is a *leading insurer* or a *relevant insurer*, the amount of *technical provisions* shall be determined according to 2 to 13.~~
[Deleted.]

15.2 ~~The *technical provisions* calculated by a *firm* which is a *relevant insurer* shall be at least equal to those determined by the *leading insurer*.~~[Deleted.]

Annex BV

Amendments to the Third Country Branches 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:

...

EEA MCR

means a capital requirement calculated in accordance with the *Minimum Capital Requirement* Part of the *PRA* Rulebook but taking account only of the operations effected by the *third country branch* and all the *third country undertaking EEA branches*

EEA SCR

means a capital requirement calculated in accordance with the *SCR Rules* but taking account only of the operations effected by the *third country branch* and all the *third country undertaking EEA branches*

EEA technical provisions

means the technical provisions established in accordance with the *Technical Provisions Part* of the *PRA* Rulebook to cover the insurance and reinsurance obligations assumed by a *UK deposit insurer* in the *EEA*

EEA deposit insurer

means a *third country branch undertaking* that has made a deposit in an *EEA State* (other than the *UK*) under Article 162(2)(e) of the *Solvency II Directive* in accordance with Article 167 of the *Solvency II Directive*

...

third country branch undertaking SCR

means

- (1) for a *UK deposit insurer*, *EEA SCR*;
- (2) for an *EEA deposit insurer*, its solvency capital requirement calculated according to the relevant *Solvency II EEA implementing measures* in the *EEA State* that supervises the solvency of the entire business of the branches within the *EEA* in accordance with Article 167 of the *Solvency II Directive*;
- (3) for all other *third country branch undertakings*, the *branch SCR*.

2 ACCOUNTING RECORDS IN THE UK

- 2.1 A *third country branch undertaking* must maintain at a place of business in the *UK* all records relating to:
- (1) the activities carried on from its *third country branch*; and
 - (2) if it is a *UK-deposit insurer*, the activities carried out from all the *third country undertaking EEA branches* ~~[deleted.]~~

3 LOCALISATION AND DEPOSIT OF ASSETS

- 3.1 A *third country branch undertaking* (except a *UK-deposit insurer*, an *EEA-deposit insurer* and a *third country branch undertaking* that has a *third country pure reinsurance branch*) must hold in the *UK* assets required to cover the *branch SCR*, as follows:
- (1) in the *UK*, assets representing the *branch SCR* up to the amount of the *branch MCR*; and
 - (2) in any *EEA State*, assets representing the amount of the *branch SCR* in excess of the amount of the *branch MCR*.
- 3.2 A *UK-deposit insurer* must hold assets required to cover the *EEA SCR* as follows:
- (1) in any of the *EEA States* where the *UK-deposit insurer* pursues its activities, assets representing the *EEA SCR* up to the amount of the *EEA MCR*; and
 - (2) in any *EEA State*, assets representing the amount of the *EEA SCR* in excess of the amount of the *EEA MCR* ~~[Deleted.]~~
- 3.3 A *third country branch undertaking* (except a *UK-deposit insurer* and a *third country branch undertaking* that has a *third country pure reinsurance branch*) must hold on deposit as security in the *UK* with a *CRD credit institution* assets of an amount equal to at least one quarter of the absolute floor of the *MCR* set out in Minimum Capital Requirement 3.2.

4 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

- 4.1 A *third country branch undertaking* ~~(except a *UK-deposit insurer* and an *EEA-deposit insurer*)~~ must:
- (1) calculate a *branch SCR*; and
 - (2) cover the *branch SCR* with *eligible own funds*.
- 4.2 A *third country branch undertaking* ~~(except a *UK-deposit insurer* and an *EEA-deposit insurer*)~~ must:
- (1) calculate a *branch MCR*; and
 - (2) cover the *branch MCR* with *eligible own funds*.
- ...
- 4.4 A *UK-deposit insurer* must:

- (1) calculate an ~~EEA SCR~~; and
- (2) cover the ~~EEA SCR~~ with ~~eligible own funds~~ ~~[Deleted.]~~

4.5 A ~~UK deposit insurer~~ must:

- (1) calculate an ~~EEA MCR~~; and
- (2) cover the ~~EEA MCR~~ with ~~eligible own funds~~ ~~[Deleted.]~~

4.6 For the purposes of the calculations referred to in 4.4(1) and 4.5(1), the ~~UK deposit insurer~~ must take account only of the operations effected by the ~~third country branch~~ and all the ~~third country undertaking EEA branches~~ ~~[Deleted.]~~

...

6 TECHNICAL PROVISIONS AND OWN FUNDS

6.1 A ~~third country branch undertaking~~ (except a ~~UK deposit insurer~~ and an ~~EEA deposit insurer~~) must establish adequate ~~branch technical provisions~~.

6.2 A ~~UK deposit insurer~~ must establish adequate ~~EEA technical provisions~~. ~~[Deleted.]~~

6.3 A ~~third country branch undertaking~~ (except an ~~EEA deposit insurer~~) must value assets and liabilities in accordance with the Valuation Part of the ~~PRA Rulebook~~ for the purposes of establishing the ~~branch technical provisions~~ (or, in the case of a ~~UK deposit insurer~~, the ~~EEA technical provisions~~).

6.4 A ~~third country branch undertaking~~ (except an ~~EEA deposit insurer~~) must determine and classify its ~~third country branch undertaking own funds~~ for the purposes of complying with its ~~branch SCR~~ and ~~branch MCR~~ (or, in the case of a ~~UK deposit insurer~~, its ~~EEA SCR~~ and ~~EEA MCR~~) in accordance with the Own Funds Part of the ~~PRA Rulebook~~ as if it were a ~~UK Solvency II firm~~.

6.5 A ~~third country branch undertaking~~ (except an ~~EEA deposit insurer~~) must fulfil the requirements in Own Funds 5 for the purposes of complying with its ~~branch SCR~~ and ~~branch MCR~~ (or, in the case of a ~~UK deposit insurer~~, its ~~EEA SCR~~ and ~~EEA MCR~~) as if it were a ~~UK Solvency II firm~~.

7 CONDITIONS GOVERNING BUSINESS

...

- 7.2 (1) A reference to “SCR” is to be interpreted as a reference to “~~third country branch — undertaking SCR~~” the ~~branch SCR~~.
- (2) A reference to “MCR” is to be interpreted as a reference to:
- (a) for a ~~UK deposit insurer~~, the ~~EEA MCR~~; ~~[deleted.]~~
 - (b) for an ~~EEA deposit insurer~~, its minimum capital requirement calculated in accordance with the relevant ~~Solvency II EEA implementing measures~~ in the ~~EEA State~~ that supervises the solvency of the entire business of the branches within the ~~EEA~~ in accordance with Article 167 of the ~~Solvency II Directive~~; ~~[deleted.]~~

- (c) ~~for all other third country branch undertakings,~~ the branch MCR.
- (3) A reference to “*technical provisions*” is to be interpreted as a reference to:
 - (a) ~~for a UK deposit insurer, the EEA technical provisions; [deleted.]~~
 - (b) ~~for an EEA deposit insurer, its technical provisions calculated in accordance with the relevant Solvency II EEA implementing measures in the EEA State that supervises the solvency of the entire business of the branches within the EEA in accordance with Article 167 of the Solvency II Directive [deleted.]~~
 - (c) ~~for all other third country branch undertakings,~~ the branch technical provisions.

...

- (5) A reference to “*internal model*” is to be interpreted as a reference to any *internal model* used by a *third country branch undertaking* to calculate the ~~third country branch undertaking~~ SCR branch SCR

7.3 A ~~third country branch undertaking (except a UK deposit insurer)~~ must apply the requirements referred to in 7.1 taking account only of matters relevant to the operations effected by the *third country branch*.

7.4 ~~A UK deposit insurer must apply the requirements referred to in 7.1 taking account only of matters relevant to the operations effected by the third country branch and all the third country undertaking EEA branches. [Deleted.]~~

8 INVESTMENTS

8.1 A *third country branch undertaking* must fulfil the requirements laid down in the Investments Part of the PRA Rulebook, as modified by 8.2 ~~to~~ and 8.48.3.

...

8.3 A ~~third country branch undertaking (except a UK deposit insurer)~~ must fulfil the requirements in the Investments Part of the PRA Rulebook taking account only of the operations effected by the *third country branch*.

8.4 ~~A UK deposit insurer must fulfil the requirements in the Investments Part of the PRA Rulebook taking account only of the operations effected by the third country branch and all the third country undertaking EEA branches. [Deleted.]~~

9 REPORTING

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

9.2 A ~~third country branch undertaking (except a UK deposit insurer)~~ must fulfil the requirements referred to in 9.1 taking account only of matters relevant to the operations effected by the *third country branch*.

9.3 ~~A UK deposit insurer must fulfil the requirements referred to in 9.1 taking account only of matters relevant to the operations effected by the third county branch and all the third country undertaking EEA branches. [Deleted.]~~

10 THIRD COUNTRY BRANCH UNDERTAKINGS IN DIFFICULTY

- 10.1 A *third country branch undertaking* (~~except an EEA deposit insurer~~) must fulfil the requirements laid down in Undertakings in Difficulty 2 to 5 as modified by 10.2.
- 10.2 (1) A reference to “SCR” is to be interpreted as a reference to the *branch SCR*, ~~or, for a UK deposit insurer, to the EEA SCR~~.
- (2) A reference to “MCR” is to be interpreted as a reference to the *branch MCR*, ~~or, for a UK deposit insurer, to the EEA MCR~~.
- (3) A reference to “technical provisions” is to be interpreted as a reference to the *branch technical provisions* ~~or, for a UK deposit insurer, to the EEA technical provisions~~.

11 SEPERATION OF LONG-TERM BUSINESS AND GENERAL BUSINESS

- 11.1
- (2) ~~Composites 3 and 4 do not apply to EEA deposit insurers. [deleted.]~~
- 11.2 (1) The requirements referred to in 11.1 must be fulfilled taking account only of the operations effected by the *third country branch*, ~~and, in the case of a UK deposit insurer, the operations effected by the third country branch and all the third country undertaking EEA branches~~.
- (2) The reference to “SCR” in Composites 4.6 is to be interpreted as a reference to the *branch SCR*, ~~and, for a UK deposit insurer, the EEA SCR~~.
- (3) The *notional life MCR*, *notional non-life MCR*, the *notional life SCR* and *notional non-life SCR* referred to in the Composites Part of the PRA Rulebook shall be calculated taking account only of the operations effected by the *third country branch* ~~and, in the case of a UK deposit insurer, the operations effected by the third country branch and all the third country undertaking EEA branches~~.

15 SOLVENCY II REGULATIONS

- ...
- 15.2 In complying with requirements imposed on it in the Solvency II Firms Sector of the PRA Rulebook, a *third country branch undertaking* must ensure that any provisions of the *Solvency II Regulations* relevant to the *third country branch* ~~or, for a UK deposit insurer, all the third country undertaking EEA branches~~, is applied in order to achieve the same effect as that provision of the *Solvency II Regulations* would have (that is, complying with the requirements of the relevant provision) when applied to a *UK Solvency II firm*.

Annex BW

Amendments to the Transitional Measures Part

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

...

3 REPORTING TO THE PRA AND PUBLIC DISCLOSURE

...

3.4 Where *Group Supervision 2.1(1) or (2)* applies, the submission under *Group Supervision 17.3* of the group regular supervisory report and annual quantitative templates required to be submitted in accordance with the *Solvency II Regulations* must be made by no later than:

- (1) 26 weeks after the financial year end of the ~~participating Solvency II undertaking~~ participating UK Solvency II firm, ultimate *insurance holding company* or ultimate *mixed financial holding company* in relation to its financial year ending on or after 30 June 2016 but before 1 January 2017;
- (2) 24 weeks after the financial year end of the ~~participating Solvency II undertaking~~ participating UK Solvency II firm, ultimate *insurance holding company* or ultimate *mixed financial holding company* in relation to its financial year ending on or after 1 January 2017 but before 1 January 2018;
- (3) 22 weeks after the financial year end of the ~~participating Solvency II undertaking~~ participating UK Solvency II firm, ultimate *insurance holding company* or ultimate *mixed financial holding company* in relation to its financial year ending on or after 1 January 2018 but before 1 January 2019;
- (4) 20 weeks after the financial year end of the ~~participating Solvency II undertaking~~ participating UK Solvency II firm, ultimate *insurance holding company* or ultimate *mixed financial holding company* in relation to its financial year ending on or after 1 January 2019 but before 1 January 2020.

3.5 A ~~participating Solvency II undertaking~~ participating UK Solvency II firm ~~that is a firm~~ or, if there are none, the *relevant insurance group undertakings* must disclose the solvency and financial condition at the level of the *group* under *Group Supervision 18.1* by no later than:

- (1) 26 weeks after the financial year end of the ~~participating Solvency II undertaking~~ participating UK Solvency II firm, ultimate *insurance holding company* or ultimate *mixed financial holding company* in relation to its financial year ending on or after 30 June 2016 but before 1 January 2017;
 - (2) 24 weeks after the financial year end of the ~~participating Solvency II undertaking~~ participating UK Solvency II firm, ultimate *insurance holding company* or ultimate *mixed financial holding company* in relation to its financial year ending on or after 1 January 2017 but before 1 January 2018;
 - (3) 22 weeks after the financial year end of the ~~participating Solvency II undertaking~~ participating UK Solvency II firm, ultimate *insurance holding company* or ultimate *mixed financial holding company* in relation to its financial year ending on or after 1 January 2018 but before 1 January 2019;
-

- (4) 20 weeks after the financial year end of the ~~participating Solvency II undertaking~~ participating UK Solvency II firm, ultimate *insurance holding company* or ultimate *mixed financial holding company* in relation to its financial year ending on or after 1 January 2019 but before 1 January 2020.

5 STANDARD FORMULA: THE BASIC SCR

- 5.1 Notwithstanding Solvency Capital Requirement – General Provisions 2, 3.1, 3.3, 3.4 and Solvency Capital Requirement – Standard Formula 3.1 to 3.3, the standard parameters to be used when calculating the *market risk* concentrations sub-module and the spread risk sub-module in accordance with the *standard formula* must be adjusted as follows:

...

- (3) from 1 January 2019 until *exit day*, the standard parameters must be reduced by 50% in relation to exposures to *EEA States*' central governments or central banks denominated and funded in the domestic currency of any other *EEA State*;
- (4) ~~from 1 January 2020 and onwards, the standard parameters must not be reduced in relation to exposures to *EEA States*' central governments or central banks denominated and funded in the domestic currency of any other *EEA State*.~~[deleted.]

...

8 GROUPS – INTERNAL MODELS

- 8.1 Notwithstanding Group Supervision 11.2, until 31 March 2022, the *group SCR* of a *group* based on consolidated data (consolidated *group SCR*) must be calculated on the basis of either:

...

- (3) approved *internal models*, where each approved *internal model* is applicable to a part of a *group* where both the ~~Solvency II undertaking~~ UK Solvency II firm and the ultimate *parent undertaking* are located in the ~~same EEA State~~ UK and that part of the *group* forms a distinct part having a significantly different risk profile from the rest of the *group*.

...

9 GROUPS

...

- 9.2 Where *Group Supervision* 2.1(1) or (2) applies, if a ~~participating Solvency II undertaking~~ participating UK Solvency II firm ~~that is a firm~~ or any *relevant insurance group undertaking* complies with the *pre-Solvency II GCRR* but during 2016 does not comply with the *group SCR*:

...

...

13 REPORT ON FINANCIAL AND SOLVENCY CONDITIONS

- 13.1 This Chapter applies to a disclosure of the *SFCR* by a *firm* or, as may be applicable, the report on solvency and financial condition at the level of the *group* by ~~participating Solvency II undertakings~~ participating UK Solvency II firms or the *relevant insurance group undertakings* within the *group*, made in relation to the first two relevant financial years starting on or after the *Solvency II implementation date*.
- 13.2 In the disclosure required by Reporting 3.1, a firm may, unless required under other legal or regulatory requirements (~~including any Solvency II EEA implementing measure~~), opt not to disclose the following separately when disclosing the amount of the *MCR* and *SCR* under Reporting 3.6:
- ...
- 13.3 In the disclosure required by Reporting 3.1 as applied to a *group* by Group Supervision 18.1, the ~~participating Solvency II undertakings~~ participating UK Solvency II firms ~~that are firms~~ or, if there are none, the *relevant insurance group undertakings* may, unless required under other legal or regulatory requirements (~~including any Solvency II EEA implementing measure~~), opt not to disclose the following separately when disclosing the amount of the *group SCR* under Reporting 3.6:
- ...

Annex BX

Amendments to the Undertakings in Difficulty Part

In this Annex new text is underlined.

...

3 NON-COMPLIANCE WITH THE SCR

...

3.2 If the *PRA* has extended the period referred to in 3.1(3), by reason of the declaration

(1) before *exit day* by *EIOPA*, or

(2) on or after *exit day* by the *PRA* pursuant to regulation 4A of the *Solvency 2 Regulations*.

of *exceptional adverse situations* affecting the *firm*, the *firm* must submit a progress report to the *PRA* every three *months* setting out the measures taken and the progress made to re-establish the level of *eligible own funds* covering the *SCR* or to reduce its risk profile to ensure compliance with the *SCR*.

...

Appendix 7: Draft Technical Standards (Central Securities Depositories) (Amendment etc.) (EU Exit) (No.2) Instrument (update to BTS 2017/392 and 2017/394)

EU EXIT INSTRUMENT: THE TECHNICAL STANDARDS (CENTRAL SECURITIES DEPOSITORIES) (AMENDMENT ETC.) (EU EXIT) (No.2) INSTRUMENT [YEAR]

Powers exercised

- A. The Bank of England (“the Bank”), being the appropriate regulator within the meaning of the Financial Regulators’ Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018 (“the Regulations”), with the approval of the Treasury, makes this instrument in exercise of the power conferred by regulation 3 of the Regulations.

History

- B. The Bank made the Technical Standards (Central Securities Depositories) (Amendment etc.) (EU Exit) Instrument 2019 on 28 March 2019. This made modifications to the CSD EU Regulations.

Pre-conditions to making

- C. The Bank is the appropriate regulator for the CSD EU Regulations.
- D. The Bank proposes to exercise the power in regulation 3 of the Regulations to modify the CSD EU Regulations.
- E. The Bank has consulted the Prudential Regulation Authority (“the PRA”) and the Financial Conduct Authority (“the FCA”) in accordance with regulation 5 of the Regulations.
- F. A draft of this instrument has been approved by the Treasury, the Minister considering that it makes appropriate provision to prevent, remedy or mitigate any failure of retained EU law to operate effectively, or any other deficiency in retained EU law, arising from the withdrawal of the United Kingdom from the European Union.

Interpretation

- G. In this instrument –
 - (a) “the Act” means the European Union (Withdrawal) Act 2018; and
 - (b) “the CSD EU Regulations” means the EU Regulations specified in Part 3 of the Schedule to the Regulations under the heading “Central Securities Depositories Regulation”, as they form part of domestic law by virtue of section 3 of the Act;
 - (c) “exit day” has the meaning given in the Act.
- H. Any reference in this instrument to any EU Regulation or EU tertiary legislation (within the meaning of section 20 of the European Union (Withdrawal) Act 2018) is, unless the contrary intention appears, to be treated as a reference to that EU regulation or EU tertiary legislation which is part of UK law by virtue of the European Union (Withdrawal) Act 2018.

Modifications

- I. The Bank makes the modifications contained in the Annex listed in column (2) below to the corresponding annex to the Technical Standards (Central Securities Depositories) (Amendment etc.) (EU Exit) Instrument 2019 (or part thereof) listed in column (1) below.

(1)	(2)
Annex D to the Technical Standards (Central Securities Depositories) (Amendment etc.) (EU Exit) Instrument 2019	A
Annex F to the Technical Standards (Central Securities Depositories) (Amendment etc.) (EU Exit) Instrument 2019	B

Commencement

J. This instrument comes into force on exit day.

Highlighted text

K. In each Annex to this instrument, modifications to the Technical Standards (Central Securities Depositories) (Amendment etc.) (EU Exit) Instrument 2019 are highlighted for the convenience of readers. The highlighting does not form part of the legislative text.

Citation

L. This instrument may be cited as the Technical Standards (Central Securities Depositories) (Amendment etc.) (EU Exit) (No.2) Instrument [year].

By order of the Bank of England

[Date]

Annex A

Authorisation, Supervision and Operational Requirements

1 MODIFICATIONS TO SPECIFIED PARAGRAPHS OF ANNEX D TO THE TECHNICAL STANDARDS (CENTRAL SECURITIES DEPOSITORIES) (AMENDMENT ETC.) (EU EXIT) INSTRUMENT 2019

- 1.1 In this Annex new text is underlined and deleted text is struck through.
- 1.2 Relevant provisions of paragraph 4.2 of Annex D to the Technical Standards (Central Securities Depositories) (Amendment etc.) (EU Exit) Instrument 2019 (which modifies Commission Delegated Regulation (EU) 2017/392 of 11 November 2016 supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on authorisation, supervisory and operational requirements for central securities depositories, as it forms part of domestic law by virtue of section 3 of the Act) are substituted as follows:

...

**CHAPTER XIII
ACCESS TO A CSD**

(Articles 33(5), 49(5), 52(3) and 53(4) of Regulation (EU) No 909/2014)

Article 88

Receiving and requesting parties

A1. For the purposes of this Chapter:

- (a) references to a CSD in relation to a request from an issuer in accordance with Articles 49(1) or 49(2) of Regulation (EU) No 909/2014 shall include a third-country CSD recognised under Article 25 of that Regulation; and
- (b) references to the competent authority of such a CSD shall be read as references to the competent authority responsible for recognition under Article 25 of Regulation (EU) No 909/2014; and
- (c) references to a securities settlement system operated by such a CSD shall be read as references to an SSS as defined in point (10A) of Article 2(1) of Regulation (EU) No 909/2014.

...

SECTION 1

Criteria justifying refusal of access

(Articles 33(3), 49(3), 52(2) and 53(3) of Regulation (EU) No 909/2014)

Article 89

Risks to be taken into account by CSDs and competent authorities

...

6. When assessing legal risks following a request for access by a trading venue, a CSD and its competent authority shall take into account the following criteria:

(a) the criteria set out in point (b) of paragraph 2;

(b) where a trading venue is established in a third country, the requesting trading venue is not subject to a regulatory and supervisory framework comparable to the regulatory and supervisory framework applicable to a UK trading venue ~~in the Union~~;

...

SECTION 2

Procedure for refusal of access

(Articles 33(3), 49(4), 52(2) and 53(3) of Regulation (EU) No 909/2014)

Article 90

Procedure

1. In the event of a refusal of access, the requesting party shall have the right to complain within one month from the receipt of the refusal to the competent authority of the receiving CSD, UK CCP or UK trading venue that has refused access to it in accordance with Articles 33(3), 49(4), 52(2) or 53(3) of Regulation (EU) No 909/2014.

...

Annex B

Templates and Procedures for Authorisation, Supervision and Operational Requirements

2 MODIFICATIONS TO SPECIFIED PARAGRAPHS OF ANNEX F TO THE TECHNICAL STANDARDS (CENTRAL SECURITIES DEPOSITORIES) (AMENDMENT ETC.) (EU EXIT) INSTRUMENT 2019

- 2.1 In this Annex new text is underlined and deleted text is struck through.
- 2.2 Relevant provisions of paragraph 6.2 of Annex F to the Technical Standards (Central Securities Depositories) (Amendment etc.) (EU Exit) Instrument 2019 (which modifies Commission Implementing Regulation (EU) 2017/394 of 11 November 2016 laying down implementing technical standards with regard to standard forms, templates and procedures for authorisation, review and evaluation of central securities depositories, for the cooperation between authorities of the home Member State and the host Member State, for the consultation of authorities involved in the authorisation to provide banking-type ancillary services, for access involving central securities depositories, and with regard to the format of the records to be maintained by central securities depositories in accordance with Regulation (EU) No 909/2014 of the European Parliament and of the Council, as it forms part of domestic law by virtue of section 3 of the Act) are substituted as follows:

...

CHAPTER V ACCESS

(Articles 33(6), 49(6), 52(4) and 53(5) of Regulation (EU) No 909/2014)

Article 12

Standard forms and templates for the access procedure

A1. For the purposes of this Chapter:

- (a) references to a CSD in relation to a request from an issuer in accordance with Articles 49(1) or 49(2) of Regulation (EU) No 909/2014 shall include a third-country CSD recognised under Article 25 of that Regulation; and
- (b) references to the competent authority of such a CSD shall be read as references to the competent authority responsible for recognition under Article 25 of Regulation (EU) No 909/2014; and
- (c) references to a securities settlement system operated by such a CSD shall be read as references to an SSS as defined in point (10A) of Article 2(1) of Regulation (EU) No 909/2014.

...