[Note: for consultation purposes, modifications to the PRA Rulebook: (EU Exit) Instrument 2019 are highlighted for the convenience of readers. This highlighting will not appear in any final instrument and will not form part of the legislative text.]

PRA RULEBOOK: (EU EXIT) INSTRUMENT 2020

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) Instrument 2020

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

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

J. Subject to paragraphs K and L below, this instrument comes into force on IP completion day, as defined in the European Union (Withdrawal Agreement) Act 2020.

K. Paragraph H of this instrument comes into force on the making of this instrument.

L. Annex BI comes into force on 1 April 2021.

Citation

M. This instrument may be cited as the PRA Rulebook: (EU Exit) Instrument 2020.

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. (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. (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 IP completion 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) for a small non-directive insurer, means the standards of expected conduct specified in Non-Solvency II Firms - Conduct Standards 2;

(5) for a large non-directive insurer, means the standards of expected conduct specified in Large Non-Solvency II Firms - Conduct Standards 3; and

(6) 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 (2) 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 or 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.

... 


... 

financial instruments means the those instruments specified in Section C of Annex I to MiFID II Part 1 of Schedule 2 to the Regulated Activities Order, read with Part 2 of that Schedule.

...
group (in the Solvency II Firms Sector of the PRA Rulebook) means a group of undertakings that:

(1) consists of a participating undertaking, its subsidiary undertakings and the undertakings in which it holds a participation, as well as undertakings linked to each other by an Article 12(1) relationship a common management relationship; or

home Member State has the meaning given in Article 4(1)(43) of the CRR.

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 FSMA.

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 parent undertaking, other than a Solvency II undertaking UK Solvency II firm and a mixed financial holding company, the main business of which is to acquire and hold participations in subsidiary undertakings and which fulfils the following conditions:

(1) its subsidiary undertakings are either exclusively or mainly Solvency II undertakings UK Solvency II firms, third country insurance undertakings or third country reinsurance undertakings; and

(2) at least one of those subsidiary undertakings is a Solvency II undertaking UK Solvency II firm.

insurance special purpose vehicle means an UK ISPV

ISPV means:

(1) a UK ISPV; or

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

investment services means any of the services and activities listed in Section A of Annex I.
and/or activities 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.

IP completion day has the meaning given in section 39(1) of the European Union (Withdrawal Agreement) Act 2020.

…

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:

…

(e) the function of effectively running the operations effected by the third country branch or, for a UK deposit insurer, the operations effected by the third country branch and all the third country undertaking EEA branches;

…

(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 IP completion 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 IP completion 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;
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

1. (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 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).
(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 II Regulations, an undertaking effectively exercises a significant influence over another undertaking.

...passported 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

...

recognised scheme means a scheme recognised under:

(1) section 264 of FSMA (Schemes constituted in other EEA States);

(2)(1) section 270 of FSMA (Schemes authorised in designated countries or territories); or

(3)(2) section 272 of FSMA (Individually recognised overseas schemes).
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 FSMA.

relevant insurance group undertaking means, in relation to a group falling within Group Supervision 2.1(1) or 2.1(2), each UK Solvency II undertaking UK Solvency II firm within that group.

relevant insurer means, in relation to a Community co-insurance operation, an insurer which is concerned in the operation but is not the leading insurer.

relevant legislation means:

(5) any directly applicable EU regulation

relevant risk-free interest rate term structure means the relevant risk-free interest rate term structure, in accordance with:

(1) Technical Provisions 5 and 8.3 to 8.4;

(2) the Solvency II Regulations adopted under Article 86 of the Solvency II Directive; and

(3) where a reporting reference date falls before IP completion 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.
(4) where a reporting reference date falls on or after IP completion day, the relevant technical information made by the PRA in accordance with regulation 4B(1) of the Solvency 2 Regulations.

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

retained EU law has the meaning given in section 6(7) of the European Union (Withdrawal) Act 2018.

risk concentration has the meaning given in point (18) of Article 2 of the Financial Groups Directive means 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.

risk-mitigation techniques means all techniques which enable a Solvency II undertaking UK Solvency II firm 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 means an undertaking, whether incorporated or not,
purpose vehicle. 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.

SRO insurer means a SRO firm with permission to effect contracts of insurance or carry out contracts of insurance.

supervisory authority 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.

third country means any country or territory or country other than the United Kingdom that is not an EEA State.

third country CRR firm means an overseas firm that

(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.
third country firm means an overseas firm that is not an incoming firm.

third country insurance services provider 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.

third country insurance undertaking 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.

third country investment firm 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 EEAUK 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 IP completion day, 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 IP completion day, in accordance with the relevant technical information published by the PRA in accordance with regulation 4B(1) of the Solvency II 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 IP completion day;

2. to an EU directive is a reference to the directive as it had effect in EU law immediately before IP completion 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 IP completion day for that implementation or transposition;

4. to an enactment which has been amended on or before IP completion 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 IP completion 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 IP completion day.

2. Accordingly, any provision of the PRA Rulebook which immediately before IP completion 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 IP completion 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 new text is underlined and 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. [Deleted.]

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. 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.

**direct electronic access** has the meaning given in Article 4(1)(41) of MiFID II. 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).

**trading venue** has the meaning given in Article 4(1)(24) of MiFID II. means a *regulated market*, an *MTF* or an *OTF*.

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 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:
   (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 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 third country CRR firm prescribed responsibilities, 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 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, its activities in the UK.

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

(8) responsibility for the allocation of all UK branch 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 a Part 4A permission 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 a Part 4A permission 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 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), a 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.
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 Article 111 of the CRD Part 6 of the Capital Requirements Regulations.

...
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 new text is underlined and 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 passported activities by it from a branch in another EEA state. [deleted.] ...

1.1A 2.1A to 2.2B 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 before IP completion day, they were made for the purpose of transposing an EU instrument.

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](#) or a [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 and deleted text is struck through.

1 APPLICATION AND DEFINITIONS

1.1 (1) This part applies to every function a person (P) performs in relation to a firm (A) 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:

... 

eligibility 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 EU/UK law or of the law of a third country achieving effects that can be deemed equivalent to EU/UK law. ... 

micro, small and medium-sized enterprises 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 the Commission Recommendation 2003/361/EC, taking into account all other provisions in the Annex to Commission Recommendation 2003/361/EC relevant to calculation of that criterion (including any relevant data from partner enterprises or linked enterprises in accordance with Article 3). 

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 IP completion 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 IP completion day.

Draft for consultation
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.

...
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 243-244 of the CRR or paragraph 2 of Article 244-245 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 6.3, 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 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, 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, 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 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 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 IP completion day the maturity referred to therein shall be no later than 31 March 2022.

6A.2 The references in 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 IP completion day the maturity referred to therein shall be no later than 31 March 2022.
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 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 EU Exit Regulations


DGS member

...

(5) an overseas firm if:

(a) the firm has a Part 4A permission that includes accepting deposits; and

(b) deposits are held by a UK establishment of the firm.

...

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 IP completion day, a list in the form set out in Section B of Annex 3 to this Part; and

(3) from IP completion 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 IP completion 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 UK 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**

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, taking into account all other provisions in the Annex to Commission Recommendation 2003/361/EC relevant to calculation of that criterion (including any relevant data from partner enterprises or linked enterprises in accordance with Article 3).

... money laundering

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

**money laundering directive**

... 

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 IP completion 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 IP completion 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 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.

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

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:
... 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 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:

... 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:

... 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 IP completion day, a credit institution and an incoming firm, and which is a DGS member immediately after IP completion day, must, within two months after IP completion 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 transpose position 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 IP completion day, were eligible deposits; and

(2) on IP completion 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 IP completion day; and must do so as soon as practicably possible after IP completion day and in any event within one month after IP completion 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 a 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
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]

48.2 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 Gibraltar 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 Gibraltar 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] 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] 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 and 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 IP completion 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 fund
- 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 instrument⁴ 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.

---

Draft for consultation
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 APPLICATION 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 Fees Part

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

1 APPLICATION AND DEFINITIONS

In this Part, the following definitions shall apply:

... cross border services means:

(1) for a former incoming EEA firm or a former incoming Treaty firm, services provided within the UK prior to IP completion day under the freedom to provide services and subsequently under any legislative provision which replaces it;
(2) for Gibraltar-based firms, services provided under an entitlement conferred by the Financial Services and Markets Act 2000 (Gibraltar) Order 2001 in the United Kingdom without using a physical presence there to offer or provide those services.

... first fee year means the fee year during which a firm becomes authorised or receives an extended Part 4A permission in relation to PRA-regulated activity, but for the purposes of the 2020-21 fee year this does not include firms which are former incoming EEA firms or former incoming Treaty firms and where the same legal entity receives new or extended Part 4A permission in relation to PRA-regulated activity during the course of that fee year.

former freedom of services provider means firms which, immediately prior to IP completion day, relied on an EEA or Treaty right to provide services in the United Kingdom without using a physical presence there to offer or provide those services, and which immediately after IP completion day, are authorised by the PRA as a result of the EEA Passport Rights (Amendment, etc and Transitional Provisions) (EU Exit) Regulations 2018 in relation to those services, and continue not to use a physical presence in the United Kingdom to offer or provide them.

... former incoming EEA firm means a person who immediately before IP completion day was authorised to carry on a regulated activity by virtue of section 31(1)(b) of FSMA.

former incoming Treaty firm
means a person who immediately before IP completion day was authorised to carry on a regulated activity by virtue of section 31(1)(c) of FSMA.

... 

**Gibraltar-based firms**

has the meaning in the Financial Services and Markets Act (Gibraltar) Order 2001.

... 

**non-EEA branches**

means United Kingdom branches of firms which are incorporated outside the EEA.

... 

**passported activity**

means:

1. for former incoming EEA firms and former incoming Treaty firms, an activity carried on under an EEA right or Treaty right, prior to IP completion day, and subsequently under any legislative provision which replaces it;

... 

**third country branch**

means United Kingdom branches of firms which are incorporated elsewhere in the world, excluding Gibraltar.

... 

**Treaty firm**

means, as defined in paragraph 1 of Schedule 4 of FSMA, a person whose head office is situated in an EEA state other than the United Kingdom and which is recognised by the law of that state as its national.

3 PERIODIC FEES

3.6 The following requirements apply to all firms whose activities give rise to periodic fees, other than firms which pay only a flat rate of fee:

... 

3.6.3 for an incoming EEA firm or an incoming Treaty firm in the deposit acceptors fee block, the information required for the tariff base is in relation to the regulated activities of the firm.
carried on in the United Kingdom, other than those provided on a cross-border services basis.

(3A) for third country branches, former freedom of service providers and Gibraltar-based firms, the information required for the tariff base is in relation to PRA regulated activities of the firm carried on from offices in the United Kingdom.

3.11 The following modifications to periodic fees will apply:

(1) In relation to former incoming EEA firms and former incoming Treaty firms:

(a) the modifications in 3.7 apply only in relation to the relevant regulated activities of the firm which are EEA passported activities or activities of a former incoming Treaty firm exercising rights under Schedule 4 of FSMA. [deleted]

(1A) In relation to Gibraltar-based firms, the modifications in 3.7 apply only in relation to the relevant regulated activities of the firm carried on from offices in the United Kingdom.

Periodic Fees Schedule – Fee Rates and Modifications for Gibraltar-based Firms and former incoming EEA/Treaty Firms modifications for the Period from 1 March 2020 to 29 February 2021

TABLE IV – MODIFICATIONS TO PERIODIC FEES FOR GIBRALTAR-BASED FIRMS, FORMER INCOMING EEA FIRMS AND FORMER INCOMING TREATY FIRMS WITH BRANCHES IN THE UK

<table>
<thead>
<tr>
<th>Fee payer</th>
<th>Discount applied to periodic fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>A1 deposit acceptors fee block</td>
<td>50%</td>
</tr>
<tr>
<td>A3 general insurers fee block</td>
<td>90%</td>
</tr>
<tr>
<td>A4 life insurers fee block</td>
<td>90%</td>
</tr>
<tr>
<td>[deleted]</td>
<td>[deleted]</td>
</tr>
<tr>
<td>Former incoming EEA firms and, former incoming Treaty firms and Gibraltar-based firms offering cross border services only</td>
<td>100%</td>
</tr>
</tbody>
</table>
4 REGULATORY TRANSACTION FEES

4.1 This chapter does not apply to EEA firms wishing to exercise an EEA right. Gibraltar-based firms exercising entitlements under the Financial Services and Markets Act 2000 (Gibraltar) Order 2001.

4.5 (6) Where a new authorisation under 4.5 or an exercise of Treaty rights entitlements by a Gibraltar-based firm under in line with 4.6A relates to more than one PRA regulated activity, a single fee, being the highest applicable regulatory transaction fee, is payable.

Exercise of Treaty rights

4.6 Regulatory transaction fees are payable as follows by incoming Treaty firms seeking to exercise a Treaty right in order to qualify for authorisation under Schedule 4 FSMA in respect of PRA regulated activities for which it does not have EEA passporting rights and which are not restricted to providing cross border services:

(1) unless 4.6(2) applies:

(a) 50% of the amount payable under 4.5 if the permitted activities are being undertaken through the firm’s branch in the United Kingdom;

(b) 25% of the amount payable under 4.5 if the permitted activities are being undertaken by providing cross border services in the United Kingdom.

(2) No regulatory transaction fees are payable if HM Treasury has issued a certificate under paragraph 3(4) of Schedule 4 of FSMA confirming that equivalent protection is provided under the law of an EEA state other than the United Kingdom.
Annex V

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 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);

(2) 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]

Please see: https://www.bankofengland.co.uk/prudential-regulation/publication/2020/uk-withdrawal-from-the-eu-changes-before-the-end-of-the-transition-period
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:

<table>
<thead>
<tr>
<th>COLUMN A</th>
<th>COLUMN B</th>
<th>COLUMN C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Conglomerates Directive</td>
<td>(PRA Handbook as at 31 December 2015)</td>
<td>Financial Conglomerates (PRA Rulebook)</td>
</tr>
<tr>
<td>Art 3.3 - Regulation 16 of the Financial Conglomerates Regulations</td>
<td>Rule 3.1.5 waiver</td>
<td>Rule 2.1 waiver</td>
</tr>
<tr>
<td>Art 3.3a - Regulation 17 of the Financial Conglomerates Regulations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Art 3.5 - Regulation 19 of the Financial Conglomerates Regulations</td>
<td>Rule 3.1.11 waiver</td>
<td>Rule 2.7 waiver</td>
</tr>
<tr>
<td>Art 3.4(b) - Regulation 18(b) of the Financial Conglomerates Regulations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Art 6(5) - Regulation 24 of the Financial Conglomerates Regulations</td>
<td>Rule 3.1.29 waiver</td>
<td>Rule 3.3 waiver</td>
</tr>
</tbody>
</table>
Annex 1 – Financial Conglomerate Decision Tree

Is at least one of the members in the consolidated group within the insurance sector and at least one within the banking sector or investment services sector?
Article 2(14)(a)(i) and Article 2(14)(b)(i)

Is an EEA regulated entity a UK regulated entity at the head of the consolidation group?
Article 2(14)(a)

Does an EEA regulated entity a UK regulated entity satisfy at least one of the conditions in the footnote below?
Article 2(14)(a)(i)

THRESHOLD TEST 1
Does the ratio of the balance sheet total of the members of the consolidation group in the overall financial sector to the balance sheet total of the consolidation group as a whole exceed 40%?
Article 2(14)(a)(i)

THRESHOLD TEST 2
Does, for each financial sector, the average of:
(1) the ratio of the balance sheet total of that financial sector to the balance sheet total of the overall financial sector; and
(2) the ratio of the solvency and capital adequacy requirements of the same financial sector to the total solvency and capital adequacy requirements of members in the overall financial sector; exceed 10%?
Article 2(14)(a)(ii) and Article 2(14)(b)(ii)

THRESHOLD TEST 3
Does the balance sheet total of the smallest financial sector exceed EUR6 billion?
Article 2(14)(a)(iii) and Article 2(14)(b)(iii)

FINANCIAL CONGLOMERATE

NOT A FINANCIAL CONGLOMERATE

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 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

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

5 Table Part 3: Principles applicable to all methods

<table>
<thead>
<tr>
<th>Application of sectoral rules: general</th>
<th>5.4</th>
<th>The following adjustments apply to the applicable sectoral rules as they are applied by the rules in this Annex.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
<td>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).</td>
</tr>
<tr>
<td></td>
<td>(2)</td>
<td>If it would not otherwise have been included, an ancillary insurance services undertaking is included in the insurance sector.</td>
</tr>
<tr>
<td></td>
<td>(3)</td>
<td>The scope of those rules is amended so as to remove restrictions relating to where members of the financial conglomerate are incorporated or have their head office, so that the scope covers every member of the financial conglomerate that would have been included in the scope of those rules if those members had their head offices in the UK an EEA State.</td>
</tr>
<tr>
<td></td>
<td>(4)</td>
<td>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 financial sector to exclude those for a member of another financial sector.</td>
</tr>
<tr>
<td></td>
<td>(5)</td>
<td>Any waiver granted to a member of the financial conglomerate under those rules does not apply for the purposes of this annex.</td>
</tr>
</tbody>
</table>

6 Table: Part 4: Definitions used in this Annex

<table>
<thead>
<tr>
<th>Solo capital resources</th>
<th>6.4</th>
<th>The solo capital resources requirement of an undertaking in the insurance sector is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requirement</td>
<td>Description</td>
<td></td>
</tr>
<tr>
<td>-------------</td>
<td>-------------</td>
<td></td>
</tr>
<tr>
<td>(a)</td>
<td>in respect of a UK Solvency II firm, the SCR;</td>
<td></td>
</tr>
<tr>
<td>(b)</td>
<td>in respect of a Solvency II undertaking other than a UK Solvency II firm, the equivalent of the SCR as calculated in accordance with the Solvency II EEA implementing measures in the EEA State in which it has received authorisation in accordance with article 14 of the Solvency II Directive; [deleted.]</td>
<td></td>
</tr>
<tr>
<td>(c)</td>
<td>in respect of a third country insurance undertaking or third country reinsurance undertaking to which Group Supervision, 10.4(2) applies, the equivalent of the SCR as calculated in accordance with the applicable requirements in that third country;</td>
<td></td>
</tr>
<tr>
<td>(d)</td>
<td>in respect of any undertaking 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 undertaking for the purposes of the calculation referred to in Group Supervision and Chapter I of Title II of the delegated acts or, if no rules are applicable for that calculation under Group Supervision and Chapter I of Title II of the delegated acts, in accordance with the SCR Rules.</td>
<td></td>
</tr>
</tbody>
</table>

**Solo capital resources requirement: EEA firms in the banking sector or investment services sector**

6.5 The solo capital resources requirement for an EEA regulated entity (other than a bank, building society, designated investment firm, IFPRU investment firm as defined in the FCA Handbook, BIPRU firm as defined in the FCA Handbook, an insurer or an EEA insurer) that is subject to the solo capital adequacy sectoral rules for its financial sector of the competent authority that authorised it is equal to the amount of capital it is obliged to hold under those sectoral rules provided that the following conditions are satisfied. [Deleted.]

(1) for the purposes of the banking sector and the investment services sector, those sectoral rules must correspond to the PRA sectoral rules identified in paragraph 6.2 as applying to that financial sector;

(2) the entity must be subject to those sectoral rules in (1); and

(3) paragraph 6.3 applies to the entity and those sectoral rules.

**Solo capital resources requirement: non-EEA**

6.6 The solo capital resources requirement for a recognised third country credit institution or a recognised third country investment firm is the amount of capital resources that it is obliged to hold...
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:

- 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

- 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

<table>
<thead>
<tr>
<th>2.1</th>
<th>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:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>to remove any provisions disapplying those rules for third country financial conglomerates;</td>
</tr>
<tr>
<td>(2)</td>
<td>to remove all limitations relating to where a member of the third country financial conglomerate is incorporated or has its head office; and</td>
</tr>
<tr>
<td>(3)</td>
<td>so that the scope covers every member of the third country financial conglomerate that would have been included in the scope of those rules if those members had their head offices in, and were incorporated in, an EEA State the UK.</td>
</tr>
</tbody>
</table>
Annex W

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 X

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

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 Y

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

In this Annex new text is underlined.

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 FEE S 1; and

(2) includes CRO insurers.
Annex Z

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 passported 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 AA

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;
(b) an incoming EEA firm which has permission only for cross border services and which does not carry on regulated activities in the UK;
(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;

(e) general insurance business if:

(i) the State of the risk is an EEA State other than the UK;
(ii) the State of the risk is outside the EEA 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;
(ii) the policyholder’s habitual residence is outside the EEA and the policyholder is not present in the UK when the contract of insurance is entered into;

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 is 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:

(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.
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”;

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...
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 AB

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 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 AC

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 AD

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 II 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) of The Gibraltar (Miscellaneous Amendments) (EU Exit) Regulations 2019;

(2) a Gibraltarian reinsurance undertaking as defined under Regulation 10(2) of 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, 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 IP completion day by EIOPA; or
(b) on or after IP completion 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 IP completion 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.
...

Draft for consultation
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 MANagements

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]
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 OBSAs;

(4) (a) the parent undertaking; or

(b) one or more relevant insurance group undertakings,

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 companies; 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 direction 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 direction 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 AE

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 AF

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 AG

Amendments to the Incoming Firms and Third Country Firms Part

In this Annex new text is underlined and 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

(2) a third country firm.

that is:

(3) a bank; or

(4) a designated investment firm.

...
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

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 A1

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; and

(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 AJ

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.

Please see: https://www.bankofengland.co.uk/prudential-regulation/publication/2020/uk-withdrawal-from-the-eu-changes-before-the-end-of-the-transition-period
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), (f) or (g) you must comply at all times with the conduct standards specified in 3.1 to 3.3.
Annex AK

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: 

...
Amendments to the Insurance – Senior Management Functions 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, 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.

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 AM

Amendments to the Insurance – 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:

... 

(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 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 IP completion 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 IP completion 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.
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 AN

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 AO

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 AP

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 AQ

Amendments to the Insurance General Application Part

In this Annex new text is underlined and 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:

---

(2) immediately and for as long as for so long as it continues to carry out contracts of insurance effected before IP completion day if:

(a) it exercises exercised EEA rights under the Solvency II Directive before IP completion 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 IP completion day if;

... (2) it exercised EEA rights under the Solvency II Directive before IP completion 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 AR

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 ISPs VS 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 ISPs VS 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 AS

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.

*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.

... 

...
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 AT

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 AU

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.
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 AV

Amendments to the Large Exposures 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:

... 

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.

... 

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.

...

5 LARGE EXPOSURES – STRICHER REQUIREMENT FOR EXPOSURES OF G-SIIS AND O-SIIS TO CERTAIN FRENCH COUNTERPARTIES

... Level of application

5.3 A firm which is a UK parent institution in a Member State must comply with this Chapter on the basis of its consolidated situation.

5.4 A firm controlled by a UK parent institution in a Member State or 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 Chapter on the basis of the consolidated situation of that parent institution or holding company.

...
Annex AW

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 AX

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 111 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 AY

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:

\textit{captive insurer}

means a \textit{Solvency II undertaking UK Solvency II firm} owned by:

(1) a financial \textit{undertaking} other than a \textit{Solvency II undertaking UK Solvency II firm}; or

(2) a \textit{group} of \textit{Solvency II undertakings UK Solvency II firms}; or

(3) a non-\textit{financial undertaking};

the purpose of which is to provide insurance cover exclusively for the risks of the \textit{undertaking or undertakings} to which it belongs, or of an \textit{undertaking or undertakings}, of the \textit{group} of which that \textit{Solvency II undertaking UK Solvency II firm} is a member.

\textit{captive reinsurer}

means a \textit{Solvency II undertaking UK Solvency II firm} that is a \textit{pure reinsurer} owned by:

(1) a financial \textit{undertaking} other than a \textit{Solvency II undertaking UK Solvency II firm}; or

(2) a \textit{group} of \textit{Solvency II undertakings UK Solvency II firms}; or

(3) a non-\textit{financial undertaking};

the purpose of which is to provide \textit{reinsurance} cover exclusively for the risks of the \textit{undertaking or undertakings} to which it belongs or of an \textit{undertaking or undertakings}, of the \textit{group} of which that \textit{pure reinsurer} is a member.
Annex AZ

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. applies in full
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;

2.4-2.5 apply in full;

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;

3-4 do not apply;

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;

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;

5.5 applies in full; and

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:

(1b) commencing the provision of cross border services into a new territory;

(deleted)

(1f) 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 BA

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:

... with respect to the carrying on of passported activities by it from a branch in another EEA state.

(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:

... 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 BB

Amendments to the Passporting Part

This Part is deleted.

Part

PASSPORTING

Deleted
Annex BC

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


... 

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 21.6 - 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 IP completion day) a contract of insurance within 9.2A;

(1) (if issued after 1 December 2001 and before IP completion 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 IP completion 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;
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 IP completion 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 IP completion day) is a UK firm issuing and issued that 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 IP completion day) is a firm which is not a UK firm issuing a 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 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 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

<table>
<thead>
<tr>
<th>Insurance Class B1</th>
<th>General Insurance Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firms with permission for:</td>
<td>...</td>
</tr>
<tr>
<td>Tariff base</td>
<td>Insurance Class B1: Relevant net premium income and eligible liabilities. Relevant net premium income is calculated in accordance with the method applicable to the firm for calculating ‘gross written premium for fees purposes’ in Fees 1.2 and Fees 3.4 (2) (b) with the following adjustments: ...</td>
</tr>
<tr>
<td></td>
<td>(2) If an incoming EEA firm does not report relevant net premium income in the way contemplated in this table, the participant firm’s relevant net premium income is calculated in the same way as they would be for a UK firm. [deleted.]</td>
</tr>
<tr>
<td></td>
<td>Eligible liabilities are calculated in accordance with the method applicable to the firm for calculating ‘best estimate liabilities for fees purposes’ in Fees 1.2 and Fees 3.4 (2) (b) with the following adjustments: ...</td>
</tr>
<tr>
<td></td>
<td>(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.]</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Insurance Class C1</th>
<th>Life and Pensions Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firms with permission for:</td>
<td>...</td>
</tr>
<tr>
<td>Tariff base</td>
<td>Insurance Class C1: Relevant net premium income and eligible liabilities. Relevant net premium income is calculated in accordance with the method applicable to the firm for calculating ‘gross written premium for fees purposes’ in Fees 1.2 and Fees 3.4 (3) (c) with the following adjustments: ...</td>
</tr>
<tr>
<td></td>
<td>(5) If an incoming EEA firm does not report relevant net premium income in the way contemplated in this table, the participant firm’s relevant premium income is calculated in the same way as they would be for a UK firm. [deleted.]</td>
</tr>
<tr>
<td></td>
<td>Eligible liabilities are calculated in accordance with the method applicable to the firm for calculating ‘best estimate liabilities for fee purposes’ as defined</td>
</tr>
</tbody>
</table>
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 BD

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 BE

Amendments to the Record Keeping 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 passported 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 BF

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

Please see: https://www.bankofengland.co.uk/prudential-regulation/publication/2020/uk-withdrawal-from-the-eu-changes-before-the-end-of-the-transition-period

Draft for consultation
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:

(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 BG

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

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.

...

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:

<table>
<thead>
<tr>
<th>RAG 1</th>
<th>Prudential category of firm, applicable data items and reporting format (1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>UK bank other than a ring-fenced body</td>
</tr>
<tr>
<td>Description of data item</td>
<td>FSA047 ((13), (16) and (18))</td>
</tr>
<tr>
<td>Daily Flows</td>
<td></td>
</tr>
</tbody>
</table>


(35) 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.

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.
Annex BH

Amendments to the Regulatory Reporting Part

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

2 REPORTING REQUIREMENTS – DATA ITEMS

2.10 An incoming firm or a third country firm, that is a bank or designated investment firm, must also submit data items as required by Chapter 22.

7 REGULATED ACTIVITY GROUP 1

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.

<table>
<thead>
<tr>
<th>RAG 1</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Data item</td>
<td>UK banks and building societies (on an unconsolidated or individual consolidated basis) (9)</td>
<td>UK banks and building societies (on a UK consolidation group, domestic liquidity sub-group or sub-consolidation group basis, as applicable)</td>
<td>Other members of RAG 1</td>
</tr>
<tr>
<td>...</td>
<td>(deleted)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PRA110</td>
<td>Daily, weekly or monthly (2) (13) (14)</td>
<td>Daily, weekly or monthly (2) (13) (14)</td>
<td>[deleted]</td>
</tr>
<tr>
<td>...</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) If the reporting frequency would otherwise be weekly, the item is to be reported on every business day if (and for as long as) there is a specific liquidity stress or market liquidity stress in relation to the firm, branch or group in question.

(b) If the reporting frequency would otherwise be monthly, the item is to be reported:

(i) every business day if the firm has total assets, calculated in accordance with provisions implementing Council Directive 86/635/EEC, equal to or greater than £5 billion on an individual basis or UK consolidation group basis; and
(ii) weekly if the firm has total assets, calculated in accordance with provisions implementing Council Directive 86/635/EEC, of less than £5 billion on both an individual basis and UK consolidation group basis,

if (and for as long as) there is a specific liquidity stress or market liquidity stress in relation to the firm, branch or group in question.

...

9 REGULATED ACTIVITY GROUP 3

9.3 The applicable reporting frequencies for submission of data items and periods referred to in 9.2 are set out in the table below. Reporting frequencies are calculated from a firm's accounting reference date unless indicated otherwise.

<table>
<thead>
<tr>
<th>Data item</th>
<th>Reporting frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRA110</td>
<td>Daily, weekly or monthly (9) (10) (11)</td>
</tr>
</tbody>
</table>

...

(10)

(a) If the reporting frequency would otherwise be weekly, the item is to be reported on every business day if (and for as long as) there is a specific liquidity stress or market liquidity stress in relation to the firm, branch or group in question.

(b) If the reporting frequency would otherwise be monthly, the item is to be reported:

(i) every business day if the firm has total assets, calculated in accordance with provisions implementing Council Directive 86/635/EEC, equal to or greater than £5 billion on an individual basis or UK consolidation group basis; and

(ii) weekly if the firm has total assets, calculated in accordance with provisions implementing Council Directive 86/635/EEC, of less than £5 billion on both an individual basis and UK consolidation group basis,

if (and for as long as) there is a specific liquidity stress or market liquidity stress in relation to the firm, branch or group in question.

...

22 BRANCH RETURN REPORTING

22.1 This Chapter applies only to:

(1) an incoming firm; or

(1) a third country firm;

that is:

(2) a bank; or

(3) a designated investment firm.
Annex B1

Amendments to the Regulatory Reporting Part

In this Annex deleted text is struck through.

2 REPORTING REQUIREMENTS – DATA ITEMS

2.11 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 23.

23 REGULATORY MORTGAGE CONTRACT REPORTING

23.1 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 BJ

Amendments to the Related Party Transaction Risk Part

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

1 APPLICATION 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 BK

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) passported 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 BL

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 BM

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 BN

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 BO

Amendments to the Resolution Assessment 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 firm that is a UK bank or building society that, on the firm’s last accounting reference date, had retail deposits equal to or greater than £50 billion on:

(1) an individual basis;

(2) if the firm is a UK parent institution in a Member State, the basis of its consolidated situation; or

(3) 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 Part 6 of the Capital Requirements Regulations Article 111 of the CRD, the basis of the consolidated situation of that holding company.

...
Annex BP

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 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.

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;

(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 BQ

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 BR

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 passported activities by it from a branch in another EEA state;** [deleted]

...

1.1A **2.1A to 2.2B do not apply to a firm with respect to the carrying on of benchmarking activities except to the extent that before IP completion day, they were made to transpose an EU instrument they transpose an EU instrument.**
Annex BS

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 BT

Amendments to the Senior Management Functions 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.

...
Annex BU

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:

   (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

mean

(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.
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.

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).

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 IP completion 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 IP completion 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; and
Annex BV

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 passported 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 BW

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 BX

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 BY

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:

7.3 For the purposes of 7.2(2) and subject to 7.5, the fundamental spread shall be:

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:

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 BZ

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 an EEA-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:
4.5 A UK deposit insurer must:

(1) calculate an EEA SCR; and

(2) cover the EEA SCR 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 fulfill 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 fulfill 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 by 9.2 and 9.3.

9.2 A third country branch undertaking (except a UK deposit insurer) must fulfill 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 fulfill the requirements referred to in 9.1 taking account only of matters relevant to the operations effected by the third country branch and all the third country undertaking EEA branches. [Deleted]
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  SEPARATION 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

...
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; and

(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; and
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 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.

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 participating 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 CB

Amendments to the Undertakings in Difficulty Part

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

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 IP completion day by EIOPA; or

(2) on or after IP completion 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.

...