

**PRA RULEBOOK: CRR FIRMS, NON-CRR FIRMS, SOLVENCY II FIRMS AND NON-SOLVENCY II
FIRMS: SENIOR MANAGERS REGIME (AMENDMENT) INSTRUMENT 2027**

The baseline for the draft rules in this instrument is the PRA Rulebook as it would stand on 1 January 2027, on the basis of rules made to date and on the basis that the rules published in A tailored regime for captive insurance (CP11/26) will also have been made.

Powers exercised

- A. The Prudential Regulation Authority ("PRA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):
- (1) section 59 (Approval and notification for particular arrangements);
 - (2) section 59AB (Specifying functions as controlled or notifiable functions: transitional provision);
 - (3) section 60 (Applications for approval);
 - (4) section 60ZA (Notifications under section 59);
 - (5) section 60A (Vetting of candidates by authorised persons);
 - (6) section 64A (Rules of Conduct);
 - (7) section 137G (The PRA's general rules); and
 - (8) section 137T (General supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

**PRA Rulebook: CRR Firms, Non-CRR Firms, Solvency II Firms and Non-Solvency II Firms:
Senior Managers Regime (Amendment) Instrument 2027**

- C. The PRA makes the rules in the following Annexes to this instrument.

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Senior Management Functions	AA
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Transitional Measures	AF
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Commencement

D. This instrument comes into force on [DATE].

Citation

E. This instrument may be cited as the PRA Rulebook: CRR Firms, Non-CRR Firms, Solvency II Firms and Non-Solvency II Firms: Senior Managers Regime (Amendment) Instrument 2027.

By order of the Prudential Regulation Committee

[DATE]

Draft for consultation

Annex A

Amendments to the Glossary Part

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

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approved person

means a *person* in relation to whom the *FCA* or the *PRA* has given its approval under section 59 of *FSMA* ~~(Approval for particular arrangements)~~ for the performance of a *controlled function*.

...

candidate

means a *person* who is the subject of:

- (1) a *senior management approval application* which has yet to be determined by the *PRA* or, as the case may be, the *FCA*; or
- (2) a *senior management notification* which is not yet in effect.

...

certificate

means a certificate issued under section 63F(1) of *FSMA* ~~(Issuing of certificates)~~ (whist that provision was in force).

certification employee

means an employee (within the meaning in section 63E(9)~~64A(6)~~ of *FSMA* ~~(certification of employees by authorised persons)~~) of a *firm* who ~~has~~had a valid *certificate* issued by that *firm*.

~~*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.~~

~~*certification regime*~~

means the requirements of the ~~regulatory system~~ which apply to ~~authorised persons~~ insofar as they relate to ~~persons performing certification functions~~ including those set out in Certification, Fitness and Propriety, Insurance — Certification, Insurance — Fitness and Propriety, Large Non-Solvency II Firms — Certification, Large Non-Solvency II Firms — Fitness and Propriety, Non-Solvency II Firms — Certification and Non-Solvency II Firms —

~~Fitness and Propriety and the corresponding FCA requirements in SYSC 27 and FIT of the FCA Handbook.~~

...

competence and integrity function

means:

- (1) for a CRR firm and a third country CRR firm in relation to the activities of its establishment in the UK has the meaning given in Competence and Integrity Functions 2.2 – 2.3;
- (2) for a credit union, a significant risk taker, excluding any function performed by a person described in Competence and Integrity Functions 1.3.
- (3) 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 – Competence and Integrity Functions 2;
- (4) for a large non-directive insurer and a Swiss general insurer means:
 - (a) a function performed by a key function holder at the firm;
 - (b) a function performed by a material risk taker if it is a large firm;
 - (c) only to the extent that the function in (a) or (b) relates to a regulated activity carried on by the firm; and
 - (d) excluding a function performed by:
 - (i) a PRA approved person;
 - (ii) a person who performs an FCA controlled function;
 - (iii) a non-executive director in relation to their non-executive director function; or
 - (iv) a person performing any controlled function for that firm.
- (5) for a small non-directive insurer, a function performed for the firm by a member of its governing body to the extent that the function relates to a regulated activity carried on by the firm.

...

Conduct Rules non-executive director

means, in relation to a firm, a person who:

- (1) is a member of the board of directors of the firm or, if there is no such board, the equivalent body responsible for the management of the firm;
- (2) is not ~~an approved person~~ a senior management function holder in relation to the firm; and
- (3) does not perform an executive function in relation to that firm.

...

controlled function

means a function, relating to the carrying on of a regulated activity by a firm, which is specified by either the FCA or the PRA, under section 59 of FSMA (~~Approval for particular arrangements~~).

...

~~credit union non-executive director~~

~~means a non-executive director of a credit union who is not an approved person in relation to that credit union.~~

...

~~disciplinary action~~

~~has the meaning given in section 64C FSMA.~~

disciplinary or remuneration action

means, in relation to a *person*, any of the following:

(1) in relation to:

- (a) a PRA senior management function holder, temporary cover, or a Conduct Rules non-executive director. the issue of a formal written warning.
- (b) all other persons, the issue of a final written warning;

(2) the suspension or dismissal of the person; or

(3) the reduction or recovery of any of the person's remuneration.

...

~~employee~~

(1A) (when used in the Competence and Integrity, Conduct Rules, Insurance – Competence and Integrity, Large Non-Solvency II Firms – Conduct Standards, Non-Solvency II Firms – Conduct Standards Parts of the PRA Rulebook) in relation to a firm, includes any person within the description set out in section 64A(6) of FSMA; or

(1B) otherwise, means an individual:

- (1) who is employed or appointed by a *person* in connection with that *person's* business, whether under a contract of service or for services or otherwise; or
- (2) whose services, under an arrangement between that *person* and a third party, are placed at the disposal and under the control of that *person*.

~~FCA approval~~

~~means at any time an approval granted to and in effect for a person by the FCA under section 59 of FSMA (Approval for particular arrangements) for the performance of a controlled function specified by the FCA.~~

FCA compliance requirements for SMCR

has the meaning provided in the Glossary to the FCA Handbook under 'compliance requirements for SMCR'.

~~FCA controlled function~~

~~means a controlled function specified by the FCA under section 59 of FSMA (Approval for particular arrangements)FSMA.~~

~~FCA controlled function~~

~~means a controlled function specified by the FCA under section 59 of FSMA.~~

...

FCA senior management notification

means a notification to the FCA to perform a controlled function under section 59 of FSMA.

...

~~*management responsibilities map*~~~~has the meaning given in Allocation of Responsibilities 6.~~

...

material risk taker

means an ~~employee~~employee (within the meaning in section 63E(9)64A(6) of FSMA (certification of employees by authorised persons)) of a *firm* whose professional activities have a material impact on the *firm's* risk profile.

...

~~*notified non-executive director*~~~~means a non-executive director of a firm who is not an approved person in relation to that firm.~~~~*notified non-executive director*~~~~means a non-executive director of a CRR firm who is not an approved person in relation to that firm.~~*notified person*

means a person who has been notified to the FCA or the PRA under section 59 of FSMA in relation to the performance of a controlled function and whose notification is in effect.

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permitted SMF condition

means a condition or limited period specified under section 60A(5) of FSMA by the PRA in respect of a PRA senior management approval application

...

Phase 2 commencement date

means [DATE].

...

PRA approved function

means a controlled function specified by the PRA which is not a PRA notified function

(Note: for the list of PRA approved functions see Insurance – Senior Management Functions 14, Large Non-Solvency II Firms Senior Management Functions 11, Non-Solvency II Firms - Senior Management Functions 6 and Senior Management Functions 9).

...

PRA approved person

means a person approved by the PRA under section 59 of FSMA (Approval for particular arrangements) to perform a PRA senior management function.

PRA candidate

means a person who is the subject of:

- (1) a PRA senior management approval application which has yet to be determined by the PRA; or
- (2) a PRA senior management notification which is not yet in effect.

...

PRA notified function

means a PRA senior management function specified by the PRA under section 59(3A) of FSMA for the purposes of notification under section 59 of FSMA in Insurance – Senior Management Functions 15, Large Non-Solvency II Firms Senior Management Functions 12, Non-Solvency II Firms - Senior Management Functions 7 and Senior Management Functions 10.

PRA notified person

means a person who has been notified to the PRA under section 59 of FSMA and whose notification is in effect.

PRA senior management approval application

means an application under section 60 of FSMA for approval to perform a PRA senior management function under section 59 of FSMA.

PRA senior management function

means:

- (1) (in respect of a CRR firm, a credit union and a third country CRR firm) a function specified as a controlled function in Senior Management Functions 2 in relation to the carrying on of regulated activity by a firm.
- ...
- (5) (in respect of a third country insurance services provider that is an SRO firm, 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.

PRA senior management function holder

means a person who in respect of a firm:

- (1) has been approved by the PRA under section 59 of FSMA to perform a PRA senior management function and whose approval is in effect; or in respect of the firm
- (2) has been notified to the PRA under section 59 of FSMA to perform a PRA notified function and whose PRA senior management notification is in effect.

PRA senior management notification

means a notification under section 59 of FSMA to perform a PRA senior management function.

...

recovery plan

means:

...

- (3) (in the Allocation of Responsibilities Part, the Operational Continuity Part and the Recovery Plans Part of the PRA Rulebook and the Operational Continuity Part of the PRA Rulebook) a recovery plan drawn up by a firm in accordance with Recovery Plans 2.

...

relevant senior management function

means, for the purposes of section 64A of *FSMA* and to the extent applicable, pursuant to the *FCA Handbook*, to a *UK Solvency II firm*, the *Society*, a *managing agent*, a *third country branch undertaking* ~~(other than a *Swiss general insurer*)~~ (including a *Swiss general insurer*), a *third country insurance services provider* that is also an *SRO firm*, an *ISPVUK ISPV*, a *UK captive insurer*, a *large non-directive insurer* or a *small non-directive insurer*:

~~4-(1)~~ an *FCA governing function*; and

~~2-(2)~~ [Deleted-]

~~3-(3)~~ [Deleted-]

~~4-(4)~~ [Deleted-]

~~5-(5)~~ [Deleted-]

~~6-(6)~~ [Deleted-]

~~7-(7)~~ *Compliance oversight function* (*FCA controlled function* SMF 16).

...

relevant SMR form

means the form, made available on the *PRA's* website, that a *firm* must use for applications and notifications, as directed by the *PRA* under sections 60, 60ZA, or 63ZA of *FSMA* from time to time.

relevant SMR supporting material

means any document or information that the *PRA* directs, from time to time, under sections 60, 60ZA or 63ZA of *FSMA*, that a *firm* must provide with a *relevant SMR form*.

...

~~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.~~

...

senior management approval application

means an application to the *FCA* or *PRA* under section 60 of *FSMA* for approval to perform a *senior management function*.

senior management function

means a *PRA senior management function* or an *FCA-designated senior management function*.

senior management function holder

means a person who in respect of a firm:

- (1) has been approved by the FCA or the PRA under section 59 of FSMA to perform a senior management function and whose approval is in effect; or
- (2) has been notified to the FCA or the PRA under section 59 of FSMA to perform a senior management function and whose senior management notification is in effect.

senior management notification

means a notification to the FCA or PRA under section 59 of FSMA to perform a senior management function.

senior management regime

means the requirements of the regulatory system, to the extent applicable to authorised persons, insofar as they relate to ~~approved persons~~ senior management function holders performing PRA senior management functions and ~~or relevant senior management functions~~ FCA-designated senior management functions.

...

significant risk taker

means

- (1) an employee (within the meaning of section 64A(6) of FSMA) of a CRR firm whose professional activities have a material impact on the firm's risk profile, including any person who falls within Remuneration 3.1(1);
- (2) any employee (within the meaning of section 64A(6) of FSMA) of a credit union who:
 - (a) is a member of the governing body;
 - (b) is a member of the senior management;
 - (c) is responsible and accountable to the management body for the activities of the independent risk management function, compliance function or internal audit function;
 - (d) heads a function responsible for legal affairs, finance including taxation and budgeting, human resources, remuneration policy, information technology or economic analysis; or
- (3) any employee (within the meaning of section 64A(6) of FSMA) of a third country CRR firm who would fall within (1) if it had applied in relation to him or her.

...

statement of responsibilities

means a statement of the aspects of the affairs of an authorised person for which it is intended that a person is (or will be) responsible including information required under section 60(2A) or section 62A of FSMA.

statement of responsibilities form

- (1) ~~for a UK Solvency II firm, the Society, a managing agent, a UK ISPV and a third country branch undertaking (other than a UK deposit insurer or a Swiss general insurer),~~ means 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 Insurance—Senior Managers Regime—Applications and Notifications 2.7, 4A.1, 5.3 and 6.3(1), the information required by section 60(2A) of FSMA; and~~
- (c) ~~in respect of Insurance—Allocation of Responsibilities 5.5 and for PRA senior management function holders only, the information required by section 60(2A) of FSMA.~~

(2) ~~for a large non-directive insurer means the form to be completed by a firm containing:~~

- (a) ~~the information referred to in Large Non-Solvency II Firms—Allocation of Responsibilities 5.1(3);~~
- (b) ~~in respect of Large Non-Solvency II Firms—Senior Managers Regime—Applications and Notifications 2.7, 4A.1, 5.3 and 6.3(1), the information required by section 60(2A) of FSMA; and~~
- (c) ~~in respect of Large Non-Solvency II Firms—Allocation of Responsibilities 5.5 and for PRA senior management function holders only, the information required by section 60(2A) of FSMA.~~

(3) ~~for a small non-directive insurer, means the form to be completed by a firm containing:~~

- (a) ~~the information referred to in Non-Solvency II Firms—Fitness and Propriety 4.1(2); and~~
- (b) ~~in respect of Non-Solvency II Firms—Senior Managers Regime—Applications and Notifications 2.7, 4A.1, 5.3 and 6.3(1), the information required by section 60(2A) of FSMA.~~

...

temporary cover

means:

- (1) in Senior Management Functions, the individual referred to in 2.3(1);
- (2) in Insurance – Senior Management Functions, the individual referred to in 2.4(1);
- (3) in Large Non-Solvency II Firms – Senior Management Functions, the individual referred to in 2.4(1); and
- (4) in Non-Solvency II Firms – Senior Management Functions, the individual referred to in 2.3(1).

temporary replacement

means:

- (1) ~~in Senior Management Functions, the individual referred to in 2.3(1);~~
- (2) ~~in Insurance—Senior Management Functions, the individual referred to in 2.4(1);~~
- (3) ~~in Large Non-Solvency II Firms—Senior Management Functions, the individual referred to in 2.4(1); and~~
- (4) ~~in Non-Solvency II Firms—Senior Management Functions, the individual referred to in 2.3(1).~~

Annex B

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:

...

(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.~~ [deleted]

...

1.2 In this Part, the following definitions shall apply:

...

~~FCA approved person~~

~~means a person approved to perform an FCA controlled function by the FCA under section 59 of FSMA.~~

...

~~FCA designated senior management function~~

~~means an FCA controlled function specified in SUP 10C.4.3R of the FCA Handbook.~~

~~FCA other local responsibility senior management function~~

~~means the controlled function specified in SUP 10C.8.1R of the FCA Handbook.~~

~~FCA other overall responsibility senior management function~~

~~means the FCA controlled function specified in SUP10C.7.1R of the FCA Handbook.~~

group

(1) in relation to a CRR firm or a third-country CRR firm, has the same meaning as in limb (1) of the definition of group in the PRA Rulebook Glossary; or

(2) in relation to any other firm, has the meaning given in section 421 of FSMA.

~~Group Entity Senior Manager function~~

~~has the meaning given in Senior Management Functions 5.2.~~

~~management responsibilities map~~

~~has the meaning given in 7.2.~~

...

parent undertaking

(1) in relation to a CRR firm or a third-country CRR firm, has the same meaning as in limb (1) of the definition of parent undertaking in the PRA Rulebook Glossary; or

(2) in relation to any other firm, has the meaning given in section 420 of FSMA.

...

recovery plan

has the meaning given in ~~Recovery Plans 1.2.~~

...

ring-fencing obligation

means any obligation, prohibition or other requirement imposed on a ~~ring-fenced body~~ring-fenced body by or under FSMA, by virtue of it being a ~~ring-fenced body~~ring-fenced body, including any ~~statutory instrument~~statutory instrument made under FSMA and any *ring-fencing rule*, but not including any rule made by the FCA.

...

senior management regime

means the requirements of the ~~regulatory system~~ which apply to ~~relevant authorised persons~~ insofar as they relate to ~~approved persons~~ performing *PRA senior management functions* and *FCA designated senior management functions*, including but not limited to those set out in Senior Management Functions, and Allocation of Responsibilities and Fitness and Propriety.

...

statement of responsibilities

means a statement of the affairs of a ~~relevant authorised person~~ or a ~~third country CRR firm~~ for which it is intended that a ~~person~~ who performs (or is subject to an application to perform) a *PRA senior management function* is (or will be) responsible has the meaning given in 7.3A.

third country CRR firm prescribed responsibility

means one of the responsibilities in 6.2 ~~or 6.3.~~

...

2 STATEMENT OF RESPONSIBILITIES ~~[DELETED]~~

-
- 2.1 A firm must ensure that any application it makes for the approval of a ~~person~~ to perform a *PRA senior management function* is accompanied by a ~~statement of responsibilities~~.~~[Deleted]~~
- 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, 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~~.~~[Deleted]~~
- 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, third country CRR firm prescribed responsibilities, FCA responsibilities~~ and other responsibilities allocated to that ~~person~~.~~[Deleted]~~
- 2.4
- (1) A firm must have, at all times, a complete set of current and up to date ~~statements of responsibilities~~ for all ~~persons~~ approved to perform a *PRA senior management function* on its behalf.

- (2) ~~A firm must prepare a statement of responsibilities for each PRA approved person as a single document covering every PRA senior management function and FCA designated senior management function for which~~
- (a) ~~the PRA approved person has approval from the PRA or the FCA, as the case may be, to perform; or~~
 - (b) ~~an application for approval is being made. [Deleted]~~

3 ALLOCATION OF RESPONSIBILITIES

3.1

- (1) A firm (other than a *small CRR firm*, a *credit union* or a *third country CRR firm*) must allocate each of the *prescribed responsibilities* set out in 4.1 (other than 4.1(13)4.1(14) to (19)) to one or more *persons* who perform:
- (a) a *PRA senior management function*; or
 - (b) ~~subject to 3.6(1), an FCA designated senior management function~~FCA-designated senior management function
- on behalf of the *firm*.
- (2) If the circumstances set out in a *prescribed responsibility* in 4.2(1), (2), or (3) apply to a *firm* (other than a *small CRR firm*, a *credit union* or a *third country CRR firm*), the *firm* must allocate the *prescribed responsibility* to one or more *persons* who perform:
- (a) a *PRA senior management function*; or
 - (b) ~~subject to 3.6(1), an FCA designated senior management functions~~FCA-designated senior management function
- on behalf of the *firm*.

3.2

- (1) A firm (other than a *small CRR firm*, a *credit union* or a *third country CRR firm*) must allocate each of the *prescribed responsibilities* in 4.1(13)4.1(14) to (19) to one or more ~~persons~~persons who perform:
- (a) an *oversight PRA senior management function*; or
 - (b) the *FCA Chair of nomination committee function*
- on behalf of the *firm*.

3.3

- (1) A *small CRR firm* must allocate each of the *small firm prescribed responsibilities* to one or more *persons* who perform:
- (a) a *PRA senior management function*; or
 - (b) ~~subject to 3.6(2), an FCA designated senior management function~~FCA-designated senior management function
- on behalf of the *small CRR firm*.
- (2) A *credit union* must allocate each of the *small firm prescribed responsibilities* to one or more *persons* who perform:
- (a) the *Credit Union Senior Manager function*; or

- (b) ~~subject to 3.6(2), an FCA designated senior management function~~FCA-designated senior management function
on behalf of the *credit union*.
- 3.4 A firm which is a ~~ring-fenced body~~ring-fenced body must ensure that the *ring-fenced body prescribed responsibility* is allocated to each person who:
- (1) performs a *PRA senior management function* or, ~~subject to 3.6(1), an FCA designated senior management function~~FCA-designated senior management function; and
 - (2) is responsible for managing any area of the ~~ring-fenced body's~~ring-fenced body's business that is subject to a *ring-fencing obligation*
on behalf of the *firm*.
- 3.5 A *third country CRR firm* must allocate each of the *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~~FCA-designated senior management function
on behalf of the *third country CRR firm*.
- 3.6
- (1) ~~A firm must not allocate a prescribed responsibility to a person who performs an FCA other overall responsibility senior management function.~~
 - (2) ~~A small CRR firm or a credit union must not allocate a small firm prescribed responsibility to a person who performs an FCA other overall responsibility senior management function.~~
 - (3) ~~A third country CRR firm must not allocate a prescribed responsibility to a person who performs an FCA other local responsibility senior management function.~~[Deleted]
- 3.7 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 the firm are consistent with the scope of that PRA senior management function and of any prescribed responsibilities, small firm prescribed responsibilities, third country CRR firm prescribed responsibilities, FCA responsibilities and other responsibilities allocated to that person.

4 PRESCRIBED RESPONSIBILITIES

4.1

Each of the responsibilities set out in this rule is a *prescribed responsibility*:

- (1) responsibility for the *firm's* performance of its obligations under the *senior management regime* (including the vetting of *candidates* to perform *senior management functions*) (PR A);
- (2) ~~responsibility for the firm's performance of its obligations under the certification regime (PR B);~~[deleted]
- (3) ~~responsibility for compliance with the firm's obligations in relation to its management responsibilities map (PR C);~~[deleted]
- (4) responsibility for the *firm's* performance of its obligations under Fitness and Propriety in respect of ~~notified non-executive directors~~Conduct Rules non-executive directors (PR U);

- (5) ~~responsibility for monitoring effective implementation of policies and procedures for the induction, training and professional development of senior management, other than members of the governing body (PR G);[deleted]~~

...

- (12) ~~responsibility for the development and maintenance of the firm's business model by the governing body (PR T);[deleted]~~

- (13) ~~responsibility for leading the development and monitoring effective implementation of policies and procedures for the induction, training and professional development of all members of the firm's governing body (PR F);[deleted]~~

...

- (20) ~~responsibility for the allocation of all prescribed responsibilities in accordance with 3.1 (PR E);[deleted]~~

...

- 4.2 Each of the responsibilities set out in this rule is a *prescribed responsibility* in the circumstances specified:

...

- (4) if the firm is a ~~ring-fenced body~~*ring-fenced body*, responsibility for ensuring that those aspects of the firm's affairs for which a person is responsible for managing are in compliance with the *ring-fencing obligations* (PR Y).

5 PRESCRIBED RESPONSIBILITIES: SMALL FIRMS

...

- 5.2 Each of the responsibilities listed in this rule is a *small firm prescribed responsibility*:

- (1) ~~each of the prescribed responsibilities~~*prescribed responsibility* in 4.1(1)–(3);
- (2) ~~responsibility for allocation of all small firm prescribed responsibilities in accordance with 3.3(1) or (2), as the case may be (PR E);[deleted]~~

...

6 PRESCRIBED RESPONSIBILITIES: 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~~*UK*; ~~or~~
- (2) ~~if it does not have an establishment in the UK, its activities in the UK.[deleted]~~

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

- (1) responsibility for the firm's performance of its obligations under the *senior management regime* (including the vetting of *candidates* to perform *senior management functions*), including implementation and oversight (PR A);
- (2) ~~responsibility for the firm's performance of its obligations under the certification regime (PR B);[deleted]~~
- (3) ~~responsibility for compliance with the firm's obligations in relation to its management responsibilities map (PR C);[deleted]~~

...

- (8) ~~responsibility for the allocation of all *third country CRR firm prescribed responsibilities* in accordance with 3.5 (PR E);[deleted]~~

...

- (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 (PR X1).~~

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).[Deleted]~~

7 **RECORDS: STATEMENTS OF RESPONSIBILITIES AND MANAGEMENT RESPONSIBILITIES MAPS**

7.A1 7.2 to 7.3A do not apply to a *firm* if and for as long as it only has a single *senior management function holder*.

7.A2 When determining the number of *senior management function holders* of a *firm* for the purposes of 7.A1:

- (1) any *senior management function holder* of the *firm* who is temporarily absent is still included;
- (2) any *person* that is not a *senior management function holder* of the *firm* but that provides cover under Senior Management Functions 2.3 to 2.3B or under SUP 10C.3A of the *FCA Handbook* for a *person* that has ceased to be a *senior management function holder* of the *firm* is counted as a *senior management function holder* of the *firm*; and
- (3) any *senior management function holder* of the *firm* that also provides cover under Senior Management Functions 2.3 to 2.3B or under SUP 10C.3A of the *FCA Handbook* for a *person* that has ceased to be a *senior management function holder* of the *firm* is counted twice, once in their capacity as a *senior management function holder* of the *firm* and once in their capacity as a *person* providing this cover.

7.1 ~~A *firm* must at all times have a comprehensive and up-to-date single document (a *management responsibilities map*) that describes the *firm's* management and governance arrangements including:~~

- (1) ~~details of the reporting lines and the lines of responsibility; and~~
- (2) ~~reasonable details about the *persons* who are part of these arrangements;~~
- (3) ~~the responsibilities of those *persons*. [Deleted]~~

7.2 ~~A management responsibilities map must in particular include~~ A firm must maintain an up-to-date written document (a management responsibilities map) that describes the firm's management and governance arrangements, including, without limitation, the following details:

- (1) ~~the names of all the firm's approved persons (including FCA approved persons), notified persons, notified non-executive directors, credit union non-executive directors~~ Conduct Rules non-executive directors and senior management and the responsibilities held by each, including all FCA responsibilities;
- (1A) for each person named pursuant to (1), a summary of the responsibilities performed by or allocated to that person, including, where applicable, the responsibilities set out in any current statement of responsibilities for that person required under 7.3A;
- (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 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 where any responsibilities covered by (1A) are performed by or allocated to more than one person, details of how those responsibilities are shared between the persons concerned;~~
- (2A) reporting lines and lines of responsibility for each person listed pursuant to (1);
- (3) matters reserved to the management body (including the terms of reference of its committees) including, in the case of a third country CRR firm, the equivalent body (or its committees) responsible for the management of the third country CRR firm's business and activities in the UK; and
- (4) where the firm is a member of a group;
...
 - (b) for the persons listed pursuant to (1), details of the reporting lines and the lines of responsibility (if any) to persons who are employees or officers of other group members or to committees or other bodies of the group or of other group members; and
- (5) ~~details of how the matters set out in (1) to (4) fit into the firm's management and governance arrangements as a whole.~~ [deleted]

7.3 ~~If the content of a statement of responsibilities is modified or revised, a firm must send a copy of that revised statement of responsibilities to the PRA as soon as possible.~~ [Deleted]

7.3A A firm must maintain an up-to-date written document (a statement of responsibilities) for each of its senior management function holders, setting out details of or about:

- (1) any senior management functions which that senior management function holder performs for the firm;
- (2) in relation to (1), any condition or time limit which any approval, or the effectiveness of any senior management notification, required to perform these senior management functions under section 59 of FSMA is subject to;
- (3) any FCA-designated senior management function that is included in any PRA senior management function performed by that senior management function holder under the arrangement described in SUP 10C.9 of the FCA Handbook;
- (4) any prescribed responsibilities, small firm prescribed responsibilities, third country CRR firm prescribed responsibilities or FCA responsibilities allocated by the firm to that senior management function holder;

- (5) any other responsibilities that the *senior management function holder* has as a *senior management function holder*, *employee* or *officer* of that *firm* and any other responsibilities allocated by the *firm* to the *senior management function holder* in relation to the *firm*; and
- (6) any sharing between *persons* of any *senior management function* or responsibility referred to in (1), (4) or (5).

7.4 A firm must retain ~~a copy of~~ each version of:

- (1) its *management responsibilities map*; and
- (2) ~~the each of its *statements of responsibilities* for each person who performs or has performed a *PRA senior management function* for the *firm*~~

~~for a period of ten 10 years from the date on which the *management responsibilities map* or the *statement of responsibilities*, as the case may be, is it was superseded by a more up-to-date version.~~

7.5 A firm must be able, where applicable, to provide the *PRA* on request with its *management responsibilities map* and its *statements of responsibilities*, together with all versions retained in accordance with 7.4.

PART EXTERNALLY DEFINED TERMS

Term	Definition source
group	FSMA s421

Annex C

Amendments to the Certification Part

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

CERTIFICATIONCOMPETENCE AND INTEGRITY FUNCTIONS**1 APPLICATION AND DEFINITIONS**

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

- (1) a *CRR firm*; or
- (2) ~~a credit union; or [deleted]~~
- (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. [deleted]~~

...

1.2 In this Part, the following definitions shall apply: [Note: there are currently no Part specific definitions]

employee

~~in relation to a firm, includes any person within the description set out in section 63E(9) of FSMA.~~

significant risk taker

means

- (1) ~~an employee of a CRR firm whose professional activities have a material impact on the firm's risk profile, including any employee who falls within Remuneration 3.1(1);~~
- (2) ~~any employee of a credit union who:~~
 - (a) ~~is a member of the governing body;~~
 - (b) ~~is a member of the senior management;~~
 - (c) ~~is responsible and accountable to the management body for the activities of the independent risk management function, compliance function or internal audit function;~~
 - (d) ~~heads a function responsible for legal affairs, finance including taxation and budgeting, human resources, remuneration policy, information technology or economic analysis; or~~
- (3) ~~any employee of a third country CRR firm who would fall within (1) if it had applied in relation to him or her.~~

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: [deleted]~~

...

...

2 PERFORMANCE OF COMPETENCE AND INTEGRITY FUNCTIONS

- 2.1 A *firm* must take reasonable care to ensure that none of its *employees* performs a ~~certification function~~competence and integrity function under an arrangement entered into by the *firm* in relation to the carrying on by the *firm* of a *regulated activity*, unless the *employee* has ~~a valid certificate issued by the firm~~the personal characteristics (including being of good repute and integrity) to enable them to perform those functions effectively.
- 2.2 For the purposes of this Part, any function that is performed by a *significant risk taker* for a *firm* is a ~~certification function~~competence and integrity function to the extent that the function requires the *significant risk taker* to be involved in one or more aspects of the *firm's* affairs, so far as relating to a *regulated activity* carried on by the *firm*.
- 2.3 However, a *significant risk taker* does not perform a ~~certification function~~competence and integrity function for a *firm* under 2.2 if the *significant risk taker* is performing any *controlled function* for that *firm*.
- 2.4 ~~To the extent that:~~
- (1) ~~a firm appoints a person to perform a function which, but for this rule, would be a certification function;~~
 - (2) ~~the appointment solely is to provide cover for a certification employee whose absence is reasonably unforeseen; and~~
 - (3) ~~the appointment is for less than four weeks;~~
- ~~such a person does not perform a certification function.~~[Deleted]

Annex D

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:

...

(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* and is an *SRO firm*, activities in the *UK*.

(2) This Part only applies if P:

(a) ~~is approved under section 59 of FSMA to perform a *senior management function*~~ a *senior management function holder* in relation to A;

(b) is an *employee* of A that should have been so approved or notified as a *senior management function holder*;

...

(d) performs a ~~*certification function*~~ *competence and integrity function* in relation to A;

(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*; or [deleted]~~

(g) is a *person* who would have required approval or notification to perform a *senior management function* in relation to A under section 59 of FSMA but for the application of Senior Management Functions 1.3(5) to (7).

(3) 3.1 to 3.3 only apply to a *person* in (2)(a), (b), or (c) ~~or (f)~~.

(4) 3.4 only applies to a *person* in (2)(a), (b), (c), or (e) ~~or (f)~~.

1.2 In this Part, the following definitions shall apply:

...

employee

~~has the meaning given in Certification 1.2).~~

senior management function

~~means either a *PRA senior management function* or an *FCA designated senior management function*.~~

Annex E

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 ...

(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* and is an SRO firm, activities in the *UK*.

1.2 ~~The matters referred to in 2 are relevant to the PRA's determination of whether a person to whom a PRA senior management approval application relates is fit and proper.~~[Deleted]

1.3 In this Part, the following definitions shall apply:

group

- (1) in relation to a CRR firm or a third-country CRR firm, has the same meaning as in limb (1) of the definition of group in the PRA Rulebook Glossary; or
- (2) in relation to any other firm, has the meaning given in section 421 of FSMA.

...

2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

2.1 A firm must not make a *PRA senior management approval application* or a PRA senior management notification in relation to a *person* unless it is satisfied that *person* is fit and proper to perform the *PRA senior management function* to which the application or notification relates.

2.2 ~~A firm must not issue a certificate in relation to a person, unless it is satisfied that person is fit and proper to perform the certification function to which the certificate relates.~~[Deleted]

2.3 A firm must not appoint a *person* as a ~~notified non-executive director or credit union non-executive director~~ Conduct Rules non-executive director, unless it is satisfied that *person* is fit and proper to perform that *non-executive director* role.

...

2.6A In deciding whether a person is fit and proper pursuant to 2.1 or 2.5, a firm may have regard to any permitted SMF condition requested in the application.

2.7

- (1) Before deciding whether a *person* (P) is fit and proper, a *firm* must take reasonable steps to obtain appropriate references covering the past ~~6~~six years from the following:
 - (a) each *FCA-authorised person* and *PRA-authorised person* that is, or was:
 - (i) P's current or former employer; or
 - (ii) an organisation (not falling within (i)) at which P is currently serving, or has served, as ~~an approved person~~ a senior management function holder, a non-executive director, notified non-executive director, credit union non-executive

~~director or~~ a key function holder, or performed, ~~or is currently performing, as a~~
~~certification function~~ certification employee;

...

(3) A firm must take reasonable steps to obtain references:

- (a) in respect of a *PRA senior management approval application*, no later than one month before the end of the application period set out in section 61 of *FSMA*; or
- (b) where a request by a firm for a reference in respect of a *PRA senior management approval application* to an employer or organisation would require the firm, the employer, the organisation or any other person to make a *mandatory disclosure* prior to P disclosing to its current employer or organisation, as the case may be, that such application has been made, before the end of the application period set out in section 61 of *FSMA*; ~~or~~
- (c) in respect of the issuing of a certificate under section 63F of *FSMA*, before the ~~certificate is issued~~ in respect of a *PRA senior management notification*;
 - (i) within the period of one month before the notification is made; or
 - (ii) where a request by a firm for a reference to an employer or organisation would require the firm, the employer, the organisation or any other person to make a mandatory disclosure prior to P disclosing to its current employer or organisation, as the case may be, that such a notification has been made, before the notification is made.

...

2.9 In deciding whether a person (P) is fit and proper in connection with a *PRA senior management notification* or a *PRA senior management approval application* or on appointment as a ~~notified non-executive director or credit union non-executive director~~ Conduct Rules non-executive director, a firm must:

...

3 CONDUCT STANDARDS

3.1 A firm must contractually require any ~~*PRA approved person*~~ *PRA senior management function holder*, ~~*notified non-executive director or credit union non-executive director*~~ or *Conduct Rules non-executive director* to:

...

3.2 A firm must contractually require any ~~*PRA approved person*~~ *PRA senior management function holder* to:

...

4 NOTIFIED NON-EXECUTIVE DIRECTORS – NOTIFICATIONS [DELETED]

4.1 This Chapter applies to ~~*CRR firms*~~ only. [Deleted]

4.2 A firm must notify the *PRA* when a person becomes a ~~*notified non-executive director*~~ and shall provide the *PRA* with all of the information needed to assess whether that person is fit and proper. The *PRA* directs that when such information is provided by a *designated investment firm*, it must be accompanied by the ~~*designated additional information*~~. [Deleted]

- 4.3 If the notification referred to in 4.2 is in respect of a ~~person who, on becoming a notified non-executive director, ceases to perform a PRA senior management function or an FCA-designated senior management function~~, the firm is not required to provide information needed to assess the fitness and propriety of that person unless there has been a change in the information provided in respect of that person regarding fitness and propriety provided to the PRA or the FCA at the time the application for the approval for performance of the ~~PRA senior management function or the FCA-designated senior management function was made.~~~~[Deleted]~~
- 4.4 If a ~~firm becomes aware of information which would reasonably be material to the assessment of a current or former notified non-executive director's fitness and propriety under this Part, it must inform the PRA in writing as soon as practicable.~~~~[Deleted]~~
- 4.5 Where a ~~firm replaces a notified non-executive director because the firm considers that person no longer fulfils the requirements of 2.3, the firm must notify the PRA as soon as reasonably practicable.~~~~[Deleted]~~
- 4.6 Where a ~~notified non-executive director assumes a new role with the firm or ceases to be a director of the firm, the firm must notify the PRA in writing as soon as reasonably practicable.~~~~[Deleted]~~

5 REGULATORY REFERENCES

5.1

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

- (a) is considering ~~issuing a certificate to, making a PRA senior management notification or a PRA senior management approval application in respect of, or appointing as a key function holder, a non-executive director~~Conduct Rules non-executive director, ~~a notified non-executive director or a credit union non-executive director~~, a person (P);
- (b) makes a request for a reference or other information in respect of P from a *firm* to which this Part applies (B), in B's capacity as:

...

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

...

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

...

5.2

(1) If:

...

(b) either:

...

- (ii) B has reached conclusions of the type described in item (E), or taken ~~disciplinary action~~disciplinary or remuneration action of the type described in item (F), of the

regulatory reference template, and had B taken or reached those conclusions or actions in the six year period referred to in the *regulatory reference template*, this Part would require B to draft the reference differently; and

...

6 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

6.1 ~~The requirement to obtain regulatory references in accordance with 2.7 does not apply to a firm in respect of any person to the extent that:~~

~~(a) the firm is deciding whether the person is fit and proper for the purpose of issuing a certificate to perform a certification function;~~

~~(b) immediately prior to 7 March 2017, the person performed the same certification function for the firm. [Deleted]~~

6.2 The requirement to request regulatory references from a *full scope regulatory reference firm* in accordance with the requirements of 2.8(2) does not apply to a *firm* in respect of an application for approval as an *approved person* made before 7th March 2017.

...

6.4 ~~A CRR firm must notify the PRA before 7 March 2016 of any director who, in relation to the firm, will be a notified non-executive director on 7 March 2016 and who immediately prior to 7 March 2016 was approved as a non-executive director. [Deleted]~~

6.5 Item (F) in the *regulatory reference template* does not require disclosure of ~~disciplinary action~~disciplinary or remuneration action that took place before 7th March 2016 if the firm's records do not show whether the conduct that was subject to ~~disciplinary action~~disciplinary or remuneration action amounted to a breach of the *individual conduct requirements* referred to in item (F) in the *regulatory reference template*.

7 TEMPLATE

7.1 The *regulatory reference template* is the template found here.

Annex F

Amendments to the Insurance – 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:

...

(4) a *third country branch undertaking* (other than a *Swiss general insurer*); and

(4A) ~~a third country insurance services provider; and~~ [deleted]

...

1.2 In this Part, the following definitions shall apply:

...

prescribed responsibility

- (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 *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;

...

statement of responsibilities

has the meaning given in 5.4.

third country branch prescribed responsibility

- (1) for a *third country branch undertaking* ~~(other than a UK deposit insurer)~~ means the responsibilities set out in 3A.2 to the extent only that they are relevant to the operations effected by its *third country branch*; ~~and~~
- (2) ~~for a UK deposit insurer means the responsibilities set out in 3A.2 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. [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~~ *firm* (other than a *third country branch undertaking*, ~~a third country insurance services provider~~, a *small run-off firm*, a *UK ISPV*, or a *UK captive insurer*) 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~~ perform:

- (1) ~~the PRA to perform a PRA senior management function; or~~

- (2) ~~in relation to a relevant senior management functions only, the FCA.~~
on behalf of the firm.
- 2.2 ~~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, a UK ISPV, or a UK captive insurer~~) 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:
- (1) a *PRA senior management function* set out in Insurance – Senior Management Functions 4; or
 - (2) ~~an FCA governing function at that firm.~~
on behalf of the firm.
- 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(A1) 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 perform:
- (1) ~~the PRA to perform a PRA senior management function; or~~
 - (2) ~~in relation to a relevant senior management functions only, the FCA.~~
on behalf of the third country branch undertaking.
- 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. [Deleted]~~
- 2.4 A *small run-off firm* must allocate each of the *prescribed responsibilities* set out in 3.2 to one or more *persons* who, in relation to that *small run-off firm*, are approved under section 59 of FSMA by perform:
- (1) ~~the PRA to perform a PRA senior management function; or~~
 - (2) ~~in relation to a relevant senior management functions only, the FCA.~~
on behalf of the small run-off firm.
- 2.5 A *UK ISPV*, or a *UK captive insurer* must allocate each of the *prescribed responsibilities* set out in 3.1(A1) to 3.1(A3) to one or more *persons* who, in relation to that *firm*, are approved under section 59 of FSMA by perform:
- (1) ~~the PRA to perform a PRA senior management function; or~~
 - (2) ~~in relation to a relevant senior management functions only, the FCA.~~
on behalf of the UK ISPV.
- 2.6 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 the *firm* are consistent with the scope of that *PRA senior management function* and of any *prescribed responsibilities*, third country branch prescribed responsibilities, *FCA responsibilities* and other responsibilities allocated to that *person*.

3 PRESCRIBED RESPONSIBILITIES

- 3.1 Each of the responsibilities set out in this rule is a *prescribed responsibility*:

- (A1) responsibility for the *firm's* performance of its obligations under the *senior management regime (including the vetting of candidates to perform senior management functions)* (PR A);
- (A2) ~~responsibility for the *firm's* performance of its obligations under the *certification regime* (PR B);[deleted]~~
- (A3) ~~responsibility for compliance with the *firm's* obligations in relation to its *management responsibilities map* (PR C);[deleted]~~
- (1) responsibility for ensuring that the *firm* has complied with its obligations in Insurance - Fitness and Propriety to:
 - (a) ensure that every *person* who performs a *key function* but does not also perform a *PRA senior management function or a certification function* is a fit and proper *person*; and
 - (b) provide and obtain regulatory references (PR U);
- ...
- (6) ~~responsibility for the development and maintenance of the *firm's* business model by the *governing body* (PR T);[deleted]~~
- ...
- (8) ~~responsibility for leading the development and monitoring effective implementation of policies and procedures for the induction, training and professional development of all members of the *firm's governing body* (PR F);[deleted]~~
- (9) ~~responsibility for monitoring effective implementation of policies and procedures for the induction, training and professional development of all of the *firm's key function holders* (other than members of the *firm's governing body*) (PR G);[deleted]~~
- ...

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)-[Deleted]

3B PRESCRIBED RESPONSIBILITIES: UK SERVICES PROVIDERS ~~[DELETED]~~

3B.1 ~~This Chapter applies only to a *third country insurance services provider*.~~[Deleted]~~~~

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.~~[Deleted]~~~~

3.B3 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).~~[Deleted]~~~~

4 IDENTIFICATION OF KEY FUNCTIONS

4.1 A *firm* must identify:

...

- (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 *third country insurance services provider*, effectively running the activities carried out in the *UK*~~).

...

5 RECORDS: STATEMENTS OF RESPONSIBILITIES AND MANAGEMENT RESPONSIBILITIES MAPS

5.A1 5.1 to 5.4 do not apply to a *firm* if and for as long as it only has a single *senior management function holder*.

5.A2 When determining the number of *senior management function holders* of a *firm* for the purposes of 5.A1:

- (1) any *senior management function holder* of the *firm* who is temporarily absent is still included;
- (2) any *person* that is not a *senior management function holder* of the *firm* but that provides cover under Insurance - Senior Management Functions 2.4 to 2.4B or under SUP 10C.3A of the *FCA Handbook* for a *person* that has ceased to be a *senior management function holder* of the *firm* is counted as a *senior management function holder* of the *firm*; and
- (3) any *senior management function holder* of the *firm* that also provides cover under Insurance - Senior Management Functions 2.4 to 2.4B or under SUP 10C.3A of the *FCA Handbook* for a *person* that has ceased to be a *senior management function holder* of the *firm* is counted twice, once in their capacity as a *senior management function holder* of the *firm* and once in their capacity as a *person* providing this cover.

5.1 ~~A *firm* must have and maintain an up-to-date written document (a *management responsibilities map*), which is a clear and coherent document or series of documents with the following details that describes the *firm's* management and governance arrangements, including, without limitation, 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 *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 *third country insurance services provider*, effectively running the activities carried out by the *third country insurance services provider*, in the *UK*);~~ the names of all the *firm's* approved persons and notified persons and all the *firm's* key function holders that are not approved persons or notified persons of the *firm*;
- (3) for each *person* named pursuant to 5.4(2), a summary of the significant responsibilities performed by or allocated to that *person* (including, if applicable, any *prescribed responsibilities* that have been allocated to that *person* in accordance with 2), including, where applicable, the responsibilities set out in any current *statement of responsibilities* for that *person* required under 5.4;
- (4) where any responsibilities covered by 5.4(3) are performed by or allocated to more than one *person*, details of how those responsibilities are shared or divided between the *persons* concerned;
- (5) reporting lines and lines of responsibility for each *person* listed pursuant to 5.4(2);
- (5A) matters reserved to the *governing body* (including the terms of reference of its committees) 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
- (6) where a *firm* (other than a *third country branch undertaking* or *third country insurance services provider*) is a member of a group:
 - ...
 - (b) for the *persons* listed pursuant to 5.4(2), details of the reporting lines and the lines of responsibility (if any) to *persons* who are ~~employees~~ employees or officers of other

group members or to committees or other bodies of the group or of other group members;

- (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.~~~~[deleted]~~

5.2 A firm must update the *management responsibilities map*:

- (1) at least quarterly; and
- (2) in the event of a significant change to:
 - (a) the firm's governance structure;
 - (b) the significant responsibilities allocated to a *key function holder*; or
 - (c) the reporting lines or lines of responsibility for a *key function holder*.~~[Deleted]~~

5.3 A firm must, as soon as reasonably practicable, provide the following to the PRA:

- (1) upon request by the PRA, a copy of the *management responsibilities map*; and
- (2) in the event of an update pursuant to 5.2(2), a copy of the relevant part of the *management responsibilities map*.~~[Deleted]~~

5.4 A firm must keep an up-to-date record of the *statement of responsibilities* of each *key function holder*. A firm must maintain an up-to-date written document (a *statement of responsibilities*) for each of its *senior management function holders* and each of its *key function holders* that is not a *senior management function holder* of the firm, setting out details of or about:

- (1) any senior management functions which that person performs for the firm;
- (2) in relation to (1), any condition or time limit which any approval, or the effectiveness of any senior management notification, required to perform these senior management functions under section 59 of FSMA is subject to;
- (3) any FCA-designated senior management function that is included in any PRA senior management function performed by that person under the arrangement described in SUP 10C.9 of the FCA Handbook;
- (4) any prescribed responsibilities, third country branch prescribed responsibilities or FCA responsibilities allocated by the firm to that person;
- (5) any other responsibilities that the person has as a senior management function holder, key function holder, employee or officer of that firm and any other responsibilities allocated by the firm to the person in relation to the firm; and
- (6) any sharing between persons of any senior management function or responsibility referred to in (1), (4) or (5).

5.5 A *statement of responsibilities form*, where it is kept and maintained up-to-date on behalf of a *key function holder*, will satisfy the requirement in 5.4.~~[Deleted]~~

5.6 The record in 5.4, and each updated version, must be signed by the *key function holder* and an appropriate representative of the firm.~~[Deleted]~~

5.7 Where a firm amends its *management responsibilities map* to show changes in a person's responsibilities it must also ensure that:

- (1) the person concerned is informed in writing of the changes; and

~~(2) the record in 5.4 is amended to show the changes.~~~~[Deleted]~~

5.8 A firm must retain eEach version of:

(1) ~~both the~~its management responsibilities map; and

(2) ~~the record in 5.4~~each of its statements of responsibilities

~~must be retained for a period of ten~~10 years from the date on which it was superseded by a more up-to-date ~~version~~record, and ~~must be provided to the PRA on request.~~

...

5.10 ~~A firm must comply with 5.8 in relation to any record created in accordance with SYSC 2.2.1R of the PRA Handbook as at 31 December 2015.~~~~[Deleted]~~

5.11 A firm must be able, where applicable, to provide the PRA on request with its *management responsibilities map* and its *statements of responsibilities*, together with all versions retained in accordance with 5.8.

...

7 UK ISPVS AND UK CAPTIVE INSURERS

...

7.2 A firm that is a UK ISPV or a UK captive insurer is not required to comply with the requirements laid down in:

(1) 4 (Identification of Key Functions); and

(2) 5.1 to 5.3 and 5.7 (Records).

7.3 Subject to 5A.1 to 5A.2, the requirements in 5.4 and 5.6 apply to a firm that is a UK ISPV or UK captive insurer as if any reference to a key function holder were a reference to a PRA senior management function holder only in relation to senior management function holders and as if any reference to a key function holder was deleted.

7.4 The requirements in 5.8 and 5.11 apply to a UK ISPV or UK captive insurer as if ~~the~~any reference to the *management responsibilities map* were deleted.

PART EXTERNALLY DEFINED TERMS

Term	Definition source
~~relevant senior~~ management functions	FSMA s.64A

Annex G

Amendments to the Insurance - Certification Part

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

INSURANCE – CERTIFICATION~~INSURANCE - COMPETENCE AND INTEGRITY FUNCTIONS~~**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~~

(5) a *UK ISPV*, in accordance with 6.

...

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*. [Deleted]~~

...

1.3 In this Part, the following definition shall apply: [Note: there are currently no Part specific definitions]

employee

in relation to a *firm*, includes any *person* within the description set out in section 63E(9) of FSMA.

...

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

...

(1A) ~~a *person* in relation to whom a notice under section 59ZZA has been given to an *authorised person*; [deleted]~~

...

2 CERTIFICATION~~COMPETENCE AND INTEGRITY FUNCTIONS~~

2.1 For the purposes of this Part, the following are ~~*certification functions*~~ *competence and integrity functions*:

(1) a function performed for a *firm* by a *key function holder* at the *firm*;

(2) a function performed by a *material risk taker* at a *large firm*.

- 2.2 A function is only a ~~certification function~~competence and integrity function to the extent that the function relates to a *regulated activity* carried on by a *firm*.

3 **PERFORMANCE OF ~~CERTIFICATION~~COMPETENCE AND INTEGRITY FUNCTIONS**

- 3.1 A *firm* must take reasonable care to ensure that none of its *employees* performs a ~~certification function~~competence and integrity function under an arrangement entered into by the *firm* in relation to the carrying on by the *firm* of a *regulated activity*, unless the *employee* has a ~~valid certificate issued by the firm~~the personal characteristics (including being of good repute and integrity) to enable them to perform those functions effectively.
- 3.2 A *person* does not perform a ~~certification function~~competence and integrity function for a *firm* under 2.1 if the *person* is performing any *controlled function* for that *firm*.
- 3.3 ~~To the extent that:~~
- (1) ~~a firm appoints a person to perform a function which, but for this rule, would be a certification function;~~
 - (2) ~~the appointment is solely to provide cover for a certification employee whose absence is reasonably unforeseen; and~~
 - (3) ~~the appointment is for less than four weeks;~~
- ~~such a person does not perform a certification function.~~[Deleted]

...

Annex H

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:

...

(5A) a third country insurance services provider that is also an SRO firm;

...

(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~~ performing a competence and integrity function (other than a key function holder);
- (d) approved or notified under section 59 of FSMA ~~by either:~~
 - (i) ~~the PRA~~ as a PRA senior management function holder; or
 - (ii) ~~the FCA, in relation to~~ a holder of a relevant senior management function;
- (e) an employee who should have been approved or notified under section 59 of FSMA ~~by either:~~
 - (i) ~~the PRA~~ as a PRA senior management function holder; or
 - (ii) ~~the FCA, in relation to~~ a holder of 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. [deleted.]~~

1.2 [Deleted. Note: there are currently no Part-specific definitions.]

~~employee~~

~~has the meaning given in Insurance - Certification 1.3.~~

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;
- (2) approved or notified under section 59 of FSMA ~~by either:~~
 - (a) ~~the PRA~~ as a PRA senior management function holder; or
 - (b) ~~the FCA, in relation to~~ a holder of 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; or [deleted.]~~

...

...

2.1B If you are an *employee* of a type specified in 1.1(6)(c), or (e) or (g) you must comply at all times with the *conduct standards* specified in 3.1 to 3.3.

2.2 A *firm* must require:

...

(2) any *key function holder* (other than a ~~*notified non-executive director*~~ *Conduct Rules non-executive director* and an *authorised UK representative*) to observe the *conduct standards* specified in 3.4 to 3.8, in addition to complying with (1);

(3) any ~~*notified non-executive director*~~ *Conduct Rules non-executive director* to observe the *conduct standards* specified in 3.7 and 3.8, in addition to complying with (1);

...

...

Draft for consultation

Annex I

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 ...

(6) a *third country insurance services provider* that is also an SRO firm; and

...

...

2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

2.1 A firm must ensure that all *persons* who perform *key functions as PRA senior management functions holders* or as a *Conduct Rules non-executive director* ~~or certification functions~~ are at all times fit and proper persons.

2.1A A UK ISPV, or UK captive insurer must ensure that all persons who perform key functions who are effectively running the firm are at all times fit and proper persons.

[Note: Art. 42(1) of the Solvency II Directive]

2.2 In deciding whether a *person* is fit and proper pursuant to 2.1 or 2.1A and, where applicable, section 60A(1) ~~and section 63F of FSMA~~, a firm must be satisfied that the *person*:

- (1) has the personal characteristics (including being of good repute and integrity);
- (2) possesses the level of competence, knowledge and experience;
- (3) has the qualifications; and
- (4) has undergone or is undergoing all training,

required to enable such *person* to perform his or her *key function* ~~or certification function~~ effectively and in accordance with any relevant regulatory requirements, including those under the *regulatory system*, and to enable sound and prudent management of the *firm*.

[Note: Art. 42(1) of the Solvency II Directive]

2.2A In deciding whether a *person* is fit and proper pursuant to 2.1, a firm may have regard to any permitted SMF condition requested in the application.

2.3 Before deciding, and in considering on an on-going basis, whether a *person* is fit and proper pursuant to 2.1, 2.1A and 2.2, a firm must consider:

- (1) the *person's* past business conduct; and
- (2) whether the *person* performs his or her *key functions* ~~or certification functions~~ in accordance with the relevant *conduct standards* specified in Insurance - Conduct Standards 3.

[Note: Art. 42(1) of the Solvency II Directive]

2.4 In deciding whether a *person* (P) is fit and proper to be appointed as a *PRA senior management function holder* or a ~~notified non-executive director~~ Conduct Rules non-executive director, a firm must:

- (1) obtain P's consent for the *firm* to request the fullest information in relation to P that it is lawfully able to request under the Police Act 1997 and related subordinated legislation of the *UK* or any part of the *UK*;
- (2) if P has lived or worked outside the *UK* for a material time in the previous six years, obtain P's consent for the *firm* to request the fullest information in relation to P that it is lawfully able to request under equivalent overseas legislation; and
- (3) request, and have regard to, such information.

2.5

- (1) Before deciding whether a *person* (P) is fit and proper to be appointed pursuant to 2.1 or 2.1A ~~as a key function holder or to perform a certification function~~, a *firm* must take reasonable steps to obtain appropriate references covering the past six years from the following:
 - (a) each *FCA-authorised person* and *PRA-authorised person* that is, or was:
 - (i) P's current or former employer; or
 - (ii) an organisation (not falling within (i)) at which P is currently serving, or has served, as a senior management function holder, a key function holder, approved person, non-executive director, notified non-executive director or credit union non-executive director or performed, or is currently performing, a certification function as a certification employee;
 - (b) P's other current and former employers; and
 - ...
- (3) When making a *PRA senior management approval application*, a *firm* must take reasonable steps to obtain references in accordance with (1) and (2):
 - (a) no later than one ~~month~~ month before the end of the application period set out in section 61 of *FSMA*; or
 - (b) where a request by a *firm* for a reference to an employer or organisation would require the *firm*, the employer, the organisation or any other *person* to make a *mandatory disclosure* prior to P disclosing to its current employer or organisation, as the case may be, that such application has been made, before the end of the application period set out in section 61 of *FSMA*.
- (4) Before deciding whether a *person* (P) is fit and proper to be appointed following *PRA senior management notification*, a *firm* must take reasonable steps to obtain references, in accordance with (a) and (b):
 - (a) within the period of one month before the notification is made; or
 - (b) where a request by a *firm* for a reference to an employer or organisation would require the *firm*, the employer, the organisation or any other *person* to make a *mandatory disclosure* prior to P disclosing to its current employer or organisation, as the case may be, that such application has been made, before the notification is made.

...

- 2.7 If a *firm* previously obtained the information required by 2.4 to 2.6 when it determined that ~~a key function holder or a person performing a certification function~~ was fit and proper for the purposes of this Part, and the *firm* engages that *person* for a continuous period of time, the *firm*

is not required to comply with 2.4 to 2.6 again in respect of any subsequent ~~key function~~ appointments or arrangements to perform ~~certification functions~~ at the same firm within that continuous period.

...

3 REGULATORY REFERENCES

3.1

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

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

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

...

3.2

(1) If:

...

(b) either

- (i) B is or has become aware of matters or circumstances that mean that, if B was giving that reference now, this Part would require B to draft it differently; or
- (ii) B has reached conclusions of the type described in item (E), or taken ~~disciplinary action~~ *disciplinary or remuneration action* of the type described in item (F) of the *regulatory reference template*, and had B taken or reached those conclusions or actions in the six year period referred to in the *regulatory reference template*, this Part would require B to draft the reference differently; and

...

...

4 DISCLOSURE AND REPLACEMENTS

4A.1 In this Chapter any reference to a *key function* or *key function holder* is to the extent that person comes within 2.1 or 2.1A.

4.1

- (1) A *firm* (other than a *UK ISPV*, ~~third country insurance services provider~~, or *UK captive insurer*) shall notify the *PRA* of any changes to the identity of *key function holders* and shall provide the *PRA* with:
 - (a) all the information needed to assess whether such *person* is fit and proper pursuant to 2.2, except in the case of a *person* that is to become a *key function holder* following *PRA senior management notification*, where only the information required with that notification needs to be provided; and
 - (b) the information referred to in Insurance - Allocation of Responsibilities 5.1(3) in respect of that *person*.
- (2) A *UK ISPV*, or *UK captive insurer* shall notify the *PRA* of any changes to the identity of *key function holders* who are effectively running the *firm* and shall provide the *PRA* with all the information needed to assess whether such *person* is fit and proper pursuant to 2.2.

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

- (3) Where a *firm* has complied with 4.1(1) in connection with the appointment of a *person* as a *key function holder*, and such *person* transfers from that *key function* to a different *key function* or is appointed to an additional *key function*, in either case within the same *firm*, for the purposes of 4.1(1) the *firm* need only supply, in connection with such subsequent appointment:
 - (a) updates to the information previously provided; and
 - (b) if the *key function holder* is also to perform a *PRA senior management function* or an *FCA controlled function*, the information required in connection with an application for approval to do so or in the case of a notification, the information required with that notification.

4.2 Where:

- (1) a *person* who is to become a *key function holder* is also to be approved by the *PRA* to perform a *PRA senior management function* or by the *FCA* to perform an *FCA controlled function*; and
- (2) the *firm* includes the information referred to in 4.1 in its application to the *PRA* for the approval of that *person* to perform the *PRA senior management function*, or in the application to the *FCA* for the approval of that *person* to perform the *FCA controlled function*,

this shall satisfy the requirement in 4.1 in respect of that *key function* appointment.

4.2A Where:

- (1) a *person* who is to become a *key function holder* is also to be appointed as an *PRA senior management function* following *PRA senior management notification*; and
- (2) the *firm* includes the information referred to in 4.1 in its notification to the *PRA*.
this shall satisfy the requirement in 4.1 in respect of that *key function* appointment.

- 4.3 If a *firm* becomes aware of information which would reasonably be expected to be material to the assessment of a current or former *key function holder's* fitness and propriety under this Part, it must inform the *PRA* as soon as practicable.

~~[Note: Art. 42(3) of the Solvency II Directive]~~

- 4.4 Where a *firm* replaces a *key function holder* because the *firm* considers that that *person* is no longer fit and proper pursuant to 2.1, 2.1A and 2.2, the *firm* must notify the *PRA* as soon as reasonably practicable.

[Note: Art. 42(3) of the Solvency II Directive]

...

6 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

...

- 6.4 Item (F) in the *regulatory reference template* does not require disclosure of ~~disciplinary action~~disciplinary or remuneration action that took place before 7 March 2017 if the firm's records do not show whether the conduct that was subject to ~~disciplinary action~~disciplinary or remuneration action amounted to a breach of the *individual conduct requirements* referred to in item (F) in the *regulatory reference template*.
- 6.5 The requirement to obtain regulatory references in accordance with 2.5 does not apply to a ~~firm~~ in respect of any ~~person~~ to the extent that:
- (1) ~~the firm is deciding whether the person is fit and proper for the purpose of issuing a certificate to perform a certification function; and~~
 - (2) ~~immediately prior to 10 December 2019 the person performed the same certification function for the firm.~~[deleted]
- 6.6 Item (F) in the *regulatory reference template* does not require disclosure of ~~disciplinary action~~disciplinary or remuneration action that took place in respect of a *certification employee* (other than a *key function holder*) prior to 10 December 2019 if the *firm's* records do not show whether the conduct that was subject to ~~disciplinary action~~disciplinary or remuneration action amounted to a breach of the *individual conduct requirements* referred to in item (F) in the *regulatory reference template*.

Annex J

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:

...

(6) a *third country insurance services provider* that is an SRO firm.

...

1.2 In this Part, the following definitions shall apply:

Approved Group Entity Senior Manager function

has the meaning given in 5.2.

...

~~*Group Entity Senior Manager function*~~

~~has the meaning given in 5.1.~~

...

Notified Group Entity Senior Manager function

has the meaning given in 5.3.

...

2 GENERAL

...

2.2 ~~*PRA senior management function holders must each be approved by the PRA to perform the applicable PRA senior management function.*~~ [Deleted]

...

2.4

To the extent that:

...

(3) the appointment is for less than ~~42~~18 weeks in a consecutive 12-month period,

...

2.4B (1) This rule deals with an appointment by a *firm* under 2.4 where:

...

(b) an absence of over ~~42~~18 weeks is reasonably unforeseen.

(2) If, before the period under 2.4(3) would have expired but for this rule, the *firm* makes a valid and complete application for the approval for the performance by a ~~person of the PRA senior management function~~ PRA senior management approval application or PRA

senior management notification in respect of a *PRA senior management function*, that was performed by the absent *PRA senior management function holder*:

- (a) the period for which the function performed by the ~~temporary replacement~~temporary cover is not a *PRA senior management function* is extended until that application is finally determined, or until that notification takes effect; and
- (b) the period for which the ~~temporary replacement~~temporary cover may perform the function without approval is extended accordingly.

...

2.5

- (1) If, in relation to a *firm*, a *PRA senior management function holder* also performs *FCA activities*, performance of the *PRA senior management function* will include the performance of those *FCA activities*, provided the following conditions are met:

- (a) ~~the~~either:

- (i) the *PRA's* approval to perform that *PRA senior management function* has been granted and continues in force; or
- (ii) the *PRA senior management function holder* is the subject of a *PRA senior management notification* which is in effect;

- (b) at the time of:

- (i) approval being granted by the *PRA*, ~~that person was not subject to an *FCA approval* to perform the particular *FCA governing function*; or~~
- (ii) the *PRA senior management notification* taking effect
that person was not subject to an *FCA approval* or an effective *FCA senior management notification* to perform the particular *FCA governing function*;

...

- (2) If, in relation to a *firm*, a *PRA senior management function holder* has been performing *FCA activities* in the circumstances set out in (1), and that *person*:

...

- (b) within three *months* of ceasing performance, is approved or notified to perform a new *PRA senior management function* at the *firm*; and

...

- 2.6 If a *PRA senior management function holder* to whom 2.5 applies ceases to perform a *PRA senior management function* but continues to perform the *FCA activities*, 2.5(1) will continue to apply in respect of the performance of the *FCA activities* until the earlier of:

- (1) approval by the *FCA* or the taking effect of an *FCA senior management notification*, in respect of the performance by that *person* of those *FCA activities* as an *FCA governing function* in relation to the *firm*; or

...

- 2.6A If a ~~*PRA approved person*~~*PRA senior management function holder*:

...

- (3) does not have an *FCA approval* nor is the subject of an *FCA senior management notification* which is in effect to perform an *FCA controlled function* in relation to that *firm*,

the functions in (1) will continue to be part of the *PRA senior management function* that the *person* most recently performed for that *firm* until the earlier of:

- (a) approval by the *FCA* or the taking effect of an *FCA senior management notification*, in respect of the performance by that *person* of an *FCA controlled function* in relation to the *firm*; or

...

- 2.7 If a *firm* that is not significant outsources its internal audit *function* to an external third party service provider (that is, a service provider outside the *firm* or the *firm's group*), the *firm* is not required to have any *person(s)* ~~approved~~notified to perform the *Head of Internal Audit function*.

...

5 GROUP ENTITIES

- 5.1 ~~The *Group Entity Senior Manager function* (SMF7) is the function of having a significant influence on the management or conduct of one or more aspects of the affairs of a *firm* in relation to its *regulated activities* (other than in the course of the performance of another *PRA senior management function*) and which is performed by:~~

~~(1) [deleted]~~

~~(2) [deleted]~~

~~(1A) an employee, or an officer of:~~

~~(a) a parent undertaking or holding company of a *firm*; or~~

~~(b) another undertaking which is a member of the *firm's group*; or~~

~~(2A) a controller or a nominated representative. [Deleted]~~

- 5.2 The *Approved Group Entity Senior Manager function* (SMF7) is the function of:

(1) having a significant influence on the management or conduct of one or more aspects of the affairs of a *firm* in relation to its *regulated activities* (other than in the course of the performance of another *PRA senior management function*);

(2) which is performed by:

(a) an employee, or an officer of:

(i) a parent undertaking or holding company of a *firm*; or

(ii) another undertaking which is a member of the *firm's group*; or

(b) a controller or a nominated representative; and

(3) the *person* has the function of:

(a) having responsibility, alone or jointly with others, for carrying out the management of the conduct of the whole of the business (or relevant activities) of the *firm*, its *group* or a part of that *group* containing the *firm*;

(b) having responsibility for management of the financial resources of, and the financial affairs of, the *firm*, its *group* or a part of that *group* containing the *firm*;

(c) having responsibility for overall management of the risk management system of the *firm*, its *group* or a part of that *group* containing the *firm*;

(d) having responsibility for the internal operations and technology of the *firm*, its *group* or a part of that *group* containing the *firm*;

- (e) having responsibility for chairing, and overseeing the performance of the role of, the governing body of a parent undertaking or holding company of the firm;
- (f) having responsibility for the overall management of the FCA compliance requirements for SMCR firms for the firm, its group or a part of that group containing the firm; or
- (g) having responsibility for overall management of the functions described in the definition of 'money laundering reporting officer' in the Glossary to the FCA Handbook for the firm, its group or a part of that group containing the firm.

5.3 The Notified Group Entity Senior Manager function (SMF7a) is the function of:

- (1) having a significant influence on the management or conduct of one or more aspects of the affairs of a firm in relation to its regulated activities (other than in the course of the performance of another PRA senior management function);
- (2) which is performed by a person employed by, or an officer of:
 - (a) an employee, or an officer of:
 - (i) a parent undertaking or holding company of a firm; or
 - (ii) another undertaking which is a member of the firm's group; or
 - (b) a controller or a nominated representative; and
- (3) none of descriptions in 5.2(3)(a) to (g) apply.

5.4 Approvals given by the PRA for the function (Group Entity Senior Manager) specified in 5.1 as it had effect immediately before Phase 2 commencement date:

- (1) will continue to have effect as approvals for the Approved Group Entity Senior Manager function;
- (2) will also have effect as if a PRA senior management notification for the Notified Group Entity Senior Manager function was in place from Phase 2 commencement date; and
- (3) anything done in relation to that function under Part V of FSMA before Phase 2 commencement date is to be treated as having been done in relation to the Approved Group Entity Senior Manager function and Notified Group Entity Senior Manager function, including any limited periods or conditions that were in place immediately before Phase 2 commencement date.

...

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 that is an SRO firm ~~(other than a Swiss general insurer)~~

...

14 PRA APPROVED FUNCTIONS

14.1 The following PRA senior management functions are PRA approved functions:

- (1) the Chief Executive function (SMF1);
- (2) the Chief Finance function (SMF2);
- (3) the Chief Risk function (SMF4);
- (4) the Approved Group Entity Senior Manager function (SMF7);

- (6) the Chair of the Governing Body function (SMF9);
- (7) the Head of Third Country Branch function (SMF19);
- (8) the Chief Underwriting Officer function (SMF23);
- (9) the Underwriting Risk Oversight function (SMF23a);
- (10) the Chief Operations function (SMF24);
- (11) the Head of small run-off firm function (SMF26).

15 PRA NOTIFIED FUNCTIONS

15.1 The following PRA senior management functions are PRA notified functions:

- (1) the Head of Internal Audit function (SMF5);
- (2) the Head of Key Business Area function (SMF6);
- (3) the Notified Group Entity Senior Manager function (SMF7a);
- (4) the Chair of Risk Committee function (SMF10);
- (5) the Chair of Audit Committee function (SMF11);
- (6) the Chair of Remuneration Committee function (SMF12);
- (7) the Senior Independent Director function (SMF14);
- (8) the Chief Actuary function (SMF20);
- (9) the With-Profits Actuary function (SMF20a).

...

Annex K

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:

...

(6) a *third country insurance services provider* that is an SRO firm; and

...

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;~~

(2) ~~a deemed approval given by:~~

(a) ~~the PRA following the submission of a conversion notification; or~~

(b) ~~the FCA under any equivalent process contained in rules in the FCA Handbook;~~
or

(3) ~~for the purposes of 2.5(2) and 2.6(1), an approval granted to that person under section 59 of FSMA by either the PRA or the FCA to perform a controlled function prior to the commencement date but which ceased (i) on or before the commencement date; and (ii) during the six month period specified in 2.5(2) and 2.6(1), as the case may be.~~

...

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~~.~~[Deleted]~~

1A RELEVANT PRA SENIOR MANAGEMENT FUNCTION PROCEDURE

1A.1 Subject to 1A.2, the PRA directs that a firm must:

(1) make a PRA senior management approval application in respect of PRA approved functions in accordance with Chapter 2; and

(2) make a PRA senior management notification in respect of PRA notified functions in accordance with Chapter 2C.

1A.2 If a firm is prevented from making a PRA senior management notification due to a requirement imposed under section 55L FSMA by the FCA, or section 55M FSMA by the PRA, it must make a PRA senior management approval application in respect of that PRA notified function instead.

1B PERMITTED CONDITIONAL APPLICATIONS FOR PRA APPROVAL

1B.1 Each of the following are permitted SMF conditions for the purposes of section 60A(5) of FSMA, in respect of a PRA senior management approval application:

- (1) a condition that the PRA candidate reduces or ceases certain activities they carry out:
 - (a) as a director or employee of the firm or another entity; or
 - (b) in their individual capacity; or
- (2) the PRA grants approval for a limited period.

2 APPLICATION TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION: APPLICATION PROCEDURE

...

2.2 The PRA directs that a PRA senior management approval application must: ~~firm must use Form A (long form) for a PRA senior management approval application unless:~~

- (1) be made using the relevant SMR form; and ~~the firm must use Form E under 2.3; or~~
- (2) satisfy the requirements in 2.3 and 2.4. ~~the firm must use Form A (shortened form) under 2.6.~~

2.3 The PRA directs that, subject to 2.4 and 2.5, a firm must use Form E for a PRA senior management approval application if it is being made in respect of a person who has a current approved person approval and is either: ~~The PRA directs that a PRA senior management approval application must include, where applicable, a statement setting out:~~

- (1) ceasing to perform a PRA senior management function and taking up a new PRA senior management function for the same firm or another member of its group; or ~~the details of any permitted SMF condition requested:~~
 - (a) the duration of any limited period the firm proposes the PRA grants approval for; and
 - (b) the date on which such limited period starts;
- (2) ceasing to perform an FCA designated senior management function or a significant influence function and taking up a PRA senior management function for the firm or another member of its group. ~~the reasons for requesting permitted SMF conditions;~~
- (3) an explanation of how the permitted SMF conditions were taken into account as part of the firm's assessment of the PRA candidate's fitness and propriety under section 60A of FSMA.

2.4 The PRA directs that a firm must not use Form E for a PRA senior management approval application if: ~~The PRA directs that a PRA senior management approval application must be accompanied by relevant SMR supporting material.~~

- (A1) a notification has been or should be made to the PRA or FCA under any of the following:
 - (a) section 63(2A) of FSMA (Duty to notify regulator of grounds for withdrawal of approval);
 - (b) section 64C of FSMA (Requirement for authorised person to notify regulator of disciplinary action);

- (1) a notification has been made or should be made to the *PRA* under any of the rules in Notifications 11 or to the *FCA* under any equivalent provisions of the *FCA Handbook*; ~~[deleted]~~
- (2) any of the circumstances in 4.2(2)(a)-(d) apply in relation to:
- (a) any *controlled function* that that *person* is ceasing to perform; or
 - (b) any *controlled function* that that *person* is continuing to perform in relation to that *firm* or a *firm* in the same *group*. ~~[deleted]~~
- 2.5 The *PRA* directs that a *firm* must not use Form E if the *person* to whom the *PRA senior management approval application* relates:
- (1) ~~has never before been approved:~~
 - (a) ~~by the *PRA* to perform a *controlled function*; or~~
 - (b) ~~by the *FCA* to perform an *FCA-designated senior management function* or a *significant influence function*~~
 - for any *firm*;
 - or
 - (2) ~~has not been the subject of a *current approved person approval* in relation to any *firm* for more than six *months* prior to the date of application. ~~[Deleted]~~~~
- 2.6
- (1) The *PRA* directs that a *firm* must use Form A (shortened form) for a *PRA senior management approval application* if:
 - (a) the *person* to whom the application relates:
 - (i) ~~has at the time of application a *current approved person approval*; or~~
 - (ii) ~~has had a *current approved person approval* within the previous six *months*; and~~
 - (b) ~~there have been no matters arising in relation to the fitness and propriety of the *person* to whom the *PRA senior management approval application* relates which mean that the information provided to the *FCA* or *PRA* regarding fitness and propriety in connection with a *current approved person approval* may have changed since the application for the *current approved person approval* was made.~~
 - (2) The *PRA* directs that a *firm* must not use Form A (shortened form) if the circumstances set out in 2.3 apply. ~~[Deleted]~~
- 2.7 The *PRA* directs that the form submitted for a *PRA senior management approval application* must be accompanied by a *statement of responsibilities form* or, where a *statement of responsibilities form* has already been provided under Key Function Holder — Notifications 2.2, an updated version of it. ~~[Deleted]~~
- 2.8 ~~[Deleted.]~~

2A SECTION 59ZZA APPLICATION ~~[DELETED]~~

2A.1

- (1) In the case of a *section 59ZZA application*, the following directions shall have effect in substitution for any directions relating to the provision of information, documents, *statement of responsibilities* and form of application which would otherwise apply on the making of an application under section 60 of *FSMA*.

- ~~(2) The PRA directs that the application must contain the information and be accompanied by such documents as are set out in the form approved by the PRA for the purposes of this direction; except that where the application is in respect of a person who holds a *current approved persons approval*, Form E may be used in accordance with 2.3 instead.~~
- ~~(3) The PRA directs that the application must be accompanied by a *statement of responsibilities* in accordance with Insurance – Allocation of Responsibilities 5.4, containing such information as is set out in the form approved by the PRA for the purposes of this direction; except that where a Form E is used pursuant to (2) above, the application must provide a *statement of responsibilities* specified in 2.7.~~
- ~~(4) A function performed by a person in relation to whom a notice under section 59ZZA of FSMA could be given, shall not (otherwise than for the purposes of making an application under section 60 of FSMA), be treated as a *controlled function* until the earliest of:~~
- ~~(a) 12 weeks beginning on the day on which *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. [Deleted]~~

2B SRO FIRMS [DELETED]

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*. [Deleted]~~

2C PRA SENIOR MANAGEMENT FUNCTION: NOTIFICATION PROCEDURE

2C.1 Subject to 2C.2, the PRA directs that a firm must make a PRA senior management notification in accordance with 2C.3, before the activities requiring notification commence.

2C.2 A firm may not make a PRA senior management notification if it would be contrary to a requirement made by the FCA under section 55L FSMA or the PRA under section 55M FSMA.

2C.3 A PRA senior management notification must:

- (1) be made using the relevant SMR form; and
- (2) be accompanied by relevant SMR supporting material.

2D NOTIFICATIONS: EFFECTIVE DATE AND WITHDRAWAL

2D.1 Subject to 2D.2 and 2E.3, a PRA senior management notification takes effect on the later of:

- (1) the date on which the PRA confirms submission of the notification in writing; or

- (2) the date of appointment specified in the notification, which may be no later than three months from the date the firm makes the PRA senior management notification.

2D.2 A PRA senior management notification does not take effect if:

- (1) the firm did not use the relevant SMR form or provide relevant SMR supporting material;
- (2) it would be contrary to a requirement made by the FCA under section 55L FSMA, or the PRA under section 55M FSMA;
- (3) it has been withdrawn in accordance with 2D.3 and 2D.4; or
- (4) the PRA candidate:
 - (a) is subject to a prohibition order made under section 56 FSMA; and
 - (b) would be in violation of the prohibition order if they performed the functions specified in the notification for the firm.

2D.3 A firm may withdraw a PRA senior management notification by submitting written notice to the PRA.

2D.4 Notice provided under 2D.3 is only capable of withdrawing a PRA senior management notification if:

- (1) the firm provides the written consent of:
 - (a) the PRA candidate; and
 - (b) any other firm for which the PRA candidate would have performed PRA notified functions specified in the PRA senior management notification; and
- (2) it is submitted before the date the PRA senior management notification takes effect.

2E ADVANCE PRA SENIOR MANAGEMENT NOTIFICATIONS

2E.1 This Chapter applies where a firm has made a PRA senior management notification to the PRA before Phase 2 commencement date.

2E.2 A PRA senior management notification received before Phase 2 commencement takes effect only if it meets the following requirements:

- (1) the PRA senior management notification was received no earlier than one month before Phase 2 commencement date;
- (2) the PRA senior management notification must specify a date of appointment that is either:
 - (a) the Phase 2 commencement date; or
 - (b) a date within three months of the date on which the PRA senior management notification is submitted;
- (3) the PRA senior management notification when made complied with the requirements of 2C.2 and 2C.3, and 6.1 to 6.3 as if these were in force at that time;
- (4) the PRA senior management notification is not prevented from taking effect by 2D.2; and
- (5) the PRA senior management notification has not been withdrawn in accordance with 2D.3 to 2D.4.

2E.3 A PRA senior management notification received before Phase 2 commencement date which is not prevented from taking effect by 2E.2 takes effect on the later of:

- (1) the date on which the PRA confirms submission of the notification in writing;
- (2) Phase 2 commencement date; or

(3) the date of appointment specified in the notification.

2E.4 2D.1 does not apply to PRA senior management notifications made by a firm to the PRA before Phase 2 commencement date.

3 WITHDRAWAL OF A PRA SENIOR MANAGEMENT APPROVAL APPLICATION

3.1 ~~The PRA directs that a~~ A firm withdrawing an outstanding PRA senior management approval application must do so by submitting written notice to the PRA using Form B.

3.2 Written notice submitted under 3.1 must include:

- (1) the name of the PRA candidate, and
- (2) a statement from the firm explaining the reason for withdrawal.

4 CEASING TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION

4.1

- (1) A firm must notify the PRA no later than seven business days after a person permanently ceases to perform a PRA senior management function, using:
 - (a) ~~Form E pursuant to the direction in 2.3~~ The relevant SMR form, if a person permanently ceases to perform a PRA senior management function and the firm is also making an application or notification for the same person to perform a new PRA senior management function; and
 - (b) in all other cases, Form C written notice.

4.1A A written notice under 4.1(1)(b) must include, in relation to a person ceasing to perform PRA senior management functions:

- (1) the name of the firm;
- (2) the name of the person who is the subject of the notice;
- (3) the PRA senior management functions ceased;
- (4) the dates on which they ceased to perform each PRA senior management function;
- (5) a statement explaining the reasons why they ceased each PRA senior management function;
- (6) any information that would make the written notice qualified under 4.2(2); and
- (7) any other information the firm may reasonably be expected to provide the PRA.

4.2

- (1) A firm must notify the PRA as soon as practicable after it becomes aware, or has information which reasonably suggests, that it will submit a qualified written notice ~~Form C~~ in respect of a PRA senior management function holder.
- (2) ~~Form C~~ Written notice under 4.1(1)(b) is qualified if the information it contains:
 - ...
 - (c) includes a notification: ~~under any of the provisions set out in 2.4(A1) or (1); or~~
 - (i) section 63(2A) of FSMA (Duty to notify regulator of grounds for withdrawal of approval or invalidation of notification), or
 - (ii) provided under Notifications 11,

(ca) the firm must submit to the FCA under SUP 15.11 or 10C.14.7R of the FCA Handbook, or

(d) otherwise reasonably suggests that it may affect the PRA's assessment of the PRA senior management function holder's fitness and propriety.

4A APPLICATION TO VARY A CONDITION OR LIMITATIONAL APPROVAL

4A.1 The PRA directs that a firm making an application to the PRA under section 63ZA of FSMA ~~(for the variation of a conditional approval)~~ must do so by ~~submitting using the relevant SMR form.~~

(1) ~~Form I And [deleted]~~

(2) ~~a statement of responsibilities form for the PRA approved person concerned. [deleted]~~

4A.2 A firm may withdraw an application made under section 63ZA FSMA by submitting written notice to the PRA. ~~The PRA directs that a firm withdrawing an application made under section 63ZA of FSMA (Variation of senior manager's approval at request of relevant authorised person) must do so using Form B.~~

4A.3 Written notice submitted under 4A.2 must include:

(1) the name of the person who is the subject of the application, and

(2) a statement from the firm explaining the reason for withdrawal.

5 CHANGE IN DETAILS RELATING TO PRA SENIOR MANAGEMENT FUNCTION HOLDERS

5.1 ~~If a PRA approved person's PRA senior management function holder's title, name or national insurance number changes, the firm for which the person performs a PRA senior management function must notify the PRA of that change within seven business days of the firm becoming aware of the matter, by written notice using Form D.~~

5.1A ~~If a PRA approved person's has been temporarily absent for more than a 12 week period, the firm for which the person performs a PRA senior management function must notify the PRA of:~~

~~(1) that absence within seven business days of the end of the 12 week period; and~~

~~(2) the PRA approved person's return from absence within seven business days of the date of their return,~~

~~in each case, using Form D. [Deleted]~~

5.2 ~~If, in relation to a firm which has submitted an application or notification on either Form A or Form E, as required by 2.2 or 2C.3, any of the details relating to arrangements and PRA senior management functions are to change, the firm must notify the PRA by written notice using Form D as soon as reasonably practicable after the firm becomes aware of the proposed change.~~

5.3 ~~The PRA directs that if a PRA senior management function holder ceases to perform a PRA senior management function for a firm but continues to perform one or more PRA senior management functions for the same firm, the firm must submit a revised statement of responsibilities form for the remaining PRA senior management function(s), along with Form J.~~ Written notice submitted to the PRA under this Chapter must include:

(1) for a written notice required by 5.1:

(a) the name of the PRA senior management function holder;

(b) the new details of the PRA senior management function holder;

(c) the date on which the firm reasonably believes the details changed or will change;

(d) the date on which the firm became aware of the change in details; and

- (e) a statement explaining the reasons for the change in details;
- (2) for a written notice required by 5.2:
 - (a) the name of the *person* who is the subject of the application or notification;
 - (b) the proposed changes to:
 - (i) the *PRA senior management functions*; and
 - (ii) the details relating to arrangements;
 - (c) the date on which:
 - (i) the *firm* reasonably believes the changes were proposed;
 - (ii) the *firm* became aware of the proposed changes; and
 - (iii) the proposed changes take effect; and
 - (d) a statement explaining the reasons for the proposed changes; and
- (3) any other relevant information the *firm* would reasonably be expected to provide to the *PRA* in relation to the written notice.

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, or notifications or submissions required by this Part by submitting the relevant *SMR form* form specified using the *ONA system* *ONA system*.
- 6.1A ~~The *PRA* directs that a firm making a section 59ZZA application must make that application by submitting the information, documents, statement of responsibilities and forms required by 2A in the manner set out in Notifications 7.~~ A firm must submit written notices required under this Part using the *ONA system*.
- 6.2 If, under any direction or rule in this Part:
- (1) a *firm* is required to make an application, notification, written notice or submission online; and
 - (2) the information technology systems used by the *PRA* fail and online submission is unavailable for 24 hours or more,
- until such time as facilities for online submission are restored, a *firm* must submit ~~the specified form~~ in the way set out in Notifications 7.
- 6.3 Any application, notification or written notice submitted under any direction or rule of this Part must include the following:
- (1) the name of the *firm* making the submission and its reference number; ~~The *PRA* directs that, if a *firm* is required to submit a revised *statement of responsibilities* under section 62A of *FSMA*, it must do so by submitting Form J with the revised *statement of responsibilities form*.~~
 - (2) the name of the *person* making the submission on behalf of the *firm*; ~~The *PRA* directs that a *firm* must not use Form J where the revisions are to be made as part of arrangements involving an application:~~
 - (a) for approval for the *person* performing the *PRA senior management function* concerned to perform another *PRA senior management function* or *FCA designated senior management function* for the same *firm*; or [deleted]

- (b) ~~to vary under section 63ZA of FSMA an approval for the person performing the PRA senior management function concerned to perform another PRA senior management function or FCA-designated senior management function for the same firm.[deleted]~~
- (3) the name of the person who will act as the point of contact with the PRA in relation to the submission;
- (4) the contact details of the persons under 6.3(2) and (3); and
- (5) any other information a firm may reasonably be expected to provide to the PRA in relation to the application, notification or written notice.

7 FORMS ~~[DELETED]~~

7.1

- (1) ~~Form A (long form) is available on the PRA's website.~~
- (2) ~~Form A (shortened form) is available on the PRA's website.~~
- (3) ~~Form B is available on the PRA's website.~~
- (4) ~~Form C may be found here.~~
- (5) ~~Form D may be found here.~~
- (6) ~~Form E is available on the PRA's website.~~
- (6A) ~~Form I is available on the PRA's website.~~
- (6B) ~~Form J is available on the PRA's website.~~
- (7) ~~The statement of responsibilities form is available on the PRA's website.[Deleted]~~

...

Annex L

Amendments to the Key Function Holder - Notifications Part

This Part is deleted

Part

INSURANCE – KEY FUNCTION HOLDER – NOTIFICATIONS [DELETED]

This Part is deleted in its entirety.

Draft for consultation

Annex M

Amendments to the Large Non-Solvency II Firms - Allocation of Responsibilities 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:

...

statement of responsibilities

has the meaning given in 5.4.

...

2 ALLOCATION OF RESPONSIBILITIES

2.1 A firm (other than a *Swiss general insurer*) must allocate each of the *prescribed responsibilities* set out in 3.1 (other than 3.1(9) and (10)) to one or more *persons* who, ~~in relation to that firm,~~ are approved under section 59 of FSMA by perform:

(1) ~~the PRA to perform a PRA senior management function;~~ or

(2) ~~in relation to a relevant senior management functions only, the FCA.~~

on behalf of the firm.

2.2 A firm (other than a *Swiss general insurer*) must allocate each of the *prescribed responsibilities* set out in 3.1(9) and (10) and the *prescribed responsibility* set out in 3.2, if applicable to one or more *non-executive directors* who perform:

(1) a *PRA senior management function* set out in Large Non-Solvency II Firms – Senior Insurance Management Functions 4; or

(2) ~~an FCA governing function at that firm.~~

on behalf of the firm.

2.3 A *Swiss general insurer* must allocate each of the *prescribed responsibilities* set out in 3.1(A1) ~~to 3.1 and (1) and each of the Swiss general insurer prescribed responsibilities~~ to one or more *persons* who, ~~in relation to that firm, are approved under section 59 of FSMA by perform:~~

(1) ~~the PRA to perform a PRA senior management function;~~ or

(2) ~~in relation to a relevant senior management functions only, the FCA.~~

on behalf of the firm.

2.4 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 the firm are consistent with the scope of that *PRA senior management function* and of any *prescribed responsibilities*, Swiss general insurer prescribed responsibilities, *FCA responsibilities* and other responsibilities allocated to that *person*.

3 PRESCRIBED RESPONSIBILITIES

3.1 Each of the responsibilities set out in this rule is a *prescribed responsibility*:

- (A1) responsibility for the *firm's* performance of its obligations under the *senior management regime* (including the vetting of *candidates* to perform *senior management functions*) (PR A);
- (A2) ~~responsibility for the *firm's* performance of its obligations under the *certification regime* (PR B);[deleted]~~
- (A3) ~~responsibility for compliance with the *firm's* obligations in relation to its *management responsibilities map* (PR C);[deleted]~~
- (1) responsibility for ensuring that the *firm* has complied with its obligations in Large Non-Solvency II Firms - Fitness and Propriety to:
- (a) ensure that every *person* who performs a *key function* but does not also perform a *PRA senior management function* ~~or a *certification function*~~ is a fit and proper *person*; and
- (b) provide and obtain regulatory references (PR U);
- ...
- (6) ~~responsibility for the development and maintenance of the *firm's* business model by the governing body (PR T);[deleted]~~
- (7) ~~responsibility for leading the development and monitoring effective implementation of policies and procedures for the induction, training and professional development of all members of the *firm's* governing body (PR F);[deleted]~~
- (8) ~~responsibility for monitoring effective implementation of policies and procedures for the induction, training and professional development of all of the *firm's* key function holders (other than members of the *firm's* governing body) (PR G);[deleted]~~
- ...
- ...

5 **RECORDS: STATEMENTS OF RESPONSIBILITIES AND MANAGEMENT RESPONSIBILITIES MAPS**

- 5.A1 5.1 to 5.4 do not apply to a *firm* if and for as long as it only has a single *senior management function holder*.
- 5.A2 When determining the number of *senior management function holders* of a *firm* for the purposes of 5.A1:
- (1) any *senior management function holder* of the *firm* who is temporarily absent is still included;
- (2) any *person* that is not a *senior management function holder* of the *firm* but that provides cover under Large Non-Solvency II Firms - Senior Management Functions 2.4 to 2.4B or under SUP 10C.3A of the *FCA Handbook* for a *person* that has ceased to be a *senior management function holder* of the *firm* is counted as a *senior management function holder* of the *firm*; and
- (3) any *senior management function holder* of the *firm* that also provides cover under Large Non-Solvency II Firms - Senior Management Functions 2.4 to 2.4B or under SUP 10C.3A of the *FCA Handbook* for a *person* that has ceased to be a *senior management function holder* of the *firm* is counted twice, once in their capacity as a *senior management function holder* of the *firm* and once in their capacity as a *person* providing this cover.

- 5.1 A firm must ~~have and maintain an up-to-date written document (a management responsibilities map)~~, which is a clear and coherent document or series of documents with the following details that describes the firm's management and governance arrangements, including, without limitation, 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;
 - (2) ~~the names of the persons who effectively run the firm or who are responsible for other key functions listed pursuant to 5.1(1)~~ the names of all the firm's approved persons and notified persons and all the firm's key function holders that are not approved persons or notified persons of the firm;
 - (3) for each person named pursuant to 5.1(2), a summary of the significant responsibilities performed by or allocated to that person (including, if applicable, any ~~prescribed responsibilities that have been allocated to that person in accordance with 2~~), including, where applicable, the responsibilities set out in any current *statement of responsibilities* for that person required under 5.4;
 - (4) where any responsibilities covered by 5.1(3) are performed by or allocated to more than one person, details of how those responsibilities are shared or divided between the persons concerned;
 - (5) reporting lines and lines of responsibility for each person listed pursuant to 5.1(2);
 - (5A) ~~matters reserved to the governing body (including the terms of reference of its committees) including, in the case of a Swiss general insurer, the equivalent body (or its committees) responsible for the management of the Swiss general insurer's business activities in the UK; and~~
 - (6) where a firm is a member of a group:

...

 - (b) for the persons listed pursuant to 5.1(2), details of the reporting lines and the lines of responsibility (if any) to persons who are ~~employees~~ employees or officers of other group members or to committees or other bodies of the group or of other group members;
 - (7) ~~matters reserved to the governing body (including the terms of reference of its committees) including, in the case of a Swiss general insurer, the equivalent body (or its committees) responsible for the management of the Swiss general insurer's business and activities in the UK. [deleted]~~
- 5.2 A firm must update the *management responsibilities map*:
- (1) at least quarterly; and
 - (2) in the event of a significant change to:
 - (a) the firm's governance structure;
 - (b) the significant responsibilities allocated to a key function holder; or
 - (c) the reporting lines or lines of responsibility for a key function holder. [Deleted]
- 5.3 A firm must, as soon as reasonably practicable, provide the following to the PRA:
- (1) upon request by the PRA, a copy of the *management responsibilities map*; and
 - (2) in the event of an update pursuant to 5.2(2), a copy of the relevant part of the *management responsibilities map*. [Deleted]

- 5.4 ~~A firm must keep an up-to-date record of the statement of responsibilities of each key function holder.~~ A firm must maintain an up-to-date written document (a *statement of responsibilities*) for each of its *senior management function holders* and each of its *key function holders* that is not a *senior management function holder* of the firm, setting out details of or about:
- (1) any senior management functions which that person performs for the firm;
 - (2) in relation to (1), any condition or time limit which any approval, or the effectiveness of any senior management notification, required to perform these senior management functions under section 59 of FSMA is subject to;
 - (3) any FCA-designated senior management function that is included in any PRA senior management function performed by that person under the arrangement described in SUP 10C.9 of the FCA Handbook;
 - (4) any prescribed responsibilities, Swiss general insurer prescribed responsibilities or FCA responsibilities allocated by the firm to that person;
 - (5) any other responsibilities that the person has as a senior management function holder, key function holder, employee or officer of that firm and any other responsibilities allocated by the firm to the person in relation to the firm; and
 - (6) any sharing between persons of any senior management function or responsibility referred to in (1), (4) or (5).
- 5.5 ~~A statement of responsibilities form, where it is kept and maintained up-to-date on behalf of a key function holder, will satisfy the requirement in 5.4.~~ [Deleted]
- 5.6 ~~The record in 5.4, and each updated version, must be signed by the key function holder and an appropriate representative of the firm.~~ [Deleted]
- 5.7 ~~Where a firm amends its management responsibilities map to show changes in a person's responsibilities it must also ensure that:~~
- (1) ~~the person concerned is informed in writing of the changes; and~~
 - (2) ~~the record in 5.4 is amended to show the changes.~~ [Deleted]
- 5.8 ~~A firm must retain e~~Each version of:
- (1) ~~both the~~its management responsibilities map; and
 - (2) ~~the record in 5.4~~each of its statements of responsibilities
- ~~must be retained for a period of six years from the date on which it was superseded by a more up-to-date version record, and must be provided to the PRA on request.~~
- ...
- 5.10 ~~A firm must comply with 5.8 in relation to any record created in accordance with SYSC 2.2.1R of the PRA Handbook as at 31 December 2015.~~ [Deleted]
- 5.11 A firm must be able, where applicable, to provide the PRA on request with its management responsibilities map and its statements of responsibilities, together with all versions retained in accordance with 5.8.

PART EXTERNALLY DEFINED TERMS

Term	Definition source
group	<u>section 421 FSMA</u>

<u>parent undertaking</u>	<u>section 420 FSMA</u>
---------------------------	-------------------------

Draft for consultation

Annex N

Amendments to the Large Non-Solvency II Firms - Certification Part

This Part is deleted

Part

LARGE NON-SOLVENCY II FIRMS – CERTIFICATION [DELETED]

This Part is deleted in its entirety.

Draft for consultation

Annex O

Amendments to the Large Non-Solvency II Firms - 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:

...

(3) 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~~ performing a competence and integrity function (other than a *key function holder*);
- (d) approved or notified under section 59 of *FSMA* ~~by either~~:
 - (i) ~~the PRA~~ as a PRA senior management function holder; or
 - (ii) ~~the FCA, in relation to~~ a holder of a relevant senior management function;
- (e) an *employee* who should have been approved or notified under section 59 of *FSMA* ~~by either~~:
 - (i) ~~the PRA~~ as a PRA senior management function holder; or
 - (ii) ~~the FCA, in relation to~~ a holder of a relevant senior management function; or

...

1.2 [Deleted. Note: there are currently no Part specific definitions.]

~~employee~~

~~has the meaning given in Large Non-Solvency II Firms – Certification 1.2.~~

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*;
 - (2) approved or notified under section 59 of *FSMA* ~~by either~~:
 - (a) ~~the PRA~~ as a PRA senior management function holder; or
 - (b) ~~the FCA, in relation to~~ a holder of a relevant senior management function; or
 - (3) an *employee* of the type specified in 1.1(3)(f),
- you must comply at all times with all of the *conduct standards*.

...

2.2 A *firm* must require:

...

- (2) any *key function holder* (other than a ~~*notified non-executive director*~~*Conduct Rules non-executive director*) to observe the *conduct standards* specified in 3.4 to 3.8, in addition to complying with (1);
- (3) any ~~*notified non-executive director*~~*Conduct Rules non-executive director* to observe the *conduct standards* specified in 3.7 and 3.8, in addition to complying with (1);

...

...

Draft for consultation

Annex P

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

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

...

2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

-
- 2.1 A firm must ensure that all *persons* who perform *key functions* that are *senior management functions* or as a *Conduct Rules non-executive director* ~~or certification functions~~ are at all times fit and proper *persons*.
- 2.2 In deciding whether a *person* is fit and proper pursuant to 2.1 and, ~~where applicable,~~ section 60A(1) ~~and section 63F of FSMA~~, a firm must be satisfied that the *person*:
- (1) has the personal characteristics (including being of good repute and integrity);
 - (2) possesses the level of competence, knowledge and experience;
 - (3) has the qualifications; and
 - (4) has undergone or is undergoing all training, required to enable such *person* to perform his or her *key function* ~~or certification function~~ effectively and in accordance with any relevant regulatory requirements, including those under the *regulatory system*, and to enable sound and prudent management of the *firm*.
- 2.3 Before deciding, and in considering on an on-going basis, whether a *person* is fit and proper pursuant to 2.1 and 2.2, a firm must consider:
- (1) the *person's* past business conduct; and
 - (2) whether the *person* performs his or her *key functions* ~~or certification functions~~ in accordance with the relevant *conduct standards* specified in Large Non-Solvency II Firms - Conduct Standards 3.
- 2.3A In deciding whether a *person* is fit and proper pursuant to 2.1, a firm may have regard to any permitted SMF condition requested in the application.
- 2.4 In deciding whether a *person* (P) is fit and proper to be appointed as a *PRA senior management function holder* or a ~~notified non-executive director~~ Conduct Rules non-executive director a firm must:
- ...
- (2) if P has lived or worked outside the UK for a material time in the previous ~~five~~^{six} years, obtain P's consent for the firm to request the fullest information in relation to P that it is lawfully able to request under equivalent overseas legislation;
- ...
- 2.5
- (1) Before deciding whether a *person* (P) is fit and proper to be appointed ~~as a key function holder or to perform a certification function~~ pursuant to 2.1, a firm must take reasonable steps to obtain appropriate references covering the past six years from the following:
 - (a) each FCA-*authorised person* and PRA-*authorised person* that is, or was:
 - (i) P's current or former employer; or

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

...

(4) When considering making a PRA senior management notification, a firm must take reasonable steps to obtain references:

- (a) within the period of one month before the notification is made; or
- (b) where a request by a firm for a reference to an employer or organisation would require the firm, the employer, the organisation or any other person to make a mandatory disclosure prior to P disclosing to its current employer or organisation, as the case may be, that such a notification has been made, before the notification is made.

2.6

- (1) Where a firm (A) seeks to obtain a reference pursuant to 2.5, A must request that the organisation giving the reference (B) discloses all matters of which B is aware that B reasonably considers to be relevant to the assessment of that person's fitness and propriety.
- (2) A must also request that, if B is a *full scope regulatory reference firm*, B discloses the information referred to in the *regulatory reference template*.

2.7 If a firm previously obtained the information required by 2.4 to 2.6 when it determined that ~~a key function holder or a person performing a certification function~~ was fit and proper for the purposes of this Part, and the firm engages that person for a continuous period of time, the firm is not required to comply with 2.4 to 2.6 again in respect of any subsequent ~~key function appointments or arrangements to perform certification functions~~ at the same firm within that continuous period.

3 REGULATORY REFERENCES

3.1

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

...

3.2

(1) If:

...

(b) either

...

- (ii) B has reached conclusions of the type described in item (E), or taken ~~disciplinary action~~disciplinary or remuneration action of the type described in item (F) of the *regulatory reference template*, and had B taken or reached those conclusions or actions in the six year period referred to in the *regulatory reference template*, this Part would require B to draft the reference differently; and

...

4 DISCLOSURE AND REPLACEMENTS

4A.1 In this Chapter any reference to a *key function* or *key function holder* is to the extent that person comes within 2.1.

4.1

...

- (a) all the information needed to assess whether such *person* is fit and proper pursuant to 2.2, except in the case of a *person* that is to become a *key function holder* following *PRA senior management notification*, where only the information required with that notification needs to be provided; and

...

4.2A Where:

- (1) a *person* who is to become a *key function holder* is also to be appointed as an *PRA senior management function* following *PRA senior management notification*; and
- (2) the *firm* includes the information referred to in 4.1 in its notification to the *PRA*, this shall satisfy the requirement in 4.1 in respect of that *key function* appointment.

...

5 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

...

5.4 Item (F) in the *regulatory reference template* does not require disclosure of ~~disciplinary action~~disciplinary or remuneration action that took place before 7 March 2017 if the *firm's* records do not show whether the conduct that was subject to ~~disciplinary action~~disciplinary or remuneration action amounted to a breach of the *individual conduct requirements* referred to in item (F) in the *regulatory reference template*.

5.5

~~The requirement to obtain regulatory references in accordance with 2.5 does not apply to a *firm* in respect of any *person* to the extent that:~~

- ~~(1) the *firm* is deciding whether the *person* is fit and proper for the purpose of issuing a *certificate* to perform a *certification function*; and~~

~~(2) immediately prior to 10 December 2019 the person performed the same certification function for the firm.~~~~[Deleted]~~

- 5.6 Item (F) in the *regulatory reference template* does not require disclosure of ~~disciplinary action~~disciplinary or remuneration action that took place in respect of a *certification employee* (other than a *key function holder*) prior to 10 December 2019 if the *firm's* records do not show whether the conduct that was subject to ~~disciplinary action~~disciplinary or remuneration action amounted to a breach of the *individual conduct requirements* referred to in item (F) in the *regulatory reference template*.

Draft for consultation

Annex Q

Amendments to the Large Non-Solvency II Firms - Key Function Holder - Notifications Part

This Part is deleted

Part

LARGE NON-SOLVENCY II FIRMS – KEY FUNCTION HOLDER – NOTIFICATIONS [DELETED]

This Part is deleted in its entirety.

Draft for consultation

Annex R

Amendments to the Large Non-Solvency II Firms - Senior Management Functions 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:

Approved Group Entity Senior Manager function

has the meaning given in 5.2.

...

~~Group Entity Senior Manager function~~

~~has the meaning given in 5.1.~~

...

Notified Group Entity Senior Manager function

has the meaning given in 5.3.

...

2 GENERAL

...

2.2

~~PRA senior management function holders must each be approved by the PRA to perform the applicable PRA senior management function.~~[Deleted]

...

2.4

...

(3) the appointment is for less than ~~42~~18 weeks in a consecutive 12-month period,

...

2.4B

(1) This rule deals with an appointment by a *firm* under 2.4 where:

...

(b) an absence of over ~~42~~18 weeks is reasonably unforeseen.

(2) If, before the period under 2.4(3) would have expired but for this rule, the *firm* makes a valid and complete application for the approval for the performance by a ~~person of the PRA senior management function~~PRA senior management approval application or PRA

senior management notification in respect of a *PRA senior management function*, that was performed by the absent *PRA senior management function holder*:

- (a) the period for which the function performed by the ~~temporary replacement~~temporary cover is not a *PRA senior management function* is extended until that application is finally determined, or until that notification takes effect; and
- (b) the period for which the ~~temporary replacement~~temporary cover may perform the function without approval is extended accordingly.

...

2.5

- (1) If, in relation to a *firm*, a *PRA senior management function holder* also performs *FCA activities*, performance of the *PRA senior management function* will include the performance of those *FCA activities*, provided the following conditions are met:

- (a) ~~the~~either:

- (i) the *PRA's* approval to perform that *PRA senior management function* has been granted and continues in force; or
- (ii) the *PRA senior management function holder* is the subject of a *PRA senior management notification* which is in effect;

- (b) at the time of:

- (i) approval being granted by the *PRA*, ~~that person was not subject to an *FCA approval* to perform the particular *FCA governing function*; or~~
- (ii) the *PRA senior management notification* taking effect;
that person was not subject to an *FCA approval* or an effective *FCA senior management notification* to perform the particular *FCA governing function*;

...

- (2) If, in relation to a *firm*, a *PRA senior management function holder* has been performing *FCA activities* in the circumstances set out in (1), and that *person*:

...

- (b) within three *months* of ceasing performance, is approved or notified to perform a new *PRA senior management function* at the *firm*; and

...

2.6

If a *PRA senior management function holder* to whom 2.5 applies ceases to perform a *PRA senior management function* but continues to perform the *FCA activities*, 2.5(1) will continue to apply in respect of the performance of the *FCA activities* until the earlier of:

- (1) approval by the *FCA* or the taking effect of an *FCA senior management notification*, in respect of the performance by that ~~person~~person of those *FCA activities* as an *FCA governing function* in relation to the *firm*; or

...

2.6A

If a ~~*PRA approved person*~~*PRA senior management function holder*:

...

(3) does not have an *FCA approval* nor is the subject of an *FCA senior management notification* which is in effect to perform an *FCA controlled function* in relation to that *firm*,

the functions in (1) will continue to be part of the *PRA senior management function* that the *person* most recently performed for that *firm* until the earlier of:

- (a) approval by the *FCA* or the taking effect of an *FCA senior management notification*, in respect of the performance by that *person* of an *FCA controlled function* in relation to the *firm*; or

...

2.7

If a *firm* outsources its internal audit *function* to an external third party service provider (that is, a service provider outside the *firm* or the *firm's group*), the *firm* is not required to have any *person(s)* ~~approved~~notified to perform the *Head of Internal Audit function*.

...

5 GROUP ENTITIES

5.1 ~~The *Group Entity Senior Manager function* (SMF7) is the function of having a significant influence on the management or conduct of one or more aspects of the affairs of a *firm* in relation to its *regulated activities* (other than in the course of the performance of another *PRA senior management function*) and which is performed by:~~

~~(1) [deleted]~~

~~(2) [deleted]~~

~~(1A) an employee, or an officer of:~~

~~(a) a parent undertaking or holding company of a *firm*; or~~

~~(b) another undertaking which is a member of the *firm's group*; or~~

~~(2A) a controller or a nominated representative. [Deleted]~~

5.2 The *Approved Group Entity Senior Manager function* (SMF7) is the function of:

(1) having a significant influence on the management or conduct of one or more aspects of the affairs of a *firm* in relation to its *regulated activities* (other than in the course of the performance of another *PRA senior management function*);

(2) which is performed by:

(a) an *employee*, or an officer of:

(i) a *parent undertaking* or holding company of a *firm*; or

(ii) another *undertaking* which is a member of the *firm's group*; or

(b) a *controller* or a *nominated representative*; and

(3) the *person* has the function of:

(a) having responsibility, alone or jointly with others, for carrying out the management of the conduct of the whole of the business (or relevant activities) of the *firm*, its *group* or a part of that *group* containing the *firm*;

(b) having responsibility for management of the financial resources of, and the financial affairs of, the *firm*, its *group* or a part of that *group* containing the *firm*;

- (c) having responsibility for overall management of the risk management system of the *firm*, its *group* or a part of that *group* containing the *firm*;
- (d) having responsibility for the internal operations and technology of the *firm*, its *group* or a part of that *group* containing the *firm*; or
- (e) having responsibility for chairing, and overseeing the performance of the role of, the *governing body* of a *parent undertaking* or holding company of the *firm*;
- (f) having responsibility for the overall management of the *FCA compliance requirements for SMCR firms* for the *firm*, its *group* or a part of that *group* containing the *firm*; or
- (g) having responsibility for overall management of the functions described in the definition of 'money laundering reporting officer' in the Glossary to the *FCA Handbook* for the *firm*, its *group* or a part of that *group* containing the *firm*.

5.3 The *Notified Group Entity Senior Manager function* (SMF7a) is the function of:

- (1) having a significant influence on the management or conduct of one or more aspects of the affairs of a *firm* in relation to its *regulated activities* (other than in the course of the performance of another *PRA senior management function*);
- (2) which is performed by a *person* employed by, or an officer of:
 - (a) an *employee*, or an officer of:
 - (i) a *parent undertaking* or holding company of a *firm*; or
 - (ii) another *undertaking* which is a member of the *firm's group*; or
 - (b) a *controller* or a *nominated representative*; and
- (3) none of descriptions in 5.2(3)(a) to (g) apply.

5.4 Approvals given by the *PRA* for the function (Group Entity Senior Manager) specified in 5.1 as it had effect immediately before *Phase 2 commencement date*:

- (1) will continue to have effect as approvals for the *Approved Group Entity Senior Manager function*;
- (2) will also have effect as if a *PRA senior management notification* for the *Notified Group Entity Senior Manager function* was in place from *Phase 2 commencement date*; and
- (3) anything done in relation to that function under Part V of *FSMA* before *Phase 2 commencement date* is to be treated as having been done in relation to the *Approved Group Entity Senior Manager function* and *Notified Group Entity Senior Manager function*, including any limited periods or conditions that were in place immediately before *Phase 2 commencement date*.

...

11 PRA APPROVED FUNCTIONS

11.1 The following *PRA senior management functions* are *PRA approved functions*:

- (1) the *Chief Executive function* (SMF1);
- (2) the *Chief Finance function* (SMF2);
- (3) the *Chief Risk function* (SMF4);
- (4) the *Approved Group Entity Senior Manager function* (SMF7);

- (5) the Chair of the Governing Body function (SMF9);
- (6) the Head of Third Country Branch function (SMF19);
- (7) the Chief Underwriting Officer function (SMF23);

12 PRA NOTIFIED FUNCTIONS

12.1 The following PRA senior management functions are PRA notified functions:

- (1) the Head of Internal Audit function (SMF5);
- (2) the Head of Key Business Area function (SMF6);
- (3) the Notified Group Entity Senior Manager function (SMF7a);
- (4) the Chair of Risk Committee function (SMF10);
- (5) the Chair of Audit Committee function (SMF11);
- (6) the Chair of Remuneration Committee function (SMF12);
- (7) the Senior Independent Director function (SMF14);

PART EXTERNALLY DEFINED TERMS

Term	Definition source
<u>group</u>	<u>section 421 FSMA</u>
<u>parent undertaking</u>	<u>section 420 FSMA</u>

Annex S

Amendments to the Large Non-Solvency II Firms - Senior Managers Regime - Applications and Notifications Part

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

1 APPLICATION AND DEFINITIONS

...

1.2 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;~~
- (2) ~~a deemed approval given by:~~
 - (a) ~~the PRA following the submission of a conversion notification; or~~
 - (b) ~~the FCA under any equivalent process contained in rules in the FCA Handbook;~~

~~or~~
- (3) ~~for the purposes of 2.5(2) and 2.6(1), an approval granted to that person under section 59 of FSMA by either the PRA or the FCA to perform a controlled function prior to the commencement date but which ceased~~
 - (a) ~~on or before the commencement date; and~~
 - (b) ~~during the six month period specified in 2.5(2) and 2.6(1), as the case may be.~~

...

1A RELEVANT PRA SENIOR MANAGEMENT FUNCTION PROCEDURE

1A.1 Subject to 1A.2, the PRA directs that a firm must:

- (1) make a PRA senior management approval application in respect of PRA approved functions in accordance with Chapter 2, and
- (2) make a PRA senior management notification in respect of PRA notified functions in accordance with Chapter 2A.

1A.2 If a firm is prevented from making a PRA senior management notification due to a requirement imposed under section 55L FSMA by the FCA, or section 55M FSMA by the PRA, it must make a PRA senior management approval application in respect of that PRA notified function instead.

1B PERMITTED CONDITIONAL APPLICATIONS FOR PRA APPROVAL

1B.1 Each of the following are *permitted SMF conditions* for the purposes of section 60A(5) of FSMA, in respect of a *PRA senior management approval application*:

- (1) a condition that the *PRA candidate* reduces or ceases certain activities they carry out:
 - (a) as a *director* or *employee* of the *firm* or another entity; or
 - (b) in their individual capacity; or
- (2) the *PRA* grants approval for a limited period.

2 APPLICATION TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION: APPLICATION PROCEDURE

...

2.2 The *PRA* directs that a *PRA senior management approval application* must:~~firm must use Form A (long form) for a *PRA senior management approval application* unless:~~

- (1) be made using the *relevant SMR form*; and~~the firm must use Form E under 2.3; or~~
- (2) satisfy the requirements in 2.3 and 2.4.~~the firm must use Form A (shortened form) under 2.6.~~

2.3 The *PRA* directs that, subject to 2.4 and 2.5, a *firm* must use Form E for a *PRA senior management approval application* if it is being made in respect of a *person* who has a *current approved person approval* and is either:~~The *PRA* directs that a *PRA senior management approval application* must include, where applicable, a statement setting out:~~

- (1) ceasing to perform a *PRA senior management function* and taking up a new *PRA senior management function* for the same *firm* or another member of its *group*; or~~the details of any *permitted SMF condition* requested:~~
 - (a) the duration of any limited period the *firm* proposes the *PRA* grants approval for; and
 - (b) the date on which such limited period starts;
- (2) ceasing to perform an *FCA-designated senior management function* or a *significant influence function* and taking up a *PRA senior management function* for the *firm* or another member of its *group*.~~the reasons for requesting *permitted SMF conditions*;~~
- (3) an explanation of how the *permitted SMF conditions* were taken into account as part of the *firm's* assessment of the *PRA candidate's* fitness and propriety under section 60A of FSMA.

2.4 The *PRA* directs that a *firm* must not use Form E for a *PRA senior management approval application* if:~~The *PRA* directs that a *PRA senior management approval application* must be accompanied by *relevant SMR supporting material*.~~

- (A1) a notification has been or should be made to the *PRA* or *FCA* under any of the following:
 - (a) section 63(2A) of FSMA (Duty to notify regulator of grounds for withdrawal of approval);
 - (b) section 64C of FSMA (Requirement for authorised person to notify regulator of disciplinary action);~~[deleted]~~
- (1) a notification has been made or should be made to the *PRA* under any of the rules in Notifications 11 or to the *FCA* under any equivalent provisions of the *FCA Handbook*;~~[deleted]~~

- (2) any of the circumstances in 4.2(2)(a) to (d) apply in relation to:
- (a) any ~~controlled function~~ that that ~~person~~ is ceasing to perform; or
 - (b) any ~~controlled function~~ that that ~~person~~ is continuing to perform in relation to that ~~firm~~ or a ~~firm~~ in the same ~~group~~.~~[deleted]~~
- 2.5 The *PRA* directs that a *firm* must not use Form E if the ~~person~~ to whom the *PRA senior management approval application* relates:
- (1) ~~has never before been approved:~~
 - (a) ~~by the *PRA* to perform a controlled function; or~~
 - (b) ~~by the *FCA* to perform an *FCA designated senior management function* or a *significant influence function*~~
 - ~~for any firm;~~
 - ~~—or~~
 - (2) ~~has not been the subject of a *current approved person approval* in relation to any firm for more than six months prior to the date of application.~~~~[Deleted]~~
- 2.6
- (1) The *PRA* directs that a *firm* must use Form A (shortened form) for a *PRA senior management approval application* if:
 - (a) the ~~person~~ to whom the application relates:
 - (i) ~~has at the time of application a *current approved person approval*; or~~
 - (ii) ~~has had a *current approved person approval* within the previous six months; and~~
 - (b) ~~there have been no matters arising in relation to the fitness and propriety of the *person* to whom the *PRA senior management approval application* relates which mean that the information provided to the *FCA* or *PRA* regarding fitness and propriety in connection with a *current approved person approval* may have changed since the application for the *current approved person approval* was made.~~
 - (2) The *PRA* directs that a *firm* must not use Form A (shortened form) if the circumstances set out in 2.3 apply.~~[Deleted]~~
- 2.7 The *PRA* directs that the form submitted for a *PRA senior management approval application* must be accompanied by a *statement of responsibilities form* or, where a *statement of responsibilities form* has already been provided under Key Function Holder — Notifications 2.2, an updated version of it.~~[Deleted]~~

2A PRA SENIOR MANAGEMENT FUNCTION: NOTIFICATION PROCEDURE

- 2A.1 Subject to 2A.2, the *PRA* directs that a *firm* must make a *PRA senior management notification* in accordance with 2A.3, before the activities requiring notification commence.
- 2A.2 A *firm* may not make a *PRA senior management notification* if it would be contrary to a requirement made by the *FCA* under section 55L of FSMA or the *PRA* under section 55M of FSMA.
- 2A.3 The *PRA* directs that a *PRA senior management notification* must:
- (1) be made using the *relevant SMR form*; and
 - (2) be accompanied by *relevant SMR supporting material*.

2B NOTIFICATIONS: EFFECTIVE DATE AND WITHDRAWAL

2B.1 Subject to 2B.2, a *PRA senior management notification* takes effect on the later of:

- (1) the date on which the *PRA* confirms submission of the notification in writing; or
- (2) the date of appointment specified in the notification, which may be no later than three months from the date the *firm* makes the *PRA senior management notification*.

2B.2 A *PRA senior management notification* does not take effect if:

- (1) the *firm* did not use the *relevant SMR form* or provide *relevant SMR supporting material*;
- (2) it would be contrary to a requirement made by the *FCA* under section 55L *FSMA*, or the *PRA* under section 55M *FSMA*;
- (3) it has been withdrawn in accordance with 2B.3 and 2B.4; or
- (4) the *PRA candidate*:
 - (a) is subject to a prohibition order made under section 56 *FSMA*; and
 - (b) would be in violation of the prohibition order if they performed the functions specified in the notification for the *firm*.

2B.3 A *firm* may withdraw a *PRA senior management notification* by submitting written notice to the *PRA*.

2B.4 Notice provided under 2B.3 is only capable of withdrawing a *PRA senior management notification* if:

- (1) the *firm* provides the written consent of:
 - (a) the *PRA candidate*; and
 - (b) any other *firm* for which the *PRA candidate* would have performed *PRA notified functions* specified in the *PRA senior management notification*; and
- (2) it is submitted before the date the *PRA senior management notification* takes effect.

2C ADVANCE PRA SENIOR MANAGEMENT NOTIFICATIONS

2C.1 This Chapter applies where a *firm* has made a *PRA senior management notification* to the *PRA* before *Phase 2 commencement date*.

2C.2 A *PRA senior management notification* received before *Phase 2 commencement date* takes effect only if it meets the following requirements:

- (1) the *PRA senior management notification* was received by the *PRA* no earlier than one month before *Phase 2 commencement date*;
- (2) the *PRA senior management notification* must specify a date of appointment that is either:
 - (a) the *Phase 2 commencement date*; or
 - (b) a date within three months of the date on which the *PRA senior management notification* is submitted;
- (3) the *PRA senior management notification* when made complied with the requirements of 2A.2 and 2A.3, and 6.1 to 6.3 as if these were in force at that time;
- (4) the *PRA senior management notification* is not prevented from taking effect by 2B.2; and
- (5) the *PRA senior management notification* has not been withdrawn in accordance with 2B.3 to 2B.4.

2C.3 A PRA senior management notification received before Phase 2 commencement date which is not prevented from taking effect by 2C.2 takes effect on the later of:

- (1) the date on which the PRA confirms submission of the notification in writing;
- (2) Phase 2 commencement date; or
- (3) the date of appointment specified in the notification.

2C.4 2C.1 does not apply to PRA senior management notifications made by a firm to the PRA before Phase 2 commencement date.

3 WITHDRAWAL OF A PRA SENIOR MANAGEMENT APPROVAL APPLICATION

3.1 The PRA directs that a firm withdrawing an outstanding PRA senior management approval application must do so by submitting written notice to the PRA using Form B.

3.2 Written notice submitted under 3.1 must include:

- (1) the name of the PRA candidate; and
- (2) a statement from the firm explaining the reason for withdrawal.

4 CEASING TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION

4.1 A firm must notify the PRA no later than seven business days after a person permanently ceases to perform a PRA senior management function, using:

- (1) ~~Form E pursuant to the direction in 2.3~~ The relevant SMR form, if a person permanently ceases to perform a PRA senior management function and the firm is also making an application or notification for the same person to perform a new PRA senior management function; and
- (2) in all other cases, ~~Form C~~ written notice.

4.1A Written notice under 4.1(2) must include, in relation to a person ceasing to perform PRA senior management functions:

- (1) the name of the firm;
- (2) the name of the person who is the subject of the notice;
- (3) the PRA senior management functions ceased;
- (4) the dates on which they ceased to perform each PRA senior management function;
- (5) a statement explaining the reasons why they ceased each PRA senior management function;
- (6) any information that would make the written notice qualified under 4.2(2); and
- (7) any other information the firm may reasonably be expected to provide the PRA.

4.2

- (1) A firm must notify the PRA as soon as practicable after it becomes aware, or has information which reasonably suggests, that it will submit a qualified written notice ~~Form C~~ in respect of a PRA senior management function holder.
- (2) ~~Form C~~ Written notice under 4.1(2) is qualified if the information it contains:
 - (a) relates to the fact that the firm has dismissed, or suspended, the PRA senior management function holder from its employment;

- (b) relates to the resignation by the *PRA senior management function holder* while under investigation by the *firm*, the *PRA* or any other *regulatory body*;
- (c) includes a notification; ~~under any of the provisions set out in 2.4(A1) or (1); or~~
 - (i) section 63(2A) of FSMA; or
 - (ii) provided under Notifications 11;
- (ca) the firm must submit to the FCA under SUP 15.11 or 10C.14.7R of the FCA Handbook; or
- (d) otherwise reasonably suggests that it may affect the *PRA's* assessment of the *PRA senior management function holder's* fitness and propriety.

4A APPLICATION TO VARY A CONDITIONAL OR LIMITATION APPROVAL

4A.1

The *PRA* directs that a *firm* making an application to the *PRA* under section 63ZA of FSMA ~~(for the variation of a conditional approval)~~ must do so by submitting: the relevant SMR form.

- (1) ~~Form I and [deleted]~~
- (2) ~~a statement of responsibilities form for the PRA approved person concerned. [deleted]~~

4A.2 A firm may withdraw an application made under section 63ZA FSMA by submitting written notice to the PRA. ~~The PRA directs that a firm withdrawing an application made under section 63ZA of FSMA (Variation of senior manager's approval at request of relevant authorised person) must do so using Form B.~~

4A.3 Written notice submitted under 4A.2 must include:

- (1) the name of the person who is the subject of the application; and
- (2) a statement from the firm explaining the reason for withdrawal.

5 CHANGE IN DETAILS RELATING TO PRA SENIOR MANAGEMENT FUNCTION HOLDERS

5.1 ~~If a PRA approved person's PRA senior management function holder's title, name or national insurance number changes, the firm for which the person performs a PRA senior management function must notify the PRA of that change within seven business days of the firm becoming aware of the matter, by written notice using Form D.~~

5.1A ~~If a PRA approved person's has been temporarily absent for more than a 12 week period, the firm for which the person performs a PRA senior management function must notify the PRA of:~~

- (1) ~~that absence within seven business days of the end of the 12 week period; and~~
- (2) ~~the PRA approved person's return from absence within seven business days of the date of their return,~~

~~in each case, using Form D. [Deleted]~~

5.2 If, in relation to a *firm* which has submitted an application or notification on either Form A (long or shortened form) or Form E, as required by 2.2 or 2A.3, any of the details relating to arrangements and *PRA senior management functions* are to change, the *firm* must notify the *PRA* by written notice using Form D as soon as reasonably practicable after the *firm* becomes aware of the proposed change.

5.3 ~~The PRA directs that if a PRA senior management function holder ceases to perform a PRA senior management function for a firm but continues to perform one or more PRA senior management functions for the same firm, the firm must submit a revised statement of~~

~~responsibilities form for the remaining PRA senior management function(s), along with Form J.~~ Written notice submitted to the PRA under this Chapter must include:

- (1) for a written notice required by 5.1:
 - (a) the name of the PRA senior management function holder;
 - (b) the new details of the PRA senior management function holder;
 - (c) the date on which the firm reasonably believes the details changed or will change;
 - (d) the date on which the firm became aware of the change in details; and
 - (e) a statement explaining the reason for the change in details;
- (2) for a written notice required by 5.2:
 - (a) the name of the person who is the subject of the application or notification;
 - (b) the proposed changes to:
 - (i) the PRA senior management functions; and
 - (ii) the details relating to arrangements;
 - (c) the date on which:
 - (i) the firm reasonably believes the changes were proposed;
 - (ii) the firm became aware of the proposed changes; and
 - (iii) the proposed changes take effect; and
 - (d) a statement explaining the reasons for the proposed changes; and
- (3) any other relevant information the firm would reasonably be expected to provide to the PRA in relation to the written notice.

6 PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS

6.1 The PRA directs that save as required by 6.2, a firm must make any applications, ~~or notifications or submissions~~ required by this Part by submitting the relevant SMR form ~~form~~ specified using the ONA system.

6.1A A firm must submit written notices required under this Part using the ONA system.

6.2 If, under any direction or rule in this Part:

- (1) a firm is required to make an application, notification, written notice or submission online; and
- (2) the information technology systems used by the PRA fail and online submission is unavailable for 24 hours or more,

until such time as facilities for online submission are restored, a firm must submit the specified ~~form~~ in the way set out in Notifications 7.

6.3 Any application, notification or written notice under this Part must include:

- (1) the name of the firm making the submission and its reference number; ~~The PRA directs that, if a firm is required to submit a revised statement of responsibilities under section 62A of FSMA, it must do so by submitting Form J with the revised statement of responsibilities form.~~

- (2) the name of the *person* making the submission on behalf of the *firm*; The *PRA* directs that a *firm* must not use Form J where the revisions are to be made as part of arrangements involving an application:
- (a) for approval for the *person* performing the *PRA senior management function* concerned to perform another *PRA senior management function* or *FCA-designated senior management function* for the same *firm*; or [deleted]
 - (b) to vary under section 63ZA of *FSMA* an approval for the *person* performing the *PRA senior management function* concerned to perform another *PRA senior management function* or *FCA-designated senior management function* for the same *firm*. [deleted]
- (3) the name of the *person* who will act as the point of contact with the *PRA* in relation to submission;
- (4) the contact details of the *persons* under 6.3(2) and (3); and
- (5) any other information a *firm* may reasonably be expected to provide to the *PRA* in relation to the application, notification or written notice.

7 **FORMS [DELETED]**

7.1

- (1) ~~Form A (long form) is available on the *PRA's* website.~~
- (2) ~~Form A (shortened form) is available on the *PRA's* website.~~
- (3) ~~Form B is available on the *PRA's* website.~~
- (4) ~~Form C may be found here.~~
- (5) ~~Form D may be found here.~~
- (6) ~~Form E is available on the *PRA's* website.~~
- (6A) ~~Form I is available on the *PRA's* website.~~
- (6B) ~~Form J is available on the *PRA's* website.~~
- (7) ~~The *statement of responsibilities form* is available on the *PRA's* website. [Deleted]~~

Annex T

Amendments to the Non-Solvency II Firms - Allocation of Responsibilities 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:

...

statement of responsibilities

has the meaning given in 4.3.

2 ALLOCATION OF RESPONSIBILITIES

2.1 A firm must allocate each of the *small non-directive insurer prescribed responsibilities* to one or more persons who, in relation to that firm, are approved under section 59 of FSMA by either perform:

- (1) ~~the PRA~~ PRA senior management function; or
- (2) ~~in relation to a relevant senior management functions only, the FCA.~~
on behalf of the firm.

2.2

- (1) ~~A firm must have and maintain up to date records of the significant responsibilities allocated to each of those persons, including those allocated in accordance with 2.1.~~
- (2) ~~A firm must retain the records in (1) for six years from the date on which they were superseded by more up to date records.~~
- (3) ~~A firm must comply with (2) in relation to any record created in accordance with SYSC 2.2.1R of the PRA Handbook as at 31 December 2015.~~ [Deleted]

2.3 ~~The firm must provide the PRA with a copy of the records in 2.2 upon request.~~ [Deleted]

3 PRESCRIBED RESPONSIBILITIES

3.1 Each of the responsibilities set out in this rule is a *small non-directive insurer prescribed responsibility*:

- (A1) responsibility for the firm's performance of its obligations under the *senior management regime* (including the vetting of candidates to perform senior management functions) (PR A);
- (A2) ~~responsibility for the firm's performance of its obligations under the certification regime (PR B);~~ [deleted]

...

4 RECORDS: STATEMENTS OF RESPONSIBILITIES

4.1 4.3 does not apply to a firm if and for as long as it only has a single senior management function holder.

4.2 When determining the number of *senior management function holders* of a *firm* for the purposes of 4.1:

- (1) any *senior management function holder* of the *firm* who is temporarily absent is still included;
- (2) any *person* that is not a *senior management function holder* of the *firm* but that provides cover under Non-Solvency II Firms - Senior Management Functions 2.3 to 2.3B or under SUP 10C.3A of the *FCA Handbook* for a *person* that has ceased to be a *senior management function holder* of the *firm* is counted as a *senior management function holder* of the *firm*; and
- (3) any *senior management function holder* of the *firm* that also provides cover under Non-Solvency II Firms - Senior Management Functions 2.3 to 2.3B or under SUP 10C.3A of the *FCA Handbook* for a *person* that has ceased to be a *senior management function holder* of the *firm* is counted twice, once in their capacity as a *senior management function holder* of the *firm* and once in their capacity as a *person* providing this cover.

4.3 A *firm* must maintain an up-to-date written document (a *statement of responsibilities*) for each of its *senior management function holders*, setting out details of or about:

- (1) any *senior management functions* which that *senior management function holder* performs for the *firm*;
- (2) in relation to (1), any condition or time limit which any approval, or the effectiveness of any *senior management notification*, required to perform these *senior management functions* under section 59 of *FSMA* is subject to;
- (3) any *FCA-designated senior management function* that is included in any *PRA senior management function* performed by that *senior management function holder* under the arrangement described in SUP 10C.9 of the *FCA Handbook*;
- (4) any *small non-directive insurer prescribed responsibilities* or *FCA responsibilities* allocated by the *firm* to that *senior management function holder*;
- (5) any other responsibilities that the *senior management function holder* has as a *senior management function holder*, *employee* or *officer* of that *firm* and any other responsibilities allocated by the *firm* to the *senior management function holder* in relation to the *firm*; and
- (6) any sharing between *persons* of any *senior management function* or responsibility referred to in (1), (4) or (5).

4.4 A *firm* must retain each version of each of its *statements of responsibilities* for six years from the date on which it was superseded by a more up-to-date version.

4.5 A *firm* must be able, where applicable, to provide the *PRA* on request with its *statements of responsibilities*, together with all versions retained in accordance with 4.4.

Annex U

Amendments to the Non-Solvency II Firms - Certification Part

This Part is deleted.

Part

NON-SOLVENCY II FIRMS CERTIFICATION [DELETED]

This Part is deleted in its entirety.

Draft for consultation

Annex V

Amendments to the Non-Solvency II Firms - Conduct Standards Part

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

1 APPLICATION AND DEFINITIONS

1.1 This Part applies:

...

(2) in relation to a *small non-directive insurer*, to any *person* who is:

...

(b) approved or notified under section 59 of *FSMA* ~~by either~~:

(i) ~~the PRA~~ as a PRA senior management function holder; or

(ii) ~~the FCA, in relation to~~ as a holder of a relevant senior management function;

(c) ~~a certification employee~~ performing a competence and integrity function;

(d) an *employee* who should have been approved or notified under section 59 of *FSMA* ~~by either~~:

(i) ~~the PRA~~ as a PRA senior management function holder; or

(ii) ~~the FCA, in relation to~~ as a holder of a relevant senior management function; or

...

1.2 In this Part the following definition shall apply: [Note: there are currently no Part specific definitions]

~~employee~~

~~has the meaning given in Non-solvency II Firms — Certification 1.2.~~

1A SCOPE OF CONDUCT STANDARDS

1A.1 If you are a natural person who is approved or notified under section 59 of *FSMA* ~~by either~~:

(1) ~~the PRA~~ as a PRA senior management function holder; or

(2) ~~the FCA, in relation to~~ as a holder of a relevant senior management function;

you must comply at all times with all of the *conduct standards*.

...

Annex W

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

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

1 APPLICATION AND DEFINITIONS

...

1.2

...

~~disciplinary action~~

~~has the meaning given in section 64C of FSMA.~~

...

2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

2.1

A *firm* must ensure that all *persons* who perform a *PRA senior management function* ~~or a certification function~~ are fit and proper *persons*.

2.2

In deciding whether a *person* is fit and proper pursuant to 2.1 and, where applicable, section 60A(1) ~~and section 63F of FSMA~~, a *firm* must be satisfied that the *person*:

- (1) has the personal characteristics (including being of good repute and integrity);
- (2) possesses the level of competence, knowledge and experience;
- (3) has the qualifications; and
- (4) has undergone or is undergoing all training,

required to enable such *person* to perform his or her *PRA senior management function* ~~or certification function~~ effectively and in accordance with any relevant regulatory requirements, including those under the *regulatory system*, and to enable sound and prudent management of the *firm*.

2.2A In deciding whether a *person* is fit and proper pursuant to 2.1, a *firm* may have regard to any *permitted SMF condition* requested in the application.

2.3

Before deciding, and in considering on an on-going basis, whether a *person* is fit and proper pursuant to 2.1 and 2.2, a *firm* must consider the *person's* past business conduct, including whether the *person* performs his or her *PRA senior management functions* ~~or certification functions~~ in accordance with the relevant conduct standards specified in Non-Solvency II Firms - Conduct Standards 2.

...

2.4A

- (1) Before deciding whether a *person* (P) is fit and proper to be appointed as a *PRA senior management function holder* ~~or to perform a certification function~~ or prior to making a *PRA*

senior management notification a firm must take reasonable steps to obtain appropriate references covering the past six years from the following:

- (a) each *FCA-authorised person* and *PRA-authorised person* that is, or was:
 - (i) P's current or former employer; or
 - (ii) an organisation (not falling within (i)) at which P is currently serving, or has served, as a *key function holder*, *PRA senior management function holder*, ~~other approved person, a non-executive director, notified non-executive director or credit union non-executive director~~ or performed, ~~or is currently performing, a certification function~~ as a certification employee;

...

- (2) A firm (A) is not required to request references from an employer of P or any organisation referred to in (1)(a) to (c) (such employer or organisation, B) where:
 - (a) A and B are members of the same ~~group~~group; and
 - (b) there are adequate arrangements in place under which A has access to all information sources to which B has access to the extent necessary were B giving a reference in accordance with this Part.

If A has access to only some of the information in 2.4A(2)(b), A may ask for a reference that only covers the information to which A does not have access. To the extent that A does not request a reference in the circumstances set out in this (2), A must access and obtain the relevant information.

- (3) When making a *PRA senior management approval application*, a firm must take reasonable steps to obtain references in accordance with (1) and (2):
 - (a) no later than one ~~month~~month before the end of the application period set out in section 61 of *FSMA*; or
 - (b) where a request by a firm for a reference to an employer or organisation would require the firm, the employer, the organisation or any other person to make a *mandatory disclosure* prior to P disclosing to its current employer or organisation, as the case may be, that such application has been made, before the end of the application period set out in section 61 of *FSMA*.

- (4) When considering making a *PRA senior management notification*, a firm must take reasonable steps to obtain references:

- (a) within the period of one *month* before the notification is made; or
- (b) where a request by a firm for a reference to an employer or organisation would require the firm, the employer, the organisation or any other person to make a *mandatory disclosure* prior to P disclosing to its current employer or organisation, as the case may be, that such a notification has been made, before the notification is made.

...

2.5

If a firm previously obtained the information required by 2.4 to 2.4B when it determined that a ~~*PRA senior management function holder* or a person performing a certification function~~ was fit and proper for the purposes of this Part, and the firm engages that person for a continuous period of time, the firm is not required to comply with 2.4 to 2.4B again in respect of any subsequent appointments or *PRA senior management notification* at the same firm within that continuous period.

...

3 REGULATORY REFERENCES

3.1

- (1) If any *PRA-authorised person* (A):
- (a) is considering ~~issuing a certificate to,~~ making a *PRA senior management notification* or a *PRA senior management approval application* in respect of, or appointing as a ~~key function holder, or a Conduct Rules non-executive director, a notified non-executive director or a credit union non-executive director,~~ a person (P);
 - (b) makes a request for a reference or other information in respect of P from a *firm* to which this Part applies (B), in B's capacity as:
 - (i) P's current or former employer; or
 - (ii) an organisation (not falling within (i)) at which P is currently serving, or has served, as a *PRA senior management function holder*, ~~other approved person or non-executive director, or certification employee;~~ and
 - (c) indicates to B the purpose of the request
- B must, as soon as reasonably practicable, provide a reference and disclose to A in the reference all information of which B is aware that B reasonably considers to be relevant to A's assessment of whether P is fit and proper.

...

3.1A

- (1) If:
- ...
- (b) either:
- ...
- (ii) B has reached conclusions of the type described in item (E), or taken ~~disciplinary action~~ *disciplinary or remuneration action* of the type described in item (F) of the *regulatory reference template*, and had B taken or reached those conclusions or actions in the six year period referred to in the *regulatory reference template*, this Part would require B to draft the reference differently; and

...

...

5 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

...

- 5.2 Item (F) in the *regulatory reference template* does not require disclosure of the following information if the *firm's* records do not show whether the conduct that was subject to ~~disciplinary action~~ *disciplinary or remuneration action* amounted to a breach of the individual conduct requirements referred to in item (F) in the *regulatory reference template*:

- (1) ~~disciplinary action~~ *disciplinary or remuneration action* (other than disciplinary action in (2)) that took place prior to 10 December 2018; and

- (2) ~~disciplinary action~~disciplinary or remuneration action in respect of a *certification employee* that took place prior to 10 December 2019.

5.3

~~The requirement to obtain regulatory references in accordance with 2.4A does not apply to a firm in respect of any person to the extent that:~~

- (1) ~~the firm is deciding whether the person is fit and proper for the purpose of issuing a certificate to perform a certification function; and~~
- (2) ~~immediately prior to 10 December 2019 the person performed the same certification function for the firm.~~[Deleted]

...

Draft for consultation

Annex X

Amendments to the Non-Solvency II Firms - Senior Management Functions Part

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

...

2 GENERAL

...

2.2 ~~PRA senior management function holders must be approved by the PRA to perform the applicable PRA senior management function.~~[Deleted]

2.3

To the extent that:

...

(3) the appointment is for less than ~~42~~18 weeks in a consecutive 12-month period,

...

...

2.3B

(1) This rule deals with an appointment by a *firm* under 2.3 where:

...

(b) an absence of over ~~42~~18 weeks is reasonably unforeseen.

(2) If, before the period under 2.3(3) would have expired but for this rule, the *firm* makes a valid and complete application for the approval for the performance by a ~~person of the PRA senior management function~~PRA senior management approval application or PRA senior management notification in respect of a PRA senior management function, that was performed by the absent *PRA senior management function holder*:

(a) the period for which the function performed by the ~~temporary replacement~~temporary cover is not a *PRA senior management function* is extended until that application is finally determined, or until that notification takes effect; and

(b) the period for which the ~~temporary replacement~~temporary cover may perform the function without approval is extended accordingly.

...

2.4

If, in relation to a *firm*:

(1) a *PRA senior management function holder* also performs *FCA activities*, performance of the *PRA senior management function* will include the performance of those *FCA activities*, provided the following conditions are met:

(a) ~~the~~either:

(i) the *PRA's* approval to perform that *PRA senior management function* has been granted and continues in force; or

(ii) the PRA senior management function holder is the subject of a PRA senior management notification which is in effect;

(b) at the time of:

(i) approval being granted by the *PRA*, ~~that person was not subject to an *FCA approval* to perform the particular *FCA governing function*; or~~

(ii) the *PRA senior management notification* taking effect;

that person was not subject to an *FCA approval* or an effective *FCA senior management notification* to perform the particular *FCA governing function*.

....

2.5

If a *PRA senior management function holder* to whom 2.4 applies ceases to perform a *PRA senior management function* but continues to perform the *FCA activities*, 2.4 will continue to apply in respect of the performance of the *FCA activities* until the earlier of:

- (1) approval by the *FCA* or the taking effect of an *FCA senior management notification*, in respect of the performance by that person of those *FCA activities* as an *FCA governing function* in relation to the firm; or
- (2) three months from the time that the person ceased to perform that *PRA senior management function*.

...

6 PRA APPROVED FUNCTIONS

6.1 The *Small Insurer Senior Management function* (SMF 25) is a *PRA approved function*:

7 PRA NOTIFIED FUNCTIONS

7.1 The following *PRA senior management functions* are *PRA notified functions*:

- (1) the *Chief Actuary function* (SMF 20);
- (2) the *With-Profits Actuary function* (SMF 20a).

...

Annex Y

Amendments to the Non-Solvency II Firms - Senior Managers Regime - Applications and Notifications Part

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

1 APPLICATION AND DEFINITIONS

...

1.2 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;~~
- ~~(2) a deemed approval given by:~~
 - ~~(a) the PRA following the submission of a conversion notification; or~~
 - ~~(b) by the FCA under any relevant rules in the FCA Handbook; or~~
- ~~(3) for the purposes of 2.5(2) and 2.6(1), an approval granted to that person under section 59 of FSMA by either the PRA or the FCA to perform a controlled function prior to the commencement date but which ceased (i) on or before the commencement date; and (ii) during the six-month period specified in 2.5(2) and 2.6(1), as the case may be.~~

...

1A RELEVANT PRA SENIOR MANAGEMENT FUNCTION PROCEDURE

1A.1 Subject to 1A.2, the PRA directs that a firm must:

- (1) make a PRA senior management approval application in respect of PRA approved functions in accordance with Chapter 2; and
- (2) make a PRA senior management notification in respect of PRA notified functions in accordance with Chapter 2A.

1A.2 If a firm is prevented from making a PRA senior management notification due to a requirement imposed under section 55L FSMA by the FCA, or section 55M FSMA by the PRA, it must make a PRA senior management approval application in respect of that PRA notified function instead.

1B PERMITTED CONDITIONAL APPLICATIONS FOR PRA APPROVAL

1B.1 Each of the following are permitted SMF conditions for the purposes of section 60A(5) of FSMA, in respect of a PRA senior management approval application:

- (1) a condition that the PRA candidate reduces or ceases certain activities they carry out:
 - (a) as a director or employee of the firm or another entity; or

- (b) in their individual capacity; or
- (2) the PRA grants approval for a limited period.

2 **APPLICATION TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION: APPLICATION PROCEDURE**

...

- 2.2 The PRA directs that a PRA senior management approval application must: ~~firm must use Form A (long form) for a PRA senior management approval application unless:~~
- (1) be made using the relevant SMR form; and ~~the firm must use Form E under 2.3; or~~
 - (2) satisfy the requirements in 2.3 and 2.4. ~~the firm must use Form A (shortened form) under 2.6.~~
- 2.3 The PRA directs that, subject to 2.4 and 2.5, a firm must use Form E for a PRA senior management approval application if it is being made in respect of a person who has a current approved person approval and is either: ~~The PRA directs that a PRA senior management approval application must include, where applicable, a statement setting out:~~
- (1) ceasing to perform a PRA senior management function and taking up a new PRA senior management function for the same firm or another member of its group; or ~~the details of any permitted SMF condition requested:~~
 - (a) the duration of any limited period the firm proposes the PRA grants approval for; and
 - (b) the date on which such limited period starts;
 - (2) ceasing to perform an FCA designated senior management function or a significant influence function and taking up a PRA senior management function for the firm or another member of its group; ~~the reasons for requesting permitted SMF conditions;~~
 - (3) an explanation of how the permitted SMF conditions were taken into account as part of the firm's assessment of the PRA candidate's fitness and propriety under section 60A of FSMA.
- 2.4 The PRA directs that a firm must not use Form E for a PRA senior management approval application if: ~~The PRA directs that a PRA senior management approval application must be accompanied by relevant SMR supporting material.~~
- (A1) ~~a notification has been or should be made to the PRA or FCA under any of the following:~~
 - (a) ~~section 63(2A) of FSMA (Duty to notify regulator of grounds for withdrawal of approval);~~
 - (b) ~~section 64C of FSMA (Requirement for authorised person to notify regulator of disciplinary action);~~ ~~[deleted]~~
 - (1) ~~a notification has been made or should be made to the PRA under any of the rules in Notifications 11 or to the FCA under any equivalent provisions of the FCA Handbook;~~ ~~[deleted]~~
 - (2) ~~any of the circumstances in 4.2(2)(a) to (d) apply in relation to:~~
 - (a) ~~any controlled function that that person is ceasing to perform; or~~
 - (b) ~~any controlled function that that person is continuing to perform in relation to that firm or a firm in the same group.~~ ~~[deleted]~~
- 2.5 The PRA directs that a firm must not use Form E if the person to whom the PRA senior management approval application relates:

- ~~(1) has never before been approved:~~
 - ~~(a) by the PRA to perform a controlled function; or~~
 - ~~(b) by the FCA to perform an FCA designated senior management function or a significant influence function for any firm; or~~
- ~~(2) has not been the subject of a current approved person approval in relation to any firm for more than six months prior to the date of application. [Deleted]~~

2.6

- ~~(1) The PRA directs that a firm must use Form A (shortened form) for a PRA senior management approval application if:~~
 - ~~(a) the person to whom the application relates:~~
 - ~~(i) has at the time of application a current approved person approval; or~~
 - ~~(ii) has had a current approved person approval within the previous six months; and~~
 - ~~(b) there have been no matters arising in relation to the fitness and propriety of the person to whom the PRA senior management approval application relates which mean that the information provided to the FCA or PRA regarding fitness and propriety in connection with a current approved person approval may have changed since the application for the current approved person approval was made. [Deleted]~~
- ~~(2) The PRA directs that a firm must not use Form A (shortened form) if the circumstances set out in 2.3 apply. [Deleted]~~

2.7 The PRA directs that the form submitted for a PRA senior management approval application must be accompanied by a statement of responsibilities form. [Deleted]

2A PRA SENIOR MANAGEMENT FUNCTION: NOTIFICATION PROCEDURE

- 2A.1 Subject to 2A.2, the PRA directs that a firm must make a PRA senior management notification in accordance with 2A.3, before the activities requiring notification commence.
- 2A.2 A firm may not make a PRA senior management notification if it would be contrary to a requirement made by the FCA under section 55L FSMA or the PRA under section 55M FSMA.
- 2A.3 The PRA directs that a PRA senior management notification must:
 - (1) be made using the relevant SMR form; and
 - (2) be accompanied by relevant SMR supporting material.

2B NOTIFICATIONS: EFFECTIVE DATE AND WITHDRAWAL

- 2B.1 Subject to 2B.2 and 2C.3, a PRA senior management notification takes effect on the later of:
 - (1) the date on which the PRA confirms submission of the notification in writing; or
 - (2) the date of appointment specified in the notification, which may be no later than three months from the date the firm makes the PRA senior management notification.
- 2B.2 A PRA senior management notification does not take effect if:
 - (1) the firm did not use the relevant SMR form or provide relevant SMR supporting material;
 - (2) it would be contrary to a requirement made by the FCA under section 55L FSMA, or the PRA under section 55M FSMA;
 - (3) it has been withdrawn in accordance with 2B.3 and 2B.4; or

(4) the PRA candidate:

- (a) is subject to a prohibition order made under section 56 FSMA; and
- (b) would be in violation of the prohibition order if they performed the functions specified in the notification for the firm.

2B.3 A firm may withdraw a PRA senior management notification by submitting written notice to the PRA.

2B.4 Notice provided under 2B.3 is only capable of withdrawing a PRA senior management notification if:

- (1) the firm provides the written consent of:
 - (a) the PRA candidate; and
 - (b) any other firm for which the PRA candidate would have performed PRA notified functions specified in the PRA senior management notification; and
- (2) it is submitted before the date the PRA senior management notification takes effect.

2C ADVANCE PRA SENIOR MANAGEMENT NOTIFICATIONS

2C.1 This Chapter applies where a firm has made a PRA senior management notification to the PRA before Phase 2 commencement date.

2C.2 A PRA senior management notification received before Phase 2 commencement date takes effect only if it meets the following requirements:

- (1) the PRA senior management notification was received by the PRA no earlier than one month before Phase 2 commencement date;
- (2) the PRA senior management notification must specify a date of appointment that is either:
 - (a) the Phase 2 commencement date; or
 - (b) a date within three months of the date on which the PRA senior management notification is submitted;
- (3) the PRA senior management notification when made complied with the requirements of 2A.2 and 2A.3, and 6.1 to 6.3 as if these were in force at that time;
- (4) the PRA senior management notification is not prevented from taking effect by 2B.2; and
- (5) the PRA senior management notification has not been withdrawn in accordance with 2B.3 to 2B.4.

2C.3 A PRA senior management notification received before Phase 2 commencement date which is not prevented from taking effect by 2C.2 takes effect on the later of:

- (1) the date on which the PRA confirms submission of the notification in writing;
- (2) Phase 2 commencement date; or
- (3) the date of appointment specified in the notification.

2C.4 2B.1 does not apply to PRA senior management notifications made by a firm to the PRA before Phase 2 commencement date.

3 WITHDRAWAL OF A PRA SENIOR MANAGEMENT APPROVAL APPLICATION

3.1 The PRA directs that a firm withdrawing an outstanding PRA senior management approval application must do so by submitting written notice to the PRA using Form B.

3.2 Written notice submitted under 3.1 must include:

- (1) the name of the *PRA candidate*; and
- (2) a statement from the *firm* explaining the reason for withdrawal.

4 **CEASING TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION**

4.1

- (1) A *firm* must notify the *PRA* no later than seven *business days* after a *person* permanently ceases to perform a *PRA senior management function*, using:
 - (a) ~~Form E pursuant to the direction in 2.3~~ The relevant *SMR form*, if a *person* permanently ceases to perform a *PRA senior management function* and the *firm* is also making an application or notification for the same *person* to perform a new *PRA senior management function*; and
 - (b) in all other cases, ~~Form C~~ written notice.

4.1A A written notice under 4.1(1)(b) must include, in relation to a *person* ceasing to perform *PRA senior management functions*:

- (1) the name of the *firm*;
- (2) the name of the *person* who is the subject of the notice;
- (3) the *PRA senior management functions* ceased;
- (4) the dates on which they ceased to perform each *PRA senior management function*;
- (5) a statement explaining the reasons why they ceased each *PRA senior management function*;
- (6) any information that would make the written notice qualified under 4.2(2); and
- (7) any other information the *firm* may reasonably be expected to provide the *PRA*.

4.2

- (1) A *firm* must notify the *PRA* as soon as practicable after it becomes aware, or has information which reasonably suggests, that it will submit a qualified written notice ~~Form C~~ in respect of a *PRA senior management function holder*.
- (2) ~~Form C~~ Written notice under 4.1(1)(b) is qualified if the information it contains:
 - ...
 - (c) includes a notification; ~~under any of the provisions set out in 2.4(A1) or (1); or~~
 - (i) section 63(2A) of *FSMA* (Duty to notify regulator of grounds for withdrawal of approval or invalidation of notification); or
 - (ii) provided under Notifications 11;
 - (ca) the *firm* must submit to the *FCA* under SUP 15.11 or 10C.14.7R of the *FCA Handbook*; or
 - (d) otherwise reasonably suggests that it may affect the *PRA*'s assessment of the *PRA senior management function holder*'s fitness and propriety.

4A **APPLICATION TO VARY A CONDITIONAL OR LIMITATION APPROVAL**

4A.1

The *PRA* directs that a *firm* making an application to the *PRA* under section 63ZA of *FSMA* ~~(for the variation of a conditional approval)~~ must do so ~~by submitting~~ using the relevant *SMR form*.

(1) ~~Form I And [deleted]~~

(2) ~~a statement of responsibilities form for the PRA approved person concerned. [deleted]~~

4A.2 A *firm* may withdraw an application made under section 63ZA of *FSMA* by submitting written notice to the *PRA*. ~~The *PRA* directs that a *firm* withdrawing an application made under section 63ZA of *FSMA* (Variation of senior manager's approval at request of relevant authorised person) must do so using Form B.~~

4A.3 Written notice submitted under 4A.2 must include:

(1) the name of the *person* who is the subject of the application; and

(2) a statement from the *firm* explaining the reason for withdrawal.

5 CHANGE IN DETAILS RELATING TO PRA SENIOR MANAGEMENT FUNCTION HOLDERS

5.1 ~~If a *PRA approved person's PRA senior management function holder's* title, name or national insurance number changes, the *firm* for which the *person* performs a *PRA senior management function* must notify the *PRA* of that change within seven *business days* of the *firm* becoming aware of the matter, by written notice using Form D.~~

5.1A ~~If a *PRA approved person's* has been temporarily absent for more than a 12 week period, the *firm* for which the *person* performs a *PRA senior management function* must notify the *PRA* of:~~

~~(1) that absence within seven *business days* of the end of the 12 week period; and~~

~~(2) the *PRA approved person's* return from absence within seven *business days* of the date of their return;~~

~~in each case, using Form D. [Deleted]~~

5.2 ~~If, in relation to a *firm* which has submitted an application or notification on either Form A or Form E, as required by 2.2 or 2A.3, any of the details relating to arrangements and *PRA senior management functions* are to change, the *firm* must notify the *PRA* by written notice using Form D as soon as reasonably practicable after the *firm* becomes aware of the proposed change.~~

5.3 ~~The *PRA* directs that if a *PRA senior management function holder* ceases to perform a *PRA senior management function* for a *firm* but continues to perform one or more *PRA senior management functions* for the same *firm*, the *firm* must submit a revised *statement of responsibilities form* for the remaining *PRA senior management function(s)*, along with Form J.~~ Written notice submitted to the *PRA* under this Chapter must include:

(1) for a written notice required by 5.1:

(a) the new details of the *PRA senior management function holder*;

(b) the date on which the *firm* reasonably believes the details changed or will change;

(c) the date on which the *firm* became aware of the change in details; and

(d) a statement explaining the reason for the change in details;

(2) for a written notice required by 5.2:

(a) the name of the *person* who is the subject of the application or notification;

(b) the proposed changes to:

(i) the *PRA senior management functions*; and

(ii) the details relating to arrangements;

- (c) the date on which:
 - (i) the *firm* reasonably believes the changes were proposed;
 - (ii) the *firm* became aware of the proposed changes; and
 - (iii) the proposed changes take effect; and
- (d) a statement explaining the reasons for the proposed changes; and
- (3) any other relevant information the *firm* would reasonably be expected to provide to the *PRA* in relation to the written notice.

6 PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS

6.1 The *PRA* directs that save as required by 6.2, a firm must make any applications, ~~or notifications or submissions~~ required by this Part by submitting the relevant *SMR form* ~~form specified~~ using the *ONA system*.

6.1A A firm must submit written notices required under this Part using the *ONA system*.

6.2 If, under any direction or rule in this Part:

- (1) a *firm* is required to make an application, notification, written notice or submission online; and
- (2) the information technology systems used by the *PRA* fail and online submission is unavailable for 24 hours or more,

until such time as facilities for online submission are restored, a *firm* must submit ~~the specified form~~ in the way set out in Notifications 7.

6.3 Any application, notification or written notice under this Part must include:

- (1) the name of the *firm* making the submission and its reference number; ~~The *PRA* directs that, if a *firm* is required to submit a revised *statement of responsibilities* under section 62A of *FSMA*, it must do so by submitting Form J with the revised *statement of responsibilities*.~~
- (2) the name of the *person* making the submission on behalf of the *firm*; ~~The *PRA* directs that a *firm* must not use Form J where the revisions are to be made as part of arrangements involving an application:~~
 - (a) ~~for approval for the *person* performing the *PRA senior management function* concerned to perform another *PRA senior management function* or *FCA-designated senior management function* for the same *firm*; or [deleted]~~
 - (b) ~~to vary under section 63ZA of *FSMA* an approval for the *person* performing the *PRA senior management function* concerned to perform another *PRA senior management function* or *FCA-designated senior management function* for the same *firm*. [deleted]~~
- (3) the name of the *person* who will act as the point of contact with the *PRA* in relation to the submission;
- (4) the contact details of the *persons* under 6.3(2) and (3); and
- (5) any other information a *firm* may reasonably be expected to provide to the *PRA* in relation to the application, notification or written notice.

7 FORMS [DELETED]

7.1

- (1) ~~Form A (long form) is available on the *PRA*'s website.~~

- ~~(2) Form A (shortened form) is available on the PRA's website.~~
- ~~(3) Form B is available on the PRA's website.~~
- ~~(4) Form C may be found here.~~
- ~~(5) Form D may be found here.~~
- ~~(6) Form E is available on the PRA's website.~~
- ~~(6A) Form I is available on the PRA's website.~~
- ~~(6B) Form J is available on the PRA's website.~~
- ~~(7) The statement of responsibilities form is available on the PRA's website. [Deleted]~~

Draft for consultation

Annex Z

Amendments to the Notifications Part

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

...

2 GENERAL NOTIFICATION REQUIREMENTS PERSONS

...

2.4

- (1) A *firm* must notify the *PRA* of:

...

by (or as regards (c), against) the *firm* or any of its *directors*, *officers*, *employees*, ~~approved persons~~ senior management function holders, or *appointed representatives* or, where applicable, *tied agents*.

...

3 LLOYDS

- 3.1 The *PRA* directs that:

- (1) the *Society* must immediately inform the *PRA* in writing if it becomes aware that any matter likely to be of material concern to the *PRA* may have arisen in relation to:

...

- (c) ~~approved persons~~ senior management function holders or individuals acting for or on behalf of *managing agents*.

...

- (3) that the *Society* must inform the *PRA* if it commences investigations or disciplinary proceedings which do not fall within the scope of (2) but which:

- (a) involve a *managing agent*, or an ~~approved person~~ senior management function holder who carries out *controlled functions* for it or on its behalf; or

- (b) may indicate that an individual acting for or on behalf of a *managing agent* may not be a fit and proper person to perform functions in relation to *regulated activities*,

and in each case the direction is given in relation to the exercise of the powers of the *Society* and of the *Council* generally, with a view to achieving the objective of enabling the *PRA* to (1) comply with its general duty under section 314 of *FSMA*; (2) determine whether *managing agents* or ~~approved persons~~ senior management function holders acting for them or on their behalf, are complying with the requirements imposed on them by or under *FSMA* and (3) enforce the provisions of *FSMA*, or requirements made under *FSMA*, by enabling the *PRA* to consider, where appropriate, whether it should use its powers, for example to:

...

- (ii) withdraw approval or invalidate a notification from an *approved person* acting for or on behalf of a *managing agent*, under section 63 of *FSMA* ~~(Withdrawal of approval)~~;

...

- (v) discipline a *managing agent*, or an ~~approved person~~ *senior management function holder* acting for it or on its behalf, for a breach of a requirement made under FSMA, including the *Fundamental Rules, Statements of Principle and rules*;

...

...

4 NOTIFIED PERSONS

4.1

...

- (2) The notification in (1) must include, as a minimum, the *person's* name, the position to which the notification relates and, if the *person* is an ~~approved person~~ *senior management function holder*, the ~~approved person's~~ *senior management function holder's* individual reference number.

...

11 CONDUCT RULES: NOTIFICATIONS

...

- 11.2 If a *firm* takes ~~disciplinary action~~ *disciplinary or remuneration action* against a *person* relating to any action, failure to act, or circumstance that amounts to a breach of any conduct rule it must notify the *PRA*.

- 11.3 If a *firm* is required to notify the *PRA* under 11.2 in respect of:

- (1) *persons performing* ~~certification function~~ *competence and integrity functions*;

...

- (2) a ~~temporary replacement~~ *temporary cover*,

it must do so within seven business days of the point at which it determined the relevant requirement applied, by submitting ~~Form La~~ *a written notice*. A *firm* must not unreasonably delay its determination of whether or not the requirement applies.

- 11.3A A written notice submitted under 11.3 must include the following information:

- (1) the name of the *firm(s)*;
- (2) the name of the *person* who is subject to the notice;
- (3) the conduct rule(s) breached;
- (4) the date each breach referred to in (3) occurred;
- (5) details of each breach referred to in (3);
- (4) if applicable, a statement explaining the reasons for the *disciplinary or remuneration action*; and
- (5) any other information the *firm* may be reasonably expected to provide the *PRA*.

- 11.4 If a *firm* is required to notify the *PRA* under 11.2 in respect of a *person* performing a *PRA senior management function*, it must do so within seven business days of the point at which it determined the relevant requirement applied, by submitting:

- (1) if the *firm* is of a type in 11.1(a), (b) or (c) and the circumstances set out in Senior Managers Regime - Applications and Notifications 5.2 apply, ~~Form Ca~~ *a written notice*

containing the information in Senior Managers Regime - Applications and Notifications 5.1A;

- (2) if the *firm* is of a type in 11.1(d), 11.1(e), 11.1(f), 11.1(g) or 11.1(h) (other than a *Swiss general insurer*) and the circumstances set out in Solvency II Firms - Senior Managers Regime - Applications and Notifications 4.2(2) apply, ~~Form Ca~~ written notice containing the information in Solvency II Firms - Senior Managers Regime - Applications and Notifications 4.1A;
- (3) the *firm* is a *large non-directive insurer* or a *Swiss general insurer* and the circumstances set out in Large Non-Solvency II Firms - Senior Managers Regime - Applications and Notifications 4.2(2) apply, ~~Form Ca~~ written notice containing the information in Large Non-Solvency II Firms - Senior Managers Regime - Applications and Notifications 4.1A;
- (4) if the *firm* is a *small non-directive insurer* and the circumstances set out in Non-Solvency II Firms - Senior Managers Regime - Applications and Notifications 4.2(2) apply, ~~Form Ca~~ written notice containing the information in Non-Solvency II Firms - Senior Managers Regime - Applications and Notifications 4.1A;
- (5) and in all other cases, ~~Form Da~~ written notice which must include the following information:
 - (a) the name of the *firm(s)*;
 - (b) the name of the *person* who is subject to the notice;
 - (c) the conduct rule(s) breached;
 - (d) the date each breach referred to in (c) occurred;
 - (e) details of each breach referred to in (c);
 - (f) if applicable, a statement explaining the reasons for the *disciplinary or remuneration action*; and
 - (g) any other information the *firm* may be reasonably expected to provide the PRA.

A *firm* must not unreasonably delay its determination of whether or not the requirement applies.

- 11.5 If a *firm* becomes aware of information which would reasonably be material to the assessment of the fitness and propriety of a ~~PRA approved person~~ PRA senior management function holder, or a *person* in respect of whom:

- (1) an application for approval to perform a ~~PRA senior management function~~ PRA approved function has been made; or
- (2) a notification to perform a *PRA notified function* has been made but has not taken effect,
it must inform the PRA on ~~Form Da~~ written notice containing the relevant information in 11.4(5), or (if it is more practical to do so and with the prior agreement of the PRA) by fax or e-mail, as soon as practicable.

- 11.6 A *firm* other than a *credit union* must submit:

- (1) ~~Form C and Form D~~ the relevant written notice referred to in 11.4 using the ONA system;
and
- (2) ~~Form L~~ the written notice referred to in 11.3 using the ~~PRA~~ PRA email address specified in ~~Form L~~ by the PRA.

- 11.7 A *credit union* must submit:

- (1) ~~Form C and Form D~~ the relevant written notice referred to in 11.4 using the ONA system or in the manner set out in Notifications 7;

- (2) ~~Form L~~the written notice referred to in 11.3 using the ~~PRA~~PRA email address specified in ~~Form L~~by the PRA.

...

11.9

- (1) ~~Form C may be found here.~~
- (2) ~~Form D may be found here.~~
- (3) ~~Form L may be found here.~~[Deleted]

...

Draft for consultation

Annex AA

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:

...

(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* and is an *SRO firm*, its activities in the *UK*.

1.2

In this Part, the following definitions shall apply:

...

Approved Group Entity Senior Manager function

has the meaning given in 5.3.

...

group

- (1) in relation to a *CRR firm* or a *third-country CRR firm*, has the same meaning as in limb (1) of the definition of *group* in the *PRA Rulebook Glossary*; or
- (2) in relation to any other *firm*, has the meaning given in section 421 of *FSMA*.

...

~~*FCA activities*~~

~~means a function which would, except for SUP10C.9.8R of the *FCA Handbook*, be an *FCA governing function*.~~

~~*FCA approval*~~

~~means at any time an approval granted to and in effect for a *person* by the *FCA* under section 59 of *FSMA* (Approval for particular arrangements) for the performance of a *controlled function* specified by the *FCA*.~~

~~*Group Entity Senior Manager function*~~

~~has the meaning given in 5.2.~~

Notified Group Entity Senior Manager function

has the meaning given in 5.4.

...

parent undertaking

- (1) in relation to a *CRR firm* or a *third-country CRR firm*, has the same meaning as in limb (1) of the definition of *parent undertaking* in the *PRA Rulebook Glossary*; or
- (2) in relation to any other *firm*, has the meaning given in section 420 of *FSMA*.

...

...

2 GENERAL

...

2.3

To the extent that,

...

- (2) the appointment is solely to provide cover for a ~~PRA approved person~~ PRA senior management function holder who is an individual and whose absence is:

...

- (3) the appointment is for less than ~~42~~18 weeks in a consecutive 12-month period,

...

- 2.3A In this Chapter, a ~~PRA approved person~~ PRA senior management function holder being absent includes the ~~PRA approved person~~ PRA senior management function holder ceasing to perform their *PRA senior management function*.

2.3B

- (1) This rule deals with an appointment by a *firm* under 2.3 where:

...

- (b) an absence of over ~~42~~18 weeks is reasonably unforeseen.
- (2) If, before the period under 2.3(3) would have expired but for this rule, the *firm* makes a valid and complete application for the approval for the performance by a ~~person of the PRA senior management function~~ PRA senior management approval application or PRA senior management notification in respect of a *PRA senior management function*, that was performed by the absent *PRA approved person*:
- (a) the period for which the function performed by the ~~temporary replacement~~ temporary cover is not a *PRA senior management function* is extended until that application is finally determined, or until that notification takes effect; and
- (b) the period for which the ~~temporary replacement~~ temporary cover may perform the function without approval is extended accordingly.

...

2.4

- (1) If, ~~a person has been approved to perform a PRA senior management function~~ in relation to a *firm*, ~~and a PRA senior management function holder~~ also performs *FCA activities*, performance of the *PRA senior management function* will include the performance of those *FCA activities*, provided the following conditions are met:
- (a) either:
- (i) the *PRA's* approval to perform a *PRA senior management function* has been granted and continues in force; or
- (ii) the PRA senior management function holder is the subject of a PRA senior management notification which is in effect;

- (b) at the time of:
- (i) approval being granted by the *PRA*, ~~that person was not subject to an *FCA approval to perform the particular FCA governing function*; or~~
 - (ii) the *PRA senior management notification* taking effect
that person was not subject to an *FCA approval* or an effective *FCA senior management notification* to perform the particular *FCA governing function*;
- (c) the *firm* made the notification required by SUP10C.9.8 R (4) of the *FCA Handbook*; and
- (d) that *person* performs and is continuing to perform the *FCA activities*.
- (2) If, in relation to a *firm*, a *PRA senior management function holder* has been performing a
~~person has been approved to perform a *PRA senior management function* in relation to a~~
~~*firm* which includes performance of *FCA activities* in the circumstances set out in (1), and~~
 that *person*:
- ...
- (b) within three ~~months~~ months of ceasing performance, is approved or notified to perform a new *PRA senior management function*; and
- ...
- 2.5 If a ~~*PRA approved person*~~ *PRA senior management function holder* who has been performing a *PRA senior management function* which includes performance of *FCA activities* in the circumstances set out in 2.4, ceases to perform a *PRA senior management function* but continues to perform the *FCA activities*, 2.4 will continue to apply in respect of the performance of the *FCA activities* until the earlier of:
- (1) approval by the *FCA* or the taking effect of an *FCA senior management notification*, in respect of the performance by that ~~person~~ person of those *FCA activities* as an *FCA governing function* in relation to the ~~firm~~ firm; or
- ...
- 2.6 If a ~~*PRA approved person*~~ *PRA senior management function holder*:
- ...
- (3) ~~that person~~ does not have an *FCA approval* nor is the subject of an *FCA senior management notification* which is in effect to perform an *FCA controlled function* in relation to that ~~firm~~ firm.
- the functions in (1) will continue to be part of the *PRA senior management function* which the *person* most recently performed for that *firm*) until the earlier of:
- (1) approval by the *FCA* or the taking effect of an *FCA senior management notification*, in respect of the performance by that *person* of an *FCA controlled function* in relation to the *firm*; or
- ...
- ...

5 GROUP ENTITIES

- ...
- 5.2 ~~The *Group Entity Senior Manager function* (SMF7) is the function of having a significant influence on the management or conduct of one or more aspects of the affairs of a *firm* in~~

relation to its *regulated activities* (other than in the course of the performance of another *PRA senior management function*):

(1) ~~[deleted]~~

(2) ~~[deleted]~~

(1A) ~~an employee, or an officer of:~~

(a) ~~a parent undertaking or holding company of a firm; or~~

(b) ~~another undertaking which is a member of the firm's group; or~~

(2A) ~~a controller or a nominated representative. [Deleted]~~

5.3 The *Approved Group Entity Senior Manager function* (SMF7) is the function of:

(1) having a significant influence on the management or conduct of one or more aspects of the affairs of a firm in relation to its *regulated activities* (other than in the course of the performance of another *PRA senior management function*);

(2) which is performed by:

(a) an employee, or an officer of:

(i) a parent undertaking or holding company of a firm; or

(ii) another undertaking which is a member of the firm's group; or

(b) a controller or a nominated representative; and

(3) the person has the function of:

(a) having responsibility, alone or jointly with others, for carrying out the management of the conduct of the whole of the business (or relevant activities) of the firm, its group or a part of that group containing the firm;

(b) having responsibility for management of the financial resources of, and the financial affairs of, the firm, its group or a part of that group containing the firm;

(c) having responsibility for overall management of the risk controls of the firm, its group or a part of that group containing the firm, including the setting and managing of risk exposures, and in relation to risk management arrangements;

(d) having responsibility for the internal operations and technology of the firm, its group or a part of that group containing the firm;

(e) having responsibility for chairing, and overseeing the performance of the role of, the governing body of a parent undertaking or holding company of the firm;

(f) having responsibility for the overall management of the FCA compliance requirements for SMCR firms for the firm, its group or a part of that group containing the firm; or

(g) having responsibility for overall management of the functions described in the definition of 'money laundering reporting officer' in the Glossary to the FCA Handbook for the firm, its group or a part of that group containing the firm.

5.4 The *Notified Group Entity Senior Manager function* (SMF7a) is the function of:

(1) having a significant influence on the management or conduct of one or more aspects of the affairs of a firm in relation to its *regulated activities* (other than in the course of the performance of another *PRA senior management function*);

(2) which is performed by a person employed by, or an officer of:

(a) an employee, or an officer of:

- (i) a parent undertaking or holding company of a firm; or
 - (ii) another undertaking which is a member of the firm's group; or
 - (b) a controller or a nominated representative; and
 - (3) none of descriptions in 5.3(3)(a) to (g) apply.
- 5.5 Approvals given by the PRA for the function (Group Entity Senior Manager) specified in 5.2 as it had effect immediately before Phase 2 commencement date:
- (1) will continue to have effect as approvals for the Approved Group Entity Senior Manager function;
 - (2) will also have effect as if a PRA senior management notification for the Notified Group Entity Senior Manager function was in place from Phase 2 commencement date; and
 - (3) anything done in relation to that function under Part V of FSMA before Phase 2 commencement date is to be treated as having been done in relation to the Approved Group Entity Senior Manager function and Notified Group Entity Senior Manager function, including any limited periods or conditions that were in place immediately before Phase 2 commencement date.
- ...

7 UK BRANCH OF OVERSEAS FIRM

- 7.1 This Chapter applies only to a *third country CRR firm* in relation to:
- ...
- (2) if it does not have an establishment in the *UK* and is an *SRO firm*, its activities in the *UK*.
- ...

9 PRA APPROVED FUNCTIONS

- 9.1 The following PRA senior management functions are PRA approved functions:
- (1) the Chief Executive function (SMF1);
 - (2) the Chief Finance function (SMF2);
 - (3) the Chief Risk function (SMF4);
 - (4) the Approved Group Entity Senior Manager function (SMF7);
 - (6) the Chair of the Governing Body function (SMF9);
 - (7) the Head of Overseas Branch function (SMF19);
 - (8) the Chief Operations function (SMF24).

10 PRA NOTIFIED FUNCTIONS

- 10.1 The following PRA senior management functions are PRA notified functions:
- (1) the Head of Internal Audit function (SMF5);
 - (2) the Head of Key Business Area function (SMF6);
 - (3) the Notified Group Entity Senior Manager function (SMF7a);
 - (4) the Credit Union Senior Manager function (SMF8);
 - (5) the Chair of Risk Committee function (SMF10);

- (6) the Chair of Audit Committee function (SMF11).
- (7) the Chair of Remuneration Committee function (SMF12);
- (8) the Senior Independent Director function (SMF14).

PART EXTERNALLY DEFINED TERMS

Term	Definition source
group	FSMA s421

Annex AB

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

...

(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* and is an *SRO firm*, its activities in the *UK*–

1.2 In this Part, the following definitions shall apply:

...

~~current approved person approval~~

means

(1) ~~an approval granted to a person under section 59 of FSMA (Approval for particular arrangements):~~

- ~~(a) by the PRA for the performance of a PRA senior management function; or~~
- ~~(b) by the FCA for the performance 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.~~

(2) a deemed approval given by:

- ~~(a) the PRA following the submission of a conversion notification; or~~
 - ~~(b) the FCA under any equivalent process contained in rules in the FCA Handbook;~~
- ~~or~~

(3) for the purposes of 2.5(2) and 2.6(1)(a), an approval granted to that ~~person~~ under section 59 of FSMA by either the PRA or the FCA to perform a *controlled function* as defined in section 59 of FSMA prior to the *commencement date* but which ceased (i) on or before the *commencement date*; and (ii) during the period specified in 2.5(2) or 2.6(1)(a), as the case may be.

...

~~PRA senior management approval application~~

~~means an application for approval to perform a PRA senior management function under section 59 of FSMA.~~

...

~~statement of responsibilities~~

has the meaning given in Allocation of Responsibilities 1.

- 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~~.~~[Deleted]~~

1A RELEVANT PRA SENIOR MANAGEMENT FUNCTION PROCEDURE

1A.1 Subject to 1A.2, the PRA directs that a *firm* must:

- (1) make a PRA senior management approval application in respect of PRA approved functions in accordance with Chapter 2; and
- (2) make a PRA senior management notification in respect of PRA notified functions in accordance with Chapter 2C.

1A.2 If a *firm* is prevented from making a *PRA senior management notification* due to a requirement imposed under section 55L FSMA by the FCA, or section 55M FSMA by the PRA, it must make a *PRA senior management approval application* in respect of that *PRA notified function* instead.

1B PERMITTED CONDITIONAL APPLICATIONS FOR PRA APPROVAL

1B.1 Each of the following are *permitted SMF conditions* for the purposes of section 60A(5) of FSMA, in respect of a *PRA senior management approval application*:

- (1) a condition that the PRA candidate reduces or ceases certain activities they carry out:
 - (a) as a director or employee of the firm or another entity; or
 - (b) in their individual capacity; or
- (2) the PRA grants approval for a limited period.

2 APPLICATION TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION: APPLICATION PROCEDURE

...

2.2 The PRA directs that a *PRA senior management approval application* must: ~~firm must use Form A (long form) for a PRA senior management approval application unless:~~

- (1) ~~the firm must use Form E under 2.3; or be made using the relevant SMR form; and~~
- (2) ~~the firm must use Form A (shortened form) under 2.6 satisfy the requirements in 2.3 and 2.4.~~

2.3 The PRA directs that, subject to 2.4 and 2.5, a *firm* must use Form E for a *PRA senior management approval application* if it is being made in respect of a ~~person who has a current approved person approval and is either~~ *The PRA directs that a PRA senior management approval application* must, where applicable, include a statement setting out:

- (1) ~~ceasing to perform a PRA senior management function and taking up a new PRA senior management function for the same firm or another member of its group; or the details of any permitted SMF condition requested, including:~~
 - (a) the duration of any limited period the firm proposes the PRA grants approval for; and
 - (b) the date on which such limited period starts;
- (2) ~~ceasing to perform an FCA-designated senior management function or a significant influence function and taking up a PRA senior management function for the firm or another member of its group the reasons for requesting permitted SMF conditions;~~

- (3) an explanation of how the *permitted SMF conditions* were taken into account as part of the *firm's* assessment of the *PRA candidate's* fitness and propriety under section 60A of *FSMA*.
- 2.4 ~~The *PRA* directs that a *firm* must not use Form E for a *PRA senior management approval application* if:~~ The *PRA* directs that a *PRA senior management approval application* must be accompanied by:
- (1) ~~a notification has been made or should be made to the *PRA* or *FCA* under any of the following:~~ *relevant SMR supporting material*; and
 - (a) ~~section 63(2A) of *FSMA* (Duty to notify regulator of grounds for withdrawal of approval);~~~~[deleted]~~
 - (b) ~~section 64C of *FSMA* (Requirement for relevant authorised persons to notify regulator of disciplinary action);~~~~[deleted]~~
 - (2) ~~a notification has been made or should be made to the *PRA* under any of the rules in Notifications 11 or to the *FCA* under any equivalent provisions of the *FCA Handbook*; or~~ if the application is made by a *designated investment firm*, the *designated additional information*.
 - (3) ~~any of the circumstances in 5.2 apply in relation to:~~
 - (a) ~~any *PRA senior management function* or *FCA designated senior management function* or *significant influence function* that that person is ceasing to perform; or~~
 - (b) ~~any *PRA senior management function* or *FCA designated senior management function* or *significant influence function* that the person is continuing to perform in relation to that *firm* or a *firm* in the same group.~~~~[deleted]~~
- 2.5 ~~The *PRA* directs that a *firm* must not use form E if the person to whom the *PRA senior management approval application* relates:~~
- (1) ~~has never before been approved:~~
 - (a) ~~by the *PRA* to perform a *PRA senior management function*; or~~
 - (b) ~~by the *FCA* to perform an *FCA designated senior management function* or a *significant influence function* for any *firm*;~~

— or
 - (2) ~~has not been the subject of a *current approved person approval* in relation to any *firm* for more than six months prior to the date of application.~~~~[Deleted]~~
- 2.6
- (1) ~~The *PRA* directs that a *firm* must use Form A (shortened form) for a *PRA senior management approval application* if:~~
 - (a) ~~the person to whom the application relates:~~
 - (i) ~~has at the time of application a *current approved person's approval*; or~~
 - (ii) ~~has had a *current approved person's approval* within the previous six months;~~

and
 - (b) ~~there have been no matters arising in relation to the fitness and propriety of the person to whom the *PRA senior management approval application* relates which mean that the information provided to the *FCA* or *PRA* regarding fitness and propriety in connection with a *current approved person's approval* may have changed since the application for the *current approved person's approval* was made.~~

- ~~(2) The PRA directs that a firm must not use Form A (shortened form) if the circumstances set out in 2.3 apply. [Deleted]~~

2.7

- ~~(1) The PRA directs that the form submitted for a PRA senior management approval application must be accompanied by a statement of responsibilities in accordance with Allocation of Responsibilities 2.1.~~
- ~~(2) The statement of responsibilities form is available on the PRA's website. [Deleted]~~

- 2.8 The PRA directs that the form submitted for a PRA senior management application by a designated investment firm must be accompanied by the designated additional information. [Deleted]

2A SECTION 59ZZA APPLICATION [DELETED]

2A.1

- ~~(1) In the case of a section 59ZZA application, the following directions shall have effect in substitution for any directions relating to the provision of information, documents, statement of responsibilities and the form of application that would otherwise apply on the making of an application under section 60 of FSMA.~~
- ~~(2) The PRA directs that the application must contain the information and be accompanied by such documents as are set out in the form approved by the PRA for the purposes of this direction; except that where the application is in respect of a person who holds a current approved persons approval, Form E may be used in accordance with 2.3 instead.~~
- ~~(3) The PRA directs that the application must be accompanied by a statement of responsibilities in accordance with Allocation of Responsibilities 2.1, containing such information as is set out in the form approved by the PRA for the purposes of this direction; except that where Form E is used pursuant to (2) above, the application must provide a statement of responsibilities in the form specified in 2.7(2).~~
- ~~(4) A function performed by a person in relation to whom a notice under section 59ZZA of FSMA could be given, shall not (otherwise than for the purposes of making an application under section 60 of FSMA), be treated as a controlled function until the earliest of:~~
- ~~(a) 12 weeks beginning on the day on which 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. [Deleted]~~

2B SRO FIRMS [DELETED]

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. [Deleted]~~

2C PRA SENIOR MANAGEMENT FUNCTION: NOTIFICATION PROCEDURE

- 2C.1 Subject to 2C.2, the *PRA* directs that a *firm* must make a *PRA senior management notification* in accordance with 2C.3, before the activities requiring notification commence.
- 2C.2 A *firm* may not make a *PRA senior management notification* if it would be contrary to a requirement made by the *FCA* under section 55L *FSMA* or the *PRA* under section 55M *FSMA*.
- 2C.3 The *PRA* directs that a *PRA senior management notification* must:
- (1) be made using the *relevant SMR form*; and
 - (2) be accompanied by:
 - (a) *relevant SMR supporting material*; and
 - (b) if the *firm* making the notification is a *designated investment firm*, the *designated additional information*.

2D NOTIFICATIONS: EFFECTIVE DATE AND WITHDRAWAL

- 2D.1 Subject to 2D.2, a *PRA senior management notification* takes effect on the later of:
- (1) the date on which the *PRA* confirms submission of the notification in writing; or
 - (2) the date of appointment specified in the notification, which may be no later than three months from the date the *firm* makes the *PRA senior management notification*.
- 2D.2 A *PRA senior management notification* does not take effect if:
- (1) the *firm* did not use the *relevant SMR form* or provide *relevant SMR supporting material*;
 - (2) it would be contrary to a requirement made by the *FCA* under section 55L *FSMA*, or the *PRA* under section 55M *FSMA*;
 - (3) it has been withdrawn in accordance with 2D.3 and 2D.4; or
 - (4) the *PRA candidate*:
 - (a) is subject to a prohibition order made under section 56 *FSMA*; and
 - (b) would be in violation of the prohibition order if they performed the functions specified in the notification for the *firm*.
- 2D.3 A *firm* may withdraw a *PRA senior management notification* by submitting written notice to the *PRA*.
- 2D.4 Notice provided under 2D.3 is only capable of withdrawing a *PRA senior management notification* if:
- (1) the *firm* provides the written consent of:
 - (a) the *PRA candidate*; and
 - (b) any other *firm* for which the *PRA candidate* would have performed *PRA notified functions* specified in the *PRA senior management notification*; and
 - (2) it is submitted before the date the *PRA senior management notification* takes effect.

2E ADVANCE PRA SENIOR MANAGEMENT NOTIFICATIONS

- 2E.1 This Chapter applies where a *firm* has made a *PRA senior management notification* to the *PRA* before *Phase 2 commencement date*.

2E.2 A PRA senior management notification received before Phase 2 commencement date takes effect only if it meets the following requirements:

- (1) the PRA senior management notification was received by the PRA no earlier than one month before Phase 2 commencement date;
- (2) the PRA senior management notification must specify a date of appointment that is either:
 - (a) the Phase 2 commencement date; or
 - (b) a date within three months of the date on which the PRA senior management notification is submitted;
- (3) the PRA senior management notification when made complied with the requirements of 2C.2 and 2C.3, and 7.1 to 7.3 as if these were in force at that time;
- (4) the PRA senior management notification is not prevented from taking effect by 2D.2; and
- (5) the PRA senior management notification has not been withdrawn in accordance with 2D.3 to 2D.4.

2E.3 A PRA senior management notification received before Phase 2 commencement date which is not prevented from taking effect by 2E.2 takes effect on the later of:

- (1) the date on which the PRA confirms submission of the notification in writing;
- (2) Phase 2 commencement date; or
- (3) the date of appointment specified in the notification.

2E.4 2D.1 does not apply to PRA senior management notifications made by a firm to the PRA before Phase 2 commencement date.

3 APPLICATION TO VARY A CONDITION ~~OR LIMITATIONAL~~ APPROVAL

3.1 The PRA directs that a firm making an application to the PRA under section 63ZA of FSMA (for the variation of a conditional approval) must do so by submitting using the relevant SMR form.:

- (1) Form I; and [deleted]
- (2) a statement of responsibilities for the PRA approved person concerned in the form specified in 2.7(2). [deleted]

3.2 A firm may withdraw an application made under section 63ZA of FSMA by submitting written notice to the PRA.

3.3 Written notice submitted under 3.2 must include:

- (1) the name of the person who is the subject of the application; and
- (2) a statement from the firm explaining the reason for withdrawal.

4 WITHDRAWAL OF A PRA SENIOR MANAGEMENT APPROVAL APPLICATION ~~OR AN APPLICATION TO VARY A CONDITIONAL APPROVAL~~

4.1

The PRA directs that a firm withdrawing an outstanding PRA senior management approval application must do so by submitting written notice to the PRA using Form B.

4.2

~~The PRA directs that a firm withdrawing an application made under section 63ZA of FSMA (Variation of senior manager's approval at request of relevant authorised person) must do so using Form B. Written notice submitted under 4.1 must include:~~

- ~~(1) the name of the PRA candidate; and~~
- ~~(2) a statement from the firm explaining the reason for withdrawal.~~

5 CEASING TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION

5.1

- (1) A firm must notify the PRA no later than ten business days after a person permanently ceases to perform a PRA senior management function, ~~using~~ by:
 - (a) ~~Form E pursuant to the direction in 2.3 using the relevant SMR form~~, if a person permanently ceases to perform a PRA senior management function and the firm is also making an application or notification for the same person to perform another PRA senior management function; and
 - (b) in all other cases, ~~Form C~~ submitting written notice.

5.1A A written notice submitted under 5.1(1)(b) must include:

- (1) ~~the name of the firm;~~
- (2) ~~the name of the person who is the subject of the notice;~~
- (3) ~~the PRA senior management functions ceased;~~
- (4) ~~the dates on which they ceased each PRA senior management function;~~
- (5) ~~a statement explaining the reasons why they ceased each PRA senior management function;~~
- (6) ~~any information that would make the written notice qualified under 5.2(2); and~~
- (7) ~~any other information the firm may reasonably be expected to provide the PRA.~~

5.2

- (1) A firm must notify the PRA as soon as practicable after it becomes aware, or has information which reasonably suggests, that it will submit a qualified ~~written notice~~ ~~Form C~~ in respect of a ~~PRA approved person PRA senior management function holder~~.
- (2) ~~Form C~~ ~~Written notice under 5.1(1)(b)~~ is qualified if the information it contains:
 - (a) relates to the fact that the firm has dismissed, or suspended, the ~~PRA approved person~~ ~~PRA senior management function holder~~ from its employment;
 - (b) relates to the resignation by the ~~PRA approved person~~ ~~PRA senior management function holder~~ while under investigation by the firm, the PRA or any other regulatory body;
 - (c) includes a notification; ~~under any of the provisions set out in 2.4(1) and (2); or~~
 - (i) ~~required under section 63(2A) of FSMA; or~~
 - (ii) ~~required by Notifications 11;~~
 - (ca) ~~the firm is under an obligation to submit to the FCA under SUP 15.11 or 10C.14.7R of the FCA Handbook; or~~
 - (d) otherwise reasonably suggests that it may affect the PRA's assessment of the ~~PRA approved person's~~ ~~PRA senior management function holder's~~ fitness and propriety.

- 5.3 ~~The PRA directs that if a PRA approved person ceases to perform a PRA senior management function for a firm but continues to perform one or more PRA senior management function for the same firm, the firm must submit a revised statement of responsibilities for the remaining PRA senior management function(s), using Form J.~~~~[Deleted]~~

6 **CHANGE IN DETAILS OR RESPONSIBILITIES RELATING TO PRA SENIOR MANAGEMENT FUNCTION HOLDERS APPROVED PERSONS**

- 6.1 If a ~~PRA approved person's~~ PRA senior management function holder's title, name or national insurance number changes, the *firm* for which the *person* performs a *PRA senior management function* must notify the *PRA* of that change within seven *business days* of the *firm* becoming aware of the matter, ~~by written notice using Form D.~~
- 6.1A If a ~~PRA approved person's~~ has been temporarily absent for more than a 12 week period, the *firm* for which the *person* performs a *PRA senior management function* must notify the *PRA* of:
- ~~(1) that absence within seven business days of the end of the 12 week period; and~~
 - ~~(2) the PRA approved person's return from absence within seven business days of the date of their return,~~
- ~~in each case, using Form D.~~~~[Deleted]~~
- 6.2 If, in relation to a *firm* which has submitted an application ~~or notification on either Form A or Form E~~, as required by 2.2 ~~or 2C.3~~, any of the details relating to arrangements and *PRA senior management functions* are to change, the *firm* must notify the *PRA* ~~by written notice using Form D~~ as soon as reasonably practicable after the *firm* becomes aware of the proposed change.
- 6.3 Written notice submitted to the PRA under this Chapter must include:
- (1) ~~for a written notice required by 6.1: The PRA directs that if a firm is required to submit a revised statement of responsibilities under section 62A of FSMA, it must do so by submitting Form J with the revised statement of responsibilities.~~
 - (a) the name of the PRA senior management function holder;
 - (b) the new details of the PRA senior management function holder;
 - (c) the date on which the firm reasonably believes the details changed or will change;
 - (d) the date on which the firm became aware of the change in details; and
 - (e) a statement explaining the reasons for the change in details;
 - (2) ~~for a written notice required by 6.2: The PRA directs that a firm must not use Form J where the revisions are to be made as part of arrangements involving an application:~~
 - (a) the name of the with the person who is the subject of the application or notification; for approval for the person performing the PRA senior management function concerned to perform another PRA senior management function or FCA designated senior management function for the same firm; or
 - (b) the proposed changes to: to vary (under section 63ZA of FSMA) an approval for the person performing the PRA senior management function concerned to perform another PRA senior management function or FCA designated senior management function for the same firm.
 - (i) the PRA senior management functions; and
 - (ii) the details relating to arrangements;
 - (c) the date on which:

- (i) the *firm* reasonably believes the changes were proposed;
- (ii) the *firm* became aware of the proposed changes; and
- (iii) the proposed changes take effect; and
- (d) a statement explaining the reasons for the proposed changes; and
- (3) any other relevant information the *firm* would reasonably be expected to provide to the *PRA* in relation to the written notice.

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, or notifications or submissions required by this Part by submitting the form specified *relevant SMR form* 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 [deleted]~~
 - (b) a *credit union* must make any applications, or notifications or submissions required by this Part by submitting the form specified *relevant SMR form*:

...

- (2) A *firm* must submit written notices required under this Part using the *ONA system*.

7.2 If, under any direction or rule in this Chapter:

- (1) a *firm* is required to make an application, notification, written notice or submission online; and
- (2) the information technology systems used by the *PRA* fail and online submission is unavailable for 24 hours or more,

until such time as facilities for online submission are restored a *firm* must submit the specified form in the way set out in Notifications 7.

7.3 Any application, notification or written notice submitted under any direction or rule of this Part must include the following:

- (1) the name of the *firm* making the submission and its reference number;
- (2) the name of the *person* making the submission on behalf of the *firm*;
- (3) the name of the *person* who will act as the point of contact with the *PRA* in relation to the application or notice;
- (4) the contact details of the *persons* referred to in 7.3(2) and (3); and
- (5) any other information a *firm* may reasonably be expected to provide to the *PRA* in relation to the application, notification or written notice.

8 FORMS ~~[DELETED]~~

8.1

- (1) ~~Form A (long form) is available on the *PRA*'s website.~~
- (2) ~~Form A (shortened form) is available on the *PRA*'s website.~~

- ~~(3) Form B is available on the PRA's website.~~
- ~~(4) Form C may be found here.~~
- ~~(5) Form D may be found here.~~
- ~~(6) Form E is available on the PRA's website.~~
- ~~(7) Form I is available on the PRA's website.~~
- ~~(8) Form J is available on the PRA's website. [Deleted]~~

Draft for consultation

Annex AC**Amendments to the Group Supervision Part**

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

...

17 RISK MANAGEMENT AND INTERNAL CONTROL

17.1

- (1) Where 2.1(1) or 2.1(2) applies, the following requirements apply with any necessary changes at the level of the *group*:

...

- (g) Insurance - Fitness and Propriety 2.1 to 2.3, 4.1, 4.3 and 4.4; and
- (h) Insurance - Allocation of Responsibilities 4; and
- (i) ~~Key Function Holder – Notifications 2 to 6 in accordance with 17.4.~~ [deleted]

...

Annex AD**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

...

3.3B

For the purposes of 3.3(2), the *SFCR* must include the following:

...

- (2) information regarding the fitness and propriety of *persons* who perform *key functions* (to the extent that they are *PRA senior management functions* or functions performed as a *Conduct Rules non-executive director*) ~~or certification functions~~ for the *firm*:

...

...

...

Annex AE**Amendments to the Non-Solvency II Firms –Transitional Measures 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:

...

Solvency II rules

means the *PRA* rules in the Valuation, Technical Provisions, Own Funds, Solvency Capital Requirement – General Provisions, Solvency Capital Requirement – Standard Formula, Solvency Capital Requirement – Internal Models, Minimum Capital Requirement, Undertakings in Difficulty, Investments, Composites, Conditions Governing Business, Insurance Special Purpose Vehicles, Group Supervision, Reporting, Surplus Funds, With-Profits, Insurance – ~~Certification~~ Competence and Integrity Functions, Insurance – Conduct Standards, Insurance – Senior Management Functions, Insurance – Allocation of Responsibilities and Insurance – Fitness and Propriety Parts of the Solvency II Firms Sector of the *PRA* Rulebook.

...

Annex AF**Amendments to the Transitional Measures 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:

...

Solvency II rules

means the *PRA* rules in the Valuation, Technical Provisions, Own Funds, Solvency Capital Requirement – General Provisions, Solvency Capital Requirement – Standard Formula, Solvency Capital Requirement – Internal Models, Minimum Capital Requirement, Undertakings in Difficulty, Investments, Composites, Conditions Governing Business, Insurance Special Purpose Vehicles, Group Supervision, Reporting, Surplus Funds, With-Profits, Insurance – ~~Certification~~ Competence and Integrity Functions, Insurance – Conduct Standards, Insurance – Senior Management Functions, Insurance – Allocation of Responsibilities and Insurance – Fitness and Propriety Parts of the *PRA* Rulebook.

...

...

Annex AG**Amendments to the Insurance Special Purpose Vehicles Part**

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

...

2C FITNESS AND PROPRIETY

2C.1

A *UK ISPV* must ensure that all *persons* who effectively run the *UK ISPV* shall at all times fulfil the requirements set out in Insurance – Fitness and Propriety 2.1, 2.1A, 2.2 and 2.3(1).

2C.2

A *UK ISPV* must notify the *PRA* of the identity of the *persons* who effectively run the *UK ISPV* and must be able to demonstrate to the *PRA* that those *persons* meet the requirements set out in Insurance – Fitness and Propriety 2.1, 2.1A, 2.2 and 2.3(1).

2C.3

A *UK ISPV* must notify the *PRA* of any changes in the identity of the *persons* who effectively run the *UK ISPV* and provide the *PRA* with all information needed to assess whether any new *persons* appointed to run the *UK ISPV* are fit and proper in accordance with the requirements in Insurance – Fitness and Propriety 2.1, 2.1A, 2.2 and 2.3(1).

2C.4

A *UK ISPV* must notify the *PRA* if any of the *persons* who effectively run a *UK ISPV* have been replaced because they no longer fulfil the requirements set out in Insurance – Fitness and Propriety 2.1, 2.1A, 2.2 and 2.3(1).

...

Annex AH

Amendments to the Insurance - Senior Managers Regime - Transitional Provisions Part

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

...

6 TABLE OF EQUIVALENT FUNCTIONS FOR CONVERSION

...

6.3

...

- (2) If, in relation to a *firm*, a *PRA senior management function holder* with *continued approval* has been performing *FCA activities* in the circumstances set out in (1), and that *person*:

...

- (b) within three *months* of ceasing performance, is approved or notified to perform a new *PRA senior management function* at the *firm*; and

...

- (d) the *PRA's* approval to perform that ~~*PRA senior management function*~~ the *PRA* *approved function* continues in force or a notification to perform a *PRA notified function* is in effect;

...

6.4

...

- (1) approval by or notification to the *FCA* in respect of the performance by that person of those *FCA activities* as an *FCA governing function* in relation to the *firm*; or

...

Annex AI

Amendments to the Large Non-Solvency II Firms - Senior Managers Regime -Transitional Provisions Part

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

...

6 TABLE OF EQUIVALENT FUNCTIONS FOR CONVERSION

...

6.3

...

- (2) If, in relation to a *firm*, a *PRA senior management function holder* with *continued approval* has been performing *FCA activities* in the circumstances set out in (1), and that *person*:

...

- (b) within three *months* of ceasing performance, is approved or notified to perform a new *PRA senior management function* at the *firm*; and

...

- (d) the *PRA's* approval to perform ~~that *PRA senior management function*~~ the *PRA approved function* continues in force or a notification to perform a *PRA notified function* is in effect;

...

6.4

...

- (1) approval by or notification to the *FCA* in respect of the performance by that person of those *FCA activities* as an *FCA governing function* in relation to the *firm*; or

...

Annex AJ

Amendments to the Non-Solvency II Firms – Senior Managers Regime – Transitional Provisions Part

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

...

6 TABLE OF EQUIVALENT FUNCTIONS FOR CONVERSION

...

6.4

...

- (2) If, in relation to a *firm*, a *PRA senior management function holder* with *continued approval* has been performing *FCA activities* in the circumstances set out in (1), and that *person*:

...

- (b) within three *months* of ceasing performance, is approved or notified to perform a new *PRA senior management function* at the *firm*; and

...

- (d) the *PRA's* approval to perform ~~that *PRA senior management function*~~ the *PRA approved function* continues in force or a notification to perform a *PRA notified function* is in effect;

...

6.5

...

- (2) approval by or notification to the *FCA* in respect of the performance by that person of those *FCA activities* as an *FCA governing function* in relation to the *firm*; or

...

Annex AK

Amendments to the General Provisions Part

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

...

REFERRING TO APPROVAL BY THE PRA

...

4.2

- (1) Unless required to do so under the *regulatory system*, a *firm* must ensure that neither it nor anyone acting on its behalf claims in any way that any aspect of its affairs have the approval or endorsement of the *PRA* or another competent authority....

- (2) (1) does not apply to statements that explain, in a way that is fair, clear and not misleading, that:

...

- (c) the *firm's*:

- (i) ~~approved persons~~ PRA approved persons have been approved by the *PRA*; or
- (ii) PRA notified persons are the subject of a *PRA senior management notification* which is in effect.

for the purposes of section 59 of *FSMA* (~~Approval for particular arrangements~~); or

...

...

GLOSSARY EXTERNALLY DEFINED TERM

Term	Definition source
group	section 421(1) of <i>FSMA</i>

Draft for consultation

Annex AL

Amendments to the Non-Solvency II Firms - Run-off Firms 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:

...

- (2) in relation to a *run-off firm*, any *person* who is approved or notified under section 59 of *FSMA* by either:

...

Draft for consultation