

**PRA RULEBOOK: SOLVENCY II FIRMS: INSURANCE SPECIAL PURPOSE VEHICLES
INSTRUMENT (NO 2) [2025]**

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 137G (The PRA’s general rules); and
 - (2) section 137T (General supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

PRA Rulebook: Solvency II Firms: Insurance Special Purpose Vehicles Instrument (No 2) [2025]

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

Commencement

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

Citation

- E. This instrument may be cited as the PRA Rulebook: Solvency II Firms: Insurance Special Purpose Vehicles Instrument (No 2) [2025].

By order of the Prudential Regulation Committee

[Date]

Annex

Amendments to the Insurance Special Purpose Vehicle Part

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

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2 SOLVENCY REQUIREMENTS

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2.2A A UK ISPV may only use assets that are used to cover its *aggregate maximum risk exposure* under a risk transfer agreement ('risk transfer A') to cover all or part of its *aggregate maximum risk exposure* under a different risk transfer agreement ('risk transfer B'), subject to the following conditions:

- (1) the assets are not used to cover the *aggregate maximum risk exposure* of the UK ISPV under both risk transfer agreements, simultaneously;
- (2) the *risk transformation transaction* relating to risk transfer A and the *risk transformation transaction* relating to risk transfer B clearly define the extent to which the assets may be used to cover the *aggregate maximum risk exposure* under each risk transfer agreement, respectively;
- (3) subject to 2.2B, the assets that are used to cover the *aggregate maximum risk exposure* under risk transfer A are identified and kept separate from the assets that are used to cover the *aggregate maximum risk exposure* under risk transfer B, and the UK ISPV has effective arrangements in place to ensure that those assets are not co-mingled;
- (4) using the assets to cover all or part of the *aggregate maximum risk exposure* under risk transfer B would not result in the UK ISPV not satisfying all the requirements under this Part in respect of the *risk transformation transaction* relating to risk transfer A or in respect of the *risk transformation transaction* relating to risk transfer B, including the requirements in 2.1, 2B.2 and 2B.4.

2.2B The requirements in 2.2A(3) that assets are kept separate and are not co-mingled do not apply when there is a sole investor that is the same investor in relation to both risk transfer A and risk transfer B.

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