

Policy Statement | PS6/13

Responses to CP8/13

December 2013



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY



Prudential Regulation Authority
20 Moorgate
London EC2R 6DA

Prudential Regulation Authority, registered office: 8 Lothbury, London EC2R 7HH.
Registered in England and Wales No: 07854923



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

Policy Statement | PS6/13

Responses to CP8/13

December 2013

1 Introduction

1.1 This Policy Statement (PS) sets out the Prudential Regulation Authority's (PRA's) response to feedback received from the following chapters of Occasional Consultation Paper (CP8/13):⁽¹⁾

- Chapter 1 — Close Links and Controllers report
- Chapter 2 — Mortgage Lenders and Administrators Return
- Chapter 4 — Interim Prudential sourcebook for Insurers and the Interim Prudential sourcebook for Friendly Societies
- Chapter 5 — FSCS protection for large unincorporated associations' deposits

1.2 The PS is relevant to all PRA firms and firms should note the final rules set out in the appendices. For all chapters responded to in this PS, the analysis of costs and benefits and statutory obligations conducted at consultation have not changed following the responses received. The PRA will set out its response to the remaining chapters of CP8/13, Chapters 3, 6 and 10 respectively,⁽²⁾ in early 2014.

2 Consultation response

Close Links and Controllers report

2.1 There were two respondents to this consultation. Both respondents supported the proposal to change the method of submitting Controllers and Close Links reports (the reports) from a manual process to a full electronic submission via the GABRIEL system.⁽³⁾

2.2 Both respondents raised the concern that submitting the reports via GABRIEL would have a greater impact on larger firms due to the amount of data compiled across their groups. The PRA acknowledges this concern and to allow firms time to implement technical solutions where full electronic submission via GABRIEL is not feasible due to group size, the new monthly Close Links report will be implemented on 1 March 2014.

2.3 The submission via GABRIEL of the annual Close Links and Controllers reports will be implemented on 31 December 2013, as firms have four months from the end of the reporting period to complete the reports. This means that firms that make annual submissions will not have a report due before 30 April 2014.

2.4 One respondent requested clarification on how an unregulated entity, such as a parent holding company, can submit the reports on behalf of regulated firms within the group. In response to this, the PRA confirms that firms should consider adding relevant staff from the holding company to their GABRIEL account so giving them permission to submit relevant items.

Mortgage Lenders and Administrators Return

2.5 No responses were received on this consultation and this instrument comes into force on 31 December 2013.

Interim Prudential sourcebook for Insurers and the Interim Prudential sourcebook for Friendly Societies

2.6 One response was received, which welcomed the proposals to amend the submission method for reports under the Interim Prudential sourcebook for Insurers (IPRU(INS)) and the Interim Prudential sourcebook for Friendly Societies (IPRU(FSOC)) and agreed that the proposals would benefit the industry.

2.7 The respondent asked the PRA to consider allowing firms to submit annual data electronically, without the need to use proprietary software. This was a misinterpretation of the proposed rule, which states that electronic submissions must be in a format that can be readily used or translated by the PRA. The PRA confirms that it does not require firms to use proprietary software. The PRA requires the data to be presented in a csv file which can be read in a standard format. The specification for this csv file is available to any firm on request.

FSCS protection for large unincorporated associations' deposits

2.8 No responses were received on this consultation. The PRA will proceed to amend the Compensation sourcebook (COMP), to clarify that large unincorporated associations are eligible for deposit protection by the Financial Services Compensation Scheme (FSCS).

2.9 The proposed changes may mean that deposit-takers need to implement changes to their Single Customer View (SCV) systems if they have not been treating large unincorporated associations as eligible depositors.

2.10 Unincorporated associations will need to be tagged as eligible and so included in the SCV under COMP rules.⁽⁴⁾ The PRA are introducing a three-month transitional period to give firms time to ensure the eligibility changes are implemented appropriately. This is within scope of the original consultation so further consultation is not necessary.

(1) www.bankofengland.co.uk/pru/Documents/publications/policy/2013/ocp8-13.pdf.

(2) Remaining chapters of CP8/13 which the PRA is yet to respond to are as follows: Chapter 3 — Removal of the designated investment exchange regime. Chapter 6 — Related party transaction risk. Chapter 10 — The online Rulebook.

(3) Gathering Better Regulatory Information Electronically.

(4) Firms should consider whether the eligibility changes would be a material change to the SCV. If so, we expect firms to comply with COMP 17.3.2 and 17.3.10.

Appendices

-
- 1 **Controllers and Close Links reporting (Amendment) Instrument 2013**

 - 2 **Supervision manual (reporting and audit requirements) (Amendment) Instrument 2013**

 - 3 **Prudential reporting requirements for insurers (Amendment) Instrument 2013**

 - 4 **Compensation sourcebook (large unincorporated associations) Instrument 2013**

**CONTROLLERS AND CLOSE LINKS REPORTING (AMENDMENT)
INSTRUMENT 2013**

Powers exercised

- A. The Prudential Regulation Authority 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.

Commencement

- C. This instrument comes into force as follows:
- (1) Part II of the Annex comes into force on 1 March 2014;
 - (2) the remainder of this instrument comes into force on 31 December 2013.

Amendments to the Handbook

- D. The Supervision manual (SUP) is amended in accordance with the Annex to this instrument.
- E. The PRA gives as guidance each provision that is marked as G in accordance with the Annex to this instrument.

Citation

- F. This instrument may be cited as the Controllers and Close Links Reporting (Amendment) Instrument 2013.

By order of the Board of the Prudential Regulation Authority
16 December 2013

Annex

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text unless otherwise stated.

Part I: Comes into force on 31 December 2013

11 Controllers and close links

...

11.9 Changes in close links

Requirement to notify changes in close links

...

11.9.1B R (1) *A firm* must notify the *PRA* that it has become or ceased to be *closely linked* with any *person*. The notification must be made by completing the Close Links Notification Form (see *SUP* 11.9.3CG) ~~and must include the information set out in *SUP* 16.5.4R(4).~~

...

...

11.9.3C G The Close Links Notification Form approved by the *PRA* for notifications under *SUP* 11.9.1BR, and *SUP* 11.9.5BR ~~and *SUP* 16.5.4R(4)~~, may be found at the *PRA* website.

...

11.9.4B R The *firm* must make a notification to the *PRA* under *SUP* 11.9.1BR:

...

(2) where a *firm* has elected to report on a *monthly* basis, within fifteen *business days* of the end of each *month* by completing the Close Links Notification Form, ~~including the information set out in *SUP* 16.5.4R(4)~~ for that *month* and must submit the *group* organisation chart on a quarterly basis unless there have been no changes since the submission of the previous organisation chart to the *PRA*, in which case the *group* organisation chart is not required.

16.4 Annual controllers report

...

Reporting requirement

- 16.4.5 R (1) ~~A firm must submit a report to the appropriate regulator annually, containing the information in (3) or (4) (as applicable). [deleted]~~
- (2) ~~A firm must submit the report in (1) to the appropriate regulator within four months of the firm's accounting reference date. [deleted]~~
- (3) ~~If a firm is not aware:~~
- (a) ~~that it has any controllers; or~~
 - (b) ~~of any changes in the identity of its controllers since the submission of its previous report under (1); or~~
 - (c) ~~of any changes in the percentage of shares or voting power in the firm held by any controllers (alone or acting in concert) since the submission of its previous report;~~
- ~~then the report in (1) must confirm this. [deleted]~~
- (4) ~~Unless (3) applies, the report in (1) must contain a list of all the controllers as at the firm's accounting reference date of which it is aware and, for each such controller, state:~~
- (a) ~~its name;~~
 - (b) ~~the percentage of voting power in the firm, or in the firm's parent undertaking, which it is entitled to exercise or control the exercise of, whether alone or acting in concert;~~
 - (c) ~~the percentage of shares in the firm, or in the firm's parent undertaking, which it holds, whether alone or acting in concert;~~
 - (d) ~~if the controller is a body corporate, its country of incorporation, address and registered number; and~~
 - (e) ~~if the controller is an individual, his date and place of birth. [deleted]~~
- (4A) ~~A firm that is a regulated entity must include in its report to the appropriate regulator under (1) whether any consolidation group of which it is a member is a third country banking and investment group. [deleted]~~
- (4B) ~~A firm does not have to give notice to the appropriate regulator under (4A) if it, or another member of the third country banking and~~

investment group, has already given notice to the *appropriate regulator* of the relevant fact. [deleted]

(5) [deleted]

(6) A firm must submit annually by electronic means to the appropriate regulator the Controllers Report which contains the information specified in the form in SUP 16 Annex 37AR, within four months of the firm's accounting reference date.

16.4.6 G ~~The information required by SUP 16.4.5 R(4) may be provided in the form of a group organisation chart.~~ [deleted]

...

16.4.8 G ~~A firm may submit a single report satisfying the requirements of its annual controllers report (SUP 16.4.5R) and its annual close links report (SUP 16.5.4R). Such a report should contain the information required on both controllers and close links.~~ [deleted]

...

16.5 Annual Close Links Reports

...

Report

16.5.4 R (1) ~~A firm must submit a report to the appropriate regulator annually by completing the Close Links Notification Form (see SUP 11.9.3BG for the FCA and SUP 11.9.3CG for the PRA) and must include the information in (3) or (4) (as applicable) and (5).~~ [deleted]

(2) ~~A firm must submit the report in (1) to the appropriate regulator within four months of the firm's accounting reference date.~~ [deleted]

(3) ~~If a firm is not aware:~~

(a) ~~that it has any close links; or~~

(b) ~~of any material changes to the details in (4) (a) to (c) in respect of its close links since the submission of its previous report under (1);~~

~~then the report in (1) must confirm this.~~ [deleted]

(4) ~~Unless (3) applies, the report in (1) must contain a list of all persons with whom the firm has close links as at the firm's accounting reference date of which it is aware, and for each such person state:~~

- (a) its name;
- (b) the nature of the *close links*;
- (c) if the *close link* is with a *body corporate*, its country of incorporation, address and registered number; and
- (d) if the *close link* is with an individual, his date and place of birth. ~~[deleted]~~

(5) ~~The *firm* must also submit a *group* organisation chart. [deleted]~~

(6) A *firm* must submit a report to the *appropriate regulator* annually by completing the Close Links Annual Report in SUP 16 Annex 36AR which must be sent electronically to the *appropriate regulator* within four months of the firm's *accounting reference date*.

16.5.4A R If a *group* includes more than one *firm*, a single close links notification may be made by completing the Annual Close Links Report and so satisfy the notification requirement for all *firms* in the *group*. Nevertheless, the requirement to notify, and the responsibility for notifying, remains with each *firm* in the *group*.

...

16.5.7 G ~~A *firm* may submit a single report satisfying the requirements of its annual controllers report (SUP 16.4.5R) and its annual close links report (SUP 16.5.4R). Such a report should contain the information required on both controllers and close links. [deleted]~~

After SUP 16 Annex 35BG insert the following new annexes. The text is not underlined.

16 Annex 35AR [to follow]

16 Annex 35BG [to follow]

16 Annex 36AR Close Links Annual Report

REP001 Close Links Report

Currency N/A

Currency Units N/A

Main Details

This section should be completed by all firms

- 1 Does this report cover close links relating to more than one authorised firm?
- 2 If Yes, list the firm reference numbers (FRNs) of all additional firms included in this report.
- 3 Does the firm/group have any close links?
- 4 If Yes, have there been any material changes, to the close links, for the firm/group since the last submission of the report?
- 5 *Firms must provide an organisation chart unless no close links exist.*
Are you submitting a group organisation chart?

Body Corporates

	A	B	C	D	E
6	Name of close link	Nature of close link	Country of incorporation	Address	Registered Number

Individuals

	A	B	C	D
7	Name of close link	Nature of close link	Date of Birth	Place of Birth

16 Annex 36BG **Guidance notes for completion of close links annual report in SUP 16 Annex 36AR**

The *close links* provisions contained in Schedule 6 of the *Act* stem from Directive 95/26/EC (Post BCCI Directive). This directive, implemented in July 1996 in the wake of the collapse of the Bank of Credit and Commerce International (BCCI) in 1991, was designed to strengthen competent authorities' powers to properly supervise financial institutions.

The Post BCCI Directive states that the *firm* must provide information on its *close links* on a 'continuous basis' to ensure effective supervision is not disrupted, i.e. the *appropriate regulator* is able to identify potential risks to a *firm* from its *close links*.

This report is referred to in *SUP* 16.5.4R(6) and is used by a *firm* and/or *group* to submit the annual report required by the rule in *SUP* 16.5. The information provided in this report is in accordance with the rules set out in *SUP* 16.5.4R(6).

Data elements

These are referred to by row first, then by column, so data element 2A will be row 2 and column A.

Main details

1A Does this report cover close links relating to more than one authorised firm?

This question must be answered by all *firms*.

The *appropriate regulator* allows *firms* to submit a report for more than one *firm* (i.e. a *group* of *firms*); however, the responsibility for the accuracy of the *close links* information provided by the *group* remains with each individual firm listed in Question 2A.

The submitting *firm* can only submit on behalf of *firms*' whose accounting reference date (ARD) matches that of its own, and therefore covering the same reporting period.

Any additional *firms* whose ARD does not match that of the submitting *firm*, must submit their own report for the relevant period.

2A If Yes, list the firm reference numbers (FRNs) of all additional firms included in the report.

This question must be answered if the answer to Question 1A is 'Yes'.

Please list the *firm* reference numbers (FRNs) of all the additional *firms* included in the report.

The *firms* listed in this question must have an equivalent accounting reference date (ARD) and therefore the same reporting requirement (i.e. the same start and end of reporting period and copy number must be the same).

3A Does the firm/group have any close links?

This question must be answered by all *firms*.

A *firm* must notify the *appropriate regulator* of whether the *firm* is aware that it has any *close links*.

4A If Yes, have there been any material changes to the close links for the firm/group since the submission of the last report?

This question must be answered if the answer to Question 3A is 'Yes'.

The *firm/group* should indicate here whether there have been any changes to the *close links* since the submission of the previous report/notification to the *appropriate regulator*, including any event-driven notifications made.

5A Are you submitting a group organisation chart?

This question must be answered if the answer to Question 3A is 'Yes'.

The organisation chart must be provided in PDF format; however, we do not define the structure of the organisation chart and the *firm* or *group* may use whatever structure it already holds for its own purpose. This chart must however show all the *firm's* and/or *group's close links*.

A group organisation chart is required for every annual report submission made so long as the *firm* is aware that it has *close links*.

Details of close links (body corporates and/or individuals)

These questions must be answered if the answer to Question 3A is 'Yes'.

The *firm* and/or *group* making the submission must provide all the information in relation to its close links if any exist.

6A/7A Name of close link (body corporates and/or individuals)

Please provide the full name of the body corporate and/or individual (up to a maximum of 100 characters)

6B/7B Nature of close link (body corporates and/or individuals)

Please select from one of the following:

- *Parent undertaking* of the *firm*
- *Subsidiary undertaking* of the *firm*
- *Parent undertaking* of a *subsidiary undertaking* of the *firm*
- *Subsidiary undertaking* of a *parent undertaking* of the *firm*
- Close Link (CL) owns or controls 20% or more of the voting rights or capital of the *firm*
- *Firm* owns or controls 20% or more of the voting rights or capital of

Close Link (CL).

6C Country of incorporation (body corporates only)

Please provide the country of incorporation using the relevant ISO country code if the *controller* is a body corporate.

A full list of country names and their relevant code elements can be found at: www.iso.org/iso/country_codes/iso_3166_code_lists/country_names_and_code_elements.htm

6D Address (body corporates only)

Please provide the full postal address for the body corporate (up to a maximum of 100 characters).

6E Registered number (body corporates only)

Please provide the body corporate's registered number (up to a maximum of 20 characters). This is the unique company registration number for body corporates incorporated in the *UK*, or equivalent number for overseas *firms*.

7C Date of birth (individuals only)

Please provide the individual's date of birth in dd/mm/yyyy format and age between 18 and 115 years.

7D Place of birth (individuals only)

Please provide the individual's place of birth by providing the town and country of birth, for example, 'London, England' (up to a maximum of 100 characters).

16 Annex 37BG Guidance notes for completion of controllers report in SUP 16 Annex 37AR

A *firm* and its *controllers* are required to notify certain changes in control in accordance with SUP 11. The purpose of this report required under SUP 16.4.5R(6) is to ensure that, in addition to such notification, the appropriate regulator receives regular and comprehensive information about the identities of all the *controllers* of a *firm*.

Data elements

These are referred to by row first, then by column, so data element 2A will be row 2 and column A.

Main details

1A Does this report cover controllers relating to more than one authorised firm?

This question must be answered by all *firms*.

The *appropriate regulator* allows *firms* to submit a report for more than one *firm* (i.e. a *group of firms*); however, the responsibility for the accuracy of the *controllers* information provided by the *group* remains with each individual *firm* listed in Question 2A.

The submitting *firm* can only submit on behalf of *firms* whose accounting reference date (ARD) matches that of its own, and therefore covering the same reporting period.

Any additional *firms* whose ARD does not match that of the submitting *firm*, must submit their own report for the relevant period.

2A If Yes, list the firm reference numbers (FRNs) of all additional firms included in the report.

This question must be answered if the answer to Question 1A is ‘Yes’.

Please list the *firm* reference numbers (FRNs) of all the additional *firms* included in the report.

The *firms* listed in this question must have an equivalent accounting reference date (ARD) and, therefore, the same reporting requirement (i.e. the same start and end of reporting period and copy number must be the same).

Firm/Controller details

The *firm* and/or *group* making the submission must provide all the information in relation to its *controllers* (see SUP 16.4.5R(6)).

If the report is being submitted on behalf of more than one authorised *firm*, this section must be completed and contain at least the mandatory information for each *firm*. However, although the submission of the report is made by one *firm*, the requirement to provide the report and the information contained therein remains the responsibility of each authorised *firm* listed in Question 2A.

3A Firm reference number (FRN)

This question must be answered by the submitting *firm* and all *firms* listed in Question 2A.

Please provide the *firm* reference number (FRN) of the *firm* whose *controller* details are being provided.

3B Does the firm have any controllers?

This question must be answered by the submitting *firm* and all *firms* listed in Question 2A.

Answer 'Yes' or 'No' accordingly. If 'No', no further information needs to be provided for this *firm*.

3C Are you aware of any changes in the identity of the controllers since the last submission?

Answer 'Yes' or 'No' accordingly. This question must be answered if the answer to Question 3B is 'Yes'.

3D Are you aware of any changes in the percentage of shares or voting power held by any controllers (alone or acting in concert) since the last submission?

Answer 'Yes' or 'No' accordingly. This question must be answered if the answer to Question 3B is 'Yes'

3E Was appropriate regulatory approval sought and granted prior to the change(s) being effected?

Answer 'Yes' or 'No' accordingly. This question must be answered if the answer to Question 3C or 3D is 'Yes'.

If a *controller* is increasing their shares or voting power, but does not move up a controller band (see question 5 in the Change in control FAQs page) then this question can be answered N/A.

If a *controller* is increasing their shares or voting power and does cross a controller band, then regulatory approval must be sought (see Change in control page) for details on how to notify the *appropriate regulator*. If such approval has not been sought or granted, then the report should still be completed and

submitted. The *firm* should also complete the relevant *controller* notification form.

3F If the firm is a member of a consolidation group, is this group a third-country banking and investment group?

If the *firm* is a member of a *consolidation group* which is a *third-country banking and investment group*, then this question should be answered 'Yes'.

If the *firm* is a member of a *consolidation group*, but that group is not a *third-country banking and investment group*, then this question should be answered 'No'.

If the *firm* is not a member of a *consolidation group*, or the *firm* is not a *regulated entity*, or the *firm* that is a *regulated entity* and is a member of a *consolidation group* has already notified the *appropriate regulator* of this fact, then this question should be answered 'NA'.

3G Is the information being provided in a group organisation chart?

Answer 'Yes' or 'No' accordingly. This question must be answered if the answer to Question 3B is 'Yes'.

If all the required information in this report is being provided in the form of an organisational chart, Questions 3H to 3P do not need to be completed.

The organisation chart must be provided in PDF format; however, we do not define the structure of the organisation chart and the *firm/group* may use whatever structure it already holds for its own purpose. This chart must however show all the information required in Questions 3H to 3P and make it clear for what period the organisation chart is relevant.

However, if the answer to this question is 'No', then the information in Questions 3H to 3P must be provided.

3H Name of controller

The name of the *controller* (up to a maximum of 100 characters).

3I % Voting power

The percentage of voting power in the *firm*, or in the *firm's parent undertaking*, which it is entitled to exercise or control the exercise of, whether alone or acting in concert (to the nearest percentage).

3J % Shareholding

The percentage of shares in the *firm*, or in the *firm's parent undertaking*, which it holds, whether alone or acting in concert (to the nearest percentage).

3K Is the controller a body corporate or individual?

Please state whether the *controller* is a body corporate or an individual.

3L If controller is a body corporate; country of incorporation

Please provide the country of incorporation using the relevant ISO country code if the *controller* is a body corporate.

A full list of country names and their relevant code elements can be found at:
www.iso.org/iso/country_codes/iso_3166_code_lists/country_names_and_code_elements.htm

3M If controller is a body corporate: address

Please provide the body corporate's address. If the body corporate is a foreign incorporated *firm*, then please provide the *UK* head office address (up to a maximum of 100 characters).

3N If controller is a body corporate: registered number

Please provide the body corporate's registered number. This is the unique company registration number for body corporates incorporated in the *UK*, or equivalent number for overseas *firms* (up to a maximum of 20 characters).

3O If controller is an individual: date of birth

Please provide the individual's date of birth in dd/mm/yyyy format and age between 18 and 115 years.

3P If controller is an individual: place of birth

Please provide the individual's place of birth by providing the town and country of birth, for example, London, England (up to a maximum of 100 characters).

Part II: Comes into force on 1 March 2014

11 Controllers and close links

...

11.9 Changes in close links

Requirement to notify changes in close links

...

- 11.9.1B R (1) *A firm must notify the PRA that it has become or ceased to be closely linked with any person. ~~The notification must be made by completing the Close Links Notification Form (see SUP 11.9.3CG)~~ and ensure the following:*
- (a) where a firm has elected to report changes in close links on a monthly basis under SUP 11.9.5BR, the notification must be made in line with SUP 11.9.3CAR; and
 - (b) in any other case, the notification must be made by completing the Close Links Notification Form (see SUP 11.9.3CG) and must include the information in SUP 11.9.3DG.
- (2) *If a group includes more than one firm, a single close links notification may be made by completing the Close Links Notification Form or the Close Links Monthly Report (as applicable) and so satisfy the notification requirement for all firms in the group. Nevertheless, the requirement to notify, and the responsibility for notifying, remains with each firm in the group.*

...

- 11.9.2A G *A firm may elect not to include the following close links in the notification submitted under ~~SUP 11.9.1R, SUP 11.9.5R~~ SUP 11.9.1AR, SUP 11.9.1BR, SUP 11.9.5AR, SUP 11.9.5BR or SUP 16.5:*

...

...

Form of notification and method of submission

...

- 11.9.3C G *The Close Links Notification Form approved by the PRA for notifications under ~~SUP 11.9.1BR and SUP 11.9.5BR~~ and SUP*

~~16.5.4R(4)~~ SUP 11.9.1BR(1)(b) may be found at the *PRA* website.

11.9.3CA R The notification under SUP 11.9.1BR(1)(a) must be made electronically by completing the Close Links Monthly Report and submitting it through the relevant platform provided by the PRA.

11.9.3CB R The Close Links Monthly Report must contain the information specified in SUP 16 Annex 35AR.

...

11.9.3D G (1) The notification in SUP 11.9.1AR(1)(b) and SUP 11.9.1BR(1)(b) should contain a list of all persons with whom the firm is aware that it has close links, at the time the notification is made, and, for each such person, state:

(a) its name;

(b) the nature of the close links;

(c) if the close links are with a body corporate, its country of incorporation, address and registered number; and

(d) if the close links are with an individual, their date and place of birth.

(2) The firm must also submit a group organisation chart.

Timing of notification requirement

...

11.9.4B R The firm must make a notification to the PRA under SUP 11.9.1BR:

...

(2) where a firm has elected to report on a monthly basis, within fifteen business days of the end of each month by completing the ~~Close Links Notification Form~~ Close Links Monthly Report for that month and must submit the group organisation chart on a quarterly basis unless there have been no changes since the submission of the previous organisation chart to the PRA, in which case the group organisation chart is not required.

...

After SUP 16 Annex 34BG insert the following new annexes. The text is not underlined.

16 Annex 35AR Close Links Monthly Report

REP001a Close Links Notification

Currency N/A

Currency Units N/A

Main Details

This section should be completed by all firms

- 1 Does this report cover close links relating to more than one authorised firm?
- 2 If Yes, list the firm reference numbers (FRNs) of all additional firms included in this report.
- 3 Does the firm/group have any close links?
- 4 If Yes, have there been any material changes, to the close links, for the firm/group since the last submission of the report?
- 5 Are you also submitting a group organisation chart?

New and Existing Body Corporates

	A	B	C	D	E
6	Name of close link	Nature of close link	Country of incorporation	Address	Registered Number

New and Existing Individuals

	A	B	C	D
7	Name of close link	Nature of close link	Date of Birth	Place of Birth

Ceased Body Corporates

	A	B	C	D	E
8	Name of close link	Nature of close link	Country of incorporation	Address	Registered Number

Ceased Individuals

	A	B	C	D
9	Name of close link	Nature of close link	Date of Birth	Place of Birth

16 Annex 35BG **Guidance notes for completion of the close links monthly report in SUP 16 Annex 35AR**

The close links provisions contained in Schedule 6 of the *Act* stem from Directive 95/26/EC (Post BCCI Directive). This directive, implemented in July 1996 in the wake of the collapse of the Bank of Credit and Commerce International (BCCI) in 1991, was designed to strengthen competent authorities' powers to properly supervise financial institutions.

The Post BCCI Directive states that the *firm* must provide information on its *close links* on a 'continuous basis' to ensure effective supervision is not disrupted, i.e. the *appropriate regulator* is able to identify potential risks to a *firm* from its *close links*.

This report is referred to in SUP 11.9.1AR and SUP 11.9.1BR and is used by a *firm* and/or *group* to submit the periodic notifications required by the chapter. The information provided in this report is in accordance with the rules set out in the chapter.

Data elements

These are referred to by row first, then by column, so data element 2A will be row 2 and column A.

Main details

1A Does this report cover close links relating to more than one authorised firm?

This question must be answered by all *firms*.

The appropriate *regulator* allows *firms* to submit a report for more than one *firm* (i.e. a *group of firms*); however, the responsibility for the accuracy of the *close links* information provided by the *group* remains with each individual *firm* listed in Question 2A.

The submitting *firm* can only submit on behalf of *firms* who have an equivalent monthly reporting requirement and covering the same reporting period and copy number.

Any additional *firms* whose reporting requirement does not match that of the submitting *firm*, must submit their own report for the relevant period.

2A If Yes, list the firm reference numbers (FRNs) of all additional firms included in the report.

This question must be answered if the answer to Question 1A is 'Yes'.

Please list the *firm* reference numbers (FRNs) of all the additional *firms* included in the report.

The *firms* listed in this question must have an equivalent reporting requirement (i.e. the same start and end of reporting period and copy number must be the same).

3A Does the firm/group have any close links?

This question must be answered by all *firms*.

A *firm* must notify the *appropriate regulator* whether the *firm* is aware that it has any *close links*.

4A If Yes, have there been any material changes to the close links for the firm/group since the submission of the last report?

This question must be answered if the answer to Question 3A is 'Yes'.

The *firm/group* should indicate here whether there have been any changes to the *close links* since the submission of the previous notification to the *appropriate regulator*.

5A Are you submitting a group organisation chart?

This question must be answered if the answer to Question 3A is 'Yes'.

The organisation chart must be provided in PDF format; however, we do not define the structure of the organisation chart and the *firm* or *group* may use whatever structure they already hold for its own purpose. This chart must however show all the *firm's* and/or *group's close links*.

An organisation chart is required on a quarterly basis unless no changes have occurred since the submission of the last organisation chart.

Details of existing, new and ceased close links (body corporates and/or individuals)

Questions 6 and/or 7 must be answered if the answer to Question 3A is 'Yes'. Questions 8 and/or 9 must be answered if the firm has ceased any *close links* since the submission of the previous notification to the *appropriate regulator*.

The *firm* and/or *group* making the submission must provide all the information in relation to its *close links*.

6A/7A/8A/ Name of close link (body corporates and/or individuals)**9A**

Please provide the full name of the body corporate and/or individual (up to a maximum of 100 characters).

6B/7B/8B/ Nature of close link (body corporates and/or individuals)**9B**

Please select from one of the following:

- *Parent undertaking* of the *firm*
- *Subsidiary undertaking* of the *firm*
- *Parent undertaking* of a *subsidiary undertaking* of the *firm*
- *Subsidiary undertaking* of a *parent undertaking* of the *firm*
- Close Link (CL) owns or controls 20% or more of the voting rights or

capital of the *firm*

- *Firm* owns or controls 20% or more of the voting rights or capital of Close Link (CL).

6C / 8C Country of incorporation (body corporates only)

Please provide the country of incorporation using the relevant ISO country code if the *controller* is a body corporate.

A full list of country names and their relevant code elements can be found at: www.iso.org/iso/country_codes/iso_3166_code_lists/country_names_and_code_elements.htm

6D / 8D Address (body corporates only)

Please provide the full postal address for the body corporate (up to a maximum of 100 characters).

6E / 8E Registered number (body corporates only)

Please provide the body corporate's registered number (up to a maximum of 20 characters). This is the unique company registration number for body corporates incorporated in the *UK*, or equivalent number for overseas *firms*.

7C / 9C Date of birth (individuals only)

Please provide the individual's date of birth in dd/mm/yyyy format and age between 18 and 115 years.

7D / 9D Place of birth (individuals only)

Please provide the individual's place of birth by providing the town and country of birth, for example, London, England (up to a maximum of 100 characters).

**SUPERVISION MANUAL (REPORTING AND AUDIT REQUIREMENTS)
(AMENDMENT) INSTRUMENT 2013**

Powers exercised by the Board of the Prudential Regulation Authority (PRA)

A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in 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 power referred to above is specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Pre-conditions to making

C. In accordance with section 138J of the Act (consultation with the Financial Conduct Authority) (“FCA”), the PRA consulted the FCA. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

Commencement

D. This instrument comes into force on 31 December 2013.

Amendments to the Handbook

E. The PRA amends the rules and guidance in the Supervision manual (SUP) in accordance with the Annex to this instrument.

Citation

F. This instrument may be cited as the Supervision Manual (Reporting and Audit Requirements) (Amendment) Instrument 2013.

By order of the Board of the Prudential Regulation Authority
16 December 2013

Annex

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

16 Annex 19AR **Mortgage ~~Lending Lenders & Administration~~ Administrators Return ('MLAR')**

...

16 Annex 19BG **Notes for completion of the Mortgage ~~Lending Lenders & Administration~~ Administrators Return ('MLAR')**

This annex consists only of one or more forms. Forms are to be found through the following address:

Notes for Completion of the Mortgage ~~Lending Lenders and Administration~~ Administrators Return ('MLAR') -

Forms/sup/sup_Chapter16_annex19bg_20130401.pdf

NOTES FOR COMPLETION OF THE MORTGAGE ~~LENDING LENDERS & ADMINISTRATION~~ ADMINISTRATORS RETURN ('MLAR')

...

5. Accounting conventions

...

However, information in respect of lending (eg balances, advances, interest rates, arrears etc.) to be reported in sections D, E, F, G, H and J of the return should not be fair-valued but should report the contractual position (ie as between lender and borrower).

All amounts should be shown in one of the reporting currencies accepted by the relevant platform provided by the FCA, unless otherwise specified in the Handbook.

...

9. Specific Items

...

(ii) Foreign currencies

~~Amounts in foreign currencies, including also any loans denominated in foreign currencies, should be translated into their equivalent sterling value using an appropriate rate of exchange at~~

~~the reporting date, or where appropriate, at the rates of exchange fixed under the terms of any relevant currency hedging transaction, and that value used in the return. Thus all entries in the form represent sterling amounts. *Firms* should report in the currency of their annual audited accounts, where this is Sterling, Euro, US dollars, Canadian dollars, Swedish Kroner, Swiss Francs or Yen. Where annual audited accounts are reported in a currency outside those specified above, please translate these values into an equivalent within the list using an appropriate rate of exchange at the reporting date, or where appropriate, at the rates of exchange fixed under the terms of any relevant currency hedging transaction, and that value used in the return. Please report in 000's where stated on the return. *Firms* should apply the same accounting treatment as for their published accounts.~~

...

**PRUDENTIAL REPORTING REQUIREMENTS FOR INSURERS (AMENDMENT)
INSTRUMENT 2013**

Powers exercised

A. The Prudential Regulation Authority (“the 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 power referred to above is specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Pre-conditions to making

C. In accordance with section 138J of the Act (consultation with the Financial Conduct Authority) (“FCA”), the PRA consulted the FCA. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

Commencement

D. This instrument comes into force on 31 December 2013.

Amendments to the Handbook

E. The Interim Prudential sourcebook for Friendly Societies (IPRU(FSOC)) is amended in accordance with Annex A to this Instrument.

F. The Interim Prudential sourcebook for Insurers (IPRU(INS)) is amended in accordance with Annex B to this Instrument.

Citation

G. This instrument may be cited as the Prudential Reporting Requirements for Insurers (Amendment) Instrument 2013.

By order of the Board of the Prudential Regulation Authority

16 December 2013

Annex A

**Amendments to the Interim Prudential sourcebook for Friendly Societies
(IPRU(FSOC))**

In this Annex, underlining indicates new text and striking through indicates deleted text.

Chapter 5: Prudential Reporting

ANNUAL ACTUARIAL INVESTIGATION

- 5.1 (1) ...
- (2) ...
- (a) ...
- (b) deposit ~~three copies~~ one copy of that abstract with the *PRA* within 6 months of the end of the *financial year* to which it relates,
- ~~and one of those copies~~ the copy must be signed as required by rule 5.12. ~~The copies must be~~ and sent to Insurance Returns, Regulatory Data Group, Statistics and Regulatory Data Division (HO5 A-B), Bank of England, Threadneedle Street, London EC2R 8AH (and must not be addressed to the *friendly society's* normal supervisory contact).
- ...

TRIENNIAL ACTUARIAL INVESTIGATION

- 5.2 (1) ...
- (a) ...
- (b) ...
- (1A) ...
- (2) ...
- (a) ...
- (b) deposit ~~three copies~~ one copy of that abstract with the *PRA* within 6 months of the end of the *period* to which it relates,
- ~~and one of those copies~~ the copy must be signed as required by rule 5.20. ~~The copies must be~~ and sent to Insurance Returns, Regulatory Data Group, Statistics and Regulatory Data Division (HO5 A-B), Bank of England, Threadneedle Street, London EC2R 8AH (and

must not be addressed to the *friendly society's* normal supervisory contact).

Correction of abstracts

- 5.3 (1) ...
- (2) ~~One of the copies~~ The documents referred to in (1) must be signed –
 - (a) ...
 - (b) ...
 - (c) ...

Appendix 10: Prudential Reporting Forms

IPRU(FSOC) FSC1 Return (Form FSC1), FSC2 Return (Form FSC2) and FSC3 Return (Form FSC3) are amended as set out below:

In this Part, the text in the data item set out in column (1) is amended as indicated in column (2).

(1)	(2)
	Retain the text and amend as follows (underlining indicates new text and striking through indicates deleted text):
FSC1 Return (Form FSC1)	<p>...</p> <p>One copy of the <u>The</u> Return must be signed by the chief executive, the secretary and one <i>committee</i> member of the society (or two members of the <i>committee</i> if the offices of chief executive and secretary are held by the same person).</p> <p>Three copies <u>One signed copy</u> of this Return (including the original signed copy) must be submitted as soon as possible after 31 December and not later than the following 30 June to:-</p> <p>Regulatory Data Group, Statistics and Regulatory Data Division (HO5 A-B), Bank of England, Threadneedle Street, London, EC2R 8AH</p>

FSC2 Return (Form FSC2)	<p>...</p> <p>One copy of the <u>The</u> Return must be signed by the chief executive, the secretary and one committee member of the society (or two members of the committee if the offices of chief executive and secretary are held by the same person).</p> <p>Three copies <u>One signed copy</u> of this Return (including the original signed copy) must be submitted as soon as possible after 31 December and not later than 30 June:-</p> <p>Regulatory Data Group, Statistics and Regulatory Data Division (HO5 A-B), Bank of England, Threadneedle Street, London, EC2R 8AH</p>
FSC3 Return (Form FSC3)	<p>...</p> <p>One copy of the <u>The</u> Return must be signed by the chief executive, the secretary and one committee member of the society (or two members of the committee if the offices of chief executive and secretary are held by the same person).</p> <p>Three copies <u>One signed copy</u> of this Return (including the original signed copy) must be submitted as soon as possible after 31 December and not later than 30 June:-</p> <p>Regulatory Data Group, Statistics and Regulatory Data Division (HO5 A-B), Bank of England, Threadneedle Street, London, EC2R 8AH</p>

Annex B

Amendments to the Interim Prudential sourcebook for Insurers (IPRU(INS))

In this Annex, underlining indicates new text and striking through indicates deleted text.

Half-yearly balance sheet and report for realistic valuation

...

9.3A (4) Rules 9.4, 9.6, 9.10, 9.11, 9.12, 9.33 and 9.34, *Appendices 9.1 and 9.4A* and *Part I of Appendix 9.6* apply to this rule and to any documents required under this rule as if –

(1) ...

...

...

(j) ~~in 9.6(2)(a) a single printed copy is required and for both 9.6(2)(a) and 9.6(2)(b)~~ (c) the printed copy must be sent to the *insurer's* normal supervisory contact.

...

Deposit of accounts etc. with the PRA

9.6 (1) ~~Every~~ One copy of every ‘account’, ‘balance sheet’, abstract or statement required by rules 9.3, 9.3A, 9.4 and 9.36A and any report of the auditor of the *insurer* made in pursuance of rules 9.5 or 9.36E must be printed, and the ‘required copies’ must be deposited with the *PRA* within the periods set out in the table below.

...

(2) In (1), ~~the reference to the required copies is to –:~~

(a) ~~five printed copies of the document; or [deleted]~~

(b) ~~one printed copy of the document and one of it~~ Where documents are submitted in an electronic form which may be they must be submitted in pdf format as well as in a form which is capable of being readily used or translated by the

PRA and sent by email to InsuranceData@bankofengland.co.uk. The title of the email must be: <firm name> PRA returns <dd/mm/yyyy>.

- (c) The Where documents are submitted in printed copies form they must be sent to Insurance Returns, The Prudential Regulation Authority, 20 Moorgate, London, EC2R 6DA Regulatory Data Group, Statistics and Regulatory Division (HO5 A - B), Bank of England, Threadneedle Street, London, EC2R 8AH (and must not be addressed to the insurer's normal supervisory contact).
- (d) Where documents are sent in electronic form the title of the email must be: <firm name> PRA returns <dd/mm/yyyy>.
- (e) If documents deposited under (1) are in electronic form, except scanned documents containing signatures in (3) and (4), they must be created directly from the word processing or spreadsheet software and not by scanning a printed copy.
- (3) ~~In the case of any document deposited under (1), except an auditor's report, one of the printed copies, or, as the case may be, the printed copy, of the document must be signed in accordance with rule 9.33.~~
- If the Certificate by Directors, deposited under (1), is submitted electronically, the signed document must be scanned and sent as a separate pdf attachment.
- (4) ~~In the case of any If the auditor's report deposited under (1), one of the printed copies, or, as the case may be, the printed copy, of the document must be signed by the auditor, is submitted electronically, the signed document must be scanned and sent as a separate pdf attachment.~~
- (5) ...
- (6) There must be deposited with every revenue 'account' and 'balance sheet' of an *insurer* any statement or report on the affairs of the *insurer* made or submitted:

- (a) to the *insurer's* shareholders or *policyholders*; or
- (b) to the *insurer's with-profits policyholders* under COBS 20.4.7R or SUP 4.3.16AR(4) of the *FCA Handbook*,

in respect of the *financial year* to which the 'account' and 'balance sheet' relate.

The *insurer* may either send a printed copy or an electronic copy of these reports. The requirements in (2) above as to postal address, email address ~~and email title~~ apply. The title of the emails should be

<firm name>report and statements<dd/mm/yyyy>, or <firm name>statements to with-profits policyholders<dd/mm/yyyy>.

...

Insurance statistics: EEA States

9.37

- (1) ...
- ...
- (4) ~~The statements required by this rule must be printed, and three copies must be deposited with the PRA within four months after the end of the calendar year to which they relate; but if in any case it appears to the PRA that the circumstances are such that a longer period than four months should be allowed, the PRA may extend that period by such period not exceeding three months as it thinks fit. If the due date for deposit of documents required by this rule falls on a day which is not a *business day*, the documents must be submitted no later than the first *business day* after the due date.~~ If the statements required by this rule are sent electronically the title of the email should be <firm name> EEA forms <dd/mm/yyyy>.
- (5) ~~One of the copies of the~~ The statement deposited under (4) must be signed by a *director*, a chief executive or the secretary of the *insurer*. If the statement is deposited in electronic form a scanned copy of the signature page of the report must be sent as a separate attachment to the email.

...

9.42

- (1) ...
- (2) ...
- (3) ...
- (a) ...
- (b) ...

The insurer must send one printed copy ~~and~~ or one electronic copy to the appropriate addresses set out in rule 9.6(2) above. The electronic copy must be sent by email and the title of the email must be:

<firm name> group capital adequacy <dd/mm/yyyy>.

- (4) ...
- (a) ...

(b) ...

The *insurer* must send one printed copy ~~and~~ or one electronic copy to the appropriate addresses set out in rule 9.6(2) above. The electronic copy must be sent by email and the title of the email must be:

<firm name> group capital adequacy <dd/mm/yyyy>.

...

9.44 (1) ...

(2) ...

(3) An *insurer* must deposit a printed copy of the report with the *PRA* within 2 months and 15 days of the *financial year end* ~~unless, in addition to depositing a printed copy, an *insurer* also deposits or an electronic copy, then the period for deposit is~~ within 3 months of the *financial year end*. The copies must be sent to the appropriate addresses set out in rule 9.6(2) above.

...

(4) The ~~printed copy~~ signature page of the report must be signed by the persons described in *IPRU(INS)* 9.33(1). If the report is submitted in electronic form, a scanned copy of the signature page must be sent as a separate attachment to the email.

(5) ~~The~~ If the electronic copy of the report deposited under (3) above ~~must be~~ is sent electronically in an electronic form which may it must be in a form which may be readily used or translated by the *PRA* and must be sent by email to the appropriate address set out in rule 9.6(2) above. The title of the email must be:

<firm name> Form ECR1 <dd/mm/yyyy>.

...

**COMPENSATION SOURCEBOOK (LARGE UNINCORPORATED
ASSOCIATIONS) INSTRUMENT 2013**

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);
 - (2) section 137T (General supplementary powers); and
 - (3) section 213 (The compensation scheme).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.
- C. The PRA makes this instrument in accordance with section 213(1A) of the Act and the Financial Services and Markets Act 2000 (Financial Services Compensation Scheme) Order 2013, SI 2013/598.

Pre-conditions to making

- C. In accordance with section 138J of the Act (consultation with the Financial Conduct Authority) (“FCA”), the PRA consulted the FCA. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

Commencement

- D. This instrument comes into force on 17 December 2013.

Amendments to the Handbook

- E. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- F. The Compensation sourcebook (COMP) is amended in accordance with the Annex B to this instrument.

Citation

- G. This instrument may be cited as the Compensation Sourcebook (Large unincorporated associations) Instrument 2013.

By order of the Board of the Prudential Regulation Authority
16 December 2013

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

*large mutual
association*

(A) (in the *PRA Handbook*):

- (1) (in *COMP*), an unincorporated ~~a mutual association or an unincorporated association~~ (which is not a mutual association) with net assets of more than £1.4 million (or its equivalent in any currency at the relevant time).
- (2) (except in *COMP*), a mutual association or unincorporated association with net assets of more than £1.4 million (or its equivalent in any other currency at the relevant time).

(B) (in the *FCA Handbook*):

(1) ...

...

large partnership (A) (in the *PRA Handbook*):

- (1) (in *COMP*), a partnership ~~or unincorporated association~~ with net assets of more than £1.4 million (or its equivalent in any other currency at the relevant time).
- (2) (except in *COMP*), a partnership or unincorporated association with net assets of more than £1.4 million (or its equivalent in any other currency at the relevant time).

(B) (in the *FCA Handbook*):

(1) ...

Annex B

Amendments to the Compensation sourcebook (COMP)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

4.2 Who is eligible to benefit from the protection provided by the FSCS?

...

4.2.2 R Table COMP 4.2.2R Persons not eligible to claim unless COMP 4.3 applies (see COMP 4.2.1R)

...	
(13)	<i>Large companies</i> or large mutual associations
...	
(19)	<u>Large mutual associations</u>

...

4.3 Exceptions: Circumstances where a person coming within COMP 4.2.2R may receive compensation

4.3.1 R A person is eligible to claim compensation in respect of a *protected deposit* or a *protected dormant account* if, at the date on which the *relevant person* is determined to be *in default*:

- (1) he came within category (14) of *COMP 4.2.2R*; or
- (2) he came within any of categories (1)-(3), (7) or (12) of *COMP 4.2.2R*, and was not a *large company*, ~~*large mutual association*~~ or a *credit institution*; or
- (3) he was a *credit union*; or
- (4) he came within category (19) of *COMP 4.2.2R*.

...

TP1.1 Transitional Provisions Table

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision		Transitional	Transitional provision:	Handbook Provisions:

	applies		Provision	dates in force	coming into force
...					
<u>35</u> <u>PRA</u>	<u>Amendments introduced by the Compensation Sourcebook (Large unincorporated associations) Instrument 2013</u>	<u>R</u>	<u>The changes referred to in (2) do not apply in relation to a <i>claim</i> against a <i>relevant person</i> that was in default before 17 December 2013.</u>	<u>From 17 December 2013 indefinitely</u>	<u>From 17 December 2013.</u>
<u>36</u> <u>PRA</u>	<u>COMP 17.2.1R and COMP 17.2.3R</u>	<u>R</u>	<u>The rules referred to in (2) only apply on or after 18 March 2014 in relation to changes to <i>eligible claimants</i> resulting from the Compensation Sourcebook (Large unincorporated associations) Instrument 2013.</u>	<u>From 17 December 2013 to 17 March 2014</u>	<u>16 December 2013</u>