

Policy Statement | PS28/15

The PRA Rulebook: Part 4 and response to Chapter 1 of CP41/15

December 2015



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY



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This policy statement contains final rules following on from Consultation Paper 28/15, 'The PRA Rulebook: Part 4' and Consultation Paper 41/15, 'Occasional Consultation Paper'.

Contents

1	Overview	5
2	The PRA's response to feedback received on CP28/15	5
3	Rulebook online	6
Appendices		8

1 Overview

1.1 This Prudential Regulation Authority (PRA) policy statement (PS) provides feedback to responses to CP28/15¹ which is relevant to all PRA-regulated firms.

1.2 This PS also provides feedback to responses to Chapter 1 (Amendments to Rulebook Parts relevant to the Society of Lloyd's) of CP41/15² which is relevant to the Society of Lloyd's, its members, managing agents, and auditors and actuaries of members.

1.3 Included in this PS are final rules following CP41/15 and CP28/15. Final rules from CP41/15 consolidate the Lloyd's: Actuaries, Auditors and Financial Services Compensation Scheme (FSCS) Part and the Lloyd's Part in the PRA Rulebook into a single Part (appendix 6). The final rules from CP28/15 transpose rules which are within scope of the PRA Rulebook Project, into the PRA Rulebook (appendices 1-5).

1.4 The PRA is required by the Financial Services and Markets Act 2000 (FSMA) to publish a statement on the impact of rules on mutuals where the final rule differs from the draft of the proposed rule. In the PRA's opinion, the impact of the final rules is not significantly different from the impact of the rules proposed in the two CPs, as the amendments have been minimal.

1.5 The PRA is required by FSMA to have regard to any representations made to the proposals in a consultation, to publish an account, in general terms, of those representations and its response to them, and to publish details of any significant differences in the rules as made. There have been no amendments to any of the instruments as a result of the feedback received to CP28/15. No responses were received in respect of Chapter 1 of CP41/15.

1.6 The PRA has made an editorial change to the PRA Rulebook: Financial Conglomerates Instrument 2015 following on from CP28/15. The references to CRR permission and approval in Financial Conglomerates in rules 4.3, as well as 5.4 Annex 2, have been removed as their inclusion entailed an unintended policy change. Also, the PRA has decided that the rules consulted on in Part 1, Annex A of the draft Handbook (Rulebook Consequentials) Instrument contained in CP28/15 will no longer be made, as the defined terms affected will all be deleted when the PRA deletes the Handbook glossary in its entirety within the next year.

1.7 Prior to consultation of CP28/15 and CP41/15, the PRA considered the way in which the proposed rules advance its objectives, impact mutuals, are consistent with the Regulatory Principles, and impact on equality and diversity. The costs and benefits of the proposed policy were also considered. The PRA's findings on these issues are unchanged following consultation and consideration of the feedback received. The rules are neutral with respect to competition in the relevant markets.

1.8 Final rules are set out in Appendices 1 to 6. The rules have been made by the PRA Board and will come into force on 1 January 2016, except for part of the Handbook (Rulebook Consequentials) instrument 2015 which will come into force on the 7 March 2016.

1 *PRA Consultation Paper 28/15 'The PRA Rulebook: Part 4'*, August 2015:
www.bankofengland.co.uk/pr/Pages/publications/cp/2015/cp2815.aspx

2 *PRA Consultation Paper 41/15, 'Occasional Consultation Paper'*, November 2015:
www.bankofengland.co.uk/pr/Pages/publications/cp/2015/cp4115.aspx

2 The PRA's response to feedback received on CP28/15

2.1 In response to CP28/15, the PRA received one request for clarification in connection with the structure of the PRA Rulebook.¹ The query related to whether the rules relevant to UK branches of overseas banks are located in the CRR firms sector of the Rulebook. UK branches of overseas banks are not 'CRR firms' as defined in the Rulebook glossary. Rather, those overseas banks are 'third country CRR firms'. Accordingly, the rules relevant to UK branches of overseas banks are located in the Non-CRR firms sector of the Rulebook. If in doubt, firms should consider the application provisions in each Part of the Rulebook.

3 Rulebook online

3.1 This chapter is only relevant in regards to CP28/15.

3.2 On the 29 August 2015 the PRA Rulebook website was launched to house the PRA rules. The new website has reshaped the presentation of the PRA's requirements by improving online presentation and the functionality of the PRA's rules.

3.3 Handbook modules which have not been transposed into the PRA Rulebook can be viewed in the relevant sectors of the PRA Rulebook. These modules are still Handbook content despite being accessed via the PRA Rulebook.

3.4 The remaining PRA Handbook material is now hosted on the PRA Rulebook website, and will remain in force as PRA rules and guidance until it is translated into PRA Rulebook material, PRA supervisory statements, or deleted. This material includes provisions in the following Handbook modules:

- Senior management arrangements, systems and controls sourcebook (SYSC);
- Statements of Principle and Code of Practice for Approved Persons sourcebook (APER);
- Fit and Proper test for Approved Persons sourcebook (FIT);
- Fees manual (FEES);
- Supervision manual (SUP); and
- Credit Unions sourcebook (CREDS).

3.5 The PRA plans to transpose these remaining Handbook modules into the PRA Rulebook over the next year.

¹ Chapter 3 of PRA Policy Statement 19/15 'The PRA Rulebook: Part 3', August 2015, sets out how the Rulebook is structured: www.bankofengland.co.uk/pr/Pages/publications/ps/2015/ps1915.aspx

Appendices

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| 1 | PRA Rulebook: Financial conglomerates instrument 2015, available at www.bankofengland.co.uk/pradocuments/publications/ps/2015/ps2815app1.pdf |
| 2 | PRA Rulebook: CRR firms: Group risk systems instrument 2015, available at www.bankofengland.co.uk/pradocuments/publications/ps/2015/ps2815app2.pdf |
| 3 | PRA Rulebook: Regulatory reporting (Amendment No.1) instrument 2015, available at www.bankofengland.co.uk/pradocuments/publications/ps/2015/ps2815app3.pdf |
| 4 | Handbook (Rulebook Consequentials) instrument 2015, available at www.bankofengland.co.uk/pradocuments/publications/ps/2015/ps2815app4.pdf |
| 5 | PRA Rulebook: Interpretation (Amendment) instrument 2015, available at www.bankofengland.co.uk/pradocuments/publications/ps/2015/ps2815app5.pdf |
| 6 | PRA Rulebook: Solvency II firms, Non Solvency II firms, Non-Authorised Persons: Lloyd's instrument (No. 2) 2015, available at www.bankofengland.co.uk/pradocuments/publications/ps/2015/ps2815app6.pdf |