

**PRA RULEBOOK: SOLVENCY II FIRMS, NON-SOLVENCY II FIRMS: SENIOR INSURANCE MANAGERS REGIME AMENDMENT INSTRUMENT 2016**

**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 60 (applications for approval);
  - (2) section 137G (the PRA’s general rules); and
  - (3) 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.

**Pre-conditions to making**

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

**PRA Rulebook: Solvency II Firms, Non-Solvency II Firms: Senior Insurance Managers Regime Amendment Instrument 2016**

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

**Commencement**

- E. This instrument comes into force on 7 March 2017.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: Solvency II Firms, Non-Solvency II Firms: Senior Insurance Managers Regime Amendment Instrument 2016.

**By order of the Board of the Prudential Regulation Authority**

2 September 2016

## **Annex A**

This Annex amends the Insurance – Allocation of Responsibility Part.

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

**Part**

# **INSURANCE – ALLOCATION OF RESPONSIBILITIES**

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**Chapter content**

- 1. APPLICATION AND DEFINITIONS**
- 2. ALLOCATION OF RESPONSIBILITIES**
- 3. SIMR PRESCRIBED RESPONSIBILITIES**
- 4. IDENTIFICATION OF KEY FUNCTIONS**
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- 6. LLOYD'S**

**Links**

## 1 APPLICATION AND DEFINITIONS

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1.1 Unless otherwise stated, this Part applies to:

- (1) a *UK Solvency II firm*;
- (2) in accordance with Insurance General Application 3, the *Society*, as modified by 6;
- (3) in accordance with Insurance General Application 3, *managing agents*, as modified by 6; and
- (4) a *third country branch undertaking* (other than a *Swiss general insurer*).

1.2 In this Part, the following definitions shall apply:

*governance map*

has the meaning given in 5.1.

*SIMR prescribed responsibility*

- (1) for a *firm* (other than a *third country branch undertaking*) means the responsibilities in 3.1;
- (2) for a *third country branch undertaking* (other than a *UK-deposit insurer* or a *Swiss general insurer*) means the responsibilities set out in 3.1 to the extent only that they are relevant to the operations effected by its *third country branch*, save in relation to 3.1(4) which shall also take account of the operations of the *third country branch undertaking* to the same extent as is necessary to ensure compliance by the *third country branch undertaking* with Third Country Branches 13;
- (3) for a *UK-deposit insurer*, means the responsibilities set out in 3.1 to the extent only that they are relevant to the operations effected by its *third country branch* and all its *third country undertaking EEA branches*, save in relation to 3.1(4) which shall also take account of the operations of the *third country branch undertaking* to the same extent as is necessary to ensure compliance by the *third country branch undertaking* with Third Country Branches 13.

## 2 ALLOCATION OF RESPONSIBILITIES

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2.1 A *firm* (other than a *third country branch undertaking*) must allocate each of the *SIMR 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:

- (1) the *PRA* to perform a *senior insurance management function*; or
- (2) in relation to *relevant senior management functions* only, the *FCA*.

2.2 A *firm* (other than a *third country branch undertaking*) must allocate each of the *SIMR prescribed responsibilities* set out in 3.1(10) and (11) to one or more *non-executive directors* who perform a *senior insurance management function* set out in Insurance – Senior Insurance Management Functions 4 or an *FCA governing function* at that *firm*.

2.3 A *third country branch undertaking* (other than a *Swiss general insurer*) must allocate each of the *SIMR prescribed responsibilities* set out in 3.1(1), (4), (5), (6) and (7) to one or more *persons* who, in relation to that *firm*, are approved under section 59 of *FSMA* by:

- (1) the *PRA* to perform a *senior insurance management function*; or
- (2) in relation to *relevant senior management functions* only, the *FCA*.

### 3 SIMR PRESCRIBED RESPONSIBILITIES

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

- (1) responsibility for ensuring that the *firm* has complied with its obligations in Insurance - Fitness and Propriety-2.4 to:
  - (a) ensure that every *person* who performs a *key function* (including every *person* in respect of whom an application under section 59 of *FSMA* is made) is a fit and proper *person*; and
  - (b) provide and obtain regulatory references;
- (2) responsibility for leading the development of the *firm's* culture by the *governing body* as a whole;
- (3) responsibility for overseeing the adoption of the *firm's* culture in the day-to-day management of the *firm*;
- (4) responsibility for the production and integrity of the *firm's* financial information and its regulatory reporting;
- (5) responsibility for management of the allocation and maintenance of the *firm's*:
  - (a) capital; and
  - (b) liquidity;
- (6) responsibility for the development and maintenance of the *firm's* business model by the *governing body*;
- (7) responsibility for performance of the *firm's* *ORSA*;
- (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*;
- (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*);
- (10) responsibility for oversight of the independence, autonomy and effectiveness of the *firm's* policies and procedures on whistleblowing including the procedures for protection of staff who raise concerns from detrimental treatment; and
- (11) responsibility for overseeing the development and implementation of the *firm's* remuneration policies and practices.

### 4 IDENTIFICATION OF KEY FUNCTIONS

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4.1 A *firm* must identify:

- (1) each of the *functions* that the *firm* considers to be a *key function*; and

- (2) any such *key function* that amounts to effectively running the *firm* (or, for a *third country branch undertaking* other than a *Swiss general insurer*, effectively running the operations effected by the *third country branch*, or, for a *UK-deposit insurer*, the operations effected by the *third country branch* and all the *third country undertaking EEA branches*).

4.2 A *firm* must keep its identification of *key functions* pursuant to 4.1 up-to-date.

4.3 A *firm* must keep a record of its reasoning for the identification of *key functions* pursuant to 4.1.

## 5 RECORDS

5.1 A *firm* must have and maintain a *governance map*, which is a clear and coherent document or series of documents with the following details:

- (1) a list of the *key functions* identified by the *firm* in accordance with 4.1 highlighting those that amount to effectively running the *firm* (or, for a *third country branch undertaking* other than a *Swiss general insurer*, effectively running the operations effected by the *third country branch* or, for a *UK-deposit insurer*, the operations effected by the *third country branch* and all the *third country undertaking EEA branches*);
- (2) the names of the *persons* who effectively run the *firm* (or, for a *third country branch undertaking* other than a *Swiss general insurer*, effectively run the operations effected by the *third country branch* or, for a *UK-deposit insurer*, the operations effected by the *third country branch* and all the *third country undertaking EEA branches*) or who are responsible for other *key functions* listed pursuant to 5.1(1);
- (3) for each *person* named pursuant to 5.1(2), a summary of the significant responsibilities allocated to that *person* (including, if applicable, any *SIMR prescribed responsibilities* that have been allocated to that *person* in accordance with 2);
- (4) where any responsibilities covered by 5.1(3) are 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);
- (6) where a *firm* (other than a *third country branch undertaking*) is a member of a *group*:
  - (a) how the *firm's* management and governance arrangements fit together with those of its *group* and the extent to which the *firm's* management and governance arrangements are provided by or shared with other members of its *group*; and
  - (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 or officers of other *group* members or to committees or other bodies of the *group* or of other *group* members.

5.2 A *firm* must update the *governance 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*.

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 *governance map*; and
- (2) in the event of an update pursuant to 5.2(2), a copy of the relevant part of the *governance map*.

5.4 A *firm* must keep an up-to-date record of the scope of responsibilities of each *key function holder*.

5.5 A *scope of responsibilities form*, where it is kept and maintained on behalf of a *key function holder*, will satisfy the requirement in 5.4.

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*.

5.7 Where a *firm* amends its *governance 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.

5.8 Each version of both the *governance map* and the record in 5.4 must be retained for a period of ten years from the date on which it was superseded by a more up-to-date record, and must be provided to the *PRA* on request.

5.9 [Not currently used.]

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.

## **6 LLOYD'S**

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6.1 This Part applies to the *Society* and *managing agents* separately.

## **Annex B**

This Annex amends the Insurance – Fitness and Propriety Part.

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

**Part**

# **INSURANCE – FITNESS AND PROPRIETY**

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## **Chapter content**

- 1. APPLICATION AND DEFINITIONS**
- 2. FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS**
- 3. REGULATORY REFERENCES**
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- 6. FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS**
- 7. TEMPLATE**

**Links**

## 1 APPLICATION AND DEFINITIONS

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1.1 Unless otherwise stated, this Part applies to:

- (1) a *UK Solvency II firm*;
- (2) in accordance with Insurance General Application 3, the *Society*, as modified by 5;
- (3) in accordance with Insurance General Application 3, *managing agents*, as modified by 5;
- (4) a *third country branch undertaking* (other than a *Swiss general insurer*); and
- (5) a *UK ISPV*.

1.2 In this Part, the following definitions shall apply:

*continued approval*

has the meaning given in Senior Insurance Managers Regime – Transitional Provisions.

*disciplinary action*

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

- (1) the issuing of a formal written warning;
- (2) the suspension or dismissal of the *person*; or
- (3) the reduction or recovery of any of the *person's* remuneration.

*individual conduct requirements*

means:

- (1) the Individual Conduct Rules and Senior Manager Conduct Rules in Conduct Rules 2 and 3;
- (2) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Insurance – Conduct Standards 3;
- (3) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Large Non-Solvency II Firms - Conduct Standards 3;
- (4) COCON, FIT and APER in the *PRA Handbook*;
- (5) COCON in the *FCA Handbook*; and
- (6) APER in the *FCA Handbook*.

*regulatory reference template*

means the template found in 7.1.

## 2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

2.1 A *firm* must ensure that all *persons* who perform *key functions* 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, 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* 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*]**

2.3 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* 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 *senior insurance management function holder* or a *notified 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 ~~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; 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 as a *senior insurance management function holder* or a *notified non-executive director* *key function holder*, a *firm* must take reasonable steps to obtain appropriate references from that *person's* current and previous employers, and from organisations at which that *person* served as, or is currently, a *non-executive director* covering at least the past ~~five~~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, senior insurance management function holder, other approved person, non-executive director, notified non-executive director or credit union non-executive director or performed, or is currently performing, a certification function;

(b) P's other current and former employers; and

(c) other organisations at which P served as, or is currently, a non-executive director.

(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; 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 2.5(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 senior insurance management approval application, a firm must take reasonable steps to obtain references in accordance with (1) and (2):

(a) 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 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.

2.6 (1) Where a firm (A) seeks to obtain a reference pursuant to 2.5 from an FCA authorised person or a PRA authorised person (B), A must also 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 contained in the regulatory reference template.

2.7 If a firm engages a person for a continuous period of time as a senior insurance management function holder or a notified non-executive director it is only required to comply with 2.4 to 2.6 the first time it determines that previously obtained the information required by 2.4 to 2.6 when it determined that a key function holder 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 at the same firm within that continuous period. person is fit and proper to act as a senior insurance management function holder or a notified non-executive director.

### 3 REGULATORY REFERENCES

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- 3.1 (1)      If any *PRA-authorised person* (A):
- (4a) is considering issuing a *certificate* to, making a *senior management application* in respect of, or appointing as a *senior insurance management function holder*, a *key function holder*, a *non-executive director*, a *notified non-executive director* or a *credit union non-executive director*, a *person* (P);
- (2b) 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:
- (ai) P's current or former employer; or
- (bii) an organisation (not falling within (i)) at which P is or was a member of the governing body is currently serving, or has served, as a key function holder or other approved person; and
- (3c) 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 is B reasonably considers to be relevant to A's assessment of whether P is fit and proper.
- (2) A firm (B) which is required to make a disclosure under 3.1(1) is required to disclose information on or relating to something which occurred or existed:
- (a) in the six years before the request for a reference;
- (b) between the date of the request for a reference and the date B gives the reference; or
- (c) in the case of serious matters, at any time.
- (3) When giving the reference referred to in 3.1(1), a firm must:
- (a) use the regulatory reference template; and
- (b) include all the information set out in the regulatory reference template.
- (4) A firm may make formatting modifications to the regulatory reference template when giving a reference under 3.1(1), provided the regulatory reference template as modified includes all substantive information required by 3.1(3)(b).
- 3.2 (1)      If:
- (a) a firm to whom this Part applies (B) has given a reference pursuant to 3.1 to any PRA-authorised person (A) about any person (P); and
- (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 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

(c) it would be reasonable to consider the differences in (b) to be significant for an assessment by A of the fitness and propriety of P for the role at A for which the reference was given;

B must make reasonable enquiries as to the identity of P's current employer and (subject to (3)) provide A with details of those differences in writing as soon as reasonably practicable.

(2) The obligation to update regulatory references in (1) applies in the following circumstances:

(a) if P is no longer employed by or in the service of B, the obligation to update references in (1) ends six years after P ceased to be employed by, or in the service of B;

(b) if P is no longer employed by or in the service of B and the matters or circumstances are not serious matters, B does not have to disclose something if it did not occur or exist in the six year period ending on the date B gave the original reference. This limitation is additional to that in (2)(a).

(c) if P is still employed by, or in the service of B, (1), applies throughout the period P remains employed by, or in the service of, B.

(3) B is not required to update a regulatory reference given to A if:

(a) A is no longer a *full scope regulatory reference firm*;

(b) P is no longer employed by, or in the service of, A; or

(c) P is not yet employed by, or in the service of A, and it is no longer intended that P will be employed by or serve at A; or

(d) despite making reasonable enquiries under (1), B does not know whether P is still employed by, or in the service of, A.

(4) (1) does not require B to update references provided prior to 7 March 2017.

(5) If a *firm* (B) has given a reference to another *firm* (A) under 2.5 in respect of a *person* (P) no more than six years ago and B asks A if P is still an employee of, or serving at, A, A must answer that question as soon as reasonably possible, even if B does not tell A the reason for the enquiry.

3.3 A *firm* must not enter into any arrangements or agreements with any *person* that limit its ability to disclose information under this Part.

3.4 This Part does not require a *firm* to disclose information that has not been properly verified.

- 3.5 (1) A firm must arrange for orderly records to be kept that are sufficient to enable it to comply with the requirements of this Part in response to any requests for references referred to in this Part in relation to item (E) and item (F) in the *regulatory reference template*.
- (2) A firm does not breach the requirements of this Part by failing to include information in a reference that it would otherwise have to include if:
- (a) the reason for the omission is that the *firm* does not have the necessary records; and
- (b) neither (1) nor any other requirement of or under the *regulatory system* requires the *firm* to have those records.

#### 4 DISCLOSURE AND REPLACEMENTS

- 4.1 (1) A firm (other than a UK ISPV) 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; and
- (b) the information referred to in Insurance - Allocation of Responsibilities 5.1(3) in respect of that *person*.
- (2) A UK ISPV 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 *senior insurance management function* or an *FCA controlled function*, the information required in connection with an application for approval to do so.
- 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 *senior insurance 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 *senior insurance 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.

- 4.3 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 and 2.2, the *firm* must notify the *PRA* as soon as reasonably practicable.

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

**5 LLOYD'S**

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- 5.1 This Part applies to the *Society* and *managing agents* separately.

**6 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS**

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- 6.1 The requirements of 2.4 - 2.6 do not apply to a *firm* in respect of any person who has *continued approval* in relation to that *firm*.
- 6.2 The requirements of 2.4 – 2.6 do not apply to a *firm* in respect of a *key function holder* in relation to any *key function* held by that *person* as at 7 March 2016 at that *firm*.
- 6.3 The requirement to request regulatory references from a *full scope regulatory reference firm* in accordance with the requirements of 2.6(2) does not apply to a *firm* in respect of an application for approval as an *approved person* made before 7 March 2017.
- 6.4 Item (F) in the *regulatory reference template* does not require disclosure of *disciplinary 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* amounted to a breach of the *individual conduct requirements* referred to in item (F) in the *regulatory reference template*.

**7 TEMPLATE**

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- 7.1 The *regulatory reference template* is the template found [here](#).

## **Annex C**

This Annex amends the Large Non-Solvency II Firms – Allocation of Responsibility Part

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

**Part**

# **LARGE NON-SOLVENCY II FIRMS – ALLOCATION OF RESPONSIBILITIES**

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**Links**

## 1 APPLICATION AND DEFINITIONS

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1.1 Unless otherwise stated, this Part applies to:

- (1) a large non-directive insurer, and
- (2) a Swiss general insurer.

1.2 In this Part, the following definitions shall apply:

*governance map*

has the meaning given in 5.1.

*SIMR prescribed responsibility*

means the responsibilities in 3.1.

## 2 ALLOCATION OF RESPONSIBILITIES

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2.1 A firm (other than a Swiss general insurer) must allocate each of the *SIMR 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:

- (1) the PRA to perform a senior insurance management function; or
- (2) in relation to relevant senior management functions only, the FCA.

2.2 A firm (other than a Swiss general insurer) must allocate each of the *SIMR prescribed responsibilities* set out in 3.1(9) and (10) to one or more non-executive directors who perform a senior insurance management function set out in Large Non-Solvency II Firms – Senior Insurance Management Functions 4 or an FCA governing function at that firm.

## 3 SIMR PRESCRIBED RESPONSIBILITIES

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

- (1) responsibility for ensuring that the firm has complied with its obligations in Large Non-Solvency II Firms - Fitness and Propriety 2-4 to:
  - (a) ensure that every person who performs a key function (including every person in respect of whom an application under section 59 of FSMA is made) is a fit and proper person; and
  - (b) provide and obtain regulatory references;
- (2) responsibility for leading the development of the firm's culture by the governing body as a whole;
- (3) responsibility for overseeing the adoption of the firm's culture in the day-to-day management of the firm;
- (4) responsibility for the production and integrity of the firm's financial information and its regulatory reporting;
- (5) responsibility for management of the allocation and maintenance of the firm's:

- (a) capital; and
- (b) liquidity;
- (6) responsibility for the development and maintenance of the *firm's* business model by the *governing body*;
- (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*;
- (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*);
- (9) responsibility for oversight of the independence, autonomy and effectiveness of the *firm's* policies and procedures on whistleblowing including the procedures for protection of staff who raise concerns from detrimental treatment; and
- (10) responsibility for overseeing the development and implementation of the *firm's* remuneration policies and practices.

#### 4 IDENTIFICATION OF KEY FUNCTIONS

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4.1 A *firm* must identify:

- (1) each of the *functions* that the *firm* considers to be a *key function*; and
- (2) any such *key function* that amounts to effectively running the *firm*.

4.2 A *firm* must keep its identification of *key functions* pursuant to 4.1 up-to-date.

4.3 A *firm* must keep a record of its reasoning for the identification of *key functions* pursuant to 4.1.

#### 5 RECORDS

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5.1 A *firm* must have and maintain a *governance map*, which is a clear and coherent document or series of documents with the following details:

- (1) a list of the *key functions* identified by the *firm* in accordance with 4.1 highlighting those that amount to effectively running the *firm*;
- (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);
- (3) for each *person* named pursuant to 5.1(2), a summary of the significant responsibilities allocated to that *person* (including, if applicable, any *SIMR prescribed responsibilities* that have been allocated to that *person* in accordance with 2);
- (4) where any responsibilities covered by 5.1(3) are 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);
- (6) where a *firm* is a member of a *group*:

- (a) how the *firm's* management and governance arrangements fit together with those of its *group* and the extent to which the *firm's* management and governance arrangements are provided by or shared with other members of its *group*; and
- (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 or officers of other *group* members or to committees or other bodies of the *group* or of other *group* members.

5.2 A *firm* must update the *governance 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*.

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 *governance map*; and
- (2) in the event of an update pursuant to 5.2(2), a copy of the relevant part of the *governance map*.

5.4 A *firm* must keep an up-to-date record of the scope of responsibilities of each *key function holder*.

5.5 A *scope of responsibilities form*, where it is kept and maintained on behalf of a *key function holder*, will satisfy the requirement in 5.4.

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*.

5.7 Where a *firm* amends its *governance 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.

5.8 Each version of both the *governance map* and the record in 5.4 must be retained for a period of six years from the date on which it was superseded by a more up-to-date record, and must be provided to the *PRA* on request.

5.9 [Not currently used.]

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.

## Annex D

This Annex amends the Large Non-Solvency II Firms – Fitness and Propriety Part.

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

Part

# LARGE NON-SOLVENCY II FIRMS – FITNESS AND PROPRIETY

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Chapter content

1. APPLICATION AND DEFINITIONS
2. FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS
3. REGULATORY REFERENCES
4. DISCLOSURE AND REPLACEMENTS
5. FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS
6. TEMPLATE

Links

## 1 APPLICATION AND DEFINITIONS

---

1.1 Unless otherwise stated, this Part applies to:

- (1) a *large non-directive insurer*; and
- (2) a *Swiss general insurer*.

1.2 In this Part, the following definitions shall apply:

*continued approval*

has the meaning given in Large Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions.

*disciplinary action*

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

- (1) the issuing of a formal written warning;
- (2) the suspension or dismissal of the *person*; or
- (3) the reduction or recovery of any of the *person's* remuneration.

*individual conduct requirements*

means:

- (1) the Individual Conduct rules and Senior Manager Conduct Rules in Conduct Rules 2 and 3;
- (2) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Insurance – Conduct Standards 3;
- (3) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Large Non-Solvency II Firms - Conduct Standards 3;
- (4) COCON, FIT and APER in the *PRA Handbook*;
- (5) COCON in the *FCA Handbook*; and
- (6) APER in the *FCA Handbook*.

*regulatory reference template*

means the template found in 6.1.

## 2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

---

2.1 A *firm* must ensure that all *persons* who perform *key functions* are at all times fit and proper *persons*.

2.2 In deciding whether a *person* is fit and proper pursuant to 2.1, 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* 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* in accordance with the relevant *conduct standards* specified in Large Non-Solvency II Firms - Conduct Standards 3.

2.4 In deciding whether a *person* (P) is fit and proper to be appointed as a *senior insurance management function holder* or a *notified 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 ~~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; 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 as a ~~senior insurance management function holder or a notified non-executive director~~ key function holder, a *firm* must take reasonable steps to obtain appropriate references from that ~~person's current and previous employers, and from organisations at which that person served as, or is currently, a non-executive director~~ covering at least the past ~~five~~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, senior insurance management function holder, other approved person, non-executive director, notified non-executive director or credit union non-executive director or performed, or is currently performing, a certification function;
- (b) P's other current and former employers; and
- (c) other organisations at which P served as, or is currently, a non-executive director.

(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; 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 2.5(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 senior insurance management approval application, a firm must take reasonable steps to obtain references in accordance with (1) and (2):

- (a) 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 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.

2.6 (1) Where a firm (A) seeks to obtain a reference pursuant to 2.5 from an ~~FCA-*authorised person* or a PRA-*authorised person*~~ (B), A must also request that B the organisation giving the reference (B) discloses all matters of which B is aware that are 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 engages a person for a continuous period of time as a senior insurance management function holder or a notified non-executive director it is only required to comply with 2.4 – 2.6 the first time it determines that previously obtained the information required by 2.4 to 2.6 when it determined that a key function holder 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 at the same firm within that continuous period. person is fit and proper to act as a senior insurance management function holder or a notified non-executive director.~~

### 3 REGULATORY REFERENCES

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

(4a) is considering issuing a *certificate* to, making a *senior management application* in respect of, or appointing as a *senior insurance management function holder*, a *key function holder*, a *non-executive director*, a *notified non-executive director* or a *credit union non-executive director*, a *person* (P);

(2b) 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:

- (ai) P's current or former employer; or

(bii) an organisation (not falling within (i)) at which P is or was a member of the governing body is currently serving, or has served, as a key function holder or other approved person; and

(3c) 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 is B reasonably considers to be relevant to A's assessment of whether P is fit and proper.

(2) A firm (B) which is required to make a disclosure under 3.1(1) is required to disclose information on or relating to something which occurred or existed:

(a) in the six years before the request for a reference;

(b) between the date of the request for a reference and the date B gives the reference; or

(c) in the case of serious matters, at any time.

(3) When giving the reference referred to in 3.1(1), a firm must:

(a) use the regulatory reference template; and

(b) include all the information set out in the regulatory reference template.

(4) A firm may make formatting modifications to the regulatory reference template when giving a reference under 3.1(1), provided the regulatory reference template as modified includes all substantive information required by 3.1(3)(b).

3.2 (1) If:

(a) a firm to whom this Part applies (B) has given a reference pursuant to 3.1 to any PRA-authorised person (A) about any person (P); and

(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 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

(c) it would be reasonable to consider the differences in (b) to be significant for an assessment by A of the fitness and propriety of P for the role at A for which the reference was given;

B must make reasonable enquiries as to the identity of P's current employer and (subject to (3)), provide A with details of those differences in writing as soon as reasonably practicable.

- (2) The obligation to update regulatory references in (1) applies in the following circumstances:
- (a) if P is no longer employed by or in the service of B, the obligation to update references in (1) ends six years after P ceased to be employed by, or in the service of B;
  - (b) if P is no longer employed by or in the service of B and the matters or circumstances are not serious matters, B does not have to disclose something if it did not occur or exist in the six year period ending on the date B gave the original reference. This limitation is additional to that in (2)(a).
  - (c) if P is still employed by, or in the service of B, (1) applies throughout the period P remains employed by, or in the service of, B.
- (3) B is not required to update a regulatory reference given to A if:
- (a) A is no longer a *full scope regulatory reference firm*;
  - (b) P is no longer employed by, or in the service of, A; or
  - (c) P is not yet employed by, or in the service of A, and it is no longer intended that P will be employed by or serve at A: or
  - (d) despite making reasonable enquiries under (1) B does not know whether P is still employed by, or in the service of, A.
- (4) (1) does not require B to update references provided prior to 7 March 2017.
- (5) If a *firm* (B) has given a reference to another *firm* (A) under 2.5 in respect of a *person* (P) no more than six years ago and B asks A if P is still an employee of, or serving at, A, A must answer that question as soon as reasonably possible, even if B does not tell A the reason for the enquiry.

3.3 A *firm* must not enter into any arrangements or agreements with any *person* that limit its ability to disclose information under this Part.

3.4 This Part does not require a *firm* to disclose information that has not been properly verified.

3.5 (1) A *firm* must arrange for orderly records to be kept that are sufficient to enable it to comply with the requirements of this Part in response to any requests for references referred to in this Part in relation to item (E) and item (F) in the *regulatory reference template*.

(2) A *firm* does not breach the requirements of this Part by failing to include information in a reference that it would otherwise have to include if:

- (a) the reason for the omission is that the *firm* does not have the necessary records; and
- (b) neither (1) nor any other requirement of or under the *regulatory system* requires the *firm* to have those records.

## 4 DISCLOSURE AND REPLACEMENTS

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- 4.1 (1) A *firm* 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; and
  - (b) the information referred to in Large Non-Solvency II Firms - Allocation of Responsibilities 5.1(3) in respect of that *person*.
- (2) 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:
- (c) updates to the information previously provided; and
  - (d) if the *key function holder* is also to perform a *senior insurance management function* or an *FCA controlled function*, the information required in connection with an application for approval to do so.

### 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 *senior insurance 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 *senior insurance 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.

- 4.3 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.
- 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 and 2.2, the *firm* must notify the *PRA* as soon as reasonably practicable.

## 5 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

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- 5.1 The requirements of 2.4 to 2.6 do not apply to a *firm* in respect of any *person* who has *continued approval* in relation to that *firm*.
- 5.2 The requirements of 2.4 – 2.6 do not apply to a *firm* in respect of a *key function holder* in relation to any *key function* held by that *person* as at 7 March 2016 at that *firm*.
- 5.3 The requirement to request regulatory references from a *full scope regulatory reference firm* in accordance with the requirements of 2.6(2) does not apply to a *firm* in respect of an application for approval as an *approved person* made before 7 March 2017.

5.4 Item (F) in the *regulatory reference template* does not require disclosure of *disciplinary 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* amounted to a breach of the *individual conduct requirements* referred to in item (F) in the *regulatory reference template*.

## **6      **TEMPLATE****

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6.1      The *regulatory reference template* is the template found [here](#).

## **Annex E**

This Annex amends the Non-Solvency II Firms – Fitness and Propriety Part

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

**Part**

# **NON-SOLVENCY II FIRMS - FITNESS AND PROPRIETY**

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**Chapter content**

- 1. APPLICATION AND DEFINITIONS**
- 2. FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS**
- 3. REGULATORY REFERENCES**
- 4. DISCLOSURE AND REPLACEMENTS**
- 5. FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS**

**Links**

## 1 APPLICATION AND DEFINITIONS

---

1.1 Unless otherwise stated, this Part applies to a *small non-directive insurer*.

1.2 In this Part, the following definitions shall apply:

*continued approval*

has the meaning given in Non-Solvency II Firms - Senior Insurance Managers Regime - Transitional Provisions.

## 2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

---

2.1 A *firm* must ensure that all *persons* who perform a *senior insurance management function* are fit and proper *persons*.

2.2 In deciding whether a *person* is fit and proper pursuant to 2.1, 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 *senior insurance management 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 the *person's* past business conduct, including whether the *person* performs his or her *senior insurance management functions* in accordance with the relevant conduct standards specified in Non-Solvency II Firms - Conduct Standards 2.

2.4 In deciding whether a *person* (P) is fit and proper to perform a *senior insurance management function*, 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 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; and
- (3) request, and have regard to, such information.

2.5 If a *firm* engages a *person* for a continuous period of time as a *senior insurance management function holder* previously obtained the information in 2.4 when it determined that a *senior insurance management function holder* was fit and proper in accordance with this Part, and the *firm* engages that *person* for a continuous period of time, ~~it~~ the *firm* is ~~only not~~ required to comply with 2.4 again in respect of any subsequent appointments at the same *firm* within that

~~continuous period the first time it determines that person is fit and proper in relation to a senior insurance management function.~~

### 3 REGULATORY REFERENCES

---

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

(4a) is considering issuing a *certificate* to, making a *senior management application* in respect of, or appointing as a *senior insurance management function holder*, a *key function holder*, a *non-executive director*, a *notified non-executive director* or a *credit union non-executive director*, a *person* (P);

(2b) 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:

(ai) P's current or former employer; or

(bii) an organisation (not falling within (i)) at which P ~~is or was a member of the governing body~~ is currently serving, or has served, as a *senior insurance management function holder*, other *approved person* or *non-executive director*; and

(3c) 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 is B reasonably considers to be relevant to A's assessment of whether P is fit and proper.

(2) A firm (B) which is required to make a disclosure under 3.1(1) is required to disclose information on or relating to something which occurred or existed:

(a) in the six years before the request for a reference;

(b) between the date of the request for a reference and the date B gives the reference; or

(c) in the case of serious matters, at any time.

3.2 A firm must not enter into any arrangements or agreements with any person that limit its ability to disclose information under this Part.

3.3 This Part does not require a firm to disclose information that has not been properly verified.

3.4 A firm does not breach the requirements of this Part by failing to include information in a reference that it would otherwise have to include if:

(1) the reason for the omission is that the firm does not have the necessary records; and

(2) no requirement of or under the regulatory system requires the firm to have those records.

### 4 DISCLOSURE AND REPLACEMENTS

---

4.1 A *firm* must ensure that any application it makes for the approval of a *person* to perform a *senior insurance management function* provides the *PRA* with:

(1) all the information needed to assess whether such *person* is fit and proper; and

- (2) its record of the significant responsibilities allocated to that *person*.
- 4.2 If a *firm* becomes aware of information which would reasonably be expected to be material to the assessment of a current or former *senior insurance management function holder's* fitness and propriety under this Part, it must inform the *PRA* as soon as practicable.
- 4.3 If a *firm* becomes aware of a significant change to a *senior insurance management function holder's* responsibilities, it must inform the *PRA* as soon as practicable.
- 4.4 Where a *firm* replaces a *senior insurance management function holder* because the *firm* considers that that *person* no longer fulfils the requirements in 2.2, the *firm* must notify the *PRA* as soon as reasonably practicable.

## **5 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS**

---

- 5.1 The requirements of 2.4 do not apply to a *firm* in respect of any *person* who has *continued approval* in relation to that *firm*.

## Annex F

## Regulatory Reference Template

In this Annex, all text is new.

## Part One: Form of template

## Regulatory Reference Template for Full Scope Regulatory Reference Firms

**Guide to using this template:**

Each question must be answered. Where there is nothing to disclose, this should be confirmed by ticking the “No” box for the relevant question.

**In this template:**

- “we” / “our firm” refers to the firm or firms giving the reference (as set out in either 1A or 1B below) ;
- “individual” refers to the subject of the reference (as set out in 2 below);
- “your” refers to the firm requesting the reference (as set out in 3 below)

<b>1A</b>	<b>Name, contact details and firm reference number of firm providing reference: or</b>	
<b>1B</b>	<b>Names, contact details and firm reference numbers (where applicable) of group firms providing a joint reference:</b>	
<b>2</b>	<b>Individual’s name (i.e. the subject of the reference)</b>	
<b>3</b>	<b>Name, contact details and firm reference number of firm requesting the reference</b>	
<b>4</b>	<b>Date of request for reference</b>	

<b>5</b>	<b>Date of reference</b>	
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**The answers to Questions A to F cover the period beginning six years before the date of your request for a reference and ending on the date of this reference**

Question A

Has the individual:

- (1) performed a specified significant-harm function for our firm; or
- (2) been an approved person for our firm;

Answer:

Yes	
No	

Question B:

Has the individual performed one or more of the following roles in relation to our firm:

- (1) notified non-executive director;
- (2) credit union non-executive director; or
- (3) key function holder (other than a controlled function);

Answer:

Yes	
No	

Question C:

If we have answered 'yes' to either Question A or B above, we set out the details of each position held below, including:

- (1) what the controlled function, specified significant-harm function, or key function holder role is or was;
- (2) (in the case of a controlled function) whether the approval is or was subject to a condition, suspension, limitation, restriction or time limit;
- (3) whether any potential FCA governing function is or was included in a PRA controlled function; and
- (4) the dates during which the individual held the position.

Answer:

Question D

Has the individual performed a role for our firm other than the roles referred to in Question A and B above:

Answer:

Yes	
No	

If 'yes', we have provided summary details of the other role(s), e.g. job title, department and business unit, below.

Question E

Have we concluded that the individual was not fit and proper to perform a function:

Answer:

Yes	
-----	--

No	
----	--

If 'yes' and associated disciplinary action was taken as a result, please refer to Question F below

If 'yes', and no associated disciplinary action was taken as a result, we have set out below the facts which led to our conclusion.

--

### Question F

We have taken disciplinary action against the individual that:

(1) relates to an action, failure to act, or circumstances, that amounts to a breach of any individual conduct requirements that:

(a) apply or applied to the individual; or

(b) (if the individual is or was a key function holder, a notified non-executive director or a credit union non-executive director for your firm) the individual is or was required to observe under *PRA* rules (including if applicable, *PRA* rules in force before 7th March 2016); or

(2) relates to the individual not being fit and proper to perform a function.

Answer:

Yes	
No	

If 'yes', we have provided below a description of the breaches (including dates of when they occurred) and the basis for, and outcome of, the subsequent disciplinary action.

--

Question G

Are we aware of any other information that we reasonably consider to be relevant to your assessment of whether the individual is fit and proper? This disclosure is made on the basis that we shall only disclose something that:

(1) occurred or existed:

(a) in the six years before your request for a reference; or

(b) between the date of your request for the reference and the date of this reference;  
or

(2) is serious misconduct.

Answer:

Yes	
No	

If 'yes', we have provided the relevant information below.

--

## Part Two: Terms and Phrases

### MEANING OF CERTAIN TERMS AND PHRASES IN THE REGULATORY REFERENCES TEMPLATE

---

1. B refers to the *person* giving the reference under:
  - (a) Fitness and Propriety 5.1;
  - (b) Insurance - Fitness and Propriety 3.1; or
  - (c) Large Non-Solvency II Firms - Fitness and Propriety 3.1.
2. P refers to the *person* about whom the reference is given.
3. A finding or conclusion by B that P was not fit and proper to perform a function (see items (E) to (F) of the template) means a finding or conclusion by B in the following circumstances:
  - (a) B assesses the continuing fitness and propriety of P as an *approved person* in accordance with the requirements of the *regulatory system*, including when carrying out this assessment under section 63(2A) of the *Act* (annual assessment of *approved persons* by a *relevant authorised person*);
  - (b) B assesses the on-going fitness and propriety of P to perform a *key function* in accordance with Insurance – Fitness and Propriety 2 or Large Non-Solvency II Firms – Fitness and Propriety 2; or
  - (c) B assesses the fitness and propriety of P when B is proposing to issue a certificate under section 63F of the *Act* (Certification of employees by relevant authorised persons) for P.

Paragraph (c) applies whether the certificate is being issued for the first time or is being renewed.

4. (1) “Approved person”, “controlled function”, “credit union non-executive director”, “notified non-executive director”, “key function holder” have the meaning specified in Glossary.
- (2) “Individual conduct requirements” and “disciplinary action” have the meaning given in
  - (a) Fitness and Propriety 1.3; or
  - (b) Insurance- Fitness and Propriety 1.2; or
  - (c) Large Non--Solvency II Firms: Fitness and Propriety 1.2
 as applicable.
- (3) “PRA controlled function” and “specified significant-harm function” have the meaning given in the *FCA Handbook*.
5. A function means a function as
  - (a) an *approved person*,

- (b) a *certification employee*; or
- (c) a *key function holder* at an *insurer*,

as appropriate.

6. "Potential FCA governing function" means a function:
- (a) that would have been an *FCA controlled function* but for:
    - (i) *SUP 10A.11* of the *FCA Handbook*; or
    - (ii) *SUP 10C.9* of the *FCA Handbook*; and
  - (b) instead is included as a *controlled function* under:
    - (i) Senior Management Functions 2;
    - (ii) Insurance - Senior Insurance Management Functions 2;
    - (iii) Large Non-Solvency II Firms - Senior Insurance Management Functions 2
    - (iv) Senior Insurance Managers Regime - Transitional Provisions 6; or
    - (v) Large Non- Solvency II Firms - Senior Insurance Managers Regime - Transitional Provisions 6.

#### ITEMS OF TEMPLATE FOR WHICH ADDITIONAL REQUIREMENTS APPLY

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1. If the finding or disciplinary action:
- (a) was reached or taken by another member of B's *group* with the authority to do so; and
  - (b) relates to conduct by P relating to the carrying on of activities (whether or not *regulated activities*) by B;
- Item (E) and (F) of the template apply to such finding or disciplinary action in the same way as it does to findings or disciplinary action made or taken by the *firm* itself.
2. Item (F) of the template is subject to:
- (a) Fitness and Propriety 5.5(2);
  - (b) Insurance - Fitness and Propriety 3.5(2); or
  - (c) Large Non-Solvency II Firms – Fitness and Propriety 3.5(2)
- as applicable.
3. The template to be used by a *firm* in giving a reference includes everything in Part One of this Annex except for the "Guide to using this template" paragraph.

## Annex G

### Forms

Amend the following as shown.

#### Long Form A: Application to perform controlled functions

....

The *FCA* and *PRA* have produced notes which will assist both the applicant and the *candidate* in answering the questions in this form. Please read these notes, which are available on both *FCA* and *PRA* websites at:

<https://handbook.fca.org.uk/handbook/SUP/10A/Annex4>

<http://www.bankofengland.co.uk/PRA>

Both the applicant and the *candidate* will be treated by the *FCA* and *PRA* as having taken these notes into consideration when completing this form.

#### Long Form A – Solvency II firms only<sup>1</sup>

....

## Fitness and Propriety

## Section 5

.....

### 5.05 Other Matters

....

#### 5.05.5

~~For PRA functions only:~~ Has / Have a reference or references been obtained from current and previous employer(s) in accordance with the requirements of the *PRA* or *FCA* as set out in 2.5 in Insurance- Fitness and Propriety?

If No, please provide details why the reference or references has/have not been obtained.

~~Please note that for candidates for PRA controlled functions, a firm is required to take reasonable steps to obtain appropriate references from any current or previous employer of the candidate, or at any organisation at which the candidate is or was a non-executive director during the last 56 years (see SYSC 22 and Insurance- Fitness and~~

YES  NO

<sup>1</sup> Please see the *FCA Handbook Glossary* for the definition of *Solvency II firm*, and for the *PRA* see the firms included in *PRA Rulebook: Solvency II firms: Insurance- Senior Insurance Management Functions Chapter 1 (Applications and Definitions)*

*Propriety 2.5 in the PRA Rulebook). 'Employer' has an extended meaning for these purposes.*



I have supplied further information  
related to this page in Section 6

YES

NO

## Short Form A: Application to perform controlled functions

....

The *FCA* and *PRA* have produced notes which will assist both the applicant and the *candidate* in answering the questions in this form. Please read these notes, which are available on both *FCA* and *PRA* websites at:

<http://media.fshandbook.info/FS/html/FCA/SUP/10A/Annex4>

<http://www.bankofengland.co.uk/PRA>

Both the applicant and the *candidate* will be treated by the *FCA* and *PRA* as having taken these notes into consideration when completing this form.

## Short Form A – Solvency II firms only<sup>2</sup>

.....

### Fitness and Propriety

### Section 5

....

#### 5.05.5

~~For PRA functions only:~~ Has / Have a reference or references been obtained from current and previous employer(s) in accordance with the requirements of the *PRA* or *FCA* ~~as set out in 2.5 in Insurance- Fitness and Propriety?~~

If No, please provide details why the reference or references has/have not been obtained.

*Please note that for candidates for PRA controlled functions, a firm is required to take reasonable steps to obtain appropriate references from any current or previous employer of the candidate, ~~or at any organisation at which the candidate is or was a non-executive director during the last 56 years (see SYSC 22 and Insurance- Fitness and Propriety 2.5 in the PRA Rulebook). 'Employer' has an extended meaning for these purposes.~~*

YES  NO



I have supplied further information related to this page in Section 6

YES  NO

<sup>2</sup> Please see the *FCA Handbook Glossary* for the definition of *Solvency II firm*, and for the *PRA* see the firms included in *PRA Rulebook: Solvency II firms: Insurance- Senior Insurance Management Functions Chapter 1 (Applications and Definitions)*

## Form E: Internal transfer of an approved person

....

The *FCA* and *PRA* have produced notes which will assist both the applicant and the *candidate* in answering the questions in this form. Please read these notes, which are available on the *FCA* and *PRA*'s websites at

<http://fshandbook.info/FS/html/FCA/SUP/10A/Annex8>

[www.bankofengland.co.uk/PRA](http://www.bankofengland.co.uk/PRA).

Both the applicant and the *candidate* will be treated by the *FCA* and *PRA* as having taken these notes into consideration when completing this form.

## Form E Internal transfer of an approved person (for Solvency II firms only<sup>3</sup>)

....

### New arrangement and controlled functions Section 4

...



I have supplied further information related to this page in Section 5

YES

NO

4.05

Has / Have a reference or references been obtained from current and previous employer(s) in accordance with the requirements of the *PRA* or *FCA*?

If No, please provide details why the reference or references has/have not been obtained.

Please note that a firm is required to take reasonable steps to obtain appropriate references from any current or previous employer of the candidate, or at any organisation at which the candidate is or was a non-executive director during the last 6 years (see SYSC 22 and Insurance- Fitness and Propriety 2.5 in the *PRA* Rulebook). 'Employer' has an extended meaning for these purposes.

YES

NO

<sup>3</sup> Please see the *FCA Handbook Glossary* for the definition of *Solvency II firm*, and for the *PRA* see the firms included in *PRA Rulebook: Solvency II firms: Insurance- Senior Insurance Management Functions Chapter 1 (Applications and Definitions)*

## Long Form A: Application to perform controlled functions

....

The *FCA* and *PRA* have produced notes which will assist both the applicant and the *candidate* in answering the questions in this form. Please read these notes, which are available on both *FCA* and *PRA* websites at:

<https://handbook.fca.org.uk/handbook/SUP/10A/Annex4>

<http://www.bankofengland.co.uk/PRA>

Both the applicant and the *candidate* will be treated by the *FCA* and *PRA* as having taken these notes into consideration when completing this form.

## Long Form A – Large non-directive insurers only<sup>4</sup>

....

### Fitness and Propriety

### Section 5

....

#### 5.05 Other Matters

....

**5.05.5** ~~For PRA functions only:~~ Has / Have a reference or references been obtained from current and previous employer(s) in accordance with the requirements of the *PRA* or *FCA* as set out in 2.5 in Insurance – Fitness and Propriety?

If No, please provide details why the reference or references has/have not been obtained.

*Please note that for candidates for PRA controlled functions, a firm is required to take reasonable steps to obtain appropriate references from any current or previous employer of the candidate, or at any organisation at which the candidate is or was a non-executive director during the last 6 years (see SYSC 22 and Large Non-Solvency II Firms- Fitness and Propriety 2.5 in the PRA Rulebook). 'Employer' has an extended meaning for these purposes.*

YES  NO

<sup>4</sup> Please see the definition of *large non-directive insurer* in *PRA Rulebook: Glossary* and the *FCA Handbook Glossary*



I have supplied further information  
related to this page in Section 6

YES

NO

## Short Form A: Application to perform controlled functions

....

The *FCA* and *PRA* have produced notes which will assist both the applicant and the *candidate* in answering the questions in this form. Please read these notes, which are available on both *FCA* and *PRA* websites at:

<http://media.fshandbook.info/FS/html/FCA/SUP/10A/Annex4>

<http://www.bankofengland.co.uk/PRA>

Both the applicant and the *candidate* will be treated by the *FCA* and *PRA* as having taken these notes into consideration when completing this form.

## Short Form A – Large non-directive insurers only<sup>5</sup>

....

### Fitness and Propriety

### Section 5

....

#### 5.05.5

~~For PRA functions only:~~ Has / Have a reference or references been obtained from current and previous employer(s) in accordance with the requirements of the *PRA* or *FCA* ~~as set out in 2.5 in Insurance – Fitness and Propriety?~~

If No, please provide details why the reference or references has/have not been obtained.

~~Please note that for candidates for PRA controlled functions, a firm is required to use reasonable efforts to obtain a reference from any previous employer of the candidate, or any organisation at which the candidate is or was a non-executive director during the last 6 years (see SYSC 22 and Large Non-Solvency II Firms - Fitness and Propriety 2.5 in the PRA Rulebook). 'Employer' has an extended meaning for these purposes.~~

YES

NO



I have supplied further information  
related to this page in Section 6

YES

NO

<sup>5</sup> Please see the definition of *large non-directive insurer* in *PRA Rulebook: Glossary* and the *FCA Handbook Glossary*

## Form E: Internal transfer of an approved person

....

The *FCA* and *PRA* have produced notes which will assist both the applicant and the *candidate* in answering the questions in this form. Please read these notes, which are available on the *FCA* and *PRA*'s websites at

<http://fshandbook.info/FS/html/FCA/SUP/10A/Annex8>

[www.bankofengland.co.uk/PRA](http://www.bankofengland.co.uk/PRA).

Both the applicant and the *candidate* will be treated by the *FCA* and *PRA* as having taken these notes into consideration when completing this form.

## Form E Internal transfer of an approved person (for large non-directive insurers only<sup>6</sup>)

....

### New arrangements and controlled functions Section 4

...



I have supplied further information related to this page in Section 5

YES

NO

4.05

Has / Have a reference or references been obtained from current and previous employer(s) in accordance with the requirements of the *PRA* or *FCA*?

If No, please provide details why the reference or references has/have not been obtained.

Please note that a firm is required to take reasonable steps to obtain appropriate references from any current or previous employer of the candidate, or at any organisation at which the candidate is or was a non-executive director during the last 6 years (see SYSC 22 and Large Non-Solvency II Firms - Fitness and Propriety 2.5 in the *PRA Rulebook*). 'Employer' has an extended meaning for these purposes.

YES

NO

<sup>6</sup> Please see the definition of *large non-directive insurer* in *PRA Rulebook: Glossary* and the *FCA Handbook Glossary*