

**PRA RULEBOOK: ADMINISTRATION INSTRUMENT 2017****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 137H (general rules about remuneration);
  - (3) section 137T (general supplementary powers); and
  - (4) section 142H (Ring-fencing rules).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) 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: Administration Instrument 2017**

- D. The rules in the Parts of the PRA Rulebook listed in column (1) below are amended in accordance with the Annexes to this instrument listed column (2).

(1)	(2)
AUDIT COMMITTEE	A
REMUNERATION	B
NOTIFICATIONS	C
RING-FENCED BODIES	D
FITNESS AND PROPRIETY	E

**Commencement**

- E. Annexes A and D to this instrument come into force on 1 January 2019. Annexes B, C and E to this instrument come into force on 18 January 2017.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: Administration Instrument 2017.

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

12 January 2017

**Annex A**

**Amendments to the Audit Committee Part**

In this Annex deleted text is struck through.

...  
1.4 In this Part, the following definitions shall apply:

~~*audit committee*~~

~~means a committee established in accordance with 2.1.~~

...

## Annex B

## Amendments to the Remuneration Part

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

## 1 APPLICATION AND DEFINITIONS

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...

### 1.3 ...

(2) In this Chapter, references to rules in 15 in relation to a *firm* shall be read on the basis that references to employment with or the provision of services to the *firm*, include references to employment with or the provision of services to a previous *firm* to which the ~~buy-out~~ buy-out relates.

...

## 15A BUY-OUTS

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Application

15A.1 Rules 15A.2 to 15A.11 apply where:

- ~~(3)~~ (1) a *firm* agrees with an *employee* to pay or provide a *buy-out*;
- ~~(4)~~ (2) the *buy-out* relates to employment with a previous *firm* that was subject to the *remuneration requirements*; and
- ~~(5)~~ (3) the *employee* was a *material risk taker* in that previous *firm*.

## Annex C

### Amendments to the Notifications Part

In this Annex, new text is underlined.

#### **2 GENERAL NOTIFICATION REQUIREMENTS**

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2.1 A *firm* must notify the *PRA* immediately if it becomes aware, or has information which reasonably suggests, that any of the following has occurred, may have occurred or may occur in the foreseeable future:

...

Annex D

Amendments to the Ring-fenced Bodies Part

In this Annex, deleted text is struck through.

...

**17 POLICIES REGARDING USE OF EXCEPTIONS TO EXCLUDED ACTIVITIES AND PROHIBITIONS**

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17.1 For each *exception* separately, a *ring-fenced body* must establish, implement and maintain an effective policy that sets out at least the following:

...

(3) how the *ring-fenced body* determines that the sole or main purpose of an *exception transaction* is:

...

(b) for a ~~liquidity~~ *asset exception transaction*, to manage the liquidity of the *ring-fenced body*; and

...

## Annex E

## Amendments to the Fitness and Propriety Part

In this Annex, new text is underlined.

...

**4 NOTIFIED NON-EXECUTIVE DIRECTORS - NOTIFICATIONS**

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- 4.3 If the notification referred to in 4.2 is in respect of a *person* who, on becoming a *notified non-executive director*, ceases to perform a *PRA senior management function* or an *FCA-designated senior management function*, the firm is not required to provide information needed to assess the fitness and propriety of that person unless there has been a change in the information provided in respect of that person regarding fitness and propriety provided to the *PRA* or the *FCA* at the time the application for the approval for performance of *the PRA senior management function* or the *FCA-designated senior management function* was made.