

PRA RULEBOOK: CRR FIRMS: GENERAL ORGANISATIONAL REQUIREMENTS (CAPITAL REQUIREMENTS DIRECTIVE V) INSTRUMENT 2020

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 192V (Rules imposing consolidated requirements).
- 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: CRR Firms: General Organisational Requirements (Capital Requirements Directive V) Instrument 2020

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

Commencement

- E. This instrument comes into force on 29 December 2020.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: General Organisational Requirements (Capital Requirements Directive V) Instrument 2020

By order of the Prudential Regulation Committee
[DATE]

Annex

Amendments to the General Organisational Requirements Part

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

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5 MANAGEMENT BODY

5.2 A *firm* must ensure that the members of the *management body* of the *firm*:

...

(6) act with honesty, integrity and independence of mind to effectively assess and challenge the decisions of *senior management* where necessary and to effectively oversee and monitor management decision-making. Being a member of the management body of *affiliated companies* does not in itself constitute an obstacle to acting with independence of mind.

Additional Notes

[Note: Art. 91(1)-(2) and (7)-(8) of the *CRD* and Art. 9(1) and (4) of *MiFID II*]

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7 GROUP ARRANGEMENTS

7.1 Where ~~an Article 109 undertaking~~ a *firm* is a member of a *consolidation group* or a *sub-consolidation group*, the ~~Article 109 undertaking~~ *firm* must ensure that the governance arrangements, risk management processes and internal control mechanisms at the level of the *consolidation group* or *sub-consolidation group* of which it is a member comply with the obligations set out in 2.1, 2.6, Chapter 5 and Chapter 6 of this Part and 2.3 to 2.5 in the Related Party Transaction Risk Part on a consolidated basis or a sub-consolidated basis.

7.1A If this Part applies to an Article 109 undertaking *firm* on a *consolidated basis* or on a *sub-consolidated basis*, the ~~Article 109 undertaking~~ *firm* must carry out consolidation to the same extent and in the ~~same manner~~ as it is required to comply with the obligations laid down in ~~Parts Two to Eight~~ of the *CRR* on a *consolidated basis* or *sub-consolidated basis*.

...

[Note: Art 109(2) of the *CRD*]