

**PRA RULEBOOK: SOLVENCY II FIRMS, NON-SOLVENCY II FIRMS: SENIOR INSURANCE MANAGERS REGIME (AMENDMENT) INSTRUMENT 2018**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 59 (approval for particular arrangements);
  - (2) section 60 (applications for approvals)
  - (3) section 137G (The PRA’s general rules); and
  - (4) 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 2018**

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

**Commencement**

- E. Annexes D, E and H to this instrument come into effect on 9 April 2018 and Annexes A, B, C, F and G to this instrument comes into force on 10 December 2018.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: Solvency II Firms, Non-Solvency II Firms: Senior Insurance Managers Regime (Amendment) Instrument 2018.

**By order of the Prudential Regulation Committee  
16 January 2018**

## Annex A

## Amendments to the Glossary

Insert the following new definitions into the Glossary of the PRA Rulebook.

*large firm*

means:

- (1) a *firm* with a *Part 4A permission* to:
  - (a) *effect contracts of insurance*; or
  - (b) *carry out contracts of insurance*;
- (2) the *Society*;
- (3) a *managing agent*

in respect of which:

- (a) the amount of the *firm's gross written premiums* exceeds £1 billion in each *annual report and accounts* prepared by the *firm* for each of the previous three *financial years*; or
- (b) the amount of the *firm's assets* relating to all *regulated activities* carried on by the *firm* exceeds £10 billion in each *annual report and accounts* prepared by the *firm* for each of the previous three *financial years*;

and:

- (i) where the *firm* has not produced *annual report and accounts* for three *financial years*, the amounts in (a) and (b) are the amounts reported by the *firm* in those *annual report and accounts* that have been published by the *firm*; and
- (ii) where the *firm* is a *third country branch undertaking*, the amounts in (a) and (b) are only those amounts relating to the operations effected by the *third country branch*.

**Annex B**

**Amendments to the**

**Insurance – Senior Insurance Management Functions Part**

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

## 1 APPLICATION AND DEFINITIONS

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...

1.2

...

Chief Operations function

has the meaning given in 3.7.

...

group executive

has the meaning given in 13.4.

...

Head of Key Business Area function

has the meaning given in 3.5.

...

## 3 EXECUTIVE

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...

3.5 The *Head of Key Business Area function* (SIMF6) is the function of having responsibility for management of a business area or division of a *firm* (other than a *third country branch undertaking*) where:

- (1) the relevant business area or division of the *firm* accounts for more than 20% of the *firm's* gross revenue; and
- (2) the *person* performing that function does not report to a *person* performing the *Head of Key Business Area function* in respect of that same business area or division of the *firm*; and
- (3) either the gross total assets or the *technical provisions* of the relevant business area or division of the *firm* exceed £10 billion.

3.6 For the purposes of 3.5, the gross total assets and *technical provisions* of the business area or division of the *firm* and the percentage of the gross revenue of the *firm* shall be assessed on the basis of either:

- (1) the assets, *technical provisions* and revenues for the business area or division and the *firm* for the *firm's* financial year immediately preceding that in which the *person* is allocated with the specified responsibilities; or
- (2) if the threshold amount is not met for that period, on the basis of the annual average amount assessed across a rolling period of five years, assessed by reference to the *firm's* annual accounting date; and where the *firm* or the business area or division has been in existence for less than five years, the assessment will be made on the basis of the annual average amount for the period during which the *firm* or that business area or division has existed (calculated by reference to the *firm's* annual accounting date).

3.7 The *Chief Operations function* (SIMF24) is the function of having responsibility for the internal operations and technology of a *firm*.

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## **12 UK ISPVS**

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...

12.2 The following *senior insurance management functions* do not apply to a UK ISPV:

...

(2A) *Head of Key Business Area function* (SIMF6);

...

## **13 COMBINATION OF SENIOR INSURANCE MANAGEMENT FUNCTIONS**

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13.1 This Chapter does not apply to a *third country branch undertaking*.

13.2 A *large firm* must ensure that a *person* who performs the *Chairman function* on its behalf does not perform the *Chief Executive function* within the same *firm*.

13.3 A *large firm* that is a member of a *group* must ensure that a *group executive* does not perform any of the following functions in respect of the *firm*:

- (1) the *Chairman function* (SIMF9);

- (2) the Chairman of Risk Committee function (SIMF10);
- (3) the Chairman of Audit Committee function (SIMF11);
- (4) the Chairman of Remuneration Committee function (SIMF12); or
- (5) the Senior Independent Director function (SIMF14).

13.4 A group executive means, in relation to a large firm, a person who is an officer or employee of and performs an executive function at:

- (1) a parent undertaking or holding company of the large firm; or
- (2) an undertaking which is a member of the same group as the large firm.

**Annex C**

**Amendments to the**

**Insurance – Allocation of Responsibilities Part**

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

...

**2 ALLOCATION OF RESPONSIBILITIES**

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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)~~ and (12) to one or more *persons* who, in relation to that *firm*, are approved under section 59 of *FSMA* by:

...

**3 SIMR PRESCRIBED RESPONSIBILITIES**

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

...

(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; ~~and~~

(12) responsibility for the *firm's* performance of its obligations in respect of outsourced operational functions and activities under Conditions Governing Business 7.

...

**Annex D**  
**Amendments to the**  
**Conditions Governing Business Part**

In this Annex new text is underlined.

...

**2 GENERAL GOVERNANCE REQUIREMENTS**

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...

2.7 A firm must engage a broad set of qualities and competences when recruiting members to the governing body.

2.8 A firm must put in place a policy promoting diversity on the governing body.

2.9 A firm that maintains a website must explain on the website how it complies with the requirements of 2.7 and 2.8.

...

**Annex E**  
**Amendments to the**  
**Third Country Branches Part**

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

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**7**     **CONDITIONS GOVERNING BUSINESS**

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7.1     A *third country branch undertaking* must fulfil the following requirements ~~laid down~~ in Conditions Governing Business Part of the *PRA* Rulebook, as modified by 7.2, 7.3 and 7.4:

- (1) Conditions Governing Business 1; ~~and~~
- (2) Conditions Governing Business 2.2 ~~to 7~~ to 2.6; and
- (3) Conditions Governing Business 3 to 7.

...

## Annex F

## Amendments to the

## Large Non-Solvency II Firms – Senior Insurance Management Functions Part

In this Annex new text is underlined.

## 1 APPLICATION AND DEFINITIONS

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...

### 1.2

...

Chief Operations function

has the meaning given in 3.7.

...

group executive

has the meaning given in 10.4.

...

Head of Key Business Area function

has the meaning given in 3.5.

...

## 3 EXECUTIVE

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...

3.5 The Head of Key Business Area function (SIMF6) is the function of having responsibility for management of a business area or division of a firm (other than a third country branch undertaking) where:

- (1) the relevant business area or division of the firm accounts for more than 20% of the firm's gross revenue; and
- (2) the person performing that function does not report to a person performing the Head of Key Business Area function in respect of that same business area or division of the firm; and
- (3) either the gross total assets or the technical provisions of the relevant business area or division of the firm exceed £10 billion.

3.6 For the purposes of 3.5, the gross total assets and *technical provisions* of the business area or division of the *firm* and the percentage of the gross revenue of the *firm* shall be assessed on the basis of either:

- (1) the assets, *technical provisions* and revenues for the business area or division and the *firm* for the *firm's* financial year immediately preceding that in which the *person* is allocated with the specified responsibilities; or
- (2) if the threshold amount is not met for that period, on the basis of the annual average amount assessed across a rolling period of five years, assessed by reference to the *firm's* annual accounting date; and where the *firm* or the business area or division has been in existence for less than five years, the assessment will be made on the basis of the annual average amount for the period during which the *firm* or that business area or division has existed (calculated by reference to the *firm's* annual accounting date).

3.7 The *Chief Operations function* (SIMF24) is the function of having responsibility for the internal operations and technology of a *firm*.

...

## **10 COMBINATION OF SENIOR INSURANCE MANAGEMENT FUNCTIONS**

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10.1 This Chapter does not apply to a *Swiss general insurer*.

10.2 A *large firm* must ensure that a *person* who performs the *Chairman function* on its behalf does not perform the *Chief Executive function* within the same *firm*.

10.3 A *large firm* that is a member of a *group* must ensure that a *group executive* does not perform any of the following functions in respect of the *firm*:

- (1) the *Chairman function* (SIMF9);
- (2) the *Chairman of Risk Committee function* (SIMF10);
- (3) the *Chairman of Audit Committee function* (SIMF11);
- (4) the *Chairman of Remuneration Committee function* (SIMF12);
- (5) the *Senior Independent Director function* (SIMF14).

10.4 A *group executive* means, in relation to a *large firm*, a *person* who is an *officer* or *employee* of and performs an executive function at:

- (1) a *parent undertaking* or holding company of the *large firm*; or
- (2) an undertaking which is a member of the same *group* as the *large firm*.

**Annex G****Amendments to the****Large Non-Solvency II Firms – Allocation of Responsibilities Part**

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

...

**3 SIMR PRESCRIBED RESPONSIBILITIES**

---

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

...

- (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; and
- (11) responsibility for the *firm's* performance of its obligations in respect of outsourced operational functions under Non-Solvency II Firms – Governance 5.

...

Annex H

Amendments to the

Non-solvency II Firms – Governance Part

In this Annex new text is underlined.

...

**3 GENERAL GOVERNANCE FOR LARGE NON-DIRECTIVE INSURERS**

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...

3.7 A firm (other than a Swiss general insurer) must engage a broad set of qualities and competences when recruiting members to the governing body.

3.8 A firm must put in place a policy promoting diversity on the governing body.

3.9 A firm that maintains a website must explain on the website how it complies with the requirements of 3.7 and 3.8.

...

**PRA RULEBOOK: CRR FIRMS, NON CRR FIRMS, SOLVENCY II FIRMS, NON SOLVENCY II FIRMS: MIFID II PASSPORTING AND IDD CONSEQUENTIAL AMENDMENTS INSTRUMENT 2018**

**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 approvals);
  - (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 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: CRR FIRMS, NON CRR FIRMS, SOLVENCY II FIRMS, NON SOLVENCY II FIRMS: MIFID II PASSPORTING AND IDD CONSEQUENTIAL AMENDMENTS COMMENCEMENT INSTRUMENT 2018**

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

**Commencement**

- E. Annex A to this instrument comes into force on 23 February 2018 and ceases to be in force after 30 September 2018.
- F. Annex B to this instrument comes into force on 23 February 2018 and ceases to be in force after 30 September 2018.
- G. Annex C to this instrument comes into force on 23 February 2018 and ceases to be in force after 30 September 2018.
- H. Annex D to this instrument comes into force on 1 October 2018 immediately after Annex H to the 2017 Consequential Amendments Instrument (as defined below) comes into force.
- I. Annex E to this instrument comes into force on 23 February 2018.
- J. Annex F to this instrument comes into force on 1 October 2018 immediately after Annex B to the 2017 Passporting Amendment Instrument (as defined below) comes into force.
- K. Annex G to this instrument comes into force on 23 February 2018 and ceases to be in force after 30 September 2018.

**Commencement of Annexes C, D, E, F, G and H to PRA Rulebook: CRR Firms, Non CRR Firms, Solvency II Firms, Non Solvency II Firms: MIFID II and IDD Consequential Amendments Instrument 2017**

- L. Reference is made to PRA Rulebook: CRR Firms, Non CRR Firms, Solvency II Firms, Non Solvency II Firms: MIFID II and IDD Consequential Amendments Instrument 2017 (referred to in this instrument as the “**2017 Consequential Amendments Instrument**”).
- M. Annexes C to H to the 2017 Consequential Amendments Instrument do not come into force on 23 February 2018 but instead come into force on 1 October 2018.

**Commencement of Annex B to the PRA Rulebook: MIFID II Passporting Amendment Instrument 2017**

- N. Reference is made to PRA Rulebook: MIFID II Passporting Amendment Instrument 2017 (referred to in this instrument as the “**2017 Passporting Amendment Instrument**”).
- O. Annex B to the 2017 Passporting Amendment Instrument does not come into force on 23 February 2018 but instead comes into force on 1 October 2018.

**Miscellaneous**

- P. To the extent that there is any inconsistency between this instrument and either or both of the 2017 Consequential Amendments Instrument and/or the 2017 Passporting Amendment Instrument with respect to commencement, this instrument will prevail.

**Citation**

- Q. This instrument may be cited as the PRA Rulebook: CRR Firms, Non CRR Firms, Solvency II Firms, Non Solvency II Firms: MIFID II Passporting and IDD Consequential Amendments Commencement Instrument 2018.

**By order of the Prudential Regulation Committee**  
20 February 2018

## Annex A

### Amendments to the Senior Managers Regime – Applications and Notifications Part

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

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#### **8 Forms**

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8.1 ...

(2) Form A (shortened form) may be found ~~here~~ [here](#).

...

**Annex B**

**Amendments to the Large Non-Solvency II Firms – Senior Insurance Managers Regime –  
Applications and Notifications Part**

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

...

**7 Forms**

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7.1 (1) Form A (long form) may be found ~~here~~ [here](#)

...

(6) Form E may be found ~~here~~ [here](#).

...

**Annex C**

**Amendments to the Non-Solvency II Firms – Senior Insurance Managers Regime –  
Applications and Notifications Part**

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

...

**7 Forms**

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7.1 ...

(6) Form E may be found ~~here~~ [here](#).

...

**Annex D**

**Amendments to the Glossary**

(as amended by Annex H to PRA Rulebook: CRR Firms, Non CRR Firms, Solvency II Firms, Non Solvency II Firms: MIFID II and IDD Consequential Amendments Instrument 2017 which takes effect on 1 October 2018 pursuant to this instrument)

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

...

*IDD insurance intermediary*

has the meaning given in ~~article~~ Article 2(3) 2(1)(3) of the *Insurance Distribution Directive*.

*IDD reinsurance intermediary*

has the meaning given in ~~article~~ Article 2(5) 2(1)(5) of the *Insurance Distribution Directive*.

...

*insurance distribution*

has the meaning given in ~~article~~ Article 2(4) 2(1)(1) of the *Insurance Distribution Directive*.

...

*reinsurance distribution*

has the meaning given in ~~article~~ Article 2(2) 2(1)(2) of the *Insurance Distribution Directive*.

...

**Annex E**

**Amendments to the Passporting Part**

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

...

**6 NOTICE OF CHANGE OF DETAILS TO CROSS BORDER SERVICES**

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...

**6.2**

...

(2) A *UK firm* operating an *MTF* or *OTF* that notifies the *PRA* of a change to the particulars of the notification under 4.3(3) must submit the form set out in Annex IV of Commission Implementing Regulation (EU) ~~.../...~~ 2017/2382.

...

## Annex F

### Amendments to the Passporting Part

(as amended by Annex B to PRA Rulebook: MIFID II Passporting Amendment Instrument 2017 which takes effect on 1 October 2018 pursuant to this instrument)

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

...

#### **10 Forms**

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10.1 The Branch Notification Form can be found ~~here~~ [here](#).

10.2 The Cross Border Services Notification Form can be found ~~here~~ [here](#).

## Annex G

## Amendments to the Change in Control Part

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

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**4 ONGOING NOTIFICATION REQUIREMENTS**

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- 4.1 A *firm* must notify the PRA ~~as soon as~~ immediately it becomes aware of any of the following matters in respect of one or more of its *controllers*:
- (1) if a *controller*, or any entity subject to ~~his~~ their *control*, is or has been the subject of any legal action or investigation which might put into question the integrity of the *controller*;
  - (2) if there is a significant deterioration in the financial position of a *controller*;
  - (3) if a corporate *controller* undergoes a substantial change or series of changes in its *governing body*;
  - (4) if a *controller*, who is authorised in another *EEA State* as a MiFID investment firm, *CRD credit institution* or UCITS management company or under the ~~Insurance Directives~~ Solvency II Directive or the *Insurance Mediation Directive*, ceases to be so authorised (registered in the case of an *IMD insurance intermediary*).

...

**PRA RULEBOOK: CRR FIRMS: REGULATORY REPORTING PRA110 AMENDMENT  
INSTRUMENT 2018**

**Powers exercised**

- 1 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”):
  - section 137G (The PRA’s general rules);
  - section 137T (General supplementary powers); and
- 2 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**

- 3 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: Regulatory Reporting PRA110 Amendment Instrument 2018**

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

**Commencement**

- 5 This instrument comes into force on 1 July 2019.

**Citation**

- 6 This instrument may be cited as the PRA Rulebook: CRR Firms: Regulatory Reporting PRA110 Amendment Instrument 2018.

**By order of the Prudential Regulation Committee**

19 February 2018

## Annex A

### Amendments to the Regulatory Reporting Part

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

#### 1 APPLICATIONS AND DEFINITIONS

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...

1.2 In this Part, the following definitions shall apply:

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##### *intra-group liquidity modification*

means a modification to the ~~overall liquidity adequacy rule~~ of the kind described in BIPRU 12.8.7G in the *PRA Handbook* as in effect on 30 September 2015 granted to a firm and in effect on that date.

...

##### *lead regulated firm*

means a *firm* which is the subject of the financial supervision requirements of an *overseas regulator* in accordance with an agreement between the *PRA* and that regulator relating to the financial supervision of *firms* whose head office is within the country of that regulator.

~~This definition is not related to the defined term 'UK lead regulated firm'.~~

...

##### *reporting level*

means (in relation to a *data item*) the basis on which that *data item* is prepared, (being either:  
(1) an individual basis; or  
(2) the basis of a group) and, if it is prepared on the basis of a group, the type of group (such as a ~~UK-DLG by modification or a non-UK-DLG by modification (firm level)~~ domestic liquidity sub-group).

...

...

#### 7 REGULATED ACTIVITY GROUP 1

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7.1 The applicable *data items* referred to in the table in 6.1 are set out according to *firm* type in the table below:

RAG 1	Prudential category of <i>firm</i> , applicable <i>data items</i> and reporting format (1)						
	<b>UK bank other than a ring-fenced</b>	<b>Ring-fenced body</b>	<b>Building society</b>	<b>Non-EEA bank</b>	<b>EEA bank that has permission to accept deposits and that has its registered</b>	[deleted.]	<b>Dormant account fund operator (12)</b>

	<i>body</i>				office (or, if it has no registered office, its head office) outside the EU		
<b>Description of data item</b>							
...							
[Deleted.] Daily Flows	<del>[[Deleted.] FSA047 ((13), (16) and (18))]</del>	<del>[[Deleted.] FSA047 ((13), (16) and (18))]</del>	<del>[[Deleted.] FSA047 ((13), (16) and (18))]</del>	-	<del>[[Deleted.] FSA047 ((13), (15), (16) and (18))]</del>	-	-
[Deleted.] Enhanced Mismatch Report	<del>[[Deleted.] FSA048 ((13), (16) and (18))]</del>	<del>[[Deleted.] FSA048 ((13), (16) and (18))]</del>	<del>[[Deleted.] FSA048 ((13), (16) and (18))]</del>	-	<del>[[Deleted.] FSA048 ((13), (15), (16) and (18))]</del>	-	-
...							
Cash Flow Mismatch	<u>PRA110 (13) (18) (35)</u>	<u>PRA110 (13) (18) (28) (35)</u>	<u>PRA110 (13) (18) (35)</u>	=	<u>PRA110 (13) (18) (35)</u>	=	=

...

(13) A firm must complete this item separately on each of the following bases that are applicable.

- (a) It must complete it on an individual basis. Therefore even if it has an *individual consolidation permission* it must complete the item on an unconsolidated basis by reference to the *firm* alone.
- (b) ~~[[Deleted.] If it is a group liquidity reporting firm in a DLG by default and is a UK lead regulated firm, it must complete the item on the basis of that group.~~
- (c) ~~If it is a group liquidity reporting firm in a UK DLG by modification part of a domestic liquidity sub-group, it must complete the item on the basis of that sub-group and (a) does not apply.~~
- (d) ~~[[Deleted.] If it is a group liquidity reporting firm in a non-UK DLG by modification, it must complete the item on the basis of that group.~~

...

- (16) ~~[[Deleted.]~~(a) This item must be reported in the reporting currency.
- ~~(b) If any data element is in a currency or currencies other than the reporting currency, all currencies (including the reporting currency) must be combined into a figure in the reporting currency.~~
  - ~~(c) In addition, all material currencies (which may include the reporting currency) must each be recorded separately (translated into the reporting currency). However if:
    - ~~(i) the reporting frequency is (whether under a rule or under a waiver) quarterly or less than quarterly; or~~
    - ~~(ii) the only material currency is the reporting currency;~~
then (c) does not apply.~~
  - ~~(d) If there are more than three material currencies for this data item, (c) only applies to the three largest in amount. A firm must identify the largest in amount in accordance with the following procedure.
    - ~~(i) For each currency, take the largest of the asset or liability figure as referred to in the definition of material currency.~~
    - ~~(ii) Take the three largest figures from the resulting list of amounts.~~~~
  - ~~(e) The date as at which the calculations for the purposes of the definition of material currency are carried out is the last day of the reporting period in question.~~
  - ~~(f) The reporting currency for this data item is whichever of the following currencies the firm chooses, namely USD (the United States Dollar), EUR (the euro), GBP (sterling), JPY (the Japanese Yen), CHF (the Swiss Franc), CAD (the Canadian Dollar) or SEK (the Swedish Krona).~~

...

(18) Unless otherwise stated in the relevant modification, any changes to reporting requirements caused by a *firm* receiving an ~~intra-group liquidity modification~~ (or a variation to one) a domestic liquidity sub-group permission do not take effect until the first day of the next reporting period applicable under the changed reporting requirements for the *data item* in question if the *firm* receives that ~~intra-group liquidity modification~~, or variation part permission of the way through such a period. If the change is that the *firm* does not have to report a particular *data item* or does not have to report it at a particular *reporting level*, the *firm* must nevertheless report that item or at that *reporting level* for any reporting period that has already begun.

...

(35) This *data item* must be reported in the single currency in which the *firm* reports for the purposes of Article 415(1) of the *CRR* and in any additional currencies in which the *firm* is required to report under Article 415(2) of the *CRR*.

...

## 7.2

The applicable reporting frequencies for submission of *data items* and periods referred to in 7.1 are set out in the table below according to *firm* type. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

<u>RAG 1</u>				
<i>Data item</i>	<b>UK banks and building societies (on an unconsolidated or individual consolidated basis) (9)</b>	[deleted.]	<b>UK banks and building societies (on a UK consolidation group, defined liquidity group <u>domestic liquidity sub-group</u> or sub-consolidation group basis, as applicable)</b>	<b>Other members of RAG 1</b>
...				
[Deleted.] FSA047	[Deleted.] Daily, weekly, monthly or quarterly ((2), (3) and (6))	-	[Deleted.] Daily, weekly, monthly or quarterly ((2), (5) and (6))	[Deleted.] Daily, weekly, monthly or quarterly ((2), (4) and (6))
[Deleted.] FSA048	[Deleted.] Daily, weekly, monthly or quarterly ((2), (3) and (6))	-	[Deleted.] Daily, weekly, monthly or quarterly ((2), (5) and (6))	[Deleted.] Daily, weekly, monthly or quarterly ((2), (4) and (6))
...				
<u>PRA110</u>	<u>Daily, weekly or monthly (2) (6) (12)</u>	-	<u>Daily, weekly or monthly (2) (6) (12)</u>	<u>Daily, weekly or monthly (2) (6) (12)</u>

...

(3) [Deleted.] If the report is on an individual basis (and the *firm* is a *UK firm*) the reporting frequency is as follows:

(a) if the *firm* does not have an *intra-group liquidity modification* the frequency is:

- (i) weekly if the *firm* is a *standard frequency liquidity reporting firm*; and
- (ii) monthly if the *firm* is a *low frequency liquidity reporting firm*;

(b) if the *firm* is a *group liquidity reporting firm* in a *non-UK-DLG-by-modification (firm level)* the frequency is:

- ~~(i) weekly if the firm is a standard frequency liquidity reporting firm; and~~
- ~~(ii) monthly if the firm is a low frequency liquidity reporting firm;~~
- ~~(c) the frequency is quarterly if the firm is a group liquidity reporting firm in a UK DLG by modification.~~

(4) ~~[Deleted.] (a) If the report is on an individual basis (and the firm is not a UK firm) the reporting frequency is as follows:~~

- ~~(i) weekly if the firm is a standard frequency liquidity reporting firm; and~~
- ~~(ii) monthly if the firm is a low frequency liquidity reporting firm.~~

~~(b)~~

(5) ~~[Deleted.] (a) If the report is by reference to the firm's DLG by default the reporting frequency is:~~

- ~~(i) weekly if the group liquidity standard frequency reporting conditions are met;~~
- ~~(ii) monthly if the group liquidity low frequency reporting conditions are met.~~

~~(b) If the report is by reference to the firm's UK DLG by modification the reporting frequency is:~~

- ~~(i) weekly if the group liquidity standard frequency reporting conditions are met;~~
- ~~(ii) monthly if the group liquidity low frequency reporting conditions are met.~~

~~(c) If the report is by reference to the firm's non-UK DLG by modification the reporting frequency is quarterly.~~

(6) (a) ~~If the reporting frequency is otherwise weekly, the item is to be reported on every business day if (and for as long as) there is a firm-specific liquidity stress or market liquidity stress firm in relation to the firm, branch or group in question and~~  
 (b) ~~If the reporting frequency is otherwise monthly, the item is to be reported weekly if (and for as long as) there is a firm-specific liquidity stress or market liquidity stress firm in relation to the firm, branch or group in question. If the PRA notifies the firm that it considers that there is a specific liquidity stress or market liquidity stress in relation to the firm, a branch of the firm or a group of which the firm is part, then:~~

- ~~(i) if the reporting frequency is otherwise weekly, the item is to be reported on every business day; and~~
- ~~(ii) if the reporting frequency is otherwise monthly, the item is to be reported weekly.~~

~~in each case, until the PRA notifies the firm otherwise.~~

~~(eb) A firm must ensure that it would be able at all times to meet the requirements for daily or weekly reporting under paragraph (a) or (b) even if there is no firm-specific liquidity stress or market liquidity stress firm-specific liquidity stress or market liquidity stress and none is expected.~~

...

(12) The reporting frequency is as follows:

(i) weekly if the firm has total assets, calculated in accordance with Council Directive 86/635/EEC, equal or greater than EUR 30 billion on either an individual basis or UK consolidation group basis. This requirement stops applying if the total assets of the firm on both an individual basis and UK consolidation group basis reduce to less than EUR 30 billion for at least four consecutive weekly reporting periods, in which case the firm is required to start reporting this data item monthly after the end of last consecutive reporting period; and

(ii) monthly if the firm has total assets, calculated in accordance with Council Directive 86/635/EEC, of less than EUR 30 billion on both an individual basis and UK consolidation group basis. This requirement stops applying if during any monthly reporting period the total assets of the firm, on either an individual basis or UK consolidation group basis, become equal to or greater than EUR 30 billion, in which case the firm is required to start reporting this data item weekly after the end of that reporting period.

...

### 7.3

The applicable due dates for submission referred to in the table in 6.1 are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in 7.2, unless indicated otherwise.

<b>RAG 1</b>						
<b>Data item</b>	<b>Daily</b>	<b>Weekly</b>	<b>Monthly</b>	<b>Quarterly</b>	<b>Half yearly</b>	<b>Annually</b>
...						
[Deleted.]FSA047	[Deleted.]22.00 hours (London time) on the <i>business day</i> immediately following the last day of the reporting period for the item in question	[Deleted.]22.00 hours (London time) on the <i>business day</i> immediately following the last day of the reporting period for the item in question	[Deleted.]145 <i>business days</i>	[Deleted.]145 <i>business days or one month (5)</i>	-	-
[Deleted.]FSA048	[Deleted.]22.00 hours (London time) on the <i>business day</i> immediately following the last day of the reporting period for the item in question	[Deleted.]22.00 hours (London time) on the <i>business day</i> immediately following the last day of the reporting period for the item in question	[Deleted.]145 <i>business days</i>	[Deleted.]145 <i>business days or one month (5)</i>	-	-
...						
PRA110	22.00 hours (London time) on the <i>business day</i> immediately following the last day of the reporting period for the item in question	22.00 hours (London time) on the <i>business day</i> immediately following the last day of the reporting period for the item in question	15 <i>business days</i>	=	=	=

...

(5) [Deleted.] It is one *month* if the report relates to a **non-UK DLG by modification**.

...

...

## 9.2

The applicable *data items* referred to in the table in 6.1 for a *UK designated investment firm* are set out in the table below:

<b>RAG 3</b>	
<b>Description of data item</b>	<b>Applicable data items (1)</b>
...	
<del>[Daily flows]</del>	<del>[FSA047 ((9), (11) and (13))]</del>
<del>[Enhanced Mismatch Report]</del>	<del>[FSA048 ((9), (11) and (13))]</del>
...	
Cash Flow Mismatch	PRA110 (9)(13)(19)

...

(9) A *firm* must complete this item separately on each of the following bases that are applicable.

- (a) It must complete it on an individual basis. Therefore even if it has an *individual consolidation permission* it must complete the item on an unconsolidated basis by reference to the *firm* alone.
- ~~(b) [If it is a group liquidity reporting firm in a DLG by default and is a UK lead regulated firm, it must complete the item on the basis of that group.]~~
- ~~(c) [If it is a group liquidity reporting firm in a UK DLG by modification part of a domestic liquidity sub-group, it must complete the item on the basis of that sub-group and (a) does not apply.]~~
- ~~(d) [If it is a group liquidity reporting firm in a non-UK DLG by modification, it must complete the item on the basis of that group.]~~

...

- (11) ~~(a) This item must be reported in the reporting currency.~~
- ~~(b) If any data element is in a currency or currencies other than the reporting currency, all currencies (including the reporting currency) must be combined into a figure in the reporting currency.~~
  - ~~(c) In addition, all material currencies (which may include the reporting currency) must each be recorded separately (translated into the reporting currency).~~
    - However if:
      - ~~(i) the reporting frequency is (whether under a rule or under a waiver) quarterly or less than quarterly; or~~
      - ~~(ii) the only material currency is the reporting currency;~~
    - then (c) does not apply.
  - ~~(d) If there are more than three material currencies for this data item, (c) only applies to the three largest in amount. A firm must identify the largest in amount in accordance with the following procedure.
    - ~~(i) For each currency, take the largest of the asset or liability figure as referred to in the definition of material currency.~~
    - ~~(ii) Take the three largest figures from the resulting list of amounts.~~~~
  - ~~(e) The date as at which the calculations for the purposes of the definition of material currency are carried out is the last day of the reporting period in question.~~
  - ~~(f) The reporting currency for this data item is whichever of the following currencies the firm chooses, namely USD (the United States Dollar), EUR (the euro), GBP (sterling), JPY (the Japanese Yen), CHF (the Swiss Franc), CAD (the Canadian Dollar) or SEK (the Swedish Krona).~~

...

(13) Unless otherwise stated in the relevant modification, any changes to reporting requirements caused by a *firm* receiving an *intra-group liquidity modification* (or a variation to one) a *domestic liquidity sub-group permission* do not take effect until the first day of the next reporting period applicable under the changed reporting requirements for the *data item* in question if the *firm* receives that *intra-group liquidity modification*, or variation part permission of

the way through such a period. If the change is that the *firm* does not have to report a particular *data item* or does not have to report it at a particular *reporting level*, the *firm* must nevertheless report that item or at that *reporting level* for any reporting period that has already begun.

...

(19) This *data item* must be reported in the single currency in which the *firm* reports for the purposes of Article 415(1) of the *CRR* and in any additional currencies in which the *firm* is required to report under Article 415(2) of the *CRR*.

...

### 9.3

The applicable reporting frequencies for submission of *data items* and periods referred to in 9.2 are set out in the table below. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

<b>RAG 3</b>	
<b>Data item</b>	<b>Reporting frequency</b>
...	...
<del>[Deleted.]FSA047</del>	<del>[Deleted.]Daily, weekly, monthly or quarterly ((1), (2) and (3))</del>
<del>[Deleted.]FSA048</del>	<del>[Deleted.]Daily, weekly, monthly or quarterly ((1), (2) and (3))</del>
...	...
PRA110	Daily, weekly or monthly (1) (3) (8)

(1) Reporting frequencies and reporting periods for this *data item* are calculated on a calendar year basis and not from a *firm's accounting reference date*. In particular:

- (a) A week means the period beginning on Saturday and ending on Friday.
- (b) A month begins on the first day of the calendar month and ends on the last day of that month.
- (c) Quarters end on 31 March, 30 June, 30 September and 31 December.
- (d) Daily means each *business day*.

All periods are calculated by reference to London time.

Any changes to reporting requirements caused by a *firm* receiving an *intra-group liquidity modification* (or a variation to one) a *domestic liquidity sub-group permission* do not take effect until the first day of the next reporting period applicable under the changed reporting requirements if the *firm* receives that *intra-group liquidity modification*, or variation part permission of the way through such a period, unless the *intra-group liquidity modification* says otherwise.

(2) ~~[Deleted.] If the report is on an individual basis the reporting frequency is as follows:~~

- ~~(a) if the *firm* does not have an *intra-group liquidity modification* the frequency is:
 
  - ~~(i) weekly if the *firm* is a standard frequency liquidity reporting firm; and~~
  - ~~(ii) monthly if the *firm* is a low frequency liquidity reporting firm;~~~~
- ~~(b) if the *firm* is a group liquidity reporting firm in a non-UK-DLG by modification (firm level) the frequency is:
 
  - ~~(i) weekly if the *firm* is a standard frequency liquidity reporting firm; and~~
  - ~~(ii) monthly if the *firm* is a low frequency liquidity reporting firm;~~~~
- ~~(c) the frequency is quarterly if the *firm* is a group liquidity reporting firm in a UK-DLG by modification.~~

(3) (a) If the reporting frequency is otherwise weekly, the item is to be reported on every *business day* if (and for as long as) there is a *firm-specific liquidity stress* or *market liquidity stress* in relation to the *firm*, *branch* or group in question.

(b) If the reporting frequency is otherwise monthly, the item is to be reported weekly if (and for as long as) there is a *firm-specific liquidity stress* or *market liquidity stress* *firm* in relation to the *firm*, *branch* or group in question. If the PRA notifies the *firm* that it considers that there is a specific liquidity stress or market liquidity stress in relation to the *firm*, a *branch* of the *firm* or a group of which the *firm* is part, then:

- (i) if the reporting frequency is otherwise weekly, the item is to be reported on every business day; and
- (ii) if the reporting frequency is otherwise monthly, the item is to be reported weekly.

in each case, until the PRA notifies the firm otherwise.

(e**b**) A firm must ensure that it would be able at all times to meet the requirements for daily or weekly reporting under paragraph (a) or (b) even if there is no ~~firm-specific liquidity stress or market liquidity stress~~ firm-specific liquidity stress or market liquidity stress and none is expected.

...

(8) The reporting frequency is as follows:

(i) weekly if the firm has total assets, calculated in accordance with Council Directive 86/635/EEC, equal or greater than EUR 30 billion on either an individual basis or UK consolidation group basis. This requirement stops applying if the total assets of the firm on both an individual basis and UK consolidation group basis reduce to less than EUR 30 billion for at least four consecutive weekly reporting periods, in which case the firm is required to start reporting this data item monthly after the end of last consecutive reporting period; and

(ii) monthly if the firm has total assets, calculated in accordance with Council Directive 86/635/EEC, of less than EUR 30 billion on both an individual basis and UK consolidation group basis. This requirements stops applying if during any monthly reporting period the total assets of the firm, on either an individual basis or UK consolidation group basis, become equal to or greater than EUR 30 billion, in which case the firm is required to start reporting this data item weekly after the end of that reporting period.

...

#### 9.4

The applicable due dates for submission referred to in the table in 6.1 are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in 9.3, unless indicated otherwise.

<b>RAG 3</b>						
<b>Data item</b>	<b>Daily</b>	<b>Weekly</b>	<b>Monthly</b>	<b>Quarterly</b>	<b>Half yearly</b>	<b>Annually</b>
[Deleted.]FSA04 7	[Deleted.]22.00 hours (London time) on the <u>business day</u> immediately following the last day of the reporting period for the item in question	[Deleted.]22.00 hours (London time) on the <u>business day</u> immediately following the last day of the reporting period for the item in question	[Deleted.]15 <u>business days</u>	[Deleted.]15 <u>business days</u> or one month (3)	-	-
[Deleted.]FSA04 8	[Deleted.]22.00 hours (London time) on the <u>business day</u> immediately following the last day of the reporting period for the item in question	[Deleted.]22.00 hours (London time) on the <u>business day</u> immediately following the last day of the reporting period for the item in question	[Deleted.]15 <u>business days</u>	[Deleted.]15 <u>business days</u> or one month (3)	-	-
...						
PRA110	22.00 hours (London time) on the <u>business day</u> immediately following the	22.00 hours (London time) on the <u>business day</u>	15 <u>business days</u>			

	last day of the reporting period for the item in question	immediately following the last day of the reporting period for the item in question				
--	---	---	--	--	--	--

...

(3) ~~[Deleted.] It is one month if the report relates to a non-UK DLG by modification.~~

## 16 DATA ITEMS AND OTHER FORMS

---

...

16.15 ~~[Deleted.] FSA047 can be found *here*.~~

16.16

~~[Deleted.] FSA048 can be found *here*.~~

...

16.44

PRA110 can be found *here*.

...

### **ANNEX 1** ~~[Deleted.]~~

---

Liquidity definitions

~~*defined liquidity group*~~

~~*DLG by default*~~

~~*DLG by modification (firm level)*~~

~~*firm-specific liquidity stress*~~

~~*group liquidity low frequency reporting conditions*~~

~~*group liquidity reporting firm*~~

~~*group liquidity standard frequency reporting conditions*~~

~~*low frequency liquidity reporting firm*~~

~~*market liquidity stress*~~

~~*material currencies*~~

~~*non-UK DLG by modification*~~

~~*non-UK DLG by modification (DLG level)*~~

~~*non-UK DLG by modification (firm level)*~~

*overall liquidity adequacy rule*

*standard frequency liquidity reporting firm*

*UK DLG by modification*

*UK lead-regulated firm*

## Annex B

### Amendments to the Internal Liquidity Adequacy Assessment Part

In this Annex deleted text is struck through.

#### 1 APPLICATIONS AND DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

...

~~domestic liquidity sub-group~~

~~means the firms supervised by the PRA for liquidity purposes as if they formed a single entity as a result of a permission granted to those firms under Article 8(2) of the CRR.~~

## Annex C

### Amendments to the Glossary

In this Annex new text is underlined.

...

domestic liquidity sub-group the firms supervised by the PRA for liquidity purposes as if they formed a single entity as a result of a permission granted to those firms under Article 8(2) of the CRR.

**PRA RULEBOOK: NON AUTHORISED PERSONS: FSCS MANAGEMENT EXPENSES LEVY  
LIMIT AND BASE COSTS INSTRUMENT 2018**

**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 137T (General supplementary powers);
  - (2) section 213 (The compensation scheme);
  - (3) section 214 (General); and
  - (4) section 223 (Management expenses).
- 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 any representations made.

**PRA Rulebook: Non Authorised Persons: FSCS Management Expenses Levy Limit and Base Costs Instrument 2018**

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

**Commencement**

- E. This instrument comes into force on 1 April 2018.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: Non Authorised Persons: FSCS Management Expenses Levy Limit and Base Costs Instrument 2018.

**By order of the Prudential Regulation Committee**

27 March 2018

Annex

**Amendments to the FSCS Management Expenses Levy Limit and Base Costs Part**

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

...

**2 LIMIT ON MANAGEMENT EXPENSES LEVIES**

---

2.1 The total of all *management expenses levies* attributable to the period 1 April ~~2017~~ 2018 to 31 March ~~2018~~ 2019 of the *deposit guarantee scheme*, the *dormant account scheme* or the *policyholder protection scheme* may not exceed ~~£74,540,000~~ £77,661,000 less whatever *management expenses levies* the FSCS has imposed in accordance with *FCA compensation scheme rules* attributable to that period.

...

**PRA RULEBOOK: SOLVENCY II FIRMS: CONDITIONS GOVERNING BUSINESS INSTRUMENT  
2018**

**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); 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.

**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: Conditions Governing Business Instrument 2018**

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

**Commencement**

- E. This instrument comes into force on 30 March 2018.

**Citation**

- F. This instrument may be cited as PRA Rulebook: Solvency II Firms: Conditions Governing Business Instrument 2018.

**By order of the Prudential Regulation Committee**

27 March 2017

**Annex**

**Amendments to the Conditions Governing Business Part**

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

...

**3 RISK MANAGEMENT**

---

...

3.2 ...

(3) ...

...

(b) the impact of a reduction of the ~~volatility~~ volatility adjustment to zero.

...

**PRA RULEBOOK: CRR FIRMS: INTERNAL CAPITAL ADEQUACY ASSESSMENT (AMENDMENT)  
INSTRUMENT 2018**

**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); 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.

**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: Internal Capital Adequacy Assessment (Amendment) Instrument 2018**

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

**Commencement**

- E. This instrument comes into force on 30 March 2018

**Citation**

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Internal Capital Adequacy Assessment (Amendment) Instrument 2018.

**By order of the Prudential Regulation Committee**

27 March 2018

## Annex

### Amendments to the Internal Capital Adequacy Assessment Part

In this Annex new text is underlined.

...

#### **8 MARKET RISK**

---

...

8.4 ...

8.4A A firm must have adequate internal capital where it holds opposite positions in stock-index futures which are not identical in respect of either their maturity or their composition or both.

...

**PRA RULEBOOK: SOLVENCY II FIRMS: TRANSITIONAL MEASURES: REPORT ON FINANCIAL AND SOLVENCY CONDITIONS INSTRUMENT 2018**

**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); 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.

**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: Transitional Measures: Report on Financial and Solvency Conditions Instrument 2018**

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

**Commencement**

- E. This instrument comes into force on 30 March 2018

**Citation**

- F. This instrument may be cited as PRA Rulebook: Solvency II Firms: Transitional Measures: Report on Financial and Solvency Conditions Instrument 2018.

**By order of the Prudential Regulation Committee**

27 March 2018

## Annex

## Amendments to the Transitional Measures Part

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

...

**13 REPORT ON FINANCIAL AND SOLVENCY CONDITIONS**

---

...

13.3 In the disclosure required by Reporting 3.1 as applied to a *group* by Group Supervision 18.1, the *participating Solvency II undertakings* that are *firms* or, if there are none, the *relevant insurance group undertakings* may, unless required under other legal or regulatory requirements (including any *Solvency II EEA implementing measure*), opt not to disclose the following separately when disclosing the amount of the *group SCR* under Reporting 3.76:

(1) the information referred to in Reporting 3.76(2) on any *capital add-on* imposed on the *group*; and

(2) the information referred to in Reporting 3.76(3) on any parameters specific to the *group*.

[Note: Art. 256(1) and 51(2) of the *Solvency II Directive*]

**PRA RULEBOOK: CRR FIRMS: GROUPS (LEVEL OF APPLICATION) INSTRUMENT 2018****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)
- 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: CRR Firms: Groups (Level of Application) Instrument 2018**

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

Part	Annex
Glossary	A
Capital Buffers	B
General Organisational Requirements	C
Internal Capital Adequacy Assessment	D
Internal Liquidity Adequacy Assessment	E
Leverage Ratio	F
Liquidity Coverage Requirement- Designated Investment Firms	G
Regulatory Reporting	H
Reporting Pillar 2	I
Risk Control	J
Skills, Knowledge and Expertise	K

**Commencement**

- E. This instrument comes into force on 30 March 2018.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Groups (Level of Application) Instrument 2018.

**By order of the Prudential Regulation Committee**

27 March 2018

## Annex A

### Amendments to the Glossary

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

...

#### *consolidation group*

means the undertakings that a firm is required to include ~~included~~ in the scope of consolidation pursuant to Articles 18(4), ~~18(8)~~, 19(4), ~~19(3)~~ and 23 of the CRR and Groups 2.1- 2.3.

...

#### *sub-consolidated basis*

This term is defined externally, please refer to -  
Article 4(1)(49) CRR

...

## Annex B

## Amendments to the Capital Buffers Part

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

...

## 5 APPLICATION ON AN INDIVIDUAL AND CONSOLIDATED BASIS

---

Application on an individual basis

5.1 ....

5.1A If this Part applies to a *firm* on an individual basis, the *firm* must comply with the rules in this Part to the same extent and in the same manner as it is required to comply with the *firm's* obligations laid down in Parts Two to Four and Part Seven of the *CRR*.

....

Extent and manner of prudential consolidation

5.6 If this Part applies to a *firm* on a *consolidated basis* or on a *sub-consolidated basis*, the *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 Four and Part Seven ~~prescribed in Articles 18(1), 18(8), 19(1), 19(3), 23 and 24(1) of the *CRR* on a *consolidated basis* or *sub-consolidated basis* and Groups 2.1-2.3.~~

## Annex C

## Amendments to the General Organisational Requirements Part

In this Annex new text is underlined.

...

**7 GROUP ARRANGEMENTS**

---

7.1 ...

7.1A If this Part applies to a firm on a consolidated basis or on a sub-consolidated basis, the 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.

...

## Annex D

## Amendments to the Internal Capital Adequacy Assessment Part

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

...

### 13 DOCUMENTATION OF RISK ASSESSMENTS

---

- 13.1 A *firm* must make a written record of the assessments required under this Part. These assessments must include assessments carried out on a ~~consolidated basis~~ consolidated basis and on an individual basis. In particular it must make a written record of:

...

...

### 14 APPLICATION OF THIS PART ON AN INDIVIDUAL BASIS, A CONSOLIDATED BASIS AND A SUB-CONSOLIDATED BASIS

---

...

- 14.2 ...

- 14.2A If the ICAAP rules apply to a firm on an individual basis, the firm must comply with the ICAAP rules to the same extent and in the same manner as it is required to comply with the obligations laid down in Parts Two to Four and Part Seven of the CRR.

...

- 14.6 If the ICAAP rules apply to a *firm* on a *consolidated basis* or on a *sub-consolidated basis* the *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 Four and Part Seven of the CRR on a consolidated basis or sub-consolidated basis ~~prescribed in Articles 18(1), 18(8), 19(1), 19(3), 23 and 24(1) of the CRR and Groups 2.1-2.3.~~

...

### 15 REVERSE STRESS TESTING

---

...

- 15.3 Where the *firm* is a member of:

(1) a *UK consolidation group*; or

(2) a *third country sub-group*;

it must conduct the reverse stress test on an individual basis as well as on a ~~consolidated basis~~ consolidated basis in relation to the *UK consolidation group* or the *third country sub-group*, as the case may be.

## Annex E

## Amendments to Internal Liquidity Adequacy Assessment Part

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

## 1 APPLICATIONS AND DEFINITIONS

---

...

1.2

...

~~consolidation group~~

~~means the undertakings included in the scope of consolidation pursuant to Articles 18(1), 19(1), 19(3), 23 and 24(1) of the CRR.~~

...

## 14 APPLICATION OF THIS PART ON AN INDIVIDUAL BASIS, A CONSOLIDATED BASIS AND A SUB-CONSOLIDATED BASIS

---

14.1 ...

14.1A If this Part applies to a firm on an individual basis, the firm must comply with the rules in this Part to the same extent and in the same manner as it is required to comply with the firm's obligations laid down in Part Six of the CRR.

...

14.8 If this Part applies to a firm on a *consolidated basis* or on a sub-consolidated basis, the 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 Part Six of the CRR on a consolidated basis or sub-consolidated basis prescribed in Articles 18(1), 18(8), 19(1), 19(3), 23 and 24(1) of the ~~CRR~~.

## Annex F

### Amendments to Leverage Ratio Part

In this Annex new text is underlined.

#### 2 BASIS OF APPLICATION

---

2.1 ...

2.1A If this Part applies to a *firm* on an individual basis, the *firm* must comply with the rules in this Part to the same extent and in the same manner as it is required to comply with the *firm's* obligations laid down in Part Seven of the *CRR*.

...

## Annex G

## Amendments to the Liquidity Coverage Requirement – UK Designated Investment Firms Part

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

...

#### 4 APPLICATION OF THIS PART ON AN INDIVIDUAL BASIS AND A CONSOLIDATED BASIS

---

4.1 ...

4.1A If this Part applies to a *firm* on an individual basis, the *firm* must comply with the rules in this Part to the same extent and in the same manner as it is required to comply with the *firm's* obligations laid down in Part Six of the *CRR*.

...

4.4 If this Part applies to a *firm* on a *consolidated basis* or on a *sub-consolidated basis*, the *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 Part Six prescribed in Articles 18(1), 18(8), 19(1), 19(3), 23 and 24(1) of the *CRR* on a *consolidated basis* or *sub-consolidated basis* and Groups 2.1-2.3.

## Annex H

## Amendments to the Regulatory Reporting Part

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

...

## 7 REGULATED ACTIVITY GROUP 1

---

### 7.1

...

- (13) A *firm* must complete this item separately on each of the following bases that are applicable.
- (a) It must complete it on an individual basis, which for the purposes of this item, means that. ~~Therefore~~ even if it has an *individual consolidation permission* it must complete the item on an unconsolidated basis by reference to the *firm* alone.

...

...

## 9 REGULATED ACTIVITY GROUP 3

---

...

### 9.2

...

- (9) A *firm* must complete this item separately on each of the following bases (if applicable).
- (a) It must complete it on an individual basis, which for the purposes of this item, means that. ~~Therefore~~ even if it has an *individual consolidation permission* it must complete the item on an unconsolidated basis by reference to the *firm* alone.

...

Annex I

Amendments to the Reporting Pillar 2 Part

In this Annex deleted text is struck through

**1 APPLICATIONS AND DEFINITIONS**

---

...

1.6

....

~~*consolidation group*~~

~~means the undertakings included in the scope of consolidation pursuant to Articles 18(1), 18(8), 19(1), 19(3) and 23 of the CRR and Groups 2.1 to 2.3.~~

## Annex J

## Amendments to the Risk Control Part

In this Annex new text is underlined.

...

**4 GROUP ARRANGEMENTS**

---

4.1 ...

4.1A If this Part applies to a *firm* on a *consolidated basis* or on a *sub-consolidated basis*, the *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*.

## Annex K

## Amendments to the Skills, Knowledge and Expertise Part

In this Annex new text is underlined.

...

**6 GROUP ARRANGEMENTS**

---

6.1 ...

6.1A If this Part applies to a *firm* on a *consolidated basis* or on a *sub-consolidated basis*, the *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*.

**PRA RULEBOOK: CRR FIRMS: WHISTLEBLOWING AMENDMENT INSTRUMENT 2018**

**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); 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 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: Whistleblowing Amendment (No. X) Instrument 2018**

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

**Commencement**

- E. This instrument comes into force on 30 March 2018.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Whistleblowing Amendment Instrument 2018.

**By order of the Prudential Regulation Committee**

27 March 2018

## Annex A

### Amendments to General Organisational Requirements Part

In this Annex, the text is all new and is not underlined.

...

#### 2A WHISTLEBLOWING

---

...

##### 2A.8

If

(1) the *third country firm* is a *subsidiary* of a *firm* [P]; and

(2) the *third country firm* also carries on *regulated activities* from an establishment in the *UK*

the *firm* [P] must provide information to the *third country firm* in the *UK* on the channel in 2A.2 and make the channel available to *workers* in the *third country firm's UK* establishment.

**PRA RULEBOOK: CRR FIRMS: REPORTING PILLAR 2 AMENDMENT NO. 1  
INSTRUMENT 2018**

**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); 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.

**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: Reporting Pillar 2 Amendment No. 1 Instrument 2018**

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

**Commencement**

- E. This instrument comes into force on 1 October 2018.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Reporting Pillar 2 Amendment No.1 Instrument 2018.

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

25 April 2018.

## Annex A

### Amendments to the Glossary

In the Glossary Part of the PRA Rulebook insert the following new definitions.

#### data element

means a discrete fact or individual piece of information relating to a particular field within a data item.

#### data items

means one or more related data elements that are grouped together into a prescribed format and required to be submitted by a firm.

#### Supervisory Reporting ITS

means Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council, as amended from time to time.

#### total assets

means:

- (1) for a firm which is required to submit data item FSA001, the sum of the firm's assets as recorded at Cells 20A plus 20B of that data item;
- (2) for a firm which is required to submit data item template 1.01 of Annex III of the Supervisory Reporting ITS, the sum of the firm's assets as recorded at row 380 of that data item; or
- (3) for a firm which is required to submit data item template 1.01 of Annex IV of the Supervisory Reporting ITS, the sum of the firm's assets as recorded at row 380 of that data item.

## Annex B

### Amendments to the Regulatory Reporting Part

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

#### 1 APPLICATION AND DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

...

~~data element~~

~~means a discrete fact or individual piece of information relating to a particular field within a data item.~~

...

~~total assets~~

~~means:~~

~~(1) for a firm which is required to submit data item FSA001, the sum of the firm's assets as recorded at Cells 20A plus 20B of that data item;~~

~~(2) for a firm which is required to submit data item template 1.01 of Annex III of the Supervisory Reporting ITS, the sum of the firm's assets as recorded at row 380 of that data item; or~~

~~(3) for a firm which is required to submit data item template 1.01 of Annex IV of the Supervisory Reporting ITS, the sum of the firm's assets as recorded at row 380 of that data item.~~

...

~~Supervisory Reporting ITS~~

~~means Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council, as amended from time to time.~~

## Annex C

### Amendments to the Reporting Leverage Ratio Part

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

#### 1 APPLICATION AND DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

...

~~data element~~

~~means a discrete fact or individual piece of information relating to a particular field within a data item.~~

~~data item~~

~~means one or more related data elements that are grouped together into a prescribed format and required to be submitted by a firm.~~

...

## Annex D

### Amendments to the Reporting Pillar 2 Part

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

...

## 2 PILLAR 2 REPORTING REQUIREMENTS

---

...

2.9 A firm with total assets equal to or greater than £5 billion at the relevant level of consolidation used as the basis of its ICAAP must complete the data item PRA111.

## 3 SUBMISSION

---

...

3.2 If a firm that does not submit an ICAAP assessment to the PRA on an annual basis must submit the data items it is required to complete by this Part to the PRA on a regular basis that is proportionate to the nature, scale and complexity of the firm's activities.:

~~(1) a significant firm must submit the data items it is required to complete by this Part to the PRA on an annual basis;~~

~~(2) a firm that is not significant but that has permission from the PRA to use the Advanced Measurement Approach must submit the data items it is required to complete by Rule 2.3 to the PRA on an annual basis; and~~

~~(3) a firm that is not significant must submit the data items it is required to complete by this Part to the PRA on a regular basis that is proportionate to the nature, scale and complexity of the firm's activities.~~

...

## 4 DATA ITEMS

---

...

4.13 PRA111 can be found [here](#).

**PRA RULEBOOK: CRR FIRMS: INTERNAL CAPITAL ADEQUACY ASSESSMENT (No. 2)  
INSTRUMENT 2018**

**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); 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.

**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: Internal Capital Adequacy Assessment (No. 2) Instrument 2018**

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

**Commencement**

- E. This instrument comes into force on 1 January 2019.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: CRR Firm Internal Capital Adequacy Assessment (No. 2) Instrument 2018.

**By order of the Prudential Regulation Committee**

25 April 2018

## Annex

## Amendments to the Internal Capital Adequacy Assessment Part

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

....

#### 14 APPLICATION OF THIS PART ON AN INDIVIDUAL BASIS, A CONSOLIDATED BASIS AND A SUB-CONSOLIDATED BASIS

---

...

14.10 A *firm* must also carry out the allocation in 14.8 ~~allocate the total amount of financial resources, *own funds* and internal capital identified as necessary under the overall Pillar 2 rule in 3.1 as applied on a *consolidated basis* or on a *sub-consolidated basis* between each *firm* which is a member of the *consolidated group* on the following basis in a way that:~~

- (a) takes into account the nature, level and distribution of the risks between all entities within the *consolidation group* ~~the amount allocated to each *firm* must be decided on the basis of the principles in 14.9; and~~
- (b) ensures the amount allocated to each *firm* adequately reflects the risks to which that *firm* is exposed on an individual basis ~~f the process in (a) were carried out for each group member, the total so allocated would equal the total amount of financial resources, *own funds* and internal capital identified as necessary under the overall Pillar 2 rule in 3.1 as applied on a *consolidated basis* or on a *sub-consolidated basis*.~~

...

**PRA RULEBOOK: MIFID II PASSPORTING AMENDMENT INSTRUMENT 2018**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers 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 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 2018**

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

**Commencement**

- E. The rules in Annex A come into force on 5 February 2018.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: MIFID II Passport Amendment Instrument 2018.

**By order of the Prudential Regulation Committee**

30 January 2018

## Annex A

## Amendments to the Passporting Part

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

**1 NOTICE OF INTENTION TO ESTABLISH A BRANCH OR USE A TIED AGENT**

---

...

2.4 This rule applies to a *UK firm* in relation to its *EEA rights* derived from *MiFID II*.

(1) A *UK designated investment firm* wishing to establish a *branch* within the territory of another *EEA State* must comply with the information requirements set out in Article 6 of Commission Delegated Regulation (EU) 2017/1018 and notify the *PRA* of its intention by submitting the form set out in Annex VI of Commission Implementing Regulation (EU) 2017/2382. The *firm* must also notify the *PRA* if it intends to use a *tied agent* in the same territory as the *branch*.

(2) A *UK firm* wishing to use a *tied agent* established in another *EEA State* in which it has not established a *branch* must comply with the information requirements set out in Article 6 Commission Delegated Regulation (EU) 2017/1018 and notify the *PRA* of its intention by submitting the form set out in Annex VII of Commission Implementing Regulation (EU) 2017/2382.

...

**4 NOTICE OF INTENTION TO PROVIDE CROSS BORDER SERVICES**

---

...

4.3 This rule applies to a *UK firm* in relation to its *EEA rights* derived from *MiFID II*.

(1) A *UK designated investment firm* intending to provide *cross border services* within the territory of another *EEA State* for the first time must comply with the information requirements set out in Article 3-(1) of Commission Delegated Regulation (EU) 2017/1018 and notify the *PRA* of its intention by submitting the form set out in Annex I of Commission Implementing Regulation (EU) 2017/2382.

(2) A *credit institution* intending to provide *cross border services* within the territory of another *EEA State* through *tied agents* must comply with the information requirements set out in Article 3-(2) of Commission Delegated Regulation (EU) 2017/1018 and notify the *PRA* of its intention by submitting the form set out in Annex I of Commission Implementing Regulation (EU) 2017/2382.

(3) A *UK firm* operating an *MTF* or *OTF* that intends to provide appropriate arrangements to facilitate access to and trading on those systems by remote users, members or participants in another *EEA State* must comply with the information requirements set out in Article 5 of Commission Delegated Regulation (EU) 2017/1018 and notify the *PRA* of its intention by submitting the form set out in Annex IV of Commission Implementing Regulation (EU) 2017/2382.

...

## 5 NOTICE OF CHANGE OF DETAILS TO A BRANCH OR TIED AGENT

---

...

5.4 This rule applies to a *UK firm* in relation to its *EEA rights* under MiFID II.

(1) A *UK designated investment firm* that has established a *branch* in another *EEA State* must comply with the information requirements set out in Article 7(1) of Commission Delegated Regulation (EU) 2017/1018 and notify the *PRA* of a change to the *branch* by submitting the form set out in Annex VI of Commission Implementing Regulation (EU) 2017/2382 except where the change relates to a planned termination of the operation of the branch.

(2) A *UK firm* that uses a *tied agent* established in another *EEA State* must comply with the information requirements set out in Article 7(1) of Commission Delegated Regulation (EU) 2017/1018 and notify the *PRA* of a change to the particulars of the ~~tied agent~~ *tied agent* by submitting the form in Annex VII of Commission Implementing Regulation (EU) 2017/2382 except where the change relates to the cessation of the use of a *tied agent*.

(3) A *UK designated investment firm* that plans to terminate the operation of a *branch* or that plans the cessation of the use of a *tied agent*, and a *credit institution* that plans the cessation of the use of a *tied agent*, must comply with the information requirements set out in Article 7(2) of Commission Delegated Regulation (EU) 2017/1018 and notify the *PRA* by submitting the form in Annex X of Commission Implementing Regulation (EU) 2017/2382.

...

## 6 NOTICE OF CHANGE OF DETAILS TO CROSS BORDER SERVICES

---

...

6.2 (1) A *UK designated investment firm* providing *cross border services* under *MiFID II* and a *credit institution* providing *cross border services* under *MiFID II* through a *tied agent* and wishing to change the range of services provided or activities performed within the territory of another *EEA State* must comply with the information requirements in Commission Delegated Regulation (EU) 2017/1018 and notify the *PRA* by submitting the form in Annex I of Commission Implementing Regulation (EU) 2017/2382.

...

**PRA RULEBOOK: PRA PERIODIC FEES (2018/19) AND OTHER FEES INSTRUMENT 2018**

**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) paragraph 31 (Fees) of Part 3 (Penalties and Fees) of Schedule 1ZB (The Prudential Regulation Authority) of the Act.
- 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 the proposed rules and had regard to representations made.

**PRA Rulebook: PRA Periodic Fees (2018/19) and Other Fees Instrument 2018**

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

**Commencement**

- E. This instrument comes into force on 28 June 2018.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: PRA Periodic Fees (2018/19) and Other Fees Instrument 2018.

**By order of the Prudential Regulation Committee**

21 June 2016

## Annex

## Amendments to the Fees Part

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

## 1 DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

...

*fee block*

means *firms* conducting broadly similar regulated activities grouped together for the purposes of calculating and collecting fees as follows:

A0 - the *minimum fee block*

A1 – the *deposit acceptors fee block*

A3 – the *general insurance fee block*

A4 – the *life insurance fee block*

A5 – the *Lloyd's managing agents fee block*

A6 - the *Society of Lloyd's fee block*

A10 – the *designated firms dealing as principal fee block*

~~PT1 – the *transition costs fee block*~~

...

~~*FRS 101*~~

~~means Financial Reporting Standard 101 issued by the Financial Reporting Council~~

...

*gross written premium for fees purposes*

means:

(1) for *UK Solvency II firms* in the *general insurance fee block* (A3), the total of items entered under row codes R0110, R0120 and R0130, as expressed in column code C0200 where this column is completed for those row codes, of the *annual quantitative reporting template* S.05.01.01, as reported to the *PRA*;

(2) for *non-directive firms* in the *general insurance fee block (A3)*, a *firm's* gross premium written as reported to the *PRA* under item 11 of form 11, or where this is not reported because the *firm* is a *Swiss general insurer* or holds a *relevant waiver*, the entry at sheet 1, line 1, column 1, of form 20A, or where the *firm* is a *friendly society*, the income and expenditure account entry for gross premium written or contributions as income receivable, as appropriate under the Friendly Societies (Accounts and Related Provisions) Regulation 1994 (SI 1994/1983); and

...

...

~~IFRS9 implementation fee(s)~~

~~means the fee or fees in 3.21~~

...

*ring fencing fees group*

means a banking group, or part of a banking group, which (i) has submitted forecasts to the *PRA* indicating that, from 1 January 2019, it will not meet the *core deposit* level condition in Article 12 of the *FSMA* (Ring-fenced Bodies and Core Activities) Order 2014 and (ii) has been notified by the *PRA* between 1 May 2016<sup>17</sup> and 1 May 2017<sup>18</sup> that a fee relating to the implementation of ring-fencing will be payable by one or more members of its *group*

### 3 PERIODIC FEES

---

...

3.3 *Periodic fees* payable by *firms* in any *fee year* will be the sum of the following (so far as applicable to them):

...

(5) the *ring-fencing implementation fee*; and

(6) ~~the IFRS 9 implementation fee calculated in accordance with Table VII, subject to any modifications in Table IV, of the Periodic Fees Schedule; and [deleted]~~

(7) a *model maintenance fee* calculated in accordance with Table VIII of the Periodic Fees Schedule.

...

3.4 The tariff bases and valuation points referred to in 3.3 (3)(a) are:

...

(6) For all firms, if the data source specified in the applicable tariff base is not available to the PRA for any reason and the same data is available to the PRA from an alternative source, periodic fees applicable to any firm under 3.3(3) will be calculated using that alternative source.

...

3.5 The periodic fees payable by:

...

~~(3) fee-payers subject to the IFRS 9 implementation fee are as specified in 3.21.[deleted]~~

...

3.11 The following modifications to periodic fees will apply:

(1) In relation to incoming EEA firms and incoming Treaty firms:

...

b) the tariff rates set out in Table IIIA of the Periodic Fees Schedule only apply to the regulated activities of the firm in the United Kingdom and the tariffs are modified in accordance with Table IV of the Periodic Fees Schedule; and

(c) the EU withdrawal costs allocation in Table VI and the IFRS implementation fee in Table VII are is modified in accordance with Table IV of the Periodic Fees Schedule.

...

...

Ring fencing implementation fee

3.18 In the fee year commencing on 1 March 2017 and subsequent fee years:

...

(4) The proportion referred to in 3.18 (3) was determined by the PRA for the ~~2017/18~~ 2018/19 fee year in accordance with the following formula (all figures rounded to the nearest whole number):

...

...

~~IFRS 9 implementation fee~~

3.21 ~~In the fee year commencing on 1 March 2017 and subsequent fee years:~~

~~(1) The PRA will charge an IFRS 9 implementation fee to recover the annual cost to the PRA, as determined by the PRA, of implementing the IFRS 9 accounting standard for firms in the deposit acceptors fee block and designated firms dealing as principal fee block.~~

~~(2) All firms within the deposit acceptors fee block and designated firms dealing as principal fee block other than non-EEA branches and firms paying only the minimum periodic fee which prepared their most recent set of annual accounts for the firm's financial year ending on or before 31 March 2017 in accordance with IFRS or FRS 101 are subject to the IFRS 9 implementation fee.~~

~~(3) The IFRS 9 implementation fee is calculated in accordance with Table VII of the Periodic Fees Schedule.~~

~~(4) Fee payers must comply with directions from the PRA or its collection agent as to payment of IFRS 9 implementation fees arising from any variance between the PRA's budgeted costs under 3.21(1) and its actual costs once final, audited figures are available in relation to any fee year. A surplus of fee income against the PRA's actual costs may result in a credit to firms making payment and a shortfall may necessitate a call for additional fees. [deleted]~~

*Model maintenance fee*

...

3.23 In the fee year commencing on 1 March 2018 and subsequent fee years:

...

(8) For models incorporating more than one UK firm, the model maintenance fee shall be determined by reference to aggregated figures for all UK firms included within the scope of that model, and shall usually be payable by the firm which pays the largest periodic fee under 3.3(3) or otherwise by such firms and in such proportions as the PRA directs. To facilitate the aggregation calculation where a model incorporates one or more CRD credit institutions and one or more designated investment firms within its scope, for each designated investment firm which is also a UK firm, trading assets shall be rounded to the nearest £1million, and each £1million of trading assets shall be deemed equivalent to £0.4million in modified eligible liabilities. Total modified eligible liabilities shall then be added together for all UK firms within scope of the model.

...

#### **PERIODIC FEES SCHEDULE – FEE RATES AND EEA/TREATY FIRM MODIFICATIONS FOR THE PERIOD FROM ~~1 MARCH 2017 TO 28 FEBRUARY 2018~~ 1 MARCH 2018 TO 28 FEBRUARY 2019**

This schedule sets out the periodic fees payable by firms under Chapter 3.

**TABLE IA - MINIMUM PERIODIC FEES RATES**

Fee payer	Fee payable (£)
Credit unions with MELs under £2.0 million:	
With modified eligible liabilities of 0 – 0.5 million	<b>80.00</b>

With modified eligible liabilities greater than 0.5 million and less than 2.0 million	<b>270.00</b>
<p>Non-directive friendly societies which either:</p> <p>(1) fall within the A3, but <b>not</b> the A4, <i>fee block</i> and have, in relation to their A3 activities, <del>gross premium income</del> <u>gross written premium for fees purposes</u> of 0-£0.5million and <del>gross technical liabilities</del> <u>best estimate liabilities for fees purposes</u> of 0-£1.0million; or</p> <p>(2) fall within the A4, but not the A3, <i>fee block</i> and have, in relation to their A4 activities, <del>adjusted gross premium income</del> <u>gross written premium for fees purposes</u> of 0-£1.0million and <u>best estimate liabilities for fees purposes</u> held of 0-£1.0 million of <del>mathematical reserves for fees purposes</del>; or</p> <p>(3) fall within both the A3 and A4 <del>fee blocks</del> <u>fee blocks</u> and meet condition (1) above in relation to their A3 activities and condition (2) above in relation to their A4 activities.</p>	<b>215.00</b>
All other firms	<b>500.00</b>

...

**TABLE IIIA – PERIODIC FEE RATES APPLICABLE TO PRA FEE BLOCKS OTHER THAN THE MINIMUM AND TRANSITION COSTS FEE BLOCKS FOR THE FEE YEAR 2017-18 2018-19**

Column 1 <i>Fee block</i>	Column 2 <i>Tariff base</i>	Column 3 <i>Tariff bands</i>	Column 4 <i>Tariff rates</i>
<b>A1 deposit acceptors fee block</b>	<b>modified eligible liabilities</b>	Band width (£million of <i>MELs</i> )	Fee payable per million or part million of <i>MELs</i> (£)
		>10 - 140	<u>33.9731.87</u>
		>140 - 630	<u>33.9731.87</u>
		>630 - 1,580	<u>33.9731.87</u>
		>1,580 - 13,400	<u>42.4639.84</u>
		>13,400	<u>56.0552.59</u>
<b>A3 general insurers fee block</b>	<b>gross premium income (GPI) gross written premium for fees purposes</b>	Band width (£million of <i>GPI gross written premium for fees purposes</i> )	Fee payable per million of <i>GPI gross written premium for fees purposes</i> (£)
		>0.5	<u>580.70494.81</u>
<b>gross premium income + gross technical liabilities gross written</b>	<b>gross technical</b>	Band Width (£ million of <i>GTL best estimate</i> )	Fee payable per million of <i>GTL best estimate liabilities for fees purposes</i> (£)

<u>premium for fees purposes</u> + <u>best estimate liabilities for fees purposes</u>	<b><u>liabilities (GTL)best estimate liabilities for fees purposes</u></b>	<u>liabilities for fees purposes</u>	
		>1	<u>32.6329.07</u>
For UK ISPVs the <i>tariff rates</i> are not relevant and a flat fee of £430.00 is payable in respect of each <i>fee year</i> .			
<b>A4 Life insurers fee block</b>  <u>adjusted gross annual income (AGPI)</u> + <u>mathematical reserves gross written premium for fees purposes</u> + <u>best estimate liabilities for fees purposes</u>	<b><u>adjusted gross annual premium income (AGPI) gross written premium for fees purposes</u></b>	Band width (£million of <u>AGPI gross written premium for fees purposes</u> )	Fee payable per million of <u>AGPI gross written premium for fees purposes</u> (£)
		>1	<u>567.64255.17</u>
	<b><u>mathematical reserves best estimate liabilities for fees purposes</u></b>	Band width (£million of <u>mathematical reserves for fees purposes best estimate liabilities for fees purposes</u> )	Fee payable per million or part million of <u>mathematical reserves for fees purposes best estimate liabilities for fees purposes</u> (£)
		>1	<u>41.957.86</u>
<b>A5 managing agents at Lloyd's</b>	<b><u>active capacity</u></b>	Band width (£million of <u>active capacity</u> )	Fee payable per million of <u>active capacity</u> (£)
		>50	<u>53.1746.24</u>
<b>A6 Society of Lloyd's</b>	<b>flat fee</b>	<b>N/A</b>	<b>General periodic fee (£)</b>  <u>1,827,317.701,748,266.95</u>
<b>A10 Firms dealing as principal fee block</b>  <u>Trading assets + financial and operating income</u>	<b><u>fee per trader trading assets</u></b>	<b><u>Fee (£ per trader)</u></b> Band width (£million of <u>trading assets</u> )	<u>6,154.22</u> Fee payable per million or part million of <u>trading assets</u> (£)
		N/A	<u>2.63</u>
	<b><u>financial and operating income</u></b>	Band width (£million of <u>financial and operating income</u> )	Fee payable per million or part million of <u>financial and operating income</u> (£)
		N/A	<u>201.46</u>

TABLE IV – MODIFICATIONS TO PERIODIC FEES FOR INCOMING EEA FIRMS AND INCOMING TREATY FIRMS WITH BRANCHES IN THE UK

Fee payer	Discount applied to <i>periodic fees</i>
A1 deposit acceptors fee block	50%
A3 general insurers fee block	90%
A4 life insurers fee block	90%
<del>PT1 transition costs fee block</del>	<del>100%</del>
<i>Incoming EEA firms and incoming Treaty firms offering cross border services only</i>	100%
<del>EU withdrawal costs fee block</del>	<del>100%</del>
<i>IFRS 9 implementation fee</i>	100%

TABLE V – MODIFICATIONS TO PERIODIC FEES FOR NON-DIRECTIVE FIRMS IN THE A1, AND A3 AND A4-FEE BLOCKS

Fee payer	Discount applied to <i>periodic fees</i> in Table IIIA	Discount applied to <i>EU withdrawal costs fee block</i>
A1 deposit acceptors fee block	0%	50%
A3 general insurers fee block	11%	50%
<del>A4 life insurers fee block</del>	<del>11%</del>	<del>50%</del>

Table VI – EU WITHDRAWAL COSTS ALLOCATION

Fee payer	Tariff base for allocations to firms
All <i>firms</i> , except those paying only the minimum fee and <i>insurance special purpose vehicles</i>	Total <i>periodic fees</i> , excluding minimum fees, payable by the <i>firm</i> multiplied by <del>0.02230.03540</del>

Table VII – IFRS 9 IMPLEMENTATION FEE [Deleted]

Non-trading book assets for fees purposes	Fee payable (in pence) per £1million or part million of non-trading book assets for fees purposes
Zero	0
Greater than zero and up to £199,500million	42.5

Greater than £199,500million	98.6
------------------------------	------

**PRA RULEBOOK: CRR FIRMS: LARGE EXPOSURES AMENDMENT INSTRUMENT 2018**

**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); 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.

**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: Large Exposures Amendment Instrument 2018**

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

**Commencement**

- E. Annexes A and B come into force on 29 June 2018.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Large Exposures Amendment Instrument 2018.

**By order of the Prudential Regulation Committee**

21 June 2018

## Annex A

## Amendments to the Large Exposures Part

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

Part

## Large Exposures

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1. APPLICATION AND DEFINITIONS
2. INTRA-GROUP EXPOSURES: NON-CORE LARGE EXPOSURES GROUP AND RESOLUTION EXEMPTIONS
3. SOVEREIGN LARGE EXPOSURES EXEMPTION
4. ~~CONDITIONS FOR THE NON-CORE LARGE EXPOSURES GROUP EXEMPTION AND THE SOVEREIGN LARGE EXPOSURES EXEMPTION~~ [deleted.]

### 1 APPLICATION AND DEFINITIONS

---

...

1.2 In this Part the following definitions shall apply:

~~core UK group eligible capital~~

~~means the sum of the following amounts for each member of the *core UK group* and the *firm* (the sub-group):~~

~~(a) for the ultimate *parent undertaking* of the sub-group, the amount calculated in accordance with Article 6 of the *CRR* (or other applicable prudential requirements);~~

~~(b) for any other member of the sub-group, the amount calculated in accordance with Article 6 of the *CRR* (or other applicable prudential requirements) less the book value of the sub-group's holdings of capital instruments in that member, to the extent not already deducted in calculations done in accordance with Article 6 of the *CRR* (or other applicable prudential requirements) for:~~

~~(i) the ultimate *parent undertaking* of the sub-group; or~~

~~(ii) any other member of the sub-group.~~

~~The deduction in (b) must be carried out separately for each type of capital instrument eligible as *own funds*.~~

...

resolution exemption

means the exemption in 2.4.

resolution exposure

means an exposure to *resolution liabilities* that ensures that losses can be absorbed and passed from the *firm* to its resolution entity.

*resolution liabilities*

means liabilities that meet the following criteria:

- (a) the instrument that creates the liabilities must be issued and fully paid up;
- (b) the liabilities are not secured or guaranteed by the *firm*, its *parent undertaking* or any *subsidiaries* of the *firm* or its *parent undertaking*;
- (c) the liabilities have a minimum effective remaining maturity of one year (where liabilities include an incentive to redeem, the maturity date shall, for the purposes of determining eligibility, be considered to be the date at which the incentive arises);
- (d) the liabilities do not depend on derivatives for their value (put or call options will not in and of themselves be sufficient to disqualify a liability for this purpose absent any other dependency on derivatives);
- (e) the liabilities are not subject to contractual set-off or netting arrangements;
- (f) the liabilities are able to absorb losses and recapitalise the issuer of the liability, such as through being written down and/or converted to equity, without the use of stabilisation or resolution powers at the level of the issuer of the liability;
- (g) the liabilities are subordinated to the operating liabilities of the issuer; and
- (h) the liabilities do not take the form of equity.

...

## **2 INTRA-GROUP EXPOSURES: NON-CORE LARGE EXPOSURES GROUP AND RESOLUTION EXEMPTIONS**

---

NCLEG non-trading book exemption

2.1 ...

(2) A *firm* may only use the *NCLEG non-trading book exemption* where:

- ~~(a) the total amount of non-trading book exposures (whether or not exempted from Article 395(1) of the *CRR*) from the *firm* to its *NCLEG* does not exceed 100% of the *firm's eligible capital*.~~
- ~~(b) (if the *firm* has a *core UK group permission*) the total amount of non-trading book exposures (whether or not exempted from Article 395(1) of the *CRR*) from its *core UK group* (and the *firm*) to its *NCLEG* does not exceed 100% of the *core UK group eligible capital*.~~

A firm may calculate the total amount of such exposures after taking into account the effect of credit risk mitigation in accordance with Articles 399 to 403 of the CRR.

- (3) With respect to the application of requirements laid down in Part Four of the CRR on a consolidated basis, a firm may treat the total amount of exposures that are exempt in accordance with an NCLEG non-trading book permission on an individual basis as exempt from the limit in Article 395(1) of the CRR on a consolidated basis.

[Note: Art 400(2)(c) of the CRR]

NCLEG trading book exemption

2.2 ...

- (2) ~~The trading book exposure allocation for a firm that does not have a core UK group permission is 100% of the firm's eligible capital less the total amount of non-trading book exposures (whether or not exempted from Article 395(1) of the CRR) from the firm to its NCLEG.~~

- (3) ~~The trading book exposure allocation for a firm (F) that has a core UK group permission is equal to  $R \times TTBE$  where:-~~

~~(a) R is F's trading book exposures to its NCLEG divided by the total trading book exposures of the core UK group (and F) to F's NCLEG; and~~

~~(b) TTBE is 100% of F's core UK group eligible capital less the total amount of non-trading book exposures (whether or not exempted from Article 395(1) of the CRR) from the core UK group (and F) to F's NCLEG. [deleted.]~~

...

- (6) With respect to the application of requirements laid down in Part Four of the CRR on a consolidated basis, a firm may treat the amount of exposures that are exempt in accordance with an NCLEG trading book permission on an individual basis as exempt from the limit in Article 395(1) of the CRR on a consolidated basis.

[Note: Art 400(2)(c) of the CRR]

Notifications and reporting

- 2.3 (1) A firm with a core UK group permission and an NCLEG trading book permission and/or an NCLEG non-trading book permission must give the PRA written notice whenever the firm:

~~(a) intends, or becomes aware that a member of its core UK group intends, for the total amount of exposures from the core UK group (and the firm) to a particular member of the firm's NCLEG to exceed 25% of its core UK group eligible capital; [deleted.]~~

(b) becomes aware that the total amount of exposures from the core UK group (including and the firm) to a particular member of the firm's NCLEG are likely to exceed, or have

exceeded, 25% of its ~~core UK group eligible capital~~ the eligible capital of the PRA-regulated firm with the largest eligible capital base in the core UK group;

(c) becomes aware that the total exposures from the members of its core UK group which are not firms to the firm's NCLEG are likely to exceed, or have exceeded 25% of the eligible capital of the PRA-regulated firm with the largest eligible capital base in the core UK group.

...

(3) ~~A firm with a core UK group permission and an NCLEG trading book permission or an NCLEG non-trading book permission must submit FSA018 in accordance with SUP 16.12.[deleted.]~~

#### Resolution exemption

2.4 A firm must exclude from the limit in Article 395(1) of the CRR resolution exposures to:

(1) its parent undertaking;

(2) other subsidiaries of that parent undertaking; or

(3) its own subsidiaries,

in so far as those undertakings are covered by the supervision on a consolidated basis to which the firm itself is subject, in accordance with the CRR, Directive 2002/87/EC or with equivalent standards in force in a third country.

[Note: Art 400(2)(c) of the CRR]

#### **~~4 CONDITIONS FOR THE NON-CORE LARGE EXPOSURES GROUP EXEMPTION AND THE SOVEREIGN LARGE EXPOSURES EXEMPTION [deleted.]~~**

---

~~4.1 A firm may only use the NCLEG non-trading book exemption, the NCLEG trading book exemption or the sovereign large exposures exemption where it can demonstrate to the PRA that the following conditions are met:~~

~~(1) the specific nature of the exposure, the counterparty or the relationship between the firm and the counterparty eliminate or reduce the risk of the exposure; and~~

~~(2) any remaining concentration risk can be addressed by other equally effective means such as the arrangements, processes and mechanisms provided for in Article 81 of CRD. [deleted.]~~

~~[Note: Art 400(3) of the CRR]~~

## Annex B

## Amendments to the Regulatory Reporting Part

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

## 7 REGULATED ACTIVITY GROUP 1

7.1 The applicable *data items* referred to in the table in 6.1 are set out according to *firm* type in the table below:

RAG 1	Prudential category of <i>firm</i> , applicable <i>data items</i> and reporting format (1)					
	<i>UK bank</i>	<i>Building Society</i>	<i>Non-EEA bank</i>	<i>EEA bank that has permission to accept deposits and that has its registered office (or, if it has no registered office, its head office) outside the EU</i>	[deleted.]	<i>Dormant account fund operator (12)</i>
Description of <i>data item</i>						
...	...	...	...	...	...	
<i>Large Exposures</i>	-	-	-	-	[deleted.]	-
<del>Exposures between core UK group and non-core large exposures group</del> [deleted.]	FSA018 (10) [delete d.]	FSA018 (10) [deleted.]	-	-	-	-
...	...	...	...	...	...	

...

(10) Only applicable to a ~~firm that has both a core UK group and a non-core large exposures group~~ [deleted.]

...

7.2 The applicable reporting frequencies for submission of *data items* and periods referred to in 7.1 are set out in the table below according to *firm* type. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

RAG 1				
<i>Data item</i>	<i>UK banks and building societies</i> (on an unconsolidated or	[deleted.]	<i>UK banks and building societies</i> (on a UK	Other members of RAG 1

	individual consolidated basis) (9)		<i>consolidation group or, as applicable, defined liquidity group basis)</i>	
...	...	...	...	...
FSA018[deleted.]	Quarterly[deleted.]		-	-
...	...	...	...	...

...

7.3 The applicable due dates for submission referred to in the table in 6.1 are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in 7.2, unless indicated otherwise.

<i>RAG 1</i>						
<i>Data item</i>	<i>Daily</i>	<i>Weekly</i>	<i>Monthly</i>	<i>Quarterly</i>	<i>Half yearly</i>	<i>Annually</i>
...	...	...	...	...	...	...
FSA018[deleted.]	-	-	-	45 business days[deleted.]	-	-
...	...	...	...	...	...	...

...

## 9 REGULATED ACTIVITY GROUP 3

9.2 The applicable *data items* referred to in the table in 6.1 for a *UK designated investment firm* are set out in the table below:

<i>RAG 3</i>	
Description of <i>data item</i>	Applicable <i>data items</i> (1)
...	...
<del>Exposures between core UK group and non-core large exposures group</del> [deleted.]	FSA018 (7)[deleted.]
...	...

...

(7) Only applicable to a *firm* that has both a *core UK group* and a *non-core large exposures group*. [deleted.]

...

9.3 The applicable reporting frequencies for submission of *data items* and periods referred to in 9.2 are set out in the table below. Reporting frequencies are calculated from a *firm's accounting reference date*, unless indicated otherwise.

<i>RAG 3</i>	
<i>Data item</i>	Reporting frequency
...	...

FSA018[deleted.]	Quarterly[deleted.]
...	...

...

9.4 The applicable due dates for submission referred to in the table in 6.1 are set out in the table below. The due dates are the last day of the periods given in the table below following the relevant reporting frequency period set out in 9.3, unless indicated otherwise.

RAG 3						
<i>Data item</i>	<i>Daily</i>	<i>Weekly</i>	<i>Monthly</i>	<i>Quarterly</i>	<i>Half yearly</i>	<i>Annually</i>
...	...	...	...	...	...	...
FSA018[deleted.]	-	-	-	45 business days[deleted.]	-	-
...	...	...	...	...	...	...

...

## 16 DATA ITEMS AND OTHER FORMS

---

...

16.10 FSA018 can be found here:[deleted.]

**PRA RULEBOOK: CRR FIRMS: BENCHMARKING REGULATION INSTRUMENT 2018/15****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); 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 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 the proposed rules and had regard to representations made.

**PRA Rulebook: CRR Firms: Benchmarking Regulation Instrument 2018**

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

Part	Annex
Glossary	A
Compliance and Internal Audit	B
General Organisational Requirements	C
Outsourcing	D
Record Keeping	E
Risk Control	F
Senior Managers Regime - Applications and Notifications	G
Skills, Knowledge and Expertise	H

**Commencement**

- E. This instrument comes into force on 29 June 2018.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Benchmarking Regulation Instrument 2018.

**By order of the Prudential Regulation Committee**

21 June 2018

**Annex A**

**Amendments to the Glossary**

In this Annex, the text is all new and is not underlined.

...

*administering a benchmark*

means the *regulated activity* specified in article 63S of the *Regulated Activities Order*.

...

*Annex II benchmark administrator*

has the meaning given in the Glossary to the FCA Handbook.

...

*benchmarking activities*

means the following activities:

- (1) the *regulated activity* of *administering a benchmark*; or
- (2) *contribution of input data* to a *BMR benchmark administrator*.

*benchmarks regulation*

means Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014.

...

*BMR benchmark administrator*

means a *person* who:

- (1) is an administrator within the meaning of article 3.1(6) of the *benchmarks regulation*; and
- (2) has been authorised or registered (whether in the *UK* or elsewhere) in accordance with article 34 of the *benchmarks regulation*.

...

*contribution of input data*

has the meaning given in article 3.1(8) of the *benchmarks regulation*.

...

*regulated benchmark administrator*

a *person* who has a *Part 4A permission* to carry on the *regulated activity* of *administering a benchmark*.

...

## Annex B

### Amendments to the Compliance and Internal Audit Part

In this Annex, new text is underlined.

#### 1 APPLICATION AND DEFINITIONS

---

....

1.1A 2.1 to 2.6 do not apply to a *firm* with respect to the carrying on of *benchmarking activities* except to the extent that they transpose an *EU instrument*.

...

## Annex C

### Amendments to the General Organisational Requirements Part

In this Annex, new text is underlined.

#### 1 APPLICATION AND DEFINITIONS

---

...

1.1A 2.1 to 2.8 do not apply to a *firm* with respect to the carrying on of *benchmarking activities* except to the extent that they transpose an *EU instrument*.

...

## Annex D

### Amendments to the Outsourcing Part

In this Annex, new text is underlined.

#### 1 APPLICATION AND DEFINITIONS

---

...

1.1.A This Part does not apply to a *firm* with respect to the carrying on of *benchmarking activities* except to the extent that they transpose an *EU instrument*.

...

## Annex E

### Amendments to the Record Keeping Part

In this Annex, new text is underlined.

#### 1 APPLICATION AND DEFINITIONS

---

...

1.1A This Part does not apply to a *firm* with respect to the carrying on of *benchmarking activities* except to the extent that they transpose an *EU instrument*.

...

## Annex F

### Amendments to the Risk Control Part

In this Annex, new text is underlined.

#### 1 APPLICATION AND DEFINITIONS

---

...

1.1A 2.1A to 2.2B do not apply to a *firm* with respect to the carrying on of *benchmarking activities* except to the extent that they transpose an *EU instrument*.

...

**Annex G**

**Amendments to the Senior Managers Regime - Applications and Notifications Part**

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

...

**2 APPLICATION TO PERFORM A SENIOR MANAGEMENT FUNCTION**

---

...

**2.7**

...

(2) A *statement of responsibilities* must be in the form set out:

- (a) for a *third country CRR firm*, in the form set out ~~here~~ here; and
- (b) for all other *firms*, in the form set out ~~here~~ here.

...

## Annex H

### Amendments to the Skills, Knowledge and Expertise Part

In this Annex, new text is underlined.

#### 1 APPLICATION AND DEFINITIONS

---

...

1.1A 2.1A to 2.1B do not apply to a *firm* with respect to the carrying on of *benchmarking activities* except to the extent that they transpose an *EU instrument*.

...

**PRA RULEBOOK: CRR FIRMS, NON-CRR FIRMS, SOLVENCY II FIRMS AND NON SOLVENCY II FIRMS: SENIOR MANAGERS REGIME AND SENIOR INSURANCE MANAGERS REGIME (AMENDMENT) (NO 1) INSTRUMENT 2018**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 60 (Applications for approval);
  - (2) section 60A (Vetting of candidates by authorised persons);
  - (3) section 61 (Determination of applications);
  - (4) section 63E (Certification of employees by authorised persons);
  - (5) section 63F (Issuing of certificates);
  - (6) section 64A (Rules of conduct);
  - (7) section 64C (Requirement for authorised persons to notify regulator of disciplinary action);
  - (8) section 137G (The PRA’s general rules); and
  - (9) 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 and Non Solvency II Firms: Senior Insurance Managers Regime (Amendment) (No 1) Instrument 2018**

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

Part	Annex
Allocation of Responsibilities Part	A
Audit Committee Part	B
Fitness and Propriety Part	C
Notifications Part	D
Remuneration Part	E
Ring-fenced Bodies Part	F
Senior Management Functions Part	G
Senior Managers Regime – Applications and Notifications Part	H
Senior Managers Regime – Transitional Provisions Part	I
Group Supervision Part	J
Insurance – Allocation of Responsibilities Part	K
Insurance – Certification Part	L
Insurance – Certification Part	M
Insurance – Conduct Standards Part	N
Insurance – Fitness and Propriety Part	O
Insurance – Fitness and Propriety Part	P
Insurance - Senior Insurance Management Functions Part	Q

Key Function Holder – Notifications Part	R
Senior Insurance Managers Regime – Applications and Notifications Part	S
Senior Insurance Managers Regime – Transitional Provisions Part	T
Large Non-Solvency II Firms - Allocation of Responsibilities Part	U
Large Non-Solvency II Firms – Certification Part	V
Large Non-Solvency II Firms – Certification Part	W
Large Non-Solvency II Firms – Conduct Standards Part	X
Large Non-Solvency II Firms – Fitness and Propriety Part	Y
Large Non-Solvency II Firms – Fitness and Propriety Part	Z
Large Non-Solvency II Firms – Key Function Holder – Notifications Part	AA
Large Non-Solvency II Firms – Senior Insurance Management Functions Part	AB
Large Non-Solvency II Firms – Senior Insurance Managers Regime – Applications and Notifications Part	AC
Large Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions Part	AD
Non-Solvency II Firms – Allocation of Responsibilities Part	AE
Non-Solvency II Firms – Certification Part	AF
Non-Solvency II Firms – Certification Part	AG
Non-Solvency II Firms – Conduct Standards Part	AH
Non-Solvency II Firms – Fitness and Propriety Part	AI
Non-Solvency II Firms – Fitness and Propriety Part	AJ
Non-Solvency II Firms – Governance Part	AK
Non-solvency II Firms - Run-off Firms Part	AL
Non-Solvency II Firms – Senior Insurance Management Functions	AM
Non-Solvency II Firms – Senior Insurance Managers Regime – Applications and Notifications Part	AN
Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions Part	AO
Insurance Company – Reporting	AP
Transitional Measures Part	AQ
Glossary	AR
Glossary	AS

E. Annex L is part of the Solvency II firms sector of the PRA Rulebook.

F. Annex V and Annex AF are part of the Non-Solvency II firms sector of the PRA Rulebook.

### **Commencement**

G. Annex F and AS come into force on 1 January 2019.

H. Annexes M, P, W, Z, AG, and AJ come into force on 10 December 2019.

- I. All other Annexes come into force on 10 December 2018.

**Deletion**

- J. The Senior Managers Regime – Transitional Provisions Part of the PRA Rulebook for CRR Firms and Non-CRR Firms will be deleted on 10 December 2018.

**Citation**

- K. This instrument may be cited as the PRA Rulebook: CRR Firms, Non-CRR Firms, Solvency II Firms and Non Solvency II Firms: Senior Managers Regime and Senior Insurance Managers Regime (Amendment) (No 1) Instrument 2018.

**By order of the Prudential Regulation Committee**

22 May 2018

## Annex A

## Amendments to the Allocation of Responsibilities Part

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

## 1 APPLICATION AND DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

...

~~Chairman function~~

~~has the meaning given in Senior Management Functions 4.2.~~

...

~~FCA Chairman of nomination committee function~~

means an *FCA controlled function* specified in SUP 10C.5.2R of the *FCA Handbook*.

...

## 3 ALLOCATION OF RESPONSIBILITIES

---

...

3.2 (1) A *firm* (other than a *small CRR firm*, a *credit union* or a *third country CRR firm*) must allocate each of the *prescribed responsibilities* in 4.1(13) to (19) to one or more persons who perform:

(a) an *oversight PRA senior management function*; or

~~(e)~~(b) the ~~FCA Chairman~~ *FCA Chairman of nomination committee function*

on behalf of the *firm*.

...

## 4 PRESCRIBED RESPONSIBILITIES

---

4.1 Each of the responsibilities set out in this rule is a *prescribed responsibility*:

...

(4) responsibility for the *firm's* performance of its obligations under Fitness and Propriety in respect of ~~its~~ *notified non-executive directors*;

...

## 8 CHAIRMAN'S OF THE GOVERNING BODY'S OFFICE

---

8.1 A *firm* (other than a *third country CRR firm*) must ensure that the office of the *Chairman of the Governing Body* function has resources that are adequate as to both quality and quantity to enable it to fulfil its role within the *firm*.

## Annex B

## Amendments to the Audit Committee Part

In this Annex deleted text is struck through.

...

## 2 AUDIT COMMITTEE

---

...

2.2 The criteria referred to in 2.1 are:

...

(5) a majority of the members, including the chairman, of the *audit committee* of a *firm* must be independent of the *firm* provided that:

...

(7) the chairman of the *audit committee* must be appointed by its members and must be independent of the *firm*.

...

## 4 TRANSITIONAL PROVISIONS

---

4.1 2.2 (6) shall not apply until the commencement of a *firm's* financial year beginning on or after 17 June 2018 provided that a majority of the members, including the chairman, of the *audit committee* of a significant *firm* are independent of the *firm*.

...

## Annex C

## Amendments to the Fitness and Propriety Part

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

## 1 APPLICATION AND DEFINITIONS

---

...

1.2 The matters referred to in 2 are relevant to the *PRA's* determination of whether a *person* to whom a *PRA senior management approval application* relates is fit and proper.

1.3 In this Part, the following definitions shall apply:

...

~~*continued approval*~~

has the meaning in Senior Managers Regime—Transitional Provisions 1.2.

~~*disciplinary action*~~

has the meaning given in section 64C of *FSMA*.

~~*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) ~~FIT and APER in the PRA Handbook;~~

(5) ~~COCON in the FCA Handbook; and~~

(6) ~~APER in the FCA Handbook.~~

...

## 2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

---

2.1 A firm must not make a *PRA senior management approval application* in relation to a *person* unless it is satisfied that *person* is fit and proper to perform the *PRA senior management function* to which the application relates.

...

2.7 ...

(3) A *firm* must take reasonable steps to obtain references:

- (a) in respect of a *PRA senior management approval application*, no later than one month before the end of the application period set out in section 61 of *FSMA*;
- (b) where a request by a *firm* for a reference in respect of a *PRA senior management approval application* 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 in section 61 of *FSMA*; or

...

2.9 In deciding whether a *person* (P) is fit and proper in connection with a *PRA senior management approval application* or on appointment as a *notified non-executive director* or *credit union non-executive director*, a *firm* must:

...

## 5 REGULATORY REFERENCES

---

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

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

...

## Annex D

## Amendments to the Notifications Part

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

## 1 APPLICATION AND DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

...

*disciplinary action*

has the meaning given in section 64C of FSMA.

...

## 4 NOTIFIED PERSONS

---

4.1 ...

(2) The notification in (1) ~~must be submitted in the form referred to in 10.1 (Form F).~~ However, if the person is an approved person, notification include, as a minimum, the person's giving details of their name, the approved person's individual reference number and the position to which the notification relates, is sufficient and, if the person is an approved person, the approved person's individual reference number.

4.2 (1) ~~A firm other than a credit union must submit the form referred to in 10.1 online using the ONA system.~~

(2) ~~Where a firm is obliged to submit an application online under (1), if the ONA system fails and online submission is unavailable for 24 hours or more, until such time as facilities for online submission are restored:~~

(a) ~~a firm must submit the form in the way set out in 7.4 to 7.6; and~~

(b) ~~the rules in relation to non-compliance with rules by a firm in the case of an emergency do not apply. [deleted]~~

...

## 10 FORMS

---

10.1 ~~Form F can be found here. [deleted]~~

...

## 11 CONDUCT RULES: NOTIFICATIONS

---

11.1 This Chapter applies to every *firm* that is:

- (a) a *CRR firm*;
- (b) a *credit union*; ~~or~~
- (c) a *third country CRR firm* in relation to the activities of its establishment in the UK;
- (d) a *UK Solvency II firm*;
- (e) in accordance with Insurance General Application 3, the *Society*, as modified by 14;
- (f) in accordance with Insurance General Application 3, *managing agents*, as modified by 14;
- (g) a *third country branch undertaking*;
- (h) a *UK ISPV*; and
- (i) a *non-directive insurer*.

...

11.4 If a *firm* is required to notify the *PRA* under 11.2 in respect of a *person* performing a *PRA senior management function*, it must do so within seven business days of the point at which it determined the relevant requirement applied, by submitting:

- (1) if the *firm* is of a type in 11.1(a), (b) or (c) and the circumstances set out in Senior Managers Regime – Applications and Notifications 5.2 apply, Form C;
  - (2) if the *firm* is of a type in 11.1(d), 11.1(e), 11.1(f), 11.1(g) or 11.1(h) (other than a *Swiss general insurer*) and the circumstances set out in Solvency II Firms - Senior Managers Regime – Applications and Notifications 4.2(2) apply, Form C;
  - (3) the *firm* is a *large non-directive insurer* or a *Swiss general insurer* and the circumstances set out in Large Non-Solvency II Firms - Senior Managers Regime – Applications and Notifications 4.2(2) apply, Form C;
  - (4) if the *firm* is a *small non-directive insurer* and the circumstances set out in Non-Solvency II Firms - Senior Managers Regime – Applications and Notifications 4.2(2) apply, Form C;
- ~~(2)~~ (5) and in all other cases, Form D.

A *firm* must not unreasonably delay its determination of whether or not the requirement applies.

11.5 If a *firm* becomes aware of information which would reasonably be material to the assessment of the fitness and propriety of a *PRA approved person*, or a *person* in respect of whom an application for approval to perform a *PRA senior management function* has been made, it must inform the *PRA* on Form D, or (if it is more practical to do so and with the prior agreement of the *PRA*) by fax or e-mail, as soon as practicable.

...

11.9 (1) Form C may be found ~~here~~ [here](#).

(2) Form D may be found ~~here~~ [here](#).

(3) Form L may be found ~~here~~ [here](#).

...

## **14    LLOYD'S**

---

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

Annex E

Amendments to the Remuneration Part

In this Annex deleted text is struck through.

...

**7 GOVERNANCE**

---

...

7.4 A *firm* that is significant in terms of its size, internal organisation and the nature, scope and complexity of its activities must establish a *remuneration* committee, and ensure that the committee:

...

- (2) comprises a chairman and members who are members of the *management body* who do not perform any executive function in the *firm*;

...

## Annex F

## Amendments to the Ring-fenced Bodies Part

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

...

#### 4 BOARD COMPOSITION AND MEMBERSHIP

---

...

4.3 A *ring-fenced body* must ensure that the *person* performing the *Chairman of the Governing Body function*:

...

4.6 4.5 does not apply if an *extraordinary vacancy* arises in the office held by the *person* performing the *Chairman of the Governing Body function* of a *ring-fenced body*.

...

#### 5 RISK MANAGEMENT

---

5.1 A *ring-fenced body* must ensure that its risk committee includes a *person* performing the *Chairman of Risk Committee function*.

5.2 A *ring-fenced body* must ensure that the *person* performing the *Chairman of Risk Committee function* does not chair any committee whose functions include oversight of the risk function of any other member of the *ring-fenced body's group*, other than a *ring-fenced affiliate*.

...

#### 6 INTERNAL AUDIT POLICY

---

6.1 A *ring-fenced body* must ensure that its *audit committee* includes a *person* performing the *Chairman of Audit Committee function*.

6.2 A *ring-fenced body* must ensure that the *person* performing the *Chairman of Audit Committee function* does not chair any committee whose functions include oversight of the audit function of any other member of the *ring-fenced body's group*, other than a *ring-fenced affiliate*.

...

#### 8 REMUNERATION POLICY

---

...

8.2 A *ring-fenced body* must ensure that its *remuneration committee* includes a *person* performing the *Chairman of Remuneration Committee function*.

8.3 A *ring-fenced body* must ensure that the *person* performing the *Chairman of Remuneration Committee function* does not chair any committee whose functions include *remuneration* for any other member of the *ring-fenced body's group*, other than for a *ring-fenced affiliate*.

...

## Annex G

## Amendments to the Senior Management Functions Part

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

...

## 2 GENERAL

---

...

- 2.2 (1) A *firm* (other than a *credit union* or a *third country CRR firm*) must ensure that one or more *person* performs each of the following *PRA senior management functions* on its behalf:

...

- (c) the ~~Chairman~~ of the Governing Body function.

...

## 4 OVERSIGHT

---

...

- 4.2 The ~~Chairman~~ of the Governing Body function (SMF9) is the function of having responsibility for chairing, and overseeing the performance of the role of, the *governing body* of a *firm*.
- 4.3 The ~~Chairman~~ of Risk Committee function (SMF10) is the function of having responsibility for chairing, and overseeing the performance of any committee responsible for the oversight of the risk management systems, policies and procedures of a *firm* specified in Risk Control 2, including where applicable to the *firm*, a committee established in accordance with Risk Control 3.1.
- 4.4 The ~~Chairman~~ of Audit Committee function (SMF11) is the function of having responsibility for chairing, and overseeing the performance of any committee responsible for the oversight of the internal audit system of a *firm* specified in Compliance and Internal Audit 2.
- 4.5 The ~~Chairman~~ of Remuneration Committee function (SMF12) is the function of having responsibility for chairing, and overseeing the performance of any committee responsible for the oversight of the design and the implementation of the remuneration policies of a *firm*, including where applicable to the *firm*, a committee established in accordance with Remuneration 7.4.
- 4.6 The *Senior Independent Director function* (SMF14) is the function of performing the role of a senior independent *director*, and having particular responsibility for leading the assessment of the performance of the *person* performing the ~~Chairman~~ of the Governing Body function.

...

## 8 COMBINATION OF SENIOR MANAGEMENT FUNCTIONS

---

...

- 8.2 A *firm* must ensure that a *person* who performs the *Chairman of the Governing Body* function on its behalf does not simultaneously perform the *Chief Executive* function within the same *firm*.

## Annex H

## Amendments to the Senior Managers Regime – Applications and Notifications Part

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

## 1 APPLICATION AND DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

...

*current approved person approval*

means

...

(2) a deemed approval given by: ~~either~~

(a) the PRA following the submission of a conversion grandfathering notification under Senior Managers Regime ~~(Transitional Provisions)~~; or

(b) ~~by the FCA~~ under any equivalent process contained in rules in the *FCA Handbook*; or

...

grandfathering notification

has the meaning given in Senior Managers Regime ~~— Transitional Provisions.~~

...

## 2 APPLICATION TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION

---

...

2.7 ...

(2) A *statement of responsibilities* must be in the form set out here;

(a) ~~for a third country CRR firm~~, in the form set out ~~here~~; and

(b) ~~for all other firms~~, in the form set out ~~here~~.

...

## 8 FORMS

---

8.1 (1) Form A (long form) may be found ~~here~~ here.

(2) Form A (shortened form) may be found ~~here~~ here.

(3) Form B may be found ~~here~~ here.

(4) Form C may be found ~~here~~ here.

(5) Form D may be found ~~here~~ [here](#).

(6) Form E may be found ~~here~~ [here](#).

(7) Form I may be found ~~here~~ [here](#).

(8) Form J may be found ~~here~~ [here](#).

Annex I

**Amendments to the Senior Managers Regime – Transitional Provisions Part**

This Part is deleted.

Part

**SENIOR MANAGERS REGIME – TRANSITIONAL  
PROVISIONS**

---

Deleted

## Annex J

## Amendments to the Group Supervision Part

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

...

**17 RISK MANAGEMENT AND INTERNAL CONTROL**

---

...

17.4 For the purposes of applying Key Function Holder – Notifications 2 to 6 at the level of the *group*, in accordance with 17.1(1)(i), *firms* should read the definitions of *grandfathering key function holder*, *new SIMF applicant*, *transitional key function holder* and *transitional notified non-executive director* in Key Function Holder – Notifications 1 as follows:

...

(2) *new SIMF applicant*

means a *key function holder* at the level of the *group* (other than a *grandfathering key function holder*) who submits an application for a ~~senior management function~~ or PRA senior ~~insurance~~ management function prior to the *commencement date* in relation to a *PRA-authorised person* in that *group*.

...

## Annex K

## Amendments to the Insurance – Allocation of Responsibilities Part

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

## 1 APPLICATION AND DEFINITIONS

---

1.1 Unless otherwise stated, this Part applies to:

...

(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*); ~~and~~

(5) a UK ISPV, in accordance with 7.

1.2 In this Part, the following definitions shall apply:

~~governance map~~ management responsibilities map

has the meaning given in 5.1.

...

~~SIMR-prescribed responsibility~~

...

third country branch prescribed responsibility

(1) for a third country branch undertaking (other than a UK-deposit insurer) means the responsibilities set out in 3A.2 to the extent only that they are relevant to the operations effected by its third country branch); and

(2) for a UK-deposit insurer means the responsibilities set out in 3A.2 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.

## 2 ALLOCATION OF RESPONSIBILITIES

---

2.1 A firm (other than a *third country branch undertaking*, ~~or a small run-off firm~~ or a UK ISPV) 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 PRA 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*, ~~or a small run-off firm or a UK ISPV~~) must allocate each of the ~~SIMR~~ *prescribed responsibilities* set out in 3.1(10) and (11) and the ~~SIMR~~ *prescribed responsibility* set out in 3.3, if applicable, to one or more *non-executive directors* who perform:
- (1) a ~~PRA senior insurance~~ *management function* set out in Insurance – Senior Insurance Management Functions 4; or
  - (2) 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(A1) to 3.1(1), (4), (5), (6) (7) and (12) and each of the *third country branch prescribed responsibilities* 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 ~~PRA senior insurance~~ *management function*; or
  - (2) in relation to *relevant senior management functions* only, the *FCA*.
- 2.4 A *small run-off firm* must allocate each of the ~~SIMR~~ *prescribed responsibilities* set out in 3.2 to one or more *persons* who, in relation to that *small run-off firm*, are approved under section 59 of *FSMA* by:
- (1) the *PRA* to perform a ~~PRA senior insurance~~ *management function*; or
- ....
- 2.5 A UK ISPV must allocate each of the *prescribed responsibilities* set out in 3.1(1A) to 3.1(1C) 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 *PRA senior management function*; or
  - (2) in relation to *relevant senior management functions* only, the *FCA*.
- 2.6 A *firm* must ensure that any responsibilities allocated to, and that form part of the responsibilities of, a *person* who performs a *PRA senior management function* in relation to the *firm* are consistent with the scope of that *PRA senior management function* and of any *prescribed responsibilities*, *FCA responsibilities* and other responsibilities allocated to that *person*.

### 3 ~~SIMR~~-PRESCRIBED RESPONSIBILITIES

---

- 3.1 Each of the responsibilities set out in this rule is an ~~SIMR~~ *prescribed responsibility*:
- (A1) responsibility for the *firm's* performance of its obligations under the *senior management regime*;
  - (A2) responsibility for the *firm's* performance of its obligations under the *certification regime*;
  - (A3) responsibility for compliance with the *firm's* obligations in relation to its *management responsibilities map*;

- (1) responsibility for ensuring that the *firm* has complied with its obligations in Insurance – Fitness and Propriety to:
- (a) ensure that every *person* who performs a *key function* but does not also perform a *PRA senior management function* or a *certification 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;

...

3.2 Each of the following responsibilities is an ~~*SIMR*~~-prescribed responsibility in respect of a *small run-off firm*:

...

3.3 The responsibility set out in rule 3.3(1) is an ~~*SIMR*~~-prescribed responsibility in the circumstances specified:

...

### **3A PRESCRIBED RESPONSIBILITIES: UK BRANCHES**

---

3A.1 This Chapter applies only to a *third country branch undertaking*.

3A.2 Each of these responsibilities is a *third country branch prescribed responsibility*:

- (1) responsibility for management of the *firm's* risk management processes in the *UK*;
- (2) responsibility for the *firm's* compliance with the *UK regulatory system* applicable to the *firm*;
- (3) responsibility for the escalation of correspondence from the *PRA, FCA* and other regulators in respect of the *firm* to each of the *governing body* or the *management body* of the *firm* and, as appropriate, the *firm's parent undertaking* and the ultimate *parent undertaking of the firm's group*; and
- (4) responsibility for management of the *firm's* systems and controls in the *UK*.

...

### **5 RECORDS**

---

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

...

- (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);

...

(6) ...

- (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;
- (7) matters reserved to the governing body (including the terms of reference of its committees) and including, in the case of a third country branch undertaking, the equivalent body (or its committees) responsible for the management of the third country branch undertaking's business activities in the UK.
- 5.2 A firm must update the ~~governance map~~ management responsibilities map:  
...
- 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~~ management responsibilities map; and
- (2) in the event of an update pursuant to 5.2(2), a copy of the relevant part of the ~~governance map~~ management responsibilities map.
- 5.4 A firm must keep an up-to-date record of the ~~scope of responsibilities form~~ statement of responsibilities of each *key function holder*.
- 5.5 A ~~scope of responsibilities form~~ statement 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~~ management responsibilities map, to show changes in a *person's* responsibilities it must also ensure that:  
...
- 5.8 Each version of both the ~~governance map~~ management responsibilities 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.  
...

## 7 UK ISPVs

---

- 7.1 This Chapter applies only to firms that are UK ISPVs.
- 7.2 A firm that is a UK ISPV is not required to comply with the requirements laid down in:
- (1) 4 (Identification of Key Functions); and
- (2) 5.1 to 5.3 and 5.7 (Records).
- 7.3 The requirements in 5.4 and 5.6 apply to a firm that is a UK ISPV as if any reference to a key function holder were a reference to a PRA senior management function holder.
- 7.4 The requirements in 5.8 apply to a UK ISPV as if the reference to the management responsibilities map were deleted.

**Annex L**

**Insurance – Certification Part**

In this Annex, all text is new and is not underlined.

**Part**

# **Insurance - Certification**

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**Chapter content**

- 1. APPLICATION AND DEFINITION**
- 2. CERTIFICATION FUNCTIONS**
- 3. PERFORMANCE OF CERTIFICATION FUNCTIONS**
- 4. MATERIAL RISK TAKERS**
- 5. LLOYD'S**
- 6. UK ISPVS**

**Links**

## 1 APPLICATION AND DEFINITION

---

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, a *managing agent*, as modified by 5;
- (4) a *third country branch undertaking* (other than a *Swiss general insurer*) in relation to the activities of the *third country branch* that are subject to the *regulatory system*; and
- (5) a *UK ISPV*, in accordance with 6.

1.2 This Part does not apply to a *small run-off firm*.

1.3 In this Part, the following definition shall apply:

*employee*

in relation to a *firm*, includes any *person* within the description set out in section 63E(9) of *FSMA*.

1.4 This Part does not apply to a function performed by:

- (1) a *PRA approved person*;
- (2) a *person* who performs an *FCA controlled function*; or
- (3) a *non-executive director* in relation to their *non-executive director* function.

## 2 CERTIFICATION FUNCTIONS

---

2.1 For the purposes of this Part, the following are *certification functions*:

- (1) a function performed for a *firm* by a *key function holder* at the *firm*;
- (2) a function performed by a *material risk taker* at a *large firm*.

2.2 A function is only a *certification function* to the extent that the function relates to a *regulated activity* carried on by a *firm*.

## 3 PERFORMANCE OF CERTIFICATION FUNCTIONS

---

3.1 [not used]

3.2 A *person* does not perform a *certification function* for a *firm* under 2.1 if the *person* is performing any *controlled function* for that *firm*.

3.3 To the extent that:

- (1) a *firm* appoints a *person* to perform a function which, but for this rule, would be a *certification function*;
  - (2) the appointment is solely to provide cover for a *certification employee* whose absence is reasonably unforeseen; and
  - (3) the appointment is for less than four weeks;
- such a *person* does not perform a *certification function*.

#### **4 MATERIAL RISK TAKERS**

---

- 4.1 This Chapter applies to a *firm* that falls within 1.1 and is a *large firm*.
- 4.2 A *firm* must identify, in respect of the *firm*, its *employees* who are *material risk takers*.
- 4.3 A *firm* must keep its identification of *material risk takers* pursuant to 4.2 up-to-date.
- 4.4 A *firm* must keep a record of its reasoning for the identification of *material risk takers* pursuant to 4.2.

#### **5 LLOYD'S**

---

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

#### **6 UK ISPVS**

---

- 6.1 2.1(2) does not apply to a *UK ISPV*.
- 6.2 4 does not apply to a *UK ISPV*.

Annex M

Amendments to the Insurance – Certification Part

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

...

**3 PERFORMANCE OF CERTIFICATION FUNCTIONS**

---

- 3.1 ~~[not used]~~ A firm must take reasonable care to ensure that none of its *employees* performs a *certification function* under an arrangement entered into by the *firm* in relation to the carrying on by the *firm* of a *regulated activity*, unless the *employee* has a valid *certificate* issued by the *firm*.

...

...

## Annex N

## Amendments to the Insurance – Conduct Standards Part

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

## 1 APPLICATION AND DEFINITIONS

---

1.1 Unless otherwise stated, this Part applies to:

...

(6) in relation to any of the foregoing *firms*, any *person* who is:

(a) a *Conduct Rules non-executive director*;

(b) an *employee* of a *firm* who is a *key function holder*;

(c) a *certification employee* (other than a *key function holder*); ~~or who is~~

(d) approved under section 59 of *FSMA* by either:

~~(a)(i)~~ (i) the *PRA*; or

~~(b)(ii)~~ (ii) the *FCA*, in relation to a *relevant senior management function*;

(e) an *employee* who should have been approved under section 59 of *FSMA* by either:

(i) the *PRA*; or

(ii) the *FCA*, in relation to a *relevant senior management function*; or

(f) an *employee* who is performing a function that would have been a *controlled function* but for Insurance - Senior Management Functions 2.4.

1.2 In this Part the following definition shall apply:

*employee*

has the meaning given in Insurance – Certification 1.3.

## 2 SCOPE OF CONDUCT STANDARDS

---

2.1 If you are a natural *person* who is:

(1) an *employee* of a *firm* who is a *key function holder*; or

(2) approved under section 59 of *FSMA* by either:

~~(1)(a)~~ (a) the *PRA*; or

~~(2)(b)~~ the *FCA*, in relation to a *relevant senior management function*,

you must comply at all times with all of the *conduct standards*.

...

2.1B If you are an *employee* of a type specified in 1.1(6)(c), (e) or (f) you must comply at all times with the *conduct standards* specified in 3.1 to 3.3.

2.2 A *firm* must require:

- (1) any *person* performing a *key function* to observe the *conduct standards* specified in 3.1 to 3.3;
- (2) any *key function holder* (other than a *notified non-executive director* and an *authorised UK representative*) to observe the *conduct standards* specified in 3.4 to 3.8, in addition to complying with (1); ~~and~~
- (3) any *notified non-executive director* to observe the *conduct standards* specified in 3.7 and 3.8, in addition to complying with (1); and
- (4) an *employee* of a type specified in 1.1(6)(c), (e) or (f) to observe the *conduct standards* specified in 3.1 to 3.3.

### 3 CONDUCT STANDARDS

---

...

3.4 ~~Senior Insurance Manager Conduct Standard 1:~~ **Senior Insurance Manager Conduct Standard 1:** You must take reasonable steps to ensure that the business of the *firm* for which you are responsible is controlled effectively.

3.5 ~~Senior Insurance Manager Conduct Standard 2:~~ **Senior Insurance Manager Conduct Standard 2:** You must take reasonable steps to ensure that the business of the *firm* for which you are responsible complies with the relevant requirements and standards of the *regulatory system*.

3.6 ~~Senior Insurance Manager Conduct Standard 3:~~ **Senior Insurance Manager Conduct Standard 3:** You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate *person* and that you oversee the discharge of the delegated responsibility effectively.

3.7 ~~Senior Insurance Manager Conduct Standard 4:~~ **Senior Insurance Manager Conduct Standard 4:** You must disclose appropriately any information of which the *FCA* or the *PRA* would reasonably expect to have notice.

3.8 ~~Senior Insurance Manager Conduct Standard 5:~~ **Senior Insurance Manager Conduct Standard 5:** When exercising your responsibilities, you must pay due regard to the interests of current and potential future *policyholders* in ensuring the provision by the *firm* of an appropriate degree of protection for their insured benefits.

...

## Annex O

## Amendments to the Insurance – Fitness and Propriety Part

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

## 1 APPLICATION AND DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

...

*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. (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) FIT and APER in the PRA Handbook;~~
- ~~(5) COCON in the FCA Handbook; and~~
- ~~(6) APER in the FCA Handbook.~~

...

## 2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

---

...

2.2 In deciding whether a *person* is fit and proper pursuant to 2.1 and, where applicable, section 60A(1), a *firm* must be satisfied that the *person*:

...

...

- 2.4 In deciding whether a *person* (P) is fit and proper to be appointed as a PRA senior insurance management function holder or a *notified non-executive director*, a *firm* must:

...

2.5

...

- (3) When making a PRA senior insurance management approval application, a *firm* must take reasonable steps to obtain references in accordance with (1) and (2):

...

### 3 REGULATORY REFERENCES

---

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

- (a) is considering issuing a *certificate* to, making a PRA senior management approval 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);

...

### 4 DISCLOSURE AND REPLACEMENTS

---

4.1 ...

- (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:

...

- (b) if the *key function holder* is also to perform a PRA 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 PRA 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 PRA senior insurance management function, or in the application to the *FCA* for the approval of that *person* to perform the *FCA controlled function*,

...

## Annex P

## Amendments to the Insurance – Fitness and Propriety Part

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

...

## 2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

---

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

...

2.2 In deciding whether a *person* is fit and proper pursuant to 2.1 and, where applicable, section 60A(1) and section 63F of *FSMA*, a *firm* must be satisfied that the *person*:

...

required to enable such *person* to perform his or her *key function* or *certification 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* or *certification functions* in accordance with the relevant *conduct standards* specified in Insurance - Conduct Standards 3.

...

2.5 (1) Before deciding whether a person (P) is fit and proper to be appointed as a *key function holder* or to perform a *certification function*, a *firm* must take reasonable steps to obtain appropriate references covering the past six years from the following:

...

2.7 If a *firm* previously obtained the information required by 2.4 to 2.6 when it determined that a *key function holder* or a *person* performing a *certification function* 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 or arrangements to perform *certification functions* at the same *firm* within that continuous period.

## Annex Q

## Amendments to the Insurance – Senior Insurance Management Functions Part

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

Part

## Insurance – Senior ~~Insurance~~ Management Functions

---

### 1 APPLICATION AND DEFINITIONS

---

....

1.2 In this Part, the following definitions shall apply:

*Chairman of the Governing Body function*

has the meaning given in 4.1.

*Chairman of Audit Committee function*

has the meaning given in 4.3.

*Chairman of Remuneration Committee function*

has the meaning given in 4.4.

*Chairman of Risk Committee function*

has the meaning given in 4.2.

....

*Group Entity Senior ~~Insurance~~ Manager function*

has the meaning given in 5.1.

....

### 2 GENERAL

---

2.1 Each of the functions in 3 –10 is a *controlled function* and a PRA ~~senior insurance~~ management function.

2.2 PRA ~~Senior insurance~~ management function holders must each be approved by the ~~PRAPRA~~ to perform the applicable PRA ~~senior insurance~~ management function.

2.3 (1) A firm (other than a *third country branch undertaking* or a *small run-off firm*) must ensure that one or more *persons* performs each of the following PRA ~~senior insurance~~ management functions on its behalf:

...

(c) the *Chairman of the Governing Body* function.

- (2) If a vacancy arises in respect of one or more of the *PRA senior insurance management functions* set out in (1), a *firm* must ensure that it appoints a *person* to fill that vacancy as soon as practicable.

2.4 To the extent that:

- (1) a *firm* appoints a *person* to perform a key function which, but for this rule, would be a *PRA senior insurance management function*;
- (2) the appointment is solely to provide cover for a *PRA senior insurance management function holder* whose absence is:

...

the description of the applicable *PRA senior insurance management function* does not relate to those activities of that *person*.

2.5 (1) If, in relation to a *firm*, a *PRA senior insurance management function holder* also performs *FCA activities*, performance of the *PRA senior insurance management function* will include the performance of those *FCA activities*, provided the following conditions are met:

- (a) the *PRA's* approval to perform that *PRA senior insurance management function* has been granted and continues in force;

....

(2) If, in relation to a *firm*, a *PRA senior insurance management function holder* has been performing *FCA activities* in the circumstances set out in (1), and that *person*:

- (a) ceases to perform the *PRA senior insurance management function*;
- (b) within three *months* of ceasing performance, is approved to perform a new *PRA senior insurance management function* at the *firm*; and
- (c) continues to perform the *FCA activities*,

performance of the new *PRA senior insurance management function* will include the performance of those *FCA activities*, provided the conditions in (1) (a) to (d) are met.

2.6 If a *PRA senior insurance management function holder* to whom 2.5 applies ceases to perform a *PRA senior insurance management function* but continues to perform the *FCA activities*, 2.5(1) will continue to apply in respect of the performance of the *FCA activities* until the earlier of:

- (1) ...
- (2) three *months* from the time that the *person* ceased to perform that *PRA senior insurance management function*.

...

2.8 (1) A firm (other than a UK ISPV) must take all reasonable steps to ensure that before a person begins to perform:

(a) a PRA senior management function; or

(b) new or revised responsibilities in performance of a PRA senior management function.

that person is provided with all of the information and materials that the person may reasonably expect in order to perform that PRA senior management function or those new or revised responsibilities effectively and in accordance with the regulatory system.

(2) A firm must:

(a) have a written policy to ensure compliance with (1), including in relation to the systems and controls it uses;

(b) ensure the policy under (a) is complied with; and

(c) maintain adequate records of the steps taken to comply with (1).

### 3 EXECUTIVE

---

3.1 The *Chief Executive function* (S1MF1) is the function of having responsibility, under the immediate authority of the *governing body*, alone or jointly with others, for carrying out the management of the conduct of the whole of the business (or relevant activities) of a *firm*.

3.2 The *Chief Finance function* (S1MF2) is the function of having responsibility for the management of the financial resources of a *firm* and reporting to the *governing body* of a *firm* in relation to its financial affairs.

3.3 The *Chief Risk function* (S1MF4) is the function of having responsibility for overall management of the risk management system specified in Conditions Governing Business 3.

3.4 The *Head of Internal Audit function* (S1MF5) is the function of having responsibility for the management of the internal audit *function* specified in Conditions Governing Business 5.

3.5 The *Head of Key Business Area function* (S1MF6) is the function of having responsibility for management of a business area or division of a firm (other than a third country branch undertaking) where:

...

3.7 The *Chief Operations function* (S1MF24) is the function of having responsibility for the internal operations and technology of a firm.

### 4 OVERSIGHT

---

4.1 The *Chairman of the Governing Body function* (S1MF9) is the function of having responsibility for chairing, and overseeing the performance of the *governing body* of a *firm*.

4.2 The *Chairman of Risk Committee function* (S1MF10) is the function of having responsibility for chairing, and overseeing the performance of any committee responsible for the oversight of the risk management system specified in Conditions Governing Business 3.

- 4.3 The *Chairman of Audit Committee function* (SIMF11) is the function of having responsibility for chairing and overseeing the performance of any committee responsible for the oversight of the internal audit *function* specified in Conditions Governing Business 5.
- 4.4 The *Chairman of Remuneration Committee function* (SIMF12) is the function of having responsibility for chairing and overseeing the performance of any committee responsible for the oversight of the design or implementation of the remuneration policies and practices of a *firm*.
- 4.5 The *Senior Independent Director function* (SIMF14) is the function of performing the role of a senior independent *director*, and having particular responsibility for leading the assessment of performance of the *person* performing the *Chairman of the Governing Body function*.

## 5 GROUP ENTITIES

---

- 5.1 The *Group Entity Senior Insurance Manager function* (SIMF7) is the function of having a significant influence on the management or conduct of one or more aspects of the affairs of a *firm* in relation to its *regulated activities* (other than in the course of the performance of another *PRA senior insurance management function*) and which is performed by a *person* employed by, or an officer of:

....

## 6 HEAD OF THIRD COUNTRY BRANCH

---

....

- 6.2 The *Head of Third Country Branch function* (SIMF19) is the function of having responsibility for the conduct of all activities of the *third country branch undertaking* that are subject to the *regulatory system*.
- ....
- 6.4 A *third country branch undertaking* that transacts *with-profits insurance business* must have at least one *person* approved to perform the *With-Profits Actuary function* (SIMF240a).
- 6.5 A *third country branch undertaking* is not required to have any *person(s)* approved to perform any of the other *PRA senior insurance management functions*.

## 6A HEAD OF SMALL RUN-OFF FIRM

---

...

- 6A.2 The *Head of small run-off firm function* (SIMF 26) is the function of:

....

- 6A.4 A *small run-off firm* must have at least one *person* approved to perform the *Chief Finance function* (SIMF2).

- 6A.5 A *small run-off firm* that transacts *with-profits insurance business* must have at least one *person* approved to perform the *With-Profits Actuary function* (SIMF240a).
- 6A.6 A *small run-off firm* is not required to have any *person(s)* approved to perform any of the other PRA *senior ~~insurance~~ management functions*.

## 7 CHIEF ACTUARY

---

- 7.1 The *Chief Actuary function* (SIMF20) is the function of having responsibility for the *actuarial function* specified in Conditions Governing Business 6.

## 8 WITH-PROFITS ACTUARY

---

....

- 8.2 The *With-Profits Actuary function* (SIMF240a) is the function of having responsibility for advising the *governing body* of a *firm* transacting *with-profits insurance business* on the exercise of discretion affecting part or all of that business, as described more fully in Actuaries 5.1.

## 9 CHIEF UNDERWRITING OFFICER

---

....

- 9.2 The *Chief Underwriting Officer function* (SIMF223) is the function of having responsibility, in respect of the *firm's general insurance business*, for the underwriting decisions in respect of material insurance risks that:

....

## 10 UNDERWRITING RISK OVERSIGHT

---

....

- 10.2 The *Underwriting Risk Oversight function* (SIMF23a) is the function of overseeing and influencing underwriting plans by *managing agents* in respect of risks borne by *members*.

....

## 12 UK ISPVS

---

....

- 12.2 The following PRA *senior ~~insurance~~ management functions* do not apply to a *UK ISPV*:

- (1) *Chief Risk function* (SIMF4);

- (2) *Head of Internal Audit function (SIMF5);*
- (3) *Chairman of Risk Committee function (SIMF10);*
- (3A) *Head of Key Business Area function (SIMF6);*
- (4) *Chairman of Audit Committee function (SIMF11);*
- (5) *Chairman of Remuneration Committee function (SIMF12);*
- (6) *Senior Independent Director function (SIMF14);*
- (7) *Head of Third Country Branch function (SIMF19);*
- (8) *With-Profits Actuary function (SIMF240a); ~~and~~*
- (9) *Chief Underwriting Officer function (SIMF223); and*
- (10) *Chief Operations function (SIMF24).*

### 13 COMBINATION OF PRA SENIOR ~~INSURANCE~~ MANAGEMENT FUNCTIONS

...

13.2 A large firm must ensure that a person who performs the *Chairman of the Governing Body function* on its behalf does not perform the *Chief Executive function* within the same firm.

13.3 A large firm that is a member of a group must ensure that a group executive does not perform any of the following functions in respect of the firm:

- (1) the *Chairman of the Governing Body function (SIMF9);*
- (2) the *Chairman of Risk Committee function (SIMF10);*
- (3) the *Chairman of Audit Committee function (SIMF11);*
- (4) the *Chairman of Remuneration Committee function (SIMF12);* or
- (5) the *Senior Independent Director function (SIMF14).*

...

## Annex R

## Amendments to the Key Function Holder – Notifications Part

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

## 1 APPLICATION AND DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

...

*new SIMF applicant*

means, in relation to a *firm*, a *key function holder* (other than a *grandfathering key function holder*) who submits an application for a PRA senior insurance management function prior to the *commencement date*.

...

~~senior insurance management approval application~~

~~means an application for approval to perform a senior insurance management function under section 59 of FSMA.~~

...

## 2 KEY FUNCTION HOLDER NOTIFICATION

---

2.1 This Chapter does not apply in relation to a:

...

(3) *new SIMF applicant*.

...

2.4 The PRA directs that:

(1) where the *key function holder* is to be approved by the PRA to perform a PRA senior insurance management function, the *firm* must provide the information referred to in 2.2 to the PRA in whichever Form is required for the PRA senior insurance management approval application, pursuant to Insurance - Senior Insurance-Managers Regime – Applications and Notifications 2, which must be accompanied by a ~~scope of responsibilities form~~ statement of responsibilities form; and

(2) where the *key function holder* is to be approved by the FCA to perform an *FCA controlled function*, the *firm* is not required to submit a *key function holder notification form* to the PRA to the extent the *firm* provides the information referred to in 2.2 to the FCA as part of the application to the FCA, with a ~~scope of responsibilities form~~ statement of responsibilities form.

...

## 4 FORMS

---

4.1 The key function holder notification form, Form M, may be found ~~here~~ [here](#).

...

## 6 TRANSITIONAL ARRANGEMENTS FOR KEY FUNCTION HOLDERS

---

[deleted]

6.1 ~~This Chapter applies only in relation to a:~~

~~(1) transitional key function holder, in relation to key functions held as at 1 January 2016;~~

~~(2) grandfathering key function holder, in relation to key functions held as at the commencement date;~~

~~(3) new SIMF applicant, and~~

~~(4) transitional notified non-executive director in relation to his or her position as a notified non-executive director as at the commencement date.~~

6.2 ~~A firm must provide the information required by Insurance – Fitness and Propriety 4.1 for each transitional key function holder, grandfathering key function holder, new SIMF applicant and transitional notified non-executive director in accordance with 6.3 to 6.6~~

6.3 ~~In respect of a grandfathering key function holder, the requirement in 6.2 will be satisfied where the firm submits a grandfathering notification in accordance with Senior Insurance Managers Regime – Transitional Provisions 2.1, or the update to the grandfathering notification in accordance with Senior Insurance Managers Regime – Transitional Provisions 5 (as the case may be), provided that the firm also submits a scope of responsibilities form to the PRA in respect of that grandfathering key function holder by 7 September 2016.~~

6.4 ~~In respect of a new SIMF applicant, the PRA directs that a firm must provide the information referred to in 6.2 to the PRA in whichever form is required for the senior insurance management approval application, pursuant to Senior Insurance Managers Regime – Applications and Notifications 2, which must be accompanied by a scope of responsibilities form.~~

6.5 ~~In respect of a transitional notified non-executive director, the requirement in 6.2 will be satisfied where the firm records the transitional notified non-executive director in the firm's governance map on or before the commencement date.~~

6.6 ~~In respect of a transitional key function holder who is not a grandfathering key function holder, new SIMF applicant or a transitional notified non-executive director, the PRA directs that a firm must provide the information referred to in 6.2 to the PRA by sending the key function holder notification form to the PRA in accordance with 3.3 by 7 September 2016.~~

## Annex S

## Amendments to the Senior Insurance Managers Regime – Applications and Notifications Part

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

Part

## Insurance – Senior Insurance Managers Regime – Applications and Notifications

---

### 1 APPLICATION AND DEFINITIONS

---

...

1.2 In this Part the following definitions shall apply:

...

*current approved person approval*

means

(1) an approval granted to a *person* under section 59 of *FSMA* (Approval for particular arrangements):

(a) by the *PRA* for the performance of a *PRA* senior insurance management function;  
or

(b) by the *FCA* for the performance of a *significant influence function*;

(2) a deemed approval given by:

(a) ~~either the *PRA* following the submission of a *conversion* or *grandfathering* notification under Senior Insurance Managers Regime Transitional Provisions or by the *FCA* under any equivalent rules in the *FCA Handbook*; or~~

(b) the *FCA* under any equivalent process contained in rules in the *FCA Handbook*; or

...

~~*grandfathering notification*~~

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

...

~~*senior insurance management approval application*~~

means an application for approval to perform a *senior insurance management function* under section 59 of *FSMA*.

*scope of responsibilities form*

means the form to be completed by a *firm* containing the information referred to in Insurance Allocations of Responsibilities 5.1(3).

...

## **2 APPLICATION TO PERFORM A PRA SENIOR INSURANCE MANAGEMENT FUNCTION**

---

- 2.1 The *PRA* directs that a *firm* must make a *PRA senior insurance management approval application* in accordance with 2.2, before the activities requiring approval commence.
- 2.2 The *PRA* directs that a *firm* must use Form A (long form) for a *PRA senior insurance management approval application* unless:
- ...
- 2.3 The *PRA* directs that, subject to 2.4 and 2.5, a *firm* must use Form E for a *PRA senior insurance management approval application* if it is being made in respect of a *person* who has a *current approved person approval* and is either:
- (1) ceasing to perform a *PRA senior management functions*~~*senior insurance management function*~~ and taking up a new *PRA senior insurance management function* for the same *firm* or another member of its *group*; or
  - (2) ceasing to perform a *significant influence function* and taking up a *PRA senior insurance management function* for the *firm* or another member of its *group*.
- 2.4 The *PRA* directs that a *firm* must not use Form E for a *PRA senior insurance management approval application* if:
- (A1) a notification has been or should be made to the *PRA* or *FCA* under any of the following:
- (a) section 63(2A) of *FSMA* (Duty to notify regulator of grounds for withdrawal of approval);
  - (b) section 64C of *FSMA* (Requirement for authorised person to notify regulator of disciplinary action);
- (1) a notification has been made or should be made to the *PRA* under any of the rules in Notifications 11 or to the *FCA* under any equivalent provisions of the *FCA Handbook*;
  - (2) any of the circumstances in 4.2(2)(a)-(d) apply in relation to:
    - (a) any *controlled function* that that *person* is ceasing to perform; or
    - (b) any *controlled function* that that *person* is continuing to perform in relation to that *firm* or a *firm* in the same *group*.

...

2.5 The *PRA* directs that a *firm* must not use Form E if the *person* to whom the *PRA* senior insurance management approval application relates:

....

2.6 (1) The *PRA* directs that a *firm* must use Form A (shortened form) for a *PRA* senior insurance management approval application if:

...

(b) there have been no matters arising in relation to the fitness and propriety of the *person* to whom the *PRA* senior insurance management approval application relates which mean that the information provided to the *FCA* or *PRA* regarding fitness and propriety in connection with a *current approved person approval* may have changed since the application for the *current approved person approval* was made.

...

2.7 The *PRA* directs that the form submitted for a *PRA* senior insurance management approval application must be accompanied by a ~~*scope of responsibilities form*~~ *statement of responsibilities form* or, where a *statement of responsibilities form* ~~such form~~ has already been provided under Key Function Holder – Notifications 2.2, an updated version of it.

### 3 WITHDRAWAL OF A *PRA* SENIOR INSURANCE MANAGEMENT APPROVAL APPLICATION

---

3.1 The *PRA* directs that a *firm* withdrawing an outstanding *PRA* senior insurance management approval application must do so using Form B.

### 4 CEASING TO PERFORM A *PRA* SENIOR INSURANCE MANAGEMENT FUNCTION

---

4.1 A *firm* must notify the *PRA* no later than seven *business days* after a *person* ceases to perform a *PRA* senior insurance management function, using:

(1) Form E if a *person* ceases to perform a *PRA* senior insurance management function and the *firm* is also making an application for the same *person* to perform a new *PRA* senior insurance management function; and

...

4.2 (1) A *firm* must notify the *PRA* as soon as practicable after it becomes aware, or has information which reasonably suggests, that it will submit a qualified Form C in respect of a *PRA* senior insurance management function holder.

(2) Form C is qualified if the information it contains:

(a) relates to the fact that the *firm* has dismissed or suspended the *PRA* senior insurance management function holder from its employment;

- (b) relates to the resignation by the *PRA senior insurance management function holder* while under investigation by the *firm*, the *PRA* or any other *regulatory body*;
- (c) includes a notification under any of the provisions set out in 2.4(A1) or (1); or
- (d) otherwise reasonably suggests that it may affect the *PRA's* assessment of the *PRA senior insurance management function holder's* fitness and propriety.

#### **4A APPLICATION TO VARY A CONDITIONAL APPROVAL**

4A.1 The PRA directs that a firm making an application to the PRA under section 63ZA of FSMA (for the variation of a conditional approval) must do so by submitting:

- (1) Form I; and
- (2) a statement of responsibilities form for the PRA approved person concerned.

4A.2 The PRA directs that a firm withdrawing an application made under section 63ZA of FSMA (Variation of senior manager's approval at request of relevant authorised person) must do so using Form B.

#### **5 CHANGE IN DETAILS RELATING TO PRA SENIOR INSURANCE MANAGEMENT FUNCTION HOLDERS**

- 5.1 If a *PRA senior insurance management function holder's* title, name or national insurance number changes, the *firm* for which the *person* performs a *PRA senior insurance management function* must notify the *PRA* of that change within seven *business days* of the *firm* becoming aware of the matter, using Form D.
- 5.2 If, in relation to a *firm* which has submitted an application on either Form A (long or shortened form) or Form E, as required by 2.2, any of the details relating to *PRA senior insurance management functions* are to change, the *firm* must notify the *PRA* using Form D as soon as reasonably practicable after the *firm* becomes aware of the proposed change.
- 5.3 If a PRA senior management function holder ceases to perform a PRA senior management function for a firm but continues to perform one or more PRA senior management functions for the same firm, the firm must submit a revised statement of responsibilities form for the remaining PRA senior management function(s), along with Form J.

#### **6 PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS**

...

- 6.3 (1) The PRA directs that, if a firm is required to submit a revised statement of responsibilities under section 62A of FSMA, it must do so by submitting Form J with the revised statement of responsibilities form.
- (2) A firm must not use Form J where the revisions are to be made as part of arrangements involving an application:

- (a) for approval for the *person* performing the *PRA senior management function* concerned to perform another *PRA senior management function* or *relevant senior management function* for the same *firm*; or
- (b) to vary under section 63ZA of *FSMA* an approval for the *person* performing the *PRA senior management function* concerned to perform another *PRA senior management function* or *relevant senior management function* for the same *firm*.

## 7 FORMS

---

- 7.1 (1) Form A (long form) may be found ~~here~~ [here](#).
- (2) Form A (shortened form) may be found ~~here~~ [here](#).
- (3) Form B may be found ~~here~~ [here](#).
- (4) Form C may be found ~~here~~ [here](#).
- (5) Form D may be found ~~here~~ [here](#).
- (6) Form E may be found ~~here~~ [here](#).
- (7) The ~~*scope of responsibilities form*~~ *statement of responsibilities form* may be found ~~here~~ [here](#).

...

Annex T

**Amendments to the Senior Insurance Managers Regime – Transitional Provisions Part**

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

Part

**Insurance – Senior ~~Insurance~~ Managers Regime –  
Transitional Provisions**

---

**1 APPLICATION AND DEFINITIONS**

---

...

1.2 In this Part, the following definitions shall apply:

...

scope of responsibilities form

has the meaning given in Senior Insurance Managers Regime – Applications and Notifications as at 7 March 2016.

...

## Annex U

## Amendments to the Large Non-Solvency II Firms – Allocation of Responsibilities Part

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

## 1 APPLICATION AND DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

~~governance map~~ management responsibilities map

has the meaning given in 5.1.

~~SIMR prescribed responsibility~~

(1) for a firm (other than a Swiss general insurer) means the responsibilities in 3.1 and 3.2;

(2) for a Swiss general insurer means the responsibilities set out in 3.1 to the extent only that they are relevant to the activities of the firm carried on from a branch in the UK.

Swiss general insurer prescribed responsibility

means the responsibilities in 3A.2.

...

## 2 ALLOCATION OF RESPONSIBILITIES

---

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 PRA senior insurance management function; or

...

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) and the ~~SIMR prescribed responsibility~~ set out in 3.2, if applicable to one or more non-executive directors who perform:

(1) a PRA senior insurance management function set out in Large Non-Solvency II Firms – Senior Insurance Management Functions 4; or

...

2.3 A Swiss general insurer must allocate each of the prescribed responsibilities set out in 3.1(1A) to 3.1(1) and each of the Swiss general insurer prescribed responsibilities 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 PRA senior management function; or

(2) in relation to the *relevant senior management function* only, the *FCA*.

2.4 A *firm* must ensure that any responsibilities allocated to, and that form part of the responsibilities of, a *person* who performs a *PRA senior management function* in relation to *the firm* are consistent with the scope of that *PRA senior management function* and of any *prescribed responsibilities*, *FCA responsibilities* and other responsibilities allocated to that *person*.

### **3 SIMR PRESCRIBED RESPONSIBILITIES**

---

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

(A1) responsibility for the *firm*'s performance of its obligations under the *senior management regime*;

(A2) responsibility for the *firm*'s performance of its obligations under the *certification regime*;

(A3) responsibility for compliance with the *firm*'s obligations in relation to its *management responsibilities map*;

(1) responsibility for ensuring that the *firm* has complied with its obligations in Large Non-Solvency II – Fitness and Propriety to:

(a) ensure that every *person* who performs a *key function* but does not also perform a *PRA senior management function* or a *certification 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;

...

3.2 The responsibility set out in rule 3.2(1) is an ~~*SIMR*~~-*prescribed responsibility* in the circumstances specified:

...

### **3A PRESCRIBED RESPONSIBILITIES: SWISS GENERAL INSURERS**

---

3A.1 This Chapter applies only to a *Swiss general insurer* in respect of the activities of the *firm* carried on from a *branch* in the *UK*.

3A.2 Each of the responsibilities set out in this rule is a *Swiss general insurer prescribed responsibility*:

(1) responsibility for management of the *firm*'s risk management processes in the *UK*;

(2) responsibility for the *firm*'s compliance with the *UK regulatory system* applicable to the *firm*;

(3) responsibility for the escalation of correspondence from the *PRA*, *FCA* and other regulators in respect of the *firm* to each of the *governing body* or the *management body* of the *firm* and, as appropriate, the *firm's parent undertaking* and the ultimate *parent undertaking* of the *firm's group*; and

(4) responsibility for management of the *firm*'s systems and controls in the *UK*.

...

## 5 RECORDS

---

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

...

(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);

...

(6) where a firm is a member of a group:

...

(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;

(7) matters reserved to the governing body (including the terms of reference of its committees) including, in the case of a Swiss general insurer, the equivalent body (or its committees) responsible for the management of the Swiss general insurer's business and activities in the UK.

5.2 A *firm* must update the ~~governance map~~ management responsibilities map:

...

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~~ management responsibilities map; and

(2) in the event of an update pursuant to 5.2(2), a copy of the relevant part of the ~~governance map~~ management responsibilities map.

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

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

...

5.7 Where a *firm* amends its ~~governance map~~ management responsibilities map to show changes in a *person's* responsibilities it must also ensure that:

...

5.8 Each version of both the ~~governance map~~ management responsibilities 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.

...

**Annex V**

**Large Non-Solvency II Firms – Certification Part**

In this Annex, all text is new and is not underlined.

**Part**

## **Large Non-Solvency II Firms - Certification**

---

**Chapter content**

- 1. APPLICATION AND DEFINITION**
- 2. CERTIFICATION FUNCTIONS**
- 3. PERFORMANCE OF CERTIFICATION FUNCTIONS**
- 4. MATERIAL RISK TAKERS**

**Links**

## 1 APPLICATION AND DEFINITION

---

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 definition shall apply:

*employee*

in relation to a *firm*, includes any *person* within the description set out in section 63E(9) of FSMA.

1.3 This Part does not apply to a function performed by:

- (1) a *PRA approved person*;
- (2) a *person* who performs an *FCA controlled function*; or
- (3) a *non-executive director* in relation to their *non-executive director* function.

## 2 CERTIFICATION FUNCTIONS

---

2.1 For the purposes of this Part, the following are *certification functions*:

- (1) a function performed for a *firm* by a *key function holder* at the *firm*;
- (2) a function performed by a *material risk taker* at a *large firm*.

2.2 A function is only a *certification function* to the extent that the function relates to a *regulated activity* carried on by a *firm*.

## 3 PERFORMANCE OF CERTIFICATION FUNCTIONS

---

3.1 [not used]

3.2 A *person* does not perform a *certification function* for a *firm* under 2.1 if the *person* is performing any *controlled function* for that *firm*.

3.3 To the extent that:

- (1) a *firm* appoints a *person* to perform a function which, but for this rule, would be a *certification function*;
- (2) the appointment solely is to provide cover for a *certification employee* whose absence is reasonably unforeseen; and
- (3) the appointment is for less than four weeks;

such a *person* does not perform a *certification function*.

**4 MATERIAL RISK TAKERS**

---

- 4.1 This Chapter applies to a *firm* that falls within 1.1 and is a *large firm*.
- 4.2 A *firm* must identify, in respect of the *firm*, its *employees* who are *material risk takers*.
- 4.3 A *firm* must keep its identification of *material risk takers* pursuant to 4.2 up-to-date.
- 4.4 A *firm* must keep a record of its reasoning for the identification of *material risk takers* pursuant to 4.2.

Annex W

Amendments to the Large Non-Solvency II Firms – Certification Part

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

...

**3 PERFORMANCE OF CERTIFICATION FUNCTIONS**

---

- 3.1 ~~[not used]~~ A firm must take reasonable care to ensure that none of its *employees* performs a *certification function* under an arrangement entered into by the *firm* in relation to the carrying on by the *firm* of a *regulated activity*, unless the *employee* has a valid *certificate* issued by the *firm*.

...

...

## Annex X

## Amendments to the Large Non-Solvency II Firms - Conduct Standards Part

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

## 1 APPLICATION AND DEFINITIONS

---

1.1 Unless otherwise stated, this Part applies to:

...

- (3) in relation to any of the foregoing *firms*, any *person* who is:
- (a) a Conduct Rules non-executive director;~~or~~
  - (b) an employee of a firm who is a key function holder;
  - (c) a certification employee (other than a key function holder);
  - (d) ~~who is~~ approved under section 59 of *FSMA* by either:
    - ~~(a)~~(i) the *PRA*; or
    - ~~(b)~~(ii) the *FCA*, in relation to a *relevant senior management function*;
  - (e) an employee who should have been approved under section 59 of *FSMA* by either:
    - (i) the *PRA*; or
    - (ii) the *FCA*, in relation to a *relevant senior management function*; or
  - (f) an employee who is performing a function that would have been a *controlled function* but for Large Non-Solvency II Firms – Senior Management Functions 2.4.

1.2 In this Part the following definition shall apply:

*employee*

has the meaning given in Large Non-Solvency II Firms - Certification 1.2.

## 2 SCOPE OF CONDUCT STANDARDS

---

2.1 If you are a natural person who is:

- (1) an employee of a firm who is a key function holder, or
- (2) approved under section 59 of *FSMA* by either:

~~(1)(a)~~ the *PRA*; or

~~(2)(b)~~ the *FCA*, in relation to a *relevant senior management function*,

you must comply at all times with all of the *conduct standards*.

...

2.1B If you are an *employee* of a type specified in 1.1(3)(c), (e) or (f) you must comply at all times with the *conduct standards* specified in 3.1 to 3.3.

2.2 A *firm* must require:

...

(2) any *key function holder* (other than a *notified non-executive director*) to observe the *conduct standards* specified in 3.4 to 3.8, in addition to complying with (1); ~~and~~

(3) any *notified non-executive director* to observe the *conduct standards* specified in 3.7 and 3.8, in addition to complying with (1); and

(4) an *employee* of a type specified in 1.1(3)(c), (e) or (f) to observe the *conduct standards* specified in 3.1 to 3.3.

### 3 CONDUCT STANDARDS

---

...

3.4 **Senior ~~Insurance~~ Manager Conduct Standard 1:** You must take reasonable steps to ensure that the business of the *firm* for which you are responsible is controlled effectively.

3.5 **Senior ~~Insurance~~ Manager Conduct Standard 2:** You must take reasonable steps to ensure that the business of the *firm* for which you are responsible complies with the relevant requirements and standards of the *regulatory system*.

3.6 **Senior ~~Insurance~~ Manager Conduct Standard 3:** You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate *person* and that you oversee the discharge of the delegated responsibility effectively.

3.7 **Senior ~~Insurance~~ Manager Conduct Standard 4:** You must disclose appropriately any information of which the *FCA* or the *PRA* would reasonably expect to have notice.

3.8 **Senior ~~Insurance~~ Manager Conduct Standard 5:** When exercising your responsibilities, you must pay due regard to the interests of current and potential future *policyholders* in ensuring the provision by the *firm* of an appropriate degree of protection for their insured benefits.

## Annex Y

## Amendments to the Large Non-Solvency II Firms – Fitness and Propriety Part

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

## 1 APPLICATION AND DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

...

*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) FIT and APER in the PRA Handbook;~~
- ~~(5) COCON in the FCA Handbook; and~~
- ~~(6) APER in the FCA Handbook.~~

...

## 2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

---

...

2.2 In deciding whether a *person* is fit and proper pursuant to 2.1 and, where applicable, section 60A(1), a *firm* must be satisfied that the *person*:

...

...

2.4 In deciding whether a *person* (P) is fit and proper to be appointed as a *PRA senior insurance management function holder* or a *notified non-executive director*, a *firm* must:

...

2.5 ...

- (3) When making a *PRA senior insurance management approval application*, a *firm* must take reasonable steps to obtain references in accordance with (1) and (2):

...

### 3 REGULATORY REFERENCES

---

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

- (a) is considering issuing a *certificate* to, making a *PRA senior management approval 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);

...

### 4 DISCLOSURE AND REPLACEMENTS

---

4.1 ...

(2) ...

- (b) if the *key function holder* is also to perform a *PRA 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 *PRA 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 *PRA senior insurance management function*, or in the application to the *FCA* for the approval of that *person* to perform the *FCA controlled function*,

...

## Annex Z

## Amendments to the Large Non-Solvency II Firms – Fitness and Propriety Part

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

...

## 2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

---

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

2.2 In deciding whether a *person* is fit and proper pursuant to 2.1 and, where applicable, section 60A(1) and section 63F of FSMA, a *firm* must be satisfied that the *person*:

(1) has the personal characteristics (including being of good repute and integrity);

...

required to enable such *person* to perform his or her *key function* or *certification 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:

...

(2) whether the *person* performs his or her *key functions* or *certification functions* in accordance with the relevant *conduct standards* specified in Large Non-Solvency II Firms - Conduct Standards 3.

...

2.5 (1) Before deciding whether a person (P) is fit and proper to be appointed as a *key function holder* or to perform a *certification function* a *firm* must take reasonable steps to obtain appropriate references covering the past six years from the following:

...

...

2.7 If a *firm* previously obtained the information required by 2.4 to 2.6 when it determined that a *key function holder* or a *person* performing a *certification function* 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 or arrangements to perform *certification functions* at the same *firm* within that continuous period.

## Annex AA

## Amendments to the Large Non-Solvency II Firms – Key Function Holder – Notifications Part

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

## 1 APPLICATION AND DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

...

*new SIMF applicant*

means, in relation to a *firm*, a *key function holder* (other than a *grandfathering key function holder*) who submits an ~~application for a~~ PRA senior insurance management function approval application prior to the *commencement date*.

...

~~scope of responsibilities form~~

~~means the form to be completed by a firm containing the information referred to in Large Non-Solvency II Firms – Allocations of Responsibilities 5.1(3).~~

...

## 2 KEY FUNCTION HOLDER NOTIFICATION

---

2.1 This Chapter does not apply in relation to a:

...

(3) *new SIMF applicant*, or

...

2.4 The PRA directs that:

- (1) where the *key function holder* is to be approved by the PRA to perform a PRA senior insurance management function, the *firm* must provide the information referred to in 2.2 to the PRA in whichever Form is required for the PRA senior insurance management approval application, pursuant to Large Non-Solvency II Firms – Senior Insurance Managers Regime – Applications and Notifications 2, which must be accompanied by a ~~scope of responsibilities form~~ statement of responsibilities form; and
- (2) where the *key function holder* is to be approved by the FCA to perform an *FCA controlled function*, the *firm* is not required to submit a *key function holder notification form* to the PRA to the extent the *firm* provides the information referred to in 2.2 to the FCA as part

of the application to the FCA, with a ~~scope of responsibilities form~~ statement of responsibilities form.

...

## 4 FORMS

---

4.1 The key function holder notification form, Form M, may be found [here](#).

## 5 TRANSITIONAL ARRANGEMENTS FOR KEY FUNCTION HOLDERS

---

[deleted]

5.1 This Chapter applies only in relation to a:

~~(1) transitional key function holder, in relation to key functions held as at the commencement date;~~

~~(2) grandfathering key function holder, in relation to key functions held as at the commencement date;~~

~~(3) new SIMF applicant; and~~

~~(4) transitional notified non-executive director, in relation to his or her position as a notified non-executive director as at the commencement date.~~

5.2 A firm must provide the information required by Large Non-Solvency II Firms—Fitness and Propriety 4.1 for each ~~transitional key function holder, grandfathering key function holder, new SIMF applicant and transitional notified non-executive director~~ in accordance with 5.3 to 5.6.

5.3 In respect of a ~~grandfathering key function holder~~, the requirement in 5.2 will be satisfied where the firm submits a ~~grandfathering notification~~ in accordance with Large Non-Solvency II Firms—Senior Insurance Managers Regime—Transitional Provisions 2.1, or the update to the ~~grandfathering notification~~ in accordance with Large Non-Solvency II Firms—Senior Insurance Managers Regime—Transitional Provisions 5 (as the case may be), provided that the firm also submits a ~~scope of responsibilities form~~ to the PRA in respect of that ~~grandfathering key function holder~~ by 7 September 2016.

5.4 In respect of a ~~new SIMF applicant~~, the PRA directs that a firm must provide the information referred to in 5.2 to the PRA in whichever form is required for the ~~senior insurance management approval application~~, pursuant to Large Non-Solvency II Firms—Senior Insurance Managers Regime—Applications and Notifications 2, which must be accompanied by a ~~scope of responsibilities form~~.

5.5 In respect of a ~~transitional notified non-executive director~~, the requirement in 5.2 will be satisfied where the firm records the ~~transitional notified non-executive director~~ in the firm's ~~governance map~~ on or before the ~~commencement date~~.

5.6 In respect of a ~~transitional key function holder who is not a grandfathering key function holder, a new SIMF applicant or a transitional notified non-executive director~~, the PRA directs that a firm must provide the information referred to in 5.2 to the PRA by sending the ~~key function holder notification form~~ to the PRA in accordance with 3.3 by 7 September 2016.

## Annex AB

**Amendments to the Large Non-Solvency II Firms - Senior Insurance Management Functions  
Part**

In this Annex new text is underlined.

Part

## Large non-Solvency II Firms – Senior Insurance Management Functions

---

### 1 APPLICATIONS AND DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

*~~Chairman~~ of the Governing Body function*

has the meaning given in 4.1.

*~~Chairman~~ of Audit Committee function*

has the meaning given in 4.3.

*~~Chairman~~ of Remuneration Committee function*

has the meaning given in 4.4.

*~~Chairman~~ of Risk Committee function*

has the meaning given in 4.2.

...

*Group Entity Senior ~~Insurance~~ Manager function*

has the meaning given in 5.1.

...

### 2 GENERAL

---

2.1 Each of the functions in 3 to 9 is a *controlled function* and a *PRA senior ~~insurance~~ management function*.

2.2 *PRA ~~Senior insurance~~ management function holders* must each be approved by the *PRA* to perform the applicable *PRA senior ~~insurance~~ management function*.

- 2.3 (1) A firm (other than a Swiss general insurer) must ensure that one or more persons performs each of the following PRA senior insurance management functions on its behalf:
- ...
- (c) the Chairman of the Governing Body function.
- (2) If a vacancy arises in respect of one or more of the PRA senior insurance management functions set out in (1), a firm must ensure that it appoints a person to fill that vacancy as soon as practicable.
- 2.4 To the extent that:
- (1) a firm appoints a person to perform a key function which, but for this rule, would be a PRA senior insurance management function;
- (2) the appointment is solely to provide cover for a PRA senior insurance management function holder whose absence is:
- (a) temporary; or
- (b) reasonably unforeseen; and
- (3) the appointment is for less than 12 weeks in a consecutive 12-month period,
- the description of the applicable PRA senior insurance management function does not relate to those activities of that person.
- 2.5 (1) If, in relation to a firm, a PRA senior insurance management function holder also performs FCA activities, performance of the PRA senior insurance management function will include the performance of those FCA activities, provided the following conditions are met:
- (a) the PRA's approval to perform that PRA senior insurance management function has been granted and continues in force;
- ...
- (2) If, in relation to a firm, a PRA senior insurance management function holder has been performing FCA activities in the circumstances set out in (1), and that person:
- (a) ceases to perform the PRA senior insurance management function;
- (b) within three months of ceasing performance, is approved to perform a new PRA senior insurance management function at the firm; and
- (c) continues to perform the FCA activities,
- performance of the new PRA senior insurance management function will include the performance of those FCA activities, provided the conditions in (1) (a) to (d) are met.
- 2.6 If a PRA senior insurance management function holder to whom 2.5 applies ceases to perform a PRA senior insurance management function but continues to perform

the *FCA activities*, 2.5(1) will continue to apply in respect of the performance of the *FCA activities* until the earlier of:

- (1) approval by the *FCA* in respect of the performance by that person of those *FCA activities* as an *FCA governing function* in relation to the *firm*; or
- (2) three *months* from the time that the *person* ceased to perform that *PRA senior insurance management function*.

2.7 If a *firm* outsources its internal audit *function* to an external third party service provider (that is, a service provider outside the *firm* or the *firm's group*), the *firm* is not required to have any *person(s)* approved to perform the *Head of Internal Audit function*.

- 2.8 (1) A firm must take all reasonable steps to ensure that before a person begins to perform:
- (a) a PRA senior management function; or
  - (b) new or revised responsibilities in performance of a PRA senior management function,

that person is provided with all of the information and materials that the person may reasonably expect in order to perform that PRA senior management function or those new or revised responsibilities effectively and in accordance with the regulatory system.

- (2) A firm must:
- (a) have a written policy to ensure compliance with (1), including in relation to the systems and controls it uses;
  - (b) ensure the policy under (a) is complied with; and
  - (c) maintain adequate records of the steps taken to comply with (1).

### 3 EXECUTIVE

---

- 3.1 The *Chief Executive function* (S1MF1) is the function of having responsibility, under the immediate authority of the *governing body*, alone or jointly with others, for carrying out the management of the conduct of the whole of the business (or relevant activities) of a *firm*.
- 3.2 The *Chief Finance function* (S1MF2) is the function of having responsibility for the management of the financial resources of a *firm* and reporting to the *governing body* of a *firm* in relation to its financial affairs.
- 3.3 The *Chief Risk function* (S1MF4) is the function of having responsibility for overall management of the risk management system specified in Non-Solvency II Firms – Governance 3.5 and 7.
- 3.4 The *Head of Internal Audit function* (S1MF5) is the function of having responsibility for the management of the internal audit *function* specified in Non-Solvency II Firms – Governance 9.
- 3.5 The *Head of Key Business Area function* (S1MF6) is the function of having responsibility for management of a business area or division of a *firm* where:

...

- 3.7 The *Chief Operations function* (SIMF24) is the function of having responsibility for the internal operations and technology of a firm.

#### 4 OVERSIGHT

---

- 4.1 The *Chairman of the Governing Body function* (SIMF9) is the function of having responsibility for chairing, and overseeing the performance of the *governing body* of a firm.
- 4.2 The *Chairman of Risk Committee function* (SIMF10) is the function of having responsibility for chairing, and overseeing the performance of any committee responsible for the oversight of the risk management system specified in Non-Solvency II Firms – Governance 3.5 and 7.
- 4.3 The *Chairman of Audit Committee function* (SIMF11) is the function of having responsibility for chairing and overseeing the performance of any committee responsible for the oversight of the internal audit function specified in Non-Solvency II Firms – Governance 9.
- 4.4 The *Chairman of Remuneration Committee function* (SIMF12) is the function of having responsibility for chairing and overseeing the performance of any committee responsible for the oversight of the design or implementation of the remuneration policies and practices of a firm.
- 4.5 The *Senior Independent Director function* (SIMF14) is the function of performing the role of a senior independent director, and having particular responsibility for leading the assessment of performance of the person performing the *Chairman of the Governing Body function*.

#### 5 GROUP ENTITIES

---

- 5.1 The *Group Entity Senior Insurance Manager function* (SIMF7) is the function of having a significant influence on the management or conduct of one or more aspects of the affairs of a firm in relation to its *regulated activities* (other than in the course of the performance of another *PRA senior insurance management function*) and which is performed by a person employed by, or an officer of:

...

#### 6 HEAD OF THIRD COUNTRY BRANCH

---

...

- 6.2 The *Head of Third Country Branch function* (SIMF19) is the function of having responsibility for the conduct of all activities of the *Swiss general insurer* that are subject to the *regulatory system*.

...

- 6.4 A *Swiss general insurer* is not required to have any person(s) approved to perform any of the other *PRA senior insurance management functions*.

## 7 CHIEF ACTUARY

---

- 7.1 The *Chief Actuary function* (SIMF20) is the function of having responsibility for the actuarial *function* specified in Non-Solvency II Firms – Governance 10.

## 8 WITH-PROFITS ACTUARY

---

...

- 8.2 The *With-Profits Actuary function* (SIMF240a) is the function of having responsibility for advising the *governing body* of a *firm* transacting *with-profits insurance business* on the exercise of discretion affecting part or all of that business, as described more fully in Non-Solvency II Firms – Actuarial Requirements 6.1.

## 9 CHIEF UNDERWRITING OFFICER

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...

- 9.2 The *Chief Underwriting Officer function* (SIMF223) is the function of having responsibility, in respect of the *firm's general insurance business*, for the underwriting decisions in respect of material insurance risks that are borne by the *firm*.

## 10 COMBINATION OF SENIOR INSURANCE MANAGEMENT FUNCTIONS

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...

- 10.2 A large firm must ensure that a person who performs the *Chairman of the Governing Body function* on its behalf does not perform the *Chief Executive function* within the same *firm*.
- 10.3 A large firm that is a member of a group must ensure that a *group executive* does not perform any of the following functions in respect of the *firm*:
- (1) the *Chairman of the Governing Body function* (SIMF9);
  - (2) the *Chairman of Risk Committee function* (SIMF10);
  - (3) the *Chairman of Audit Committee function* (SIMF11);
  - (4) the *Chairman of Remuneration Committee function* (SIMF12);
  - (5) the *Senior Independent Director function* (SIMF14).

...

## Annex AC

**Amendments to the Large Non-Solvency II Firms – Senior Insurance Managers Regime –  
Applications and Notifications Part**

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

Part

## **Large Non-Solvency II Firms – Senior Insurance Managers Regime – Applications and Notifications**

---

### **1 APPLICATION AND DEFINITIONS**

---

...

1.2 In this Part, the following definitions shall apply:

....

*current approved person approval*

means

- (1) an approval granted to a *person* under section 59 of *FSMA* (Approval for particular arrangements):
  - (a) by the *PRA* for the performance of a *PRA senior insurance-management function*; or
  - (b) by the *FCA* for the performance of a *significant influence function*;
- (2) a deemed approval given by:
  - (a) the *PRA* following the submission of a *conversion grandfathering notification* under:
    - (i) ~~Senior Insurance Managers Regime – Transitional Provisions~~;
    - (ii) ~~Large Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions~~; or
    - (iii) ~~Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions~~; or
  - (b) the *FCA* under any equivalent process contained in rules in the *FCA Handbook*; or

(3) for the purposes of 2.5(2) and 2.6(1), an approval granted to that *person* under section 59 of *FSMA* by either the *PRA* or the *FCA* to perform a *controlled function* prior to the *commencement date* but which ceased:

- (a) on or before the *commencement date*; and
- (b) during the six-month period specified in 2.5(2) and 2.6(1), as the case may be.

...

*grandfathering notification*

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

...

*scope of responsibilities form*

means the form to be completed by a *firm* containing the information referred to in ~~Large Non-Solvency II Firms—Allocations of Responsibilities 5.1(3)~~.

...

## **2 APPLICATION TO PERFORM A SENIOR INSURANCE MANAGEMENT FUNCTION**

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2.1 The *PRA* directs that a *firm* must make a *PRA* senior insurance management approval application in accordance with 2.2, before the activities requiring approval commence.

2.2 The *PRA* directs that a *firm* must use Form A (long form) for a *PRA* senior insurance management approval application unless:

...

2.3 The *PRA* directs that, subject to 2.4 and 2.5, a *firm* must use Form E for a *PRA* senior insurance management approval application if it is being made in respect of a *person* who has a *current approved person approval* and is either:

- (1) ceasing to perform a *PRA* senior insurance management function and taking up a new *PRA* senior insurance management function for the same *firm* or another member of its *group*; or
- (2) ceasing to perform a *significant influence function* and taking up a *PRA* senior insurance management function for the *firm* or another member of its *group*.

2.4 The *PRA* directs that a *firm* must not use Form E for a *PRA* senior insurance management approval application if:

(A1) a notification has been or should be made to the *PRA* or *FCA* under any of the following:

- (a) section 63(2A) of *FSMA* (Duty to notify regulator of grounds for withdrawal of approval);

(b) section 64C of FSMA (Requirement for authorised person to notify regulator of disciplinary action);

- (1) a notification has been made or should be made to the *PRA* under any of the rules in Notifications 11 or to the *FCA* under any equivalent provisions of the *FCA Handbook*;
- (2) any of the circumstances in 4.2(2)(a) to (d) apply in relation to:
  - (a) any *controlled function* that that *person* is ceasing to perform; or
  - (b) any *controlled function* that that *person* is continuing to perform in relation to that *firm* or a *firm* in the same *group*...

2.5 The *PRA* directs that a *firm* must not use Form E if the *person* to whom the *PRA* senior ~~insurance~~ management approval application relates:

...

2.6 (1) The *PRA* directs that a *firm* must use Form A (shortened form) for a *PRA* senior ~~insurance~~ management approval application if:

...

- (b) there have been no matters arising in relation to the fitness and propriety of the *person* to whom the *PRA* senior ~~insurance~~ management approval application relates which mean that the information provided to the *FCA* or *PRA* regarding fitness and propriety in connection with a *current approved person approval* may have changed since the application for the *current approved person approval* was made.

...

2.7 The *PRA* directs that the form submitted for a *PRA* senior ~~insurance~~ management approval application must be accompanied by a ~~*scope of responsibilities form*~~ *statement of responsibilities form* or, where a ~~*statement of responsibilities form*~~ *such form* has already been provided under Large Non-Solvency II Firms - Key Function Holder – Notifications 2.2, an updated version of it.

### **3 WITHDRAWAL OF A PRA SENIOR ~~INSURANCE~~ MANAGEMENT APPROVAL APPLICATION**

3.1 The *PRA* directs that a *firm* withdrawing an outstanding *PRA* senior ~~insurance~~ management approval application must do so using Form B.

### **4 CEASING TO PERFORM A PRA SENIOR ~~INSURANCE~~ MANAGEMENT FUNCTION**

---

4.1 A *firm* must notify the *PRA* no later than seven *business days* after a *person* ceases to perform a *PRA* senior ~~insurance~~ management function, using:

- (1) Form E if a *person* ceases to perform a *PRA senior insurance management function* and the *firm* is also making an application for the same *person* to perform a new *PRA senior insurance management function*; and

...

- 4.2 (1) A *firm* must notify the *PRA* as soon as practicable after it becomes aware, or has information which reasonably suggests, that it will submit a qualified Form C in respect of a *PRA senior insurance management function holder*.
- (2) Form C is qualified if the information it contains:
- (a) relates to the fact that the *firm* has dismissed or suspended the *PRA senior insurance management function holder* from its employment;
  - (b) relates to the resignation by the *PRA senior insurance management function holder* while under investigation by the *firm*, the *PRA* or any other *regulatory body*;
  - (c) includes a notification under any of the provisions set out in 2.4(A1) or (1); or
  - (d) otherwise reasonably suggests that it may affect the *PRA*'s assessment of the *PRA senior insurance management function holder's* fitness and propriety.

#### **4A APPLICATION TO VARY A CONDITIONAL APPROVAL**

---

4A.1 The *PRA* directs that a *firm* making an application to the *PRA* under section 63ZA of *FSMA* (for the variation of a conditional approval) must do so by submitting

- (1) Form I; and
- (2) a *statement of responsibilities form* for the *PRA approved person* concerned.

4A.2 A *firm* withdrawing an application made under section 63ZA of *FSMA* (Variation of senior manager's approval at request of relevant authorised person) must do so using Form B.

#### **5 CHANGE IN DETAILS RELATING TO *PRA SENIOR INSURANCE MANAGEMENT FUNCTION HOLDERS***

---

- 5.1 If a *PRA senior insurance management function holder's* title, name or national insurance number changes, the *firm* for which the *person* performs a *PRA senior insurance management function* must notify the *PRA* of that change within seven *business days* of the *firm* becoming aware of the matter, using Form D.
- 5.2 If, in relation to a *firm* which has submitted an application on either Form A (long or shortened form) or Form E, as required by 2.2, any of the details relating to *PRA senior insurance management functions* are to change, the *firm* must notify the *PRA* using Form D as soon as reasonably practicable after the *firm* becomes aware of the proposed change.
- 5.3 If a *PRA senior management function holder* ceases to perform a *PRA senior management function* for a *firm* but continues to perform one or more *PRA senior management functions* for the same *firm*, the *firm* must submit a revised *statement of responsibilities form* for the remaining *PRA senior management function(s)*, along with Form J.

## 6 PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS

---

...

- 6.3 (1) The PRA directs that, if a firm is required to submit a revised *statement of responsibilities* under section 62A of FSMA, it must do so by submitting Form J with the revised *statement of responsibilities form*.
- (2) A firm must not use Form J where the revisions are to be made as part of arrangements involving an application:
- (a) for approval for the *person performing the PRA senior management function concerned to perform another PRA senior management function or relevant senior management function for the same firm*; or
- (b) to vary under section 63ZA of FSMA an approval for the *person performing the PRA senior management function concerned to perform another PRA senior management function or relevant senior management function for the same firm*.

## 7 FORMS

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- 7.1 (1) Form A (long form) may be found ~~here~~ [here](#).
- (2) Form A (shortened form) may be found ~~here~~ [here](#).
- (3) Form B may be found ~~here~~ [here](#).
- (4) Form C may be found ~~here~~ [here](#).
- (5) Form D may be found ~~here~~ [here](#).
- (6) Form E may be found ~~here~~ [here](#).
- (7) The ~~scope of responsibilities form~~ *statement of responsibilities form* may be found ~~here~~ [here](#).

Annex AD

**Amendments to the Large Non-Solvency II Firms - Senior Insurance Managers Regime –  
Transitional Provisions Part**

In this Annex new text is underlined

Part

**Large Non-Solvency II Firms – Senior Insurance  
Managers Regime – Transitional Provisions**

---

**1 APPLICATION AND DEFINITIONS**

---

...

1.2 In this Part, the following definitions shall apply:

...

scope of responsibilities form

has the meaning given in Senior Insurance Managers Regime – Applications and  
Notifications as at 7 March 2016.

...

## Annex AE

## Amendments to the Non-Solvency II Firms – Allocation of Responsibilities Part

In this Annex, new text is underlined.

...

### 3 PRESCRIBED RESPONSIBILITIES

---

3.1 Each of the responsibilities set out in this rule is a *small non-directive insurer prescribed responsibility*:

(A1) responsibility for the *firm's* performance of its obligations under the *senior management regime*;

(A2) responsibility for the *firm's* performance of its obligations under the *certification regime*;

(1) responsibility for providing the *governing body* with an up-to-date business plan and all relevant management information;

...

Annex AF

Non-Solvency II Firms – Certification Part

In this Annex, all text is new and is not underlined.

Part

## **Insurance - Certification**

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Chapter content

1. APPLICATION AND DEFINITION
2. CERTIFICATION FUNCTIONS
3. PERFORMANCE OF CERTIFICATION FUNCTIONS

Links

## 1 APPLICATION AND DEFINITION

---

- 1.1 Unless otherwise stated, this Part applies to a *small non-directive insurer*.
- 1.2 In this Part, the following definition shall apply:
- employee*
- in relation to a *firm*, includes any *person* within the description set out in section 63E(9) of *FSMA*.
- 1.3 This Part does not apply to a function performed by:
- (1) a *PRA approved person*;
  - (2) a *person* who performs an *FCA controlled function*; or
  - (3) a *non-executive director* in relation to their *non-executive director* function.

## 2 CERTIFICATION FUNCTIONS

---

- 2.1 For the purposes of this Part, a function performed for a *firm* by a member of the *governing body* is a *certification function*.
- 2.2 A function is only a *certification function* to the extent that the function relates to a *regulated activity* carried on by a *firm*.

## 3 PERFORMANCE OF CERTIFICATION FUNCTIONS

---

- 3.1 [not used]
- 3.2 A *person* does not perform a *certification function* for a *firm* under 2.1 if the *person* is performing any *controlled function* for that *firm*.
- 3.3 To the extent that:
- (1) a *firm* appoints a *person* to perform a function which, but for this rule, would be a *certification function*;
  - (2) the appointment solely is to provide cover for a *certification employee* whose absence is reasonably unforeseen; and
  - (3) the appointment is for less than four weeks;
- such a *person* does not perform a *certification function*.

## Annex AG

## Amendments to the Non-Solvency II Firms – Certification Part

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

...

### 3 PERFORMANCE OF CERTIFICATION FUNCTIONS

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- 3.1 ~~[not used]~~ A firm must take reasonable care to ensure that none of its *employees* performs a *certification function* under an arrangement entered into by the *firm* in relation to the carrying on by the *firm* of a *regulated activity*, unless the *employee* has a valid *certificate* issued by the *firm*.

...

...

## Annex AH

## Amendments to the Non-Solvency II Firms – Conduct Standards Part

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

## 1 APPLICATION AND DEFINITIONS

---

1.1 This Part applies:

- (1) to a *small non-directive insurer*, and
- (2) in relation to a *small non-directive insurer*, to any person who is:
  - (a) a *Conduct Rules non-executive director*; ~~or~~
  - (b) ~~who is~~ approved under section 59 of *FSMA* by either:
    - ~~(1)~~ (i) the *PRA*; or
    - ~~(2)~~ (ii) the *FCA*, in relation to a *relevant senior management function*;
  - (c) a *certification employee*;
  - (d) an *employee* who should have been approved under section 59 of *FSMA* by either:
    - (i) the *PRA*; or
    - (ii) the *FCA*, in relation to a *relevant senior management function*; or
  - (e) an *employee* who is performing a function that would have been a *controlled function* but for Non-Solvency II Firms – Senior Management Functions 2.3.

1.2 In this Part the following definition shall apply:

*employee*

has the meaning given in Non-solvency II Firms – Certification 1.2.

## 1A SCOPE OF CONDUCT STANDARDS

---

...

1A.3 If you are an *employee* of a type specified in 1.1(2)(c), 1.1(2)(d) or 1.1(2)(e) you must comply at all times with the *conduct standards* specified in 2.1 to 2.3.

1A.4 A *firm* must require:

(1) a natural *person* of a type specified in 1.1(2)(b) to observe all of the *conduct standards*; and

(2) an *employee* of a type specified in 1.1(2)(c), 1.1(2)(d) or 1.1(2)(e) to observe the *conduct standards* specified in 2.1 to 2.3.

...

## Annex AI

## Amendments to the Non-Solvency II Firms – Fitness and Propriety Part

In this Annex new text is underlined.

## 1 APPLICATION AND DEFINITIONS

---

...

1.2 In this Part the following definitions shall apply:

...

disciplinary action

has the meaning given in section 64C of FSMA.

...

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 a PRA senior insurance-management function are fit and proper persons.

2.2 In deciding whether a person is fit and proper pursuant to 2.1 and, where applicable, section 60A(1), a firm must be satisfied that the person:

...

required to enable such person to perform his or her PRA 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 PRA 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 PRA senior insurance management function, a firm must:

...

2.4A (1) Before deciding whether a *person* (P) is fit and proper to be appointed as a *PRA senior management function holder* a *firm* must take reasonable steps to obtain appropriate references covering the past 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*, *PRA senior 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 2.4A(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 *PRA senior 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*.

2.4B (1) Where a *firm* (A) seeks to obtain a reference pursuant to 2.4A, A must 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*.

- 2.5 If a *firm* previously obtained the information ~~in~~ required by 2.4 to 2.4B when it determined that a *PRA senior insurance-management function holder* was fit and proper ~~in accordance with~~ 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 2.4B again in respect of any subsequent appointments at the same *firm* within that continuous period.

### 3 REGULATORY REFERENCES

---

- 3.1 (1) If any PRA-authorized person (A):
- (a) is considering issuing a *certificate* to, making a *PRA senior management approval 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);
  - (b) 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:
    - ...
    - (ii) an organisation (not falling within (i)) at which P is currently serving, or has served, as a *PRA senior insurance-management function holder*, other *approved person* or *non-executive director*; and
    - ...

(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).

3.1A (1) If:

(a) a *firm* to whom this Part applies (B) has given a reference pursuant to 3.1 to any *PRA-authorized 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 were 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;

(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 10 December 2018.

(5) If a *firm* (B) has given a reference to another *firm* (A) under 2.4A 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.

...

3.4 (1) A *firm* must arrange for orderly records to be kept that are sufficient to enable it to comply with the requirement 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:

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

~~(2)(b)~~ neither (1) nor any other ~~ne~~ 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 PRA senior ~~insurance~~ management function provides the *PRA* with:

...

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 PRA 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 PRA senior ~~insurance~~ management function holder's responsibilities, it must inform the *PRA* as soon as practicable.

4.4 Where a *firm* replaces a PRA 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.

...

#### 6 TEMPLATE

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6.1 The *regulatory reference template* is the template found here.

## Annex AJ

## Amendments to the Non-Solvency II Firms – Fitness and Propriety Part

In this Annex new text is underlined.

...

## 2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

---

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

2.2 In deciding whether a *person* is fit and proper pursuant to 2.1 and, where applicable, section 60A(1) and section 63F of FSMA, a *firm* must be satisfied that the *person*:

...

required to enable such *person* to perform his or her *PRA senior management function* or certification 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 *PRA senior management functions* or certification functions in accordance with the relevant conduct standards specified in Non-Solvency II Firms - Conduct Standards 2.

...

2.4A (1) Before deciding whether a *person* (P) is fit and proper to be appointed as a *PRA senior management function holder* or to perform a certification function a *firm* must take reasonable steps to obtain appropriate references covering the past six years from the following:

...

...

2.5 If a *firm* previously obtained the information required by 2.4 to 2.4B when it determined that a *PRA senior management function holder* or a person performing a certification function 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 2.4B again in respect of any subsequent appointments at the same *firm* within that continuous period.

...

Annex AK

Amendments to the Non-Solvency II Firms – Governance Part

In this Annex new text is underlined>.

...

**4 GOVERNANCE FOR NON-DIRECTIVE FRIENDLY SOCIETIES**

---

...

4.9 A *firm* must within the period of 6 months beginning with the end of each *financial year* make and send to the *PRA* a statement of their opinion whether the requirements of 4.6 to 4.8 have been complied with in respect of that year by the *firm* and the statement must be signed by the ~~chairman~~ on behalf of the *governing body* and by the chief executive.

...

## Annex AL

## Amendments to the Non-Solvency II Firms - Run-off Firms Part

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

## 1 APPLICATION AND DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

### *application rules*

means the specifications within:

(1) Non-Solvency II Firms - Senior ~~Insurance~~ Management Functions 1.1;

...

(4) Non-Solvency II Firms - Senior ~~Insurance~~ Managers Regime - Applications and Notifications 1.1.

...

### *Solvency II rules*

means the *PRA* rules in the Valuation, Technical Provisions, Own Funds, Solvency Capital Requirement – General Provisions, Solvency Capital Requirement – Standard Formula, Solvency Capital Requirement – Internal Models, Minimum Capital Requirement, Undertakings in Difficulty, Investments, Composites, Conditions Governing Business, Insurance Special Purpose Vehicles, Group Supervision, Reporting, Surplus Funds, With-Profits, Insurance – Conduct Standards, Insurance – Senior ~~Insurance~~ Management Functions, Insurance – Allocation of Responsibilities and Insurance – Fitness and Propriety Parts of the Solvency II Firms Sector of the *PRA* Rulebook.

## 2 TRANSITIONAL APPLICATION OF RULES IN RELATION TO RUN-OFF FIRMS

---

2.1 Notwithstanding the *application rules*, the following Parts apply to a *run-off firm* for so long as it remains a *run-off firm*:

(1) Non-Solvency II Firms - Senior ~~Insurance~~ Management Functions;

...

(4) Non-Solvency II Firms - Senior ~~Insurance~~ Managers Regime - Applications and Notifications.

...

## Annex AM

## Amendments to the Non-Solvency II Firms – Senior Insurance Management Functions Part

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

Part

## Non-Solvency II Firms – Senior Insurance Management Functions

---

### 1 APPLICATION AND DEFINITIONS

---

1.2 In this Part, the following definitions shall apply:

...

~~Small Insurer~~ Chief Actuary function

has the meaning given in 4.1.

...

~~Small Insurer~~ With-Profits Actuary function

has the meaning given in 5.1.

### 2 GENERAL

---

2.1 Each of the functions in 3 to 5 is a *controlled function* and a PRA ~~senior insurance~~ management function.

2.2 PRA ~~Senior insurance~~ management function holders must be approved by the PRA to perform the applicable PRA ~~senior insurance~~ management function.

2.3 To the extent that:

...

(2) the appointment is solely to provide cover for a PRA ~~senior insurance~~ management function holder whose absence is:

...

the description of the applicable PRA ~~senior insurance~~ management function does not relate to those activities of that *person*.

2.4 If, in relation to a *firm*:

(1) a PRA senior insurance management function holder also performs FCA activities, performance of the PRA senior insurance management function will include the performance of those FCA activities, provided the following conditions are met:

(a) the PRA's approval to perform that PRA senior insurance management function has been granted and continues in force;

...

(2) a PRA senior insurance management function holder has been performing FCA activities in the circumstances set out in (1), and that person:

(a) ceases to perform the PRA senior insurance management function;

(b) within three months of ceasing performance, is approved to perform a new PRA senior insurance management function at the firm; and

...

performance of the new PRA senior insurance management function will include the performance of those FCA activities, provided the conditions in (1) (a) to (d) are met.

2.5 If a PRA senior insurance management function holder to whom 2.4 applies ceases to perform a PRA senior insurance management function but continues to perform the FCA activities, 2.4 will continue to apply in respect of the performance of the FCA activities until the earlier of:

...

(2) three months from the time that the person ceased to perform that PRA senior insurance management function.

### **3 SMALL INSURER SENIOR MANAGEMENT FUNCTION**

---

3.1 The *Small Insurer Senior Management function* (SIMF 25) is the function of:

...

### **4 SMALL INSURER CHIEF ACTUARY FUNCTION**

---

4.1 The ~~*Small Insurer*~~ *Chief Actuary function* (SIMF 20) is the function of having responsibility for the function specified in Non-Solvency II Firms – Actuarial Requirements 5.1 in relation to a *small non-directive insurer*.

### **5 SMALL INSURER WITH-PROFITS ACTUARY FUNCTION**

---

5.1 The ~~*Small Insurer*~~ *With-Profits Actuary function* (SIMF 240a) is the function of having responsibility for the function specified in Non-Solvency II Firms – Actuarial Requirements 6.1 in relation to a *small non-directive insurer*.

## Annex AN

**Amendments to the Non-Solvency II Firms –Senior Insurance Managers Regime – Applications and Notifications Part**

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

Part

## **Non-Solvency II Firms – Senior Insurance Managers Regime – Applications and Notifications**

---

### **1 APPLICATION AND DEFINITIONS**

---

...

1.2 In this Part, the following definitions shall apply:

...

*current approved person approval*

means

- (1) an approval granted to a *person* under section 59 of *FSMA* (Approval for particular arrangements):
  - (a) by the *PRA* for the performance of a *PRA senior insurance management function*; or
  - (b) by the *FCA* for the performance of a *significant influence function*;
- (2) a deemed approval given by:
  - (a) the *PRA* following the submission of a *conversation notification*; ~~*grandfathering notification*~~ ~~under or:~~
    - (i) ~~Senior Insurance Managers Regime – Transitional Provisions~~;
    - (ii) ~~Large Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions~~;
    - (iii) ~~Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions~~; or
  - (b) by the *FCA* under any relevant equivalent rules in the *FCA Handbook*; or

...

~~*grandfathering notification*~~

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

...

~~scope of responsibilities form~~

means the form to be completed by a *firm* containing the information referred to in ~~Non-Solvency II Firms—Fitness and Propriety 4.1(2)~~.

~~senior insurance management approval application~~

means an application for approval to perform a ~~senior insurance management function~~ under section 59 of the ~~FSMA~~.

...

## **2 APPLICATION TO PERFORM A PRA SENIOR INSURANCE-MANAGEMENT FUNCTION**

---

- 2.1 The *PRA* directs that a *firm* must make a *PRA senior insurance management approval application* in accordance with 2.2, before the activities requiring approval commence.
- 2.2 The *PRA* directs that a *firm* must use Form A (long form) for a *PRA senior insurance management approval application* unless:
- ...
- 2.3 The *PRA* directs that, subject to 2.4 and 2.5, a *firm* must use Form E for a *PRA senior insurance-management approval application* if it is being made in respect of a *person* who has a *current approved person approval* and is either:
- (1) ceasing to perform a *PRA senior insurance-management function* and taking up a new *PRA senior insurance-management function* for the same *firm* or another member of its *group*; or
  - (2) ceasing to perform a *significant influence function* and taking up a *PRA senior insurance-management function* for the *firm* or another member of its *group*.
- 2.4 The *PRA* directs that a *firm* must not use Form E for a *PRA senior insurance-management approval application* if:
- (A1) a notification has been or should be made to the *PRA* or *FCA* under any of the following:
    - (a) section 63(2A) of *FSMA* (Duty to notify regulator of grounds for withdrawal of approval);
    - (b) section 64C of *FSMA* (Requirement for authorised person to notify regulator of disciplinary action);
  - (1) a notification has been made or should be made to the *PRA* under any of the rules in Notifications 11 or to the *FCA* under any equivalent provisions of the *FCA Handbook*;
- ...

2.5 The PRA directs that a *firm* must not use Form E if the *person* to whom the PRA senior insurance management approval application relates:

...

2.6 (1) The PRA directs that a *firm* must use Form A (shortened form) for a PRA senior insurance management approval application if:

...

- (b) there have been no matters arising in relation to the fitness and propriety of the *person* to whom the PRA senior insurance management approval application relates which mean that the information provided to the FCA or PRA regarding fitness and propriety in connection with a *current approved person approval* may have changed since the application for the *current approved person approval* was made.

...

2.7 The PRA directs that the form submitted for a PRA senior insurance management approval application must be accompanied by a ~~scope of responsibilities form~~ statement of responsibilities form.

### **3 WITHDRAWAL OF A PRA SENIOR INSURANCE MANAGEMENT APPROVAL APPLICATION**

---

3.1 The PRA directs that a *firm* withdrawing an outstanding PRA senior insurance management approval application must do so using Form B.

### **4 CEASING TO PERFORM A PRA SENIOR INSURANCE MANAGEMENT FUNCTION**

---

4.1 (1) A *firm* must notify the PRA no later than seven *business days* after a *person* ceases to perform a PRA senior insurance management function, using:

- (a) Form E if a *person* ceases to perform a PRA senior insurance management function and the *firm* is also making an application for the same *person* to perform a new PRA senior insurance management function; and

...

4.2 (1) A *firm* must notify the PRA as soon as practicable after it becomes aware, or has information which reasonably suggests, that it will submit a qualified Form C in respect of a PRA senior insurance management function holder.

(2) Form C is qualified if the information it contains:

- (a) relates to the fact that the *firm* has dismissed, or suspended, the PRA senior insurance management function holder from its employment;
- (b) relates to the resignation by the PRA senior insurance management function holder while under investigation by the *firm*, the PRA or any other *regulatory body*;

- (c) includes a notification under any of the provisions set out in 2.4(A1) or (1); or
- (d) otherwise reasonably suggests that it may affect the *PRA's* assessment of the *PRA senior insurance management function holder's* fitness and propriety.

#### **4A APPLICATION TO VARY A CONDITIONAL APPROVAL**

---

4A.1 The *PRA* directs that a *firm* making an application to the *PRA* under section 63ZA of *FSMA* (for the variation of a conditional approval) must do so by submitting:

- (1) Form I; and
- (2) a statement of responsibilities form for the *PRA* approved person concerned.

4A.2 A *firm* withdrawing an application made under section 63ZA of *FSMA* (Variation of senior manager's approval at request of relevant authorised person) must do so using Form B.

#### **5 CHANGE IN DETAILS RELATING TO PRA SENIOR INSURANCE MANAGEMENT FUNCTION HOLDERS**

---

- 5.1 If a *PRA senior insurance management function holder's* title, name or national insurance number changes, the *firm* for which the *person* performs a *PRA senior insurance management function* must notify the *PRA* of that change within seven *business days* of the *firm* becoming aware of the matter, using Form D.
- 5.2 If, in relation to a *firm* which has submitted an application on either Form A (long or shortened form) or Form E, as required by 2.2, any of the details relating to *PRA senior insurance management functions* are to change, the *firm* must notify the *PRA* using Form D as soon as reasonably practicable after the *firm* becomes aware of the proposed change.
- 5.3 If a *PRA senior management function holder* ceases to perform a *PRA senior management function* for a *firm* but continues to perform one or more *PRA senior management functions* for the same *firm*, the *firm* must submit a revised *statement of responsibilities form* for the remaining *PRA senior management function(s)*, along with Form J.

#### **6 PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS**

---

...

- 6.3 (1) The *PRA* directs that, if a *firm* is required to submit a revised *statement of responsibilities* under section 62A of *FSMA*, it must do so by submitting Form J with the revised *statement of responsibilities form*.
- (2) A *firm* must not use Form J where the revisions are to be made as part of arrangements involving an application:
  - (a) for approval for the *person* performing the *PRA senior management function* concerned to perform another *PRA senior management function* or *FCA-designated senior management function* for the same *firm*; or

- (b) to vary under section 63ZA of FSMA an approval for the *person* performing the *PRA senior management function* concerned to perform another *senior management function* or *FCA-designated senior management function* for the *same firm*.

## 7 FORMS

---

- 7.1 (1) Form A (long form) may be found ~~here~~ [here](#).
- (2) Form A (shortened form) may be found ~~here~~ [here](#).
- (3) Form B may be found ~~here~~ [here](#).
- (4) Form C may be found ~~here~~ [here](#).
- (5) Form D may be found ~~here~~ [here](#).
- (6) Form E may be found ~~here~~ [here](#).
- (7) The ~~scope of responsibilities form~~ statement of responsibilities form may be found ~~here~~ [here](#).

Annex AO

**Amendments to the Non-Solvency II Firms - Senior Insurance Managers Regime – Transitional Provisions**

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

Part

**Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions**

---

**1 APPLICATION AND DEFINITIONS**

---

...

1.2 In this Part, the following definitions shall apply:

...

*scope of responsibilities form*

has the meaning given in Non-Solvency II Firms – Senior Insurance Managers Regime – Applications and Notifications as at 7 March 2016.

...

Annex AP

Amendments to the Insurance Company – Reporting Part

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

**1 APPLICATION AND DEFINITIONS**

---

...

1.3 In this Part, the following definitions shall apply:

...

*Head of Third Country Branch function*

means the function set out in Large Non-Solvency II Firms – Senior Insurance Management Functions 6.2.

...

*Small Insurer Senior Management Function*

means the function set out in Non-Solvency II Firms – Senior Insurance Management Functions 3.1.

...

**14 TRANSITIONAL AND GRANDFATHERING CONVERSION MEASURES**

---

...

## Annex AQ

## Amendments to the Transitional Measures Part

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

**1 APPLICATION AND DEFINITIONS**

---

...

1.2 In this Part the following definitions shall apply:

...

*Solvency II rules*

means the *PRA* rules in the Valuation, Technical Provisions, Own Funds, Solvency Capital Requirement – General Provisions, Solvency Capital Requirement – Standard Formula, Solvency Capital Requirement – Internal Models, Minimum Capital Requirement, Undertakings in Difficulty, Investments, Composites, Conditions Governing Business, Insurance Special Purpose Vehicles, Group Supervision, Reporting, Surplus Funds, With-Profits, Insurance - Certification, Insurance – Conduct Standards, Insurance – Senior ~~Insurance~~-Management Functions, Insurance – Allocation of Responsibilities and Insurance – Fitness and Propriety Parts of the *PRA* Rulebook.

...

## Annex AR

## Amendments to the Glossary

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

...

*certification function*

means: has the meaning given in Certification 2.2 – 2.4.

- (1) for a CRR firm, a credit union and a third country CRR firm in relation to the activities of its establishment in the UK has the meaning given in Certification 2.2 – 2.4;
- (2) for a UK Solvency II firm, the Society, a managing agent, a third country branch undertaking (other than a Swiss general insurer) and a UK ISPV has the meaning given in Insurance – Certification 2;
- (3) for a large non-directive insurer and a Swiss general insurer has the meaning given in Large Non-Solvency II Firms – Certification 2; and
- (4) for a small non-directive insurer has the meaning given in Non-solvency II Firms – Certification 2.

*certification regime*

means the requirements of the *regulatory system* which apply to ~~relevant~~ *authorised persons* insofar as they relate to *persons performing certification functions* including those set out in Certification, and Fitness and Propriety, Insurance – Certification, Insurance – Fitness and Propriety, Large Non-Solvency II Firms – Certification, Large Non-Solvency II Firms – Fitness and Propriety, Non-Solvency II Firms – Certification and Non-Solvency II Firms – Fitness and Propriety and the corresponding *FCA* requirements in SYSC 5.2 and FIT of the *FCA Handbook*.

...

*Chair of the Governing Body function*

has the meaning given in Senior Management Functions 4.2.

*Chair of Audit Committee function*

has the meaning given in Senior Management Functions 4.4.

*Chair of Remuneration Committee function*

has the meaning given in Senior Management Functions 4.5.

*Chair of Risk Committee function*

has the meaning given in Senior Management Functions 4.3

...

conversion notification

means a notice required to be sent to the PRA under article 2(1) or 11(b) of the Transitional Order including any update to such a notice.

...

disciplinary action

has the meaning given in section 64C of FSMA.

...

full scope regulatory reference firm

means:

...

- (9) a large non-directive insurer;
- (10) a small non-directive insurer.

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

...

material risk taker

means an employee (within the meaning in section 63E(9) of FSMA (certification of employees by authorised persons)) of a firm whose professional activities have a material impact on the firm's risk profile.

...

PRA senior management approval application

means an application to perform a PRA senior management function under section 59 of FSMA.

PRA senior management function

means: a function specified as a controlled function in Senior Management Functions 2 in relation to the carrying on of regulated activity by a firm.

- (1) in respect of a CRR firm, a credit union and a third country CRR firm a function specified as a controlled function in Senior Management Functions 2 in relation to the carrying on of regulated activity by a firm.
- (2) (in respect of a UK Solvency II firm, the Society, a managing agent, a third country branch undertaking (other than a Swiss general insurer) and a UK ISPV) that aspect of any key function relating to the carrying on of a regulated activity by the firm, which is specified by the PRA in Insurance – Senior Management Functions 3 to 10 pursuant to section 59 of FSMA.
- (3) (in respect of a small non-directive insurer) any function which is specified by the PRA in Non-Solvency II Firms – Senior Management Functions 3 to 5 pursuant to section 59 of FSMA.
- (4) (in respect of a large non-directive insurer and a Swiss general insurer) any function which is specified by the PRA in Large Non-Solvency II Firms – Senior Management Functions 3 to 9 pursuant to section 59 of FSMA.

PRA senior management function holder

means a person who has been approved to perform a PRA senior management function in respect of the firm.

...

relevant senior management function

means, for the purposes of section 64A of FSMA, any of the following FCA controlled functions and to the extent applicable, pursuant to the FCA Handbook, to a UK Solvency II firm, the Society, a managing agent, a third country branch undertaking (other than a Swiss general insurer), an ISPV, a large non-directive insurer or a small non-directive insurer.

1. CF1 Director function;
2. CF2A Chair of the Nomination committee function;
3. CF2B Chair of the With-Profits committee function;
4. CF3 Chief executive function;
5. CF5 Director of unincorporated association function;
6. CF6 Small friendly society function; and

7. CF10 Compliance oversight function;<sup>2</sup>
8. ~~CF28 Systems and control function; and~~
9. ~~CF51 Actuarial conduct function holder in Solvency II third country Insurance undertakings.~~

...

*senior insurance management approval application*

means an application for approval to perform a *senior insurance management function* under section 59 of *FSMA*.

*senior insurance management function*

means

(1) ~~(for a UK Solvency II firm, the Society, a managing agent, a third country branch undertaking (other than a Swiss general insurer) and a UK ISPV) that aspect of any key function relating to the carrying on of a regulated activity by the firm, which is specified by the PRA in Insurance—Senior Insurance Management Functions 3 to 10 pursuant to section 59 of FSMA.~~

(2) ~~(for a small non-directive insurer) any function which is specified by the PRA in Non-Solvency II Firms—Senior Insurance Management Functions 3 to 5 pursuant to section 59 of FSMA.~~

(3) ~~(for a large non-directive insurer and a Swiss general insurer) any function which is specified by the PRA in Large Non-Solvency II Firms—Senior Insurance Management Functions 3 to 8 pursuant to section 59 of FSMA.~~

...

*senior management application*

means an application to perform a *PRA senior management function* under section 59 of *FSMA*.

*senior management regime*

means the requirements of the *regulatory system*, to the extent applicable to *authorised persons*, insofar as they relate to *approved persons performing PRA senior management functions and relevant senior management functions.*

...

*scope of responsibilities form* *statement of responsibilities form*

(1) for a UK Solvency II firm, the Society, a managing agent, a UK ISPV and a third country branch undertaking (other than a UK-deposit insurer or a Swiss general insurer), means the form to be completed by a *firm* containing:

- (a) the information referred to in Insurance – Allocations of Responsibilities 5.1(3)<sup>2</sup>

- (b) in respect of Insurance – Senior Managers Regime - Applications and Notifications 2.7, 4A.1, 5.3 and 6.3(1), the information required by section 60(2A) of FSMA; and
  - (c) in respect of Insurance – Allocation of Responsibilities 5.5 and for PRA senior management function holders only, the information required by section 60(2A) of FSMA.
- (2) for a large non-directive insurer, means the form to be completed by a firm containing:
- (a) the information referred to in Large Non-Solvency II Firms – Allocation of Responsibilities 5.1(3);
  - (b) in respect of Large Non-Solvency II Firms – Senior Managers Regime – Applications and Notifications 2.7, 4A.1, 5.3 and 6.3(1), the information required by section 60(2A) of FSMA; and
  - (c) in respect of Large Non-Solvency II Firms – Allocation of Responsibilities 5.5 and for PRA senior management function holders only, the information required by section 60(2A) of FSMA.
- (3) for a small non-directive insurer, means the form to be completed by a firm containing:
- (a) the information referred to in Non-Solvency II Firms – Fitness and Propriety 4.1(2); and
  - (b) in respect of Non-Solvency II Firms – Senior Managers Regime - Applications and Notifications 2.7, 4A.1, 5.3 and 6.3(1), the information required by section 60(2A) of FSMA.

...

statement of responsibilities

means a statement of the aspects of the affairs of an authorised person for which it is intended that a person is (or will be) responsible including information required under section 60(2A) or section 62A of FSMA.

...

Transitional Order

means the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015 (SI 2015/492).

...

**Annex AS**

**Amendments to the Glossary**

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

...

~~Chairman~~ of the Governing Body function

has the meaning given in Senior Management Functions 4.2.

~~Chairman~~ of Audit Committee function

has the meaning given in Senior Management Functions 4.4.

~~Chairman~~ of Remuneration Committee function

has the meaning given in Senior Management Functions 4.5.

~~Chairman~~ of Risk Committee function

has the meaning given in Senior Management Functions 4.3

...

**PRA RULEBOOK: SOLVENCY II FIRMS: REPORTING AMENDMENTS (NO.1) INSTRUMENT 2018**

**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); 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.

**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: Reporting Amendments (No.1) Instrument 2018**

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

**Commencement**

- E. Annex A of this instrument comes into force on 31 December 2018.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: Solvency II Firms: Reporting Amendments Instrument (No.1) 2018.

**By order of the Prudential Regulation Committee  
3 July 2018**

## Annex A

## Amendments to the Reporting Part

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

## 2 REPORTING TO THE PRA

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...

2.6 Subject to 2.7, a *firm* falling within categories (1) to (7) must submit to the PRA the corresponding *national specific templates* on an annual basis:

(1) ~~[Deleted] A *firm* carrying on *with-profits insurance business* must submit template NS.01: With-Profits Value of Bonus and template NS.02: With-Profits Assets and Liabilities;~~

...

(5) A *long-term insurer* must submit:

- (a) ~~NS.05: Revenue Account – Life~~ NS.01: With-Profits Value of Bonus if net *best estimate* liabilities for *with-profits insurance business* are more than £500m and the *firm* is a single *with-profits fund*;
- (b) ~~NS.09: Best Estimate Assumptions for Life Insurance Risks; and NSR.01: With-Profits Value of Bonus for each ring-fenced fund which is also a *with-profits fund* and for the remaining part where this is a *with-profits fund* if net *best estimate* liabilities for *with-profits insurance business* are more than £500m for the *firm* as a whole;~~
- (c) ~~NS.06: Business Model Analysis – Life; NS.02: With-Profits Assets and Liabilities if net *best estimate* liabilities for *with-profits insurance business* are more than £500m and the *firm* is a single *with-profits fund*;~~
- (d) NSR.02: With-Profits Assets and Liabilities for each ring-fenced fund which is also a *with-profits fund* and for the remaining part where this is a *with-profits fund* if net *best estimate* liabilities for *with-profits insurance business* are more than £500m for the *firm* as a whole;
- (e) NS.05: Revenue Account - Life;
- (f) NSR.05 Revenue Account – Life for the remaining part and each ring-fenced fund which is also a *with-profits fund* if the *firm* has one or more ring-fenced funds which is also a *with-profits fund*;
- (g) NS.06: Business Model Analysis – Life if gross technical provisions for life business (including health similar to long-term business) are more than £500m; and
- (h) NS.09: Best Estimate Assumptions for Life Insurance Risks;

...

## 8 NATIONAL SPECIFIC TEMPLATES

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...

8.5 NS.05 can be found here [\[here\]](#), to be completed in the workbook found here [\[here\]](#).

8.6 NS.06 can be found ~~here~~ [\[here\]](#), to be completed in the workbook found ~~here~~ [\[here\]](#).

8.7 NS.07 can be found ~~here~~ [\[here\]](#), to be completed in the workbook found ~~here~~ [\[here\]](#).

...

8.9 NS.09 can be found ~~here~~ [\[here\]](#), to be completed in the workbook found ~~here~~ [\[here\]](#).

8.10 NS.10 can be found ~~here~~ [\[here\]](#), to be completed in the workbook found ~~here~~ [\[here\]](#).

8.11 NS.11 can be found ~~here~~ [\[here\]](#), to be completed in the workbook found ~~here~~ [\[here\]](#).

**PRA RULEBOOK: CHANGE IN CONTROL AMENDMENTS (NO.1) INSTRUMENT 2018**

**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 179 (Requirements for section 178 notices); and
  - (4) section 191E (Requirements for notices under section 191D).
- 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: Change in Control Amendments (No.1) Instrument 2018**

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

**Commencement**

- E. Annex A of this instrument comes into force on 1 September 2018.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: Change in Control Amendments Instrument (No.1) 2018.

**By order of the Prudential Regulation Committee  
3 July 2018**

**Annex A**

**Amendments to the Change in Control Part**

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

**5 ANNUAL CONTROLLERS REPORT**

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...

**Exemptions**

5.2 A ~~friendly society~~ mutual or a *building society* is only required to submit a report under 5.1 if it is aware that it has a *controller*.

**PRA RULEBOOK: SOLVENCY II: REPORTING AMENDMENTS INSTRUMENT (NO.2) 2018**

**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); 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 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: REPORTING AMENDMENTS INSTRUMENT (NO.2) 2018**

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

**Commencement**

- E. This instrument comes into force on 31 December 2018.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: Solvency II Reporting Amendments Instrument (No.2) 2018.

**By order of the Prudential Regulation Committee**

**24 July 2018**

## Annex

### Amendments to the Reporting Part

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

...

#### **8 NATIONAL SPECIFIC TEMPLATES**

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- 8.1 NS.01 can be found [\[here\]](#), ~~to be completed in the workbook found [here].~~
- 8.2 NS.02 can be found [\[here\]](#), ~~to be completed in the workbook found [here].~~
- 8.3 NS.03 can be found [\[here\]](#), ~~to be completed in the workbook found [here].~~
- 8.4 NS.04 can be found [\[here\]](#), ~~to be completed in the workbook found [here].~~
- 8.5 NS.05 can be found [\[here\]](#), ~~to be completed in the workbook found [here].~~
- 8.6 NS.06 can be found [\[here\]](#), ~~to be completed in the workbook found [here].~~
- 8.7 NS.07 can be found [\[here\]](#), ~~to be completed in the workbook found [here].~~
- 8.8 NS.08 can be found [\[here\]](#), ~~to be completed in the workbook found [here].~~
- 8.9 NS.09 can be found [\[here\]](#), ~~to be completed in the workbook found [here].~~
- 8.10 NS.10 can be found [\[here\]](#), ~~to be completed in the workbook found [here].~~
- 8.11 NS.11 can be found [\[here\]](#), ~~to be completed in the workbook found [here].~~
- 8.12 NS.12 can be found [\[here\]](#), ~~to be completed in the workbook found [here].~~
- 8.13 NS.13 can be found [\[here\]](#), ~~to be completed in the workbook found [here].~~

**PRA RULEBOOK: SOLVENCY II FIRMS AND NON-AUTHORISED PERSONS: EXTERNAL AUDIT AMENDMENTS INSTRUMENT 2018**

**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 340 (rules regarding appointment of and duties on Actuaries and Auditors).
- 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: Solvency II Firms and Non-Authorised Persons: External Audit Amendments Instrument 2018**

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

**Commencement**

- E. This instrument comes into force on 15 November 2018.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: Solvency II Firms and Non-Authorised Persons: External Audit Amendments Instrument 2018.

**By order of the Prudential Regulation Committee**

28 September 2018

## Amendments to the External Audit Part

### Annex

In this Annex, new text is underlined.

#### 1 APPLICATION AND DEFINITIONS

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1.1 Unless otherwise stated, this Part applies:

(1) to a *UK Solvency II firm* that is not a small firm for external audit purposes;

...

(3) at the level of a *group*, that is not a small group for external audit purposes, to which Group Supervision 2.1(1) or 2.1(2) applies and where the *PRA* is the group supervisor, to a *relevant insurance group undertaking*; and

...

1.3 In this Part, the following definitions shall apply:

...

*annual quantitative reporting template*

means a reporting template set out in EU Regulation 2015/2450 or any other relevant Solvency II Regulations.

*corporate pensions business*

means one or more pension schemes managed by an insurer on behalf of an employer and for which liabilities are calculated by the insurer only at scheme level.

...

*general insurance best estimate liability*

means:

(1) the sum of items entered under row codes R0010, R0370, R0380, R0410 and R0420, column code C0180, of the annual quantitative reporting template S17.01.01; plus

(2) the sum of items entered under row codes R0010 and R0030, column codes C0090, C0140 and C0190, of the annual quantitative reporting template S12.01.01,

in each case as required to be reported to the PRA for the relevant financial year end.

*general insurance gross written premium*

means the total of items entered under row codes R0110, R0120 and R0130, as expressed in column code C0200 where this column is completed for those row

codes, of the annual quantitative reporting template S.05.01.01, in each case as required to be reported to the PRA for the relevant financial year end.

...

life insurance best estimate liability

means:

- (1) the sum of items entered under row codes R0010 and R0030, column codes C0150 and C0210 of the annual quantitative reporting template S12.01.01; minus
- (2) the sum of items entered under row codes R0010 and R0030, column codes C0090, C0140 and C0190 of the annual quantitative reporting template S12.01.01; minus
- (3) corporate pensions business reported under column code C0180 of the annual quantitative reporting template S14.01.01,

in each case as required to be reported to the PRA for the relevant financial year end.

life insurance gross written premium

means:

- (1) the item entered under row code R1410, column code C0300 of the annual quantitative reporting template S05.01.01; minus
- (2) corporate pensions business under column code C0060 of the annual quantitative reporting template S14.01.01,

in each case as required to be reported to the PRA for the relevant financial year end.

...

score

means for the relevant financial year end the sum of the following:

- (1) general insurance gross written premium x  $(6.71 \times 10^{-7})$ ;
- (2) general insurance best estimate liability x  $(3.97 \times 10^{-8})$ ;
- (3) life insurance gross written premium x  $(3.11 \times 10^{-7})$ ; and
- (4) life insurance best estimate liability x  $(1.18 \times 10^{-8})$ ,

where:

- (a) each of the four components to the calculation of score is floored at a zero value, such that where any calculation at (1) to (4) produces a negative number, that number shall be substituted with a zero; and
- (b) general insurance gross written premium, general insurance best estimate liability, life insurance gross written premium and life insurance

best estimate liability are all expressed in pounds sterling. Where a firm reports in a currency other than pounds sterling, this means the relevant reported figures converted into pounds sterling using the daily spot exchange rate as published on the Bank of England website applicable on the “as at date” of the reporting.

...

small firm for external audit purposes

- (1) For the purposes of external audit of a SFCR relating to a financial year ending on or after 15 November 2018 but before 15 November 2019, means a UK Solvency II firm where its score is less than 100.
- (2) For the purposes of external audit of a SFCR relating to a financial year ending on or after 15 November 2019, means a UK Solvency II firm where:
  - (a) its score is less than 100 for its two most recent financial year ends; or
  - (b) its score is greater than 100, if the financial year end to which the score relates immediately follows a financial year end in which that UK Solvency II firm met the condition in (2)(a).

small group for external audit purposes

means a group in which every UK Solvency II firm in the group is a small firm for external audit purposes.

...

**PRA RULEBOOK: CRR FIRMS, NON CRR FIRMS, SOLVENCY II FIRMS AND NON SOLVENCY II FIRMS: SENIOR MANAGERS REGIME AND SENIOR INSURANCE MANAGERS REGIME (AMENDMENT) (NO 2) INSTRUMENT 2018**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 60 (Applications for approval);
  - (2) section 60A (Vetting of candidates by authorised persons);
  - (3) section 61 (Determination of applications);
  - (4) section 63F (Issuing of certificates);
  - (5) section 64A (Rules of conduct);
  - (6) section 137G (The PRA’s general rules); and
  - (7) 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.

**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, Non CRR Firms, Solvency II Firms and Non Solvency II Firms: Senior Managers Regime and Senior Insurance Managers Regime (Amendment) (No 2) Instrument 2018**

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

Part	Annex
Allocation of Responsibilities	A
Senior Management Functions	B
Insurance General Application	C
Actuaries	D
Group Supervision	E
Insurance – Allocation of Responsibilities	F
Insurance – Fitness and Propriety	G
Insurance – Senior Management Functions	H
Insurance – Senior Managers Regime – Transitional Provisions	I
Key Function Holder - Notifications	J
Third Country Branches	K
Large Non-Solvency II Firms – Allocation of Responsibilities	L
Large Non-Solvency II Firms –Fitness and Propriety	M
Large Non-Solvency II Firms - Key Function Holder - Notifications	N
Large Non-Solvency II Firms - Senior Management Functions	O
Large Non-Solvency II Firms – Senior Insurance Managers Regime Transitional Provisions	P

Non-Solvency II Firms – Actuarial Requirements	Q
Non-Solvency II Firms – Allocation of Responsibilities	R
Non-Solvency II Firms – Fitness and Propriety	S
Non-Solvency II Firms – Fitness and Propriety	T
Non-Solvency II Firms – Senior Management Functions	U
Non-Solvency II Firms – Senior Managers Regime – Transitional Provisions	V
Non-Solvency II Firms — Transitional Measures	W
Glossary	X

### Commencement

- E. Annexes G, M and T of this instrument come into force on 10 December 2019.
- F. All other Annexes come into force on 10 December 2018, immediately after the PRA Rulebook: CRR Firms, Non-CRR Firms, Solvency II Firms and Non Solvency II Firms: Senior Managers Regime and Senior Insurance Managers Regime (Amendment) (No 1) Instrument 2018 comes into force.

### Citation

- G. This instrument may be cited as the PRA Rulebook: CRR Firms, Non CRR Firms, Solvency II Firms and Non Solvency II Firms: Senior Managers Regime and Senior Insurance Managers Regime (Amendment) (No 2) Instrument 2018.

### By order of the Prudential Regulation Committee

17 October 2018

## Annex A

## Amendments to the Allocation of Responsibilities Part

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

## 1 APPLICATION AND DEFINITIONS

---

...

1.2 In this Part the following definitions shall apply:

*certification regime*

~~means the requirements of the regulatory system which apply to relevant authorised persons insofar as they relate to persons performing certification functions including those set out in Certification and Fitness and Propriety and the corresponding FCA requirements in SYSC 5.2 and FIT of the FCA Handbook.~~

...

*FCA Chair of nomination committee function*

means an *FCA controlled function* specified in ~~SUP 10C.5.2R~~ SUP 10C.5A.3R of the *FCA Handbook*.

...

*FCA responsibilities*

~~means any of:~~

- ~~(1) the functions set out in SYSC 4.7.7R (Table of senior management responsibilities) of the FCA Handbook;~~
- ~~(2) the responsibilities allocated under SYSC 4.7.8R of the FCA Handbook;~~
- ~~(3) the functions set out in SYSC 4.8.9R (Table: the FCA prescribed senior management responsibilities for third country relevant authorised persons) of the FCA Handbook;~~  
and
- ~~(4) the responsibilities allocated under SYSC 4.8.10R of the FCA Handbook.~~

...

*management responsibilities map*

has the meaning given in ~~€7~~.

...

## 4 PRESCRIBED RESPONSIBILITIES

---

4.1 Each of the responsibilities set out in this rule is a *prescribed responsibility*:

- (1) responsibility for the *firm's* performance of its obligations under the *senior management regime* (PR A);
- (2) responsibility for the *firm's* performance of its obligations under the *certification regime* (PR B);
- (3) responsibility for compliance with the *firm's* obligations in relation to its *management responsibilities map* (PR C);
- (4) responsibility for the *firm's* performance of its obligations under Fitness and Propriety in respect of its *notified non-executive directors* (PR U);

- (5) responsibility for monitoring effective implementation of policies and procedures for the induction, training and professional development of *senior management*, other than members of the *governing body* (PR G);
- (6) responsibility for overseeing the adoption of the *firm's* culture in the day-to-day management of the *firm* (PR H);
- (7) responsibility for managing the allocation and maintenance of the *firm's* capital, funding and liquidity (PR O);
- (8) responsibility for the *firm's* treasury management functions (PR P);
- (9) responsibility for the production and integrity of the *firm's* financial information and its regulatory reporting under the *regulatory system* (PR Q);
- (10) responsibility for developing and managing the *firm's recovery plan* and *resolution pack* and for overseeing the internal processes regarding their governance (PR R);
- (11) responsibility for managing the *firm's* internal stress-tests and ensuring the accuracy and timeliness of information provided to the *PRA* and other regulatory bodies for the purpose of stress-testing (PR S);
- (12) responsibility for the development and maintenance of the *firm's* business model by the *governing body* (PR T);
- (13) responsibility for leading the development and monitoring effective implementation of policies and procedures for the induction, training and professional development of all member of the *firm's governing body* (PR F);
- (14) responsibility for leading the development of the *firm's* culture by the *governing body* as a whole (PR I);
- (15) responsibility for safeguarding the independence of, and overseeing the performance of, the internal audit function, including the performance of a *person* approved to perform the *Head of Internal Audit function* on behalf of the *firm*, in accordance with Compliance and Internal Audit 3 (PR J) ;
- (16) responsibility for safeguarding the independence of, and overseeing the performance of, the compliance function, including the performance of a *person* approved by the *FCA* to perform the *compliance oversight function* on behalf of the *firm*, in accordance with Compliance and Internal Audit 2 (PR K);
- (17) responsibility for safeguarding the independence of , and overseeing the performance of, the risk function, including the performance of a *person* approved to perform the *Chief Risk function* on behalf of the *firm*, in accordance with Risk Control 3.4 and 3.5 (PR L);
- (18) responsibility for overseeing the development of, and implementation of the *firm's* remuneration policies and practices in accordance with Remuneration (PR M);
- (19) responsibility for 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 (PR N);
- (20) responsibility for the allocation of all *prescribed responsibilities* in accordance with 3.1 (PR E);
- (21) responsibility for the *firm's* performance of its obligations under Outsourcing (PR X).

4.2 Each of the responsibilities set out in this rule is a *prescribed responsibility* in the circumstances specified:

- (1) if the ~~firm~~ *firm* carries out *proprietary trading*, responsibility for the *firm's proprietary trading activities* (PR V);
- (2) if the *firm* does not have a *person* who performs the *Chief Risk function*, responsibility for the compliance of the ~~firm's~~ *firm's* risk management systems, policies and procedures with the requirements of Risk Control 2.1 to 2.4 (PR W);
- (3) if the *firm* outsources its internal audit function, responsibility for taking reasonable steps to ensure that every *person* involved in the performance of that function is independent from the *persons* who perform external audit, including:
  - (a) supervision and management of the work of outsourced internal auditors; and
  - (b) management of potential conflicts of interest between the provision of external audit and internal audit services (PR J1);
- (4) if the *firm* is a *ring-fenced body*, responsibility for ensuring that those aspects of the *firm's* affairs for which a ~~person~~ *person* is responsible for managing are in compliance with the *ring-fencing obligations* (PR Y).

## 5 PRESCRIBED RESPONSIBILITIES: SMALL FIRMS

---

...

5.2 Each of the responsibilities listed in this rule is a *small firm prescribed responsibility*.

- ...
- (2) responsibility for allocation of all *small firm prescribed responsibilities* in accordance with 3.3(1) or (2), as the case may be (PR E);
- (3) responsibility for implementing and managing the *firm's* risk management policies and procedures (PR AA);
- (4) responsibility for managing the systems and controls of the *firm* (PR BB);
- (5) responsibility for managing the *firm's* financial resources (PR CC);
- (6) responsibility for ensuring the *governing body* is informed of its legal and regulatory obligations (PR DD).

## 6 PRESCRIBED RESPONSIBILITIES: UK BRANCHES

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...

6.2 Each of the responsibilities set out in this rule is a *UK branch prescribed responsibility*:

- (1) responsibility for the *firm's* performance of its obligations under the *senior management regime*, including implementation and oversight (PR A);
- (2) responsibility for the *firm's* performance of its obligations under the *certification regime* (PR B);
- (3) responsibility for compliance with the *firm's* obligations in relation to its *management responsibilities map* (PR C);
- (4) responsibility for management of the *firm's* risk management processes in the ~~UK~~ *UK* (PR AA);
- (5) responsibility for the *firm's* compliance with the *UK regulatory system* applicable to the *firm* (PR FF);
- (6) responsibility for the escalation of correspondence from the *PRA, FCA* and other ~~regulators~~ *regulators* in respect of the *firm* to the *governing body* and/or the

*management body* of the *firm*, or, where appropriate, of the *parent undertaking* or *holding company* of the *firm's group* (PR EE);

- (7) responsibility for management of the *firm's* systems and controls in the ~~UK~~UK (PR BB);
- (8) responsibility for the allocation of all *UK branch prescribed responsibilities* in accordance with 3.5 (PR E);
- (9) responsibility for management of the *firm's* liquidity or, where a liquidity waiver is in place, the submission of information to the *PRA* on the *firm's* liquidity position (PR HH);
- (10) responsibility for the production and integrity of the *firm's* financial information and its regulatory reporting in respect of its *regulated activities* (PR Q);
- (11) responsibility for the *firm's* performance of its obligations under Internal Governance of Third Country Branches 7 (PR X1).

...

Annex B

Amendments to the Senior Management Functions Part

In this Annex deleted text is struck through.

**1 APPLICATION AND DEFINITIONS**

---

...

1.2 In this Part, the following definitions shall apply:

...

*FCA governing function*

~~means a controlled function specified by the FCA in SUP 10C.5 of the FCA Handbook.~~

...

## Annex C

## Amendments to the Insurance General Application Part

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

...

**2 UK SOLVENCY II FIRM**

---

...

2.2 The conditions referred to in 2.1(1) are, subject to the exclusions in 2.3 to 2.6:

...

- (4) if the firm is a Solvency I firm, ~~that it~~ is not excluded pursuant to 2.6;
- (5) if the firm is a non-Solvency I firm, ~~that it~~ is not excluded pursuant to:
  - (a) 2.3 on the *Solvency II implementation date*; or
  - (b) 2.6;

...

## Annex D

## Amendments to the Actuaries Part

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

## 1 APPLICATION AND DEFINITIONS

---

...

1.3 In this Part, the following definitions shall apply:

*Chief Executive function*

has the meaning given in Insurance – Senior Management Functions 3.1~~means the *PRA-controlled function* CF3 in the table of *PRA-controlled functions* in SUP 10B.4.3 R of the *PRA Handbook*, described more fully in SUP 10B.6.7 R of the *PRA Handbook*.~~

*With-Profits Actuary function*

has the meaning given in Insurance – Senior Management Functions 8.2~~means the *PRA-controlled function* CF12A in the table of *PRA-controlled functions*, described more fully in SUP 10B.8.2 R of the *PRA Handbook* and Actuaries 5.1.~~

...

## Annex E

## Amendments to the Group Supervision Part

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

...

## 17 RISK MANAGEMENT AND INTERNAL CONTROL

---

...

17.4 ~~[Deleted.]~~For the purposes of applying Key Function Holder – Notifications 2 to 6 at the level of the group, in accordance with 17.1(1)(i), firms should read the definitions of *grandfathering key function holder*, *new SIMF applicant*, *transitional key function holder* and *transitional notified non-executive director* in Key Function Holder – Notifications 1 as follows:

~~(1) grandfathering key function holder~~

~~means a key function holder at the level of the group who is seeking continuing approval in relation to a PRA-*authorised person* in that group.~~

~~(2) new SIMF applicant~~

~~means a key function holder at the level of the group (other than a *grandfathering key function holder*) who submits an application for a *senior management function* or *senior insurance management function* prior to the *commencement date* in relation to a *PRA-*authorised person** in that group.~~

~~(3) transitional key function holder~~

~~means a person who is a *key function holder* at the level of the group as at the *commencement date*.~~

~~(4) transitional notified non-executive director~~

~~means a key function holder at the level of the group who, in relation to a *PRA-*authorised person** in that group, is approved to perform *controlled function* CF2 or CF5 on 6 March 2016 and who will be a *notified non-executive director* at that *PRA-*authorised person** on the *commencement date*.~~

## Annex F

## Amendments to the Insurance – Allocation of Responsibilities Part

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

...

## 2 ALLOCATION OF RESPONSIBILITIES

---

...

- 2.5 A UK ISPV must allocate each of the *prescribed responsibilities* set out in 3.1(4A)(A1) to 3.1(4C)(A3) to one or more *persons* who, in relation to that *firm*, are approved under section 59 of FSMA by:

...

## 3 PRESCRIBED RESPONSIBILITIES

---

- 3.1 Each of the responsibilities set out in this rule is a *prescribed responsibility*:
- (A1) responsibility for the *firm's* performance of its obligations under the *senior management regime* (PR A);
  - (A2) responsibility for the *firm's* performance of its obligations under the *certification regime* (PR B);
  - (A3) responsibility for compliance with the *firm's* obligations in relation to its *management responsibilities map* (PR C);
  - (1) responsibility for ensuring that the *firm* has complied with its obligations in Insurance - Fitness and Propriety to:
    - (a) ensure that every *person* who performs a *key function* but does not also perform a *PRA senior management function* or a *certification function* is a fit and proper *person*; and
    - (b) provide and obtain regulatory references (PR U);
  - (2) responsibility for leading the development of the *firm's* culture by the *governing body* as a whole (PR I);
  - (3) responsibility for overseeing the adoption of the *firm's* culture in the day-to-day management of the *firm* (PR H);
  - (4) responsibility for the production and integrity of the *firm's* financial information and its regulatory reporting (PR Q);
  - (5) responsibility for management of the allocation and maintenance of the *firm's*:
    - (a) capital; and
    - (b) liquidity (PR O);
  - (6) responsibility for the development and maintenance of the *firm's* business model by the *governing body* (PR T);
  - (7) responsibility for performance of the *firm's* ORSA (PR T2);
  - (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* (PR F);

- (9) responsibility for monitoring effective implementation of policies and procedures for the induction, training and development of all of the *firm's key function holders* (other than members of the *firm's governing body*) (PR G);
  - (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 (PR N);
  - (11) responsibility for overseeing the development and implementation of the *firm's* remuneration policies and practices (PR M);
  - (12) responsibility for the *firm's* performance of its obligations in respect of outsourced operational functions and activities under Conditions Governing Business 7 (PR X).
- 3.2 Each of the following responsibilities is a *prescribed responsibility* in respect of a *small run-off firm*:
- (1) responsibility for providing the *governing body* with an up-to-date business plan and all relevant management information (PR T1);
  - (2) responsibility for managing the *small run-off firm's* financial resources (PR CC);
  - (3) responsibility for ensuring the *governing body* is kept informed of its legal and regulatory obligations (PR DD);
  - (4) responsibility for the oversight of systems and controls, along with risk management policies and procedures, that are proportionate to the nature, scale, and complexity of the risks inherent in the *small run-off firm's* business model (PR GG).
- 3.3 The responsibility set out in rule 3.3(1) is a *prescribed responsibility* in the circumstances specified:
- (1) if a *firm* is not significant and outsources its internal audit *function* to an external third party service provider (that is, a service provider outside the *firm* or the *firm's group*), responsibility for providing for an effective internal audit *function* in accordance with Conditions Governing Business 5 and for overseeing the performance of the internal audit *function* (PR J2).

### **3A PRESCRIBED RESPONSIBILITIES: UK BRANCHES**

---

...

- 3A.2 Each of these responsibilities is a *third country branch prescribed responsibility*:
- (1) responsibility for management of the *firm's* risk management processes in the *UK* (PR AA);
  - (2) responsibility for the *firm's* compliance with the *UK regulatory system* applicable to the *firm* (PR FF);
  - (3) responsibility for the escalation of correspondence from the *PRA, FCA* and other regulators in respect of the *firm* to each of the *governing body* or the *management body* of the *firm* and, as appropriate, the *firm's parent undertaking* and the ultimate *parent undertaking* of the *firm's group* (PR EE); and
  - (4) responsibility for management of the *firm's* systems and controls in the *UK* (PR BB).

...

## Annex G

## Amendments to the Insurance – Fitness and Propriety Part

In this Annex new text is underlined.

**6 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS**

---

...

6.5 The requirement to obtain *regulatory references* in accordance with 2.5 does not apply to a *firm* in respect of any *person* to the extent that:

(1) the *firm* is deciding whether the *person* is fit and proper for the purpose of issuing a *certificate to perform a certification function*; and

(2) immediately prior to 10 December 2019 the *person* performed the same *certification function* for the *firm*.

6.6 Item (F) in the *regulatory reference template* does not require disclosure of *disciplinary action* that took place in respect of a *certification employee* (other than a *key function holder*) prior to 10 December 2019 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*.

## Annex H

## Amendments to the Insurance – Senior Management Functions Part

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

## 1 APPLICATION AND DEFINITIONS

---

....

1.2 In this Part, the following definitions shall apply:

....

*FCA activities*

~~means a function which would, except for SUP10A.11.12R of the FCA Handbook, be an FCA governing function.~~

....

## 2 GENERAL

---

....

2.5 (1) If, in relation to a *firm*, a *PRA senior management function holder* also performs *FCA activities*, performance of the *PRA senior management function* will include the performance of those *FCA activities*, provided the following conditions are met:

....

(c) ~~the firm made an FCA activities notification~~the notification required by SUP10A.11.12 R (4) of the *FCA Handbook*; and

....

2.6A If a PRA approved person:

(1) (other than in the circumstances set out in 2.5 or 2.6) performs one or more FCA responsibilities;

(2) ceases to perform any PRA senior management function; and

(3) does not have an FCA approval to perform an FCA controlled function in relation to that firm,

the functions in (1) will continue to be part of the PRA senior management function that the person most recently performed for that firm until the earlier of:

(a) approval by the FCA in respect of the performance by that person of an FCA controlled function in relation to the firm; or

(b) three months from the time that the person ceased to perform that PRA senior management function.

...

## Annex I

## Amendments to the Insurance – Senior Managers Regime – Transitional Provisions Part

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

## 1 APPLICATION AND DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

*candidate*

means a ~~person~~ in respect of whom a ~~firm~~ has made a ~~pending application~~.

...

*continued approval*

means approval to perform a PRA senior insurance management function under section 59 of *FSMA*, granted pursuant to a ~~grandfathering notification~~ conversion notification.

...

*equivalent function*

means a ~~senior insurance management function~~ or an ~~FCA function~~ that, in either case, is specified in 6 as equivalent, for the purposes of articles 2(3)(b) and 11(c) of the ~~Transitional Order~~, to a ~~pre-implementation controlled function~~.

...

*FCA controlled function*

means a ~~controlled function~~ specified by the ~~FCA~~ under section 59 of *FSMA*.

*FCA function*

means any of the functions specified in column 3 (FCA controlled functions) of the table set out in 6.

*grandfathering notification*

means a ~~notice~~ required to be sent to the ~~PRA~~ under article 2(1) or 11(b) of the ~~Transitional Order~~, including any update to such a notice.

*pending application*

means an application for approval under section 60 of *FSMA* which:

- (1) ~~has been received by the FCA or PRA from the firm on or before the commencement date, and~~
- (2) ~~has not been determined or withdrawn.~~

*pre-implementation controlled function*

means ~~any of the controlled functions~~ listed in column 1 of the table in 6.

...

*senior insurance management function*

means a function specified as a *controlled function* in Insurance – Senior Insurance Management Functions 2 in relation to the carrying on of a *regulated activity* by a *firm*.

*Transitional Order*

means the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015 (SI 2015/492).

## 2 GENERAL

---

- 2.1 ~~[Deleted.]The PRA directs that a firm must make a grandfathering notification using Form K before 8 February 2016.~~
- 2.2 ~~[Deleted.]The PRA directs that the notice required by article 6(1) of the Transitional Order must be provided to the PRA using Form K.~~
- 2.3 ~~[Deleted.]The PRA directs that the notice required by article 11(b) of the Transitional Order in respect of a candidate for whom continued approval is sought must be provided to the PRA in Form K as part of a grandfathering notification.~~

## 3 GRANDFATHERING NOTIFICATION REQUIREMENTS

---

- 3.1 ~~[Deleted.]Where a grandfathering notification is required pursuant to 2.1, a firm must ensure that it sets out the following details in respect of each approved person or candidate:~~
- ~~(1) each of the pre-implementation controlled functions for which the person is approved, or (in the case of a candidate) has a pending application, in relation to the firm;~~
  - ~~(2) each senior insurance management function to be performed by the person on and after the commencement date in relation to the firm; and~~
  - ~~(3) each FCA function (if any) to be performed by the person on and after the commencement date in relation to the firm.~~
- 3.2 ~~[Deleted.]The PRA directs that a firm must not specify in a grandfathering notification a senior insurance management function or FCA function for a person which is not an equivalent function in the table in 6 or the table in SUP TP 7.2.3R in the FCA Handbook in relation to:~~
- ~~(1) (for an approved person) any pre-implementation controlled functions for which the person has approval in relation to the firm; or~~
  - ~~(2) (for a candidate) any pre-implementation controlled functions in respect of which there is a pending application.~~
- 3.3 ~~[Deleted.]The PRA directs that a firm must list in the grandfathering notification each approved person or candidate who, on the commencement date, will be acting in the capacity of a non-executive director but who will not be performing a senior insurance management function or FCA function.~~

## 4 PROCEDURE FOR MAKING GRANDFATHERING NOTIFICATIONS

---

- 4.1 ~~[Deleted.]The PRA directs that, save as required by 4.2 and 8.2, a firm must make any applications, notifications or submissions required by this Part using the ONA system.~~
- 4.2 ~~[Deleted.]If, under any direction or rule in this Part:~~
- ~~(1) a firm is required to make an application, notification or submission online; and~~

~~(2) the information technology systems used by the PRA fail and online submission is unavailable for 24 hours or more,~~

~~until such time as facilities for online submission are restored a firm may submit the specified form in accordance with Notifications 7.~~

## 5 WITHDRAWING OR UPDATING A GRANDFATHERING NOTIFICATION

5.1 ~~[Deleted.]The PRA directs that if, before the commencement date, there has been a significant change to the matters covered by the grandfathering notification, the firm must provide a revised version of it to the PRA.~~

## 6 TABLE OF EQUIVALENT FUNCTIONS FOR GRANDFATHERING CONVERSION

6.1 ~~[Deleted.]The senior insurance management functions set out in column 2 of the table are specified as equivalent functions, in each case in relation to the pre-implementation controlled functions set out in the corresponding row in column 1 of the table below.~~

6.2 ~~[Deleted.]The FCA functions set out in column 3 of the table are specified as equivalent functions, in each case in relation to the pre-implementation controlled functions set out in the corresponding row of column 1 of the table below.~~

Column 1	Column 2	Column 3
PRA or FCA Controlled Function	PRA Senior Insurance Management Function	FCA Function
<b>All firms apart from third country branch undertakings and UK ISPVs</b>		
Director (CF1)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5) Group Entity Senior Insurance Manager function (SIMF7) Chief Actuary function (SIMF20) Chief Underwriting Officer function (SIMF22) Underwriting Risk Oversight function (SIMF23)	FCA Director function (CF1) (see Note)
Non-executive director (CF2)	Group Entity Senior Insurance Manager function (SIMF7) Chairman function (SIMF9) Chair of the Risk Committee function (SIMF10) Chair of the Audit Committee function (SIMF11) Chair of the Remuneration Committee function (SIMF12) Senior Independent Director function (SIMF14)	Chair of the Nomination Committee function (CF2a) Chair of the With-Profits Committee function (CF2b) (see Note)
Chief executive (CF3)	Chief Executive function (SIMF1)	-
Director of unincorporated association (CF5)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5) Group Entity Senior Insurance Manager function (SIMF7)	FCA Director of an unincorporated association function (CF5) Chair of the Nomination Committee function (CF2a) Chair of the With-Profits committee function (CF2b)

	Chief Actuary function (SIMF20) Chief Underwriting Officer function (SIMF22) Chairman function (SIMF9) Chair of the Risk Committee function (SIMF10) Chair of the Audit Committee function (SIMF11) Chair of the Remuneration Committee function (SIMF12) Senior Independent Director function (SIMF14)	(See Note)
Actuary (CF12)	Chief Actuary function (SIMF20)	-
With-Profits Actuary (CF12A)	With-Profits Actuary function (SIMF21)	-
Lloyd's Actuary (CF12B)	Chief Actuary function (SIMF20) Underwriting Risk Oversight function (SIMF23)	-
Systems and Controls (CF28)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5)	-
Significant management (CF29)	Group Entity Senior Insurance Manager function (SIMF7) Chief Actuary function (SIMF20) (general insurance firms only) Chief Underwriting Officer function (SIMF22) Underwriting Risk Oversight function (SIMF23)	-

#### UK ISPVs

PRA or FCA Controlled Function	PRA Senior Insurance Management Function	FCA Function
Director (CF1)	Chief Finance function (SIMF2) Chief Actuary function (SIMF20) Group Entity Senior Insurance Manager function (SIMF7)	FCA Director function (CF1) (see Note)
Non-executive director (CF2)	Chairman function (SIMF9)	Chair of the Nomination Committee function (CF2a) Chair of the With-Profits Committee function (CF2b) (see Note)
Chief executive (CF3)	Chief Executive function (SIMF1)	-
Actuary (CF12)	Chief Actuary function (SIMF20)	-
Systems and Controls (CF28)	Chief Finance function (SIMF2)	FCA Systems and Controls function (CF28) (see Note)
Significant management (CF29)	Group Entity Senior Insurance Manager function (SIMF7) Chief Actuary function (SIMF20) (general insurance firms only)	-

#### Third country branch undertakings

PRA or FCA Controlled Function	PRA Senior Insurance Management Function	FCA Function
--------------------------------	--	--------------

Director (CF1)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5) Group Entity Senior Manager (SIMF7) Head of Third Country Branch function (SIMF19) Chief Actuary function (SIMF20) Chief Underwriting Officer function (SIMF22)	FCA Director function (CF1) (see Note)
Non-executive director (CF2)	Group Entity Senior Manager (SIMF7) Chairman function (SIMF 9) Senior Independent Director function (SIMF 14) Chair of the Risk Committee function (SIMF 10) Chair of the Audit Committee function (SIMF 11) Chair of the Remuneration Committee function (SIMF 12)	-
Chief executive (CF3)	Head of Third Country Branch function (SIMF19)	-
Actuarial (CF 12)	Chief Actuary function (SIMF20)	Actuarial conduct function (third country) (CF 51) (conduct perspective only)
With-profits actuary (CF12A)	With-Profits Actuary function (SIMF21)	-
Systems and controls (CF28)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5)	FCA Systems and Controls function (CF28) (see Note)
FCA Significant management (CF 29)	Chief Underwriting Officer function (SIMF22) Group Entity Senior Insurance Manager function (SIMF7)	-

Note: See SUP TP 7.2.3 R in the *FCA Handbook*.

### 6.3

- (1) If, in relation to a *firm*, a PRA senior insurance-management function holder with *continued approval* also performs *FCA activities* on and from the *commencement date*, performance of the PRA senior insurance-management function will include the performance of those *FCA activities* provided that the *firm* has included details of the *FCA activities* in a *scope of responsibilities form* for that PRA senior insurance-management function holder which is provided to the *PRA* by 7 September 2016 in accordance with Key Function Holder – Notifications 6.3.
- (2) If, in relation to a *firm*, a PRA senior insurance-management function holder with *continued approval* has been performing *FCA activities* in the circumstances set out in (1), and that *person*:
  - (a) ceases to perform the PRA senior insurance-management function;
  - (b) within three *months* of ceasing performance, is approved to perform a new PRA senior insurance-management function at the *firm*; and

- (c) continues to perform the *FCA activities*,
- performance of the new *PRA senior insurance-management function* will include the performance of those *FCA activities*, provided:
- (d) the *PRA*'s approval to perform that ~~*PRA's PRA senior management function*~~ continues in force;
- (e) the *firm* makes the notification required by ~~SUP10A.11.12 R (4)~~ SUP 10C.9.8R(4) of the *FCA Handbook*; and
- (f) that *person* performs and is continuing to perform the *FCA activities*.
- 6.4 If a *PRA senior insurance-management function holder* to whom 6.3 applies ceases to perform a *PRA senior insurance-management function* but continues to perform the *FCA activities*, 6.3(1) will continue to apply in respect of the performance of the *FCA activities* until the earlier of:
- ...
- (2) three *months* from the time that the *person* ceased to perform that *PRA senior insurance management function*.
- 6.5 ~~[Deleted.]The PRA directs that a firm must not specify in the grandfathering notification that any person shall perform any combination of senior insurance management functions which is prohibited by any other provision of the PRA Rulebook or the FCA Handbook.~~

## 7 FORMS

---

- 7.1 ~~[Deleted.]The grandfathering notification form, Form K, may be found here.~~

## 8 TRANSITIONAL ARRANGEMENTS FOR NEW SENIOR INSURANCE MANAGEMENT FUNCTIONS

---

- 8.1 ~~[Deleted.]This Chapter applies only before the commencement date.~~
- 8.2 ~~[Deleted.]Where an approved person or a candidate is intended to perform a senior insurance management function with effect from the commencement date but:~~
- (1) ~~in the case of an approved person, is not prior to the commencement date approved; or~~
- (2) ~~in the case of a candidate, is not to be approved~~
- ~~to perform a controlled function that is equivalent to the proposed senior insurance management function in accordance with 6, the PRA directs that the firm must not submit a grandfathering notification in respect of that approved person or candidate (as the case may be) but must instead submit a senior insurance management approval application for the proposed senior insurance management function in accordance with Key Function Holder – Notifications 6.4.~~
- ...

## Annex J

## Amendments to the Key Function Holder - Notifications Part

In this Annex deleted text is struck through.

## 1 APPLICATION AND DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

~~commencement date~~

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

~~continuing approval~~

has the meaning given in the ~~Transitional Order~~.

~~grandfathering key function holder~~

means, in relation to a *firm*, a *key function holder* who is seeking ~~continuing approval~~.

~~grandfathering notification~~

has the meaning given in Senior Insurance Managers Regime—Transitional Provisions

...

~~new SMF applicant~~

means, in relation to a *firm*, a *key function holder* (other than a *grandfathering key function holder*) who submits an application for a *PRA senior management function* prior to the ~~commencement date~~

~~notified non-executive director~~

means a *non-executive director* of a *firm* who is not an *approved person* in relation to that *firm*

~~transitional key function holder~~

means, in relation to a *firm*, a person who is a *key function holder* as at 1 January 2016

~~transitional notified non-executive director~~

means, in relation to a *firm*, a person who is approved to perform *controlled function* CF2 or CF5 on 6 March 2016 and who will be a *notified non-executive director* at that *firm* on the ~~commencement date~~.

~~Transitional Order~~

has the meaning given in Senior Insurance Managers Regime—Transitional Provisions

## 2 KEY FUNCTION HOLDER NOTIFICATION

---

2.1 ~~[Deleted.]~~ This Chapter does not apply in relation to a:

(1) ~~transitional key function holder~~, in relation to *key functions* held as at 1 January 2016;

~~(2) — grandfathering key function holder, in relation to key functions held as at the commencement date;~~

~~(3) — new SMF applicant; or~~

~~(4) — transitional notified non-executive director.~~

...

### **3 PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS**

---

...

3.3 The notifications required under 2.3 and ~~6.5~~ should be submitted in accordance with Notifications 7.

...

**Annex K**

**Amendments to the Third Country Branches Part**

In this Annex new text is underlined.

...

**7 CONDITIONS GOVERNING BUSINESS**

---

7.1 A *third country branch undertaking* must fulfil the following requirements in the Conditions Governing Business Part of the *PRA* Rulebook, as modified by 7.2, 7.3 and 7.4:

...

## Annex L

## Amendments to the Large Non-Solvency II Firms –Allocation of Responsibilities Part

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

...

## 2 ALLOCATION OF RESPONSIBILITIES

---

...

- 2.3 A Swiss general insurer must allocate each of the *prescribed responsibilities* set out in 3.1(4A)(A1) to 3.1(1) and each of the *Swiss general insurer prescribed responsibilities* to one or more *persons* who, in relation to that *firm*, are approved under section 59 of FSMA by:

...

## 3 PRESCRIBED RESPONSIBILITIES

---

- 3.1 Each of the responsibilities set out in this rule is a prescribed responsibility:
- (A1) responsibility for the *firm's* performance of its obligations under the *senior management regime* (PR A);
  - (A2) responsibility for the *firm's* performance of its obligations under the *certification regime* (PR B);
  - (A3) responsibility for compliance with the *firm's* obligations in relation to its *management responsibilities map* (PR C);
  - (1) responsibility for ensuring that the *firm* has complied with its obligations in Large Non-Solvency II Firms – Fitness and Propriety to:
    - (a) ensure that every *person* who performs a *key function* but does not also perform a *PRA senior management function* or a *certification function* is a fit and proper *person*; and
    - (b) provide and obtain regulatory references (PR U);
  - (2) responsibility for leading the development of the *firm's* culture by the *governing body* as a whole (PR I);
  - (3) responsibility for overseeing the adoption of the *firm's* culture in the day-to-day management of the *firm* (PR H);
  - (4) responsibility for the production and integrity of the *firm's* financial information and its regulatory reporting (PR Q);
  - (5) responsibility for management of the allocation and maintenance of the *firm's*:
    - (a) capital; and
    - (b) liquidity (PR O);
  - (6) responsibility for the development and maintenance of the *firm's* business model by the *governing body* (PR T);
  - (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* (PR F);
  - (8) responsibility for monitoring effective implementation of policies and procedures for the induction, training and development of all of the *firm's key function holders* (other than members of the *firm's governing body*) (PR G);

- (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 (PR N);
  - (10) responsibility for overseeing the development and implementation of the *firm's* remuneration policies and practices (PR M);
  - (11) responsibility for the *firm's* performance of its obligations in respect of outsourced operational functions under Non-Solvency II Firms – Governance 5 (PR X).
- 3.2 The responsibility set out in rule 3.2(1) is a *prescribed responsibility* in the circumstances specified:
- (1) if a *firm* outsources its internal audit *function* to an external third party service provider (that is, a service provider outside the *firm* or the *firm's group*), responsibility for providing for an effective internal audit *function* in accordance with Non-Solvency II Firms – Governance 9.2 and for overseeing the performance of the internal audit *function* (PR J2).

### 3A PRESCRIBED RESPONSIBILITIES: SWISS GENERAL INSURERS

---

...

- 3A.2 Each of the responsibilities set out in this rule is a *Swiss general insurer prescribed responsibility*:
- (1) responsibility for management of the *firm's* risk management processes in the *UK* (PR AA);
  - (2) responsibility for the *firm's* compliance with the *UK regulatory system* applicable to the *firm* (PR FF);
  - (3) responsibility for the escalation of correspondence from the *PRA, FCA* and other regulators in respect of the *firm* to each of the *governing body* or the *management body* of the *firm* and, as appropriate, the *firm's parent undertaking* and the ultimate *parent undertaking* of the *firm's group* (PR EE); and
  - (4) responsibility for management of the *firm's* systems and controls in the *UK* (PR BB).

...

## Annex M

## Amendments to the Large Non-Solvency II Firms –Fitness and Propriety Part

In this Annex new text is underlined.

...

**5 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS**

---

...

5.5 The requirement to obtain regulatory references in accordance with 2.5 does not apply to a *firm* in respect of any *person* to the extent that:

- (1) the firm is deciding whether the *person* is fit and proper for the purpose of issuing a certificate to perform a certification function; and
- (2) immediately prior to 10 December 2019 the *person* performed the same certification function for the firm.

5.6 Item (F) in the *regulatory reference template* does not require disclosure of disciplinary action that took place in respect of a certification employee (other than a key function holder) prior to 10 December 2019 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.

...

## Annex N

## Amendments to the Large Non-Solvency II Firms - Key Function Holder - Notifications Part

In this Annex deleted text is struck through.

## 1 APPLICATION AND DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

*commencement date*

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

*continuing approval*

has the meaning given in the *Transitional Order*.

*grandfathering key function holder*

means, in relation to a *firm*, a *key function holder* who is seeking *continuing approval*.

*grandfathering notification*

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

...

*new SMF applicant*

means, in relation to a *firm*, a *key function holder* (other than a *grandfathering key function holder*) who submits a *PRA senior management approval application* prior to the *commencement date*.

*notified non-executive director*

means a *non-executive director* of a *firm* who is not an *approved person* in relation to that *firm*.

*transitional key function holder*

means, in relation to a *firm*, a person who is a *key function holder* as at 7 March 2016.

*transitional notified non-executive director*

means, in relation to a *firm*, a *person* who is approved to perform *controlled function* CF2 or CF5 on 6 March 2016 and who will be a *notified non-executive director* at that *firm* on the *commencement date*.

*Transitional Order*

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

## 2 KEY FUNCTION HOLDER NOTIFICATION

---

2.1 ~~[Deleted.]~~ This Chapter does not apply in relation to a:

(1) ~~transitional key function holder~~, in relation to ~~key functions~~ held as at the ~~commencement date~~;

- (2) ~~grandfathering key function holder, in relation to key functions held as at the commencement date;~~
- (3) ~~new SMF applicant; or~~
- (4) ~~transitional notified non-executive director.~~

...

### **3 PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS**

---

...

- 3.3 The notifications required under 2.3 and 5.5 should be submitted in accordance with Notifications 7.

...

## Annex O

## Amendments to the Large Non-Solvency II Firms - Senior Management Functions Part

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

## 1 APPLICATIONS AND DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

...

*FCA activities*

~~means a function which would, except for SUP10A.11.12R of the *FCA Handbook*, be an *FCA governing function*.~~

...

## 2 GENERAL

---

...

2.5 (1) If, in relation to a *firm*, a *PRA senior management function holder* also performs *FCA activities*, performance of the *PRA senior management function* will include the performance of those *FCA activities*, provided the following conditions are met:

...

(c) the *firm* made an *FCA activities notification*~~the notification required by SUP10A.11.12 R (4) of the *FCA Handbook*~~; and

...

2.6A If a *PRA approved person*:

(1) (other than in the circumstances set out in 2.5 or 2.6) performs one or more *FCA responsibilities*;

(2) ceases to perform any *PRA senior management function*; and

(3) does not have an *FCA approval* to perform an *FCA controlled function* in relation to that *firm*,

the functions in (1) will continue to be part of the *PRA senior management function* that the *person* most recently performed for that *firm* until the earlier of:

(a) approval by the *FCA* in respect of the performance by that *person* of an *FCA controlled function* in relation to the *firm*; or

(b) three *months* from the time that the *person* ceased to perform that *PRA senior management function*.

...

## 10 COMBINATION OF SENIOR MANAGEMENT FUNCTIONS

---

...

10.3 A *large firm* that is a member of a *group* must ensure that a *group executive* does not perform any of the following functions in respect of the *firm*:

...

- (4) the *Chair of Remuneration Committee function* (SMF12); or
- (5) the *Senior Independent Director function* (SMF14).

## Annex P

## Amendments to the Large Non-Solvency II Firms – Senior Managers Regime – Transitional Provisions Part

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

### 1 APPLICATIONS AND DEFINITIONS

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...

1.2 In this Part, the following definitions shall apply:

*candidate*

means a ~~person~~ in respect of whom a ~~firm~~ has made a ~~pending application~~.

*commencement date*

means ~~7 March 2016~~.

*continued approval*

means approval to perform a PRA senior insurance management function under section 59 of *FSMA*, granted pursuant to a ~~grandfathering notification~~ conversion notification.

...

*equivalent function*

means a ~~senior insurance management function~~ or an ~~FCA function~~ that, in either case, is specified in 6 as equivalent, for the purposes of articles 2(3)(b) and 11(c) of the ~~Transitional Order~~, to a ~~pre-implementation controlled function~~.

...

*FCA controlled function*

means a ~~controlled function~~ specified by the ~~FCA~~ under section 59 of *FSMA*.

*FCA function*

means any of the functions specified in column 3 (FCA controlled functions) of the table set out in 6.

*grandfathering notification*

means a ~~notice~~ required to be sent to the ~~PRA~~ under article 2(1) or 11(b) of the ~~Transitional Order~~, including any update to such a notice.

*pending application*

means an application for approval under section 60 of *FSMA* which:

- (1) ~~has been received by the FCA or PRA from the firm on or before the commencement date, and~~
- (2) ~~has not been determined or withdrawn.~~

*pre-implementation controlled function*

means any of the ~~controlled functions~~ listed in column 1 of the table in 6.

...

*senior insurance management function*

~~means a function specified as a *controlled function* in Large Non-Solvency II Firms – Senior Insurance Management Functions 2 in relation to the carrying on of a *regulated activity* by a *firm*.~~

*Transitional Order*

~~means the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015 (SI 2015/492) as amended by Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) (Amendment) Order 2015 (SI 2015/1660).~~

## 2 GENERAL

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- 2.1 ~~[Deleted.]The PRA directs that a *firm* must make a *grandfathering notification* using Form K before 8 February 2016.~~
- 2.2 ~~[Deleted.]The PRA directs that the notice required by article 6(1) of the *Transitional Order* must be provided to the PRA using Form K.~~
- 2.3 ~~[Deleted.]The PRA directs that the notice required by article 11(b) of the *Transitional Order* in respect of a *candidate* for whom *continued approval* is sought must be provided to the PRA in Form K as part of a *grandfathering notification*.~~

## 3 GRANDFATHERING NOTIFICATION REQUIREMENTS

---

- 3.1 ~~[Deleted.]Where a *grandfathering notification* is required pursuant to 2.1, a *firm* must ensure that it sets out the following details in respect of each *approved person* or *candidate*:~~
- ~~(1) each of the *pre-implementation controlled functions* for which the *person* is approved, or (in the case of a *candidate*) has a *pending application*, in relation to the *firm*;~~
  - ~~(2) each *senior insurance management function* to be performed by the *person* on and after the *commencement date* in relation to the *firm*; and~~
  - ~~(3) each *FCA function* (if any) to be performed by the *person* on and after the *commencement date* in relation to the *firm*.~~
- 3.2 ~~[Deleted.]The PRA directs that a *firm* must not specify in a *grandfathering notification* a *senior insurance management function* or *FCA function* for a *person* which is not an *equivalent function* in the table in 6 or the table in SUP TP 7.2.3R in the *FCA Handbook* in relation to:~~
- ~~(1) (for an *approved person*) any *pre-implementation controlled functions* for which the *person* has approval in relation to the *firm*; or~~
  - ~~(2) (for a *candidate*) any *pre-implementation controlled functions* in respect of which there is a *pending application*.~~
- 3.3 ~~[Deleted.]The PRA directs that a *firm* must list in the *grandfathering notification* each *approved person* or *candidate* who, on the *commencement date*, will be acting in the capacity of a *non-executive director* but who will not be performing a *senior insurance management function* or *FCA function*.~~

## 4 PROCEDURE FOR MAKING GRANDFATHERING NOTIFICATIONS

---

- 4.1 ~~[Deleted.]The PRA directs that a *firm* must make any applications, notifications or submissions required by this Part by submitting the specified form to PRA-ApprovedPersons@bankofengland.co.uk.~~

## 5 WITHDRAWING OR UPDATING A GRANDFATHERING NOTIFICATION

- 5.1 ~~[Deleted.]The PRA directs that if, before the commencement date, there has been a significant change to the matters covered by the grandfathering notification, the firm must provide a revised version of it to the PRA.~~

## 6 TABLE OF EQUIVALENT FUNCTIONS FOR GRANDFATHERING CONVERSION

- 6.1 ~~[Deleted.]The senior insurance management functions set out in column 2 of the table are specified as equivalent functions, in each case in relation to the pre-implementation controlled functions set out in the corresponding row in column 1 of the table below.~~
- 6.2 ~~[Deleted.]The FCA functions set out in column 3 of the table are specified as equivalent functions, in each case in relation to the pre-implementation controlled functions set out in the corresponding row of column 1 of the table below.~~

Column 1	Column 2	Column 3
PRA or FCA Controlled Function	PRA Senior Insurance Management Function	FCA Function
Director (CF1)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5) Group Entity Senior Insurance Manager function (SIMF7) Chief Actuary function (SIMF20) Chief Underwriting Officer function (SIMF22)	FCA Director function (CF1) (see Note)
Non-executive director (CF2)	Group Entity Senior Insurance Manager function (SIMF7) Chairman function (SIMF9) Chair of the Risk Committee function (SIMF10) Chair of the Audit Committee function (SIMF11) Chair of the Remuneration Committee function (SIMF12) Senior Independent Director function (SIMF14)	Chair of the Nomination Committee function (CF2a) Chair of the With-Profits Committee function (CF2b) (see Note)
Chief executive (CF3)	Chief Executive function (SIMF1)	-
Director of unincorporated association (CF5)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5) Group Entity Senior Insurance Manager function (SIMF7) Chief Actuary function (SIMF20) Chief Underwriting Officer function (SIMF22) Chairman function (SIMF9)	FCA Director of unincorporated association function (CF5) Chair of the Nomination Committee function (CF2a) Chair of the With-Profits Committee function (CF2b) (See Note)

	<p>Chair of the Risk Committee function (SIMF10)</p> <p>Chair of the Audit Committee function (SIMF11)</p> <p>Chair of the Remuneration Committee function (SIMF12)</p> <p>Senior Independent Director function (SIMF14)</p>	
Small friendly society (CF6)	<p>Chief Finance function (SIMF2)</p> <p>Chief Risk function (SIMF4)</p> <p>Head of Internal Audit function (SIMF5)</p> <p>Group Entity Senior Insurance Manager function (SIMF7)</p> <p>Chief Actuary function (SIMF20)</p> <p>Chief Underwriting Officer function (SIMF22)</p> <p>Chairman function (SIMF9)</p> <p>Chair of the Risk Committee function (SIMF10)</p> <p>Chair of the Audit Committee function (SIMF11)</p> <p>Chair of the Remuneration Committee function (SIMF12)</p> <p>Senior Independent Director function (SIMF14)</p>	<p>FCA Small friendly society function (CF6)</p> <p>Chair of the Nomination Committee function (CF2a)</p> <p>Chair of the With-Profits Committee function (CF2b) (see Note)</p>
Actuary (CF12)	Chief Actuary function (SIMF20)	-
With-Profits Actuary (CF12A)	With-Profits Actuary function (SIMF21)	-
Systems and Controls (CF28)	<p>Chief Finance function (SIMF2)</p> <p>Chief Risk function (SIMF4)</p> <p>Head of Internal Audit function (SIMF5)</p>	-
Significant management (CF29)	<p>Group Entity Senior Insurance Manager function (SIMF7)</p> <p>Chief Actuary function (SIMF20) (general insurance firms only)</p> <p>Chief Underwriting Officer function (SIMF22)</p>	-
<b>Swiss General Insurers</b>		
<b>PRA or FCA Controlled Function</b>	<b>PRA Senior Insurance Management Function</b>	<b>FCA Function</b>
Director (CF1)	<p>Chief Finance function (SIMF2)</p> <p>Chief Risk function (SIMF4)</p> <p>Head of Internal Audit function (SIMF5)</p> <p>Group Entity Senior Insurance Manager function (SIMF7)</p> <p>Head of Third Country Branch</p>	<p>FCA Director function (CF1) (see Note)</p>

	function (SIMF19) Chief Actuary function (SIMF20) Chief Underwriting Officer function (SIMF22)	
Non-executive director (CF2)	Group Entity Senior Insurance Manager function (SIMF7) Chairman function (SIMF 9) Senior Independent Director function (SIMF 14) Chair of the Risk Committee function (SIMF 10) Chair of the Audit Committee function (SIMF 11) Chair of the Remuneration Committee function (SIMF 12)	-
Chief executive (CF3)	Head of Third Country Branch function (SIMF19)	-
Systems and controls (CF28)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5)	FCA Systems and Controls (CF28) (see Note)
FCA Significant management (CF29)	Chief Underwriting Officer function (SIMF22) Group Entity Senior Insurance Manager (SIMF7)	-

Note: See SUP TP 7.2.3 R in the *FCA Handbook*.

6.3 (1) If, in relation to a *firm*, a PRA senior insurance-management function holder with *continued approval* also performs *FCA activities* on and from the *commencement date*, performance of the PRA senior insurance-management function will include the performance of those *FCA activities* provided that the *firm* has included details of the *FCA activities* in a *scope of responsibilities form* for that PRA senior insurance-management function holder which is provided to the *PRA* by 7 September 2016 in accordance with Large Non-Solvency II Firms – Key Function Holder – Notifications 5.3.

(2) If, in relation to a *firm*, a PRA senior insurance-management function holder with *continued approval* has been performing *FCA activities* in the circumstances set out in (1), and that *person*:

- (a) ceases to perform the PRA senior insurance-management function;
  - (b) within three *months* of ceasing performance, is approved to perform a new PRA senior insurance-management function at the *firm*; and
  - (c) continues to perform the *FCA activities*,
- performance of the new PRA senior insurance-management function will include the performance of those *FCA activities*, provided:
- (d) the *PRA*'s approval to perform that PRA senior insurance-management function continues in force;
  - (e) the *firm* makes the notification required by SUP10A.11.12 R (4) SUP 10C.9.8R (4) of the *FCA Handbook*; and

(f) that *person* performs and is continuing to perform the *FCA activities*.

6.4 If a *PRA senior insurance management function holder* to whom 6.3 applies ceases to perform a *PRA senior insurance management function* but continues to perform the *FCA activities*, 6.3(1) will continue to apply in respect of the performance of the *FCA activities* until the earlier of:

- (1) approval by the *FCA* in respect of the performance by that *person* of those *FCA activities* as an *FCA governing function* in relation to the *firm*; or
- (2) three *months* from the time that the *person* ceased to perform that *PRA senior insurance management function*.

6.5 ~~[Deleted.]The *PRA* directs that a *firm* must not specify in the *grandfathering notification* that any *person* shall perform any combination of *senior insurance management functions* which is prohibited by any other provision of the *PRA Rulebook* or the *FCA Handbook*.~~

## 7 FORMS

---

7.1 ~~[Deleted.]The *grandfathering notification* form, Form K, may be found here.~~

## 8 TRANSITIONAL ARRANGEMENTS FOR NEW SENIOR INSURANCE MANAGEMENT FUNCTIONS

---

8.1 ~~[Deleted.]This Chapter applies only before the *commencement date*.~~

8.2 ~~[Deleted.]Where an *approved person* or a *candidate* is intended to perform a *senior insurance management function* with effect from the *commencement date* but:~~

- ~~(1) in the case of an *approved person*, is not prior to the *commencement date* approved; or~~
- ~~(2) in the case of a *candidate*, is not to be approved~~

~~to perform a *controlled function* that is equivalent to the proposed *senior insurance management function* in accordance with 6, the *PRA* directs that the *firm* must not submit a *grandfathering notification* in respect of that *approved person* or *candidate* (as the case may be) but must instead submit a *senior insurance management approval application* for the proposed *senior insurance management function* in accordance with Large Non-Solvency II Firms – Key Function Holder – Notifications 5.4.~~

## Annex Q

## Amendments to the Non-Solvency II Firms – Actuarial Requirements Part

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

## 1 APPLICATION AND DEFINITIONS

---

...

1.5 In this Part, the following definitions shall apply:

...

*Chief Executive function*

for a large non-directive insurer has the meaning given in Large Non-Solvency II Firms – Senior Management Functions 3.1 ~~means the PRA-controlled function CF3 in the table of PRA-controlled functions in SUP 10B.4.3 R of the PRA Handbook, described more fully in SUP 10B.6.7 R of the PRA Handbook.~~

*With-Profits Actuary function*

for a large non-directive insurer has the meaning given in Large Non-Solvency II Firms - Senior Management Functions 8.2 and for a small non-directive insurer has the meaning given in Non-solvency II Firms – Senior Management Functions 5.1 ~~means the function of acting in the capacity of an actuary appointed by a firm under 2.1(2) to perform the duties set out in 6.~~

...

## Annex R

## Amendments to the Non-Solvency II Firms - Allocation of Responsibilities Part

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

...

**3 PRESCRIBED RESPONSIBILITIES**

---

- 3.1 Each of the responsibilities set out in this rule is a *small non-directive insurer prescribed responsibility*:
- (A1) responsibility for the *firm's* performance of its obligations under the *senior management regime* (PR A);
  - (A2) responsibility for the *firm's* performance of its obligations under the *certification regime* (PR B);
  - (1) responsibility for providing the *governing body* with an up-to-date business plan and all relevant management information (PR T1);
  - (2) responsibility for management of the *firm's* financial resources (PR CC);
  - (3) responsibility for ensuring the *governing body* is kept informed of its legal and regulatory obligations (PR DD);
  - (4) responsibility for the oversight of systems and controls, along with risk management policies and procedures, that are proportionate to the nature, scale, and complexity of the risks inherent in the *firm's* business model (PR GG).

## Annex S

## Amendments to the Non-Solvency II Firms –Fitness and Propriety Part

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

...

**5 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS**

---

...

5.2 Item (F) in the *regulatory reference template* does not require disclosure of the following information 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*:

(1) *disciplinary action* that took place prior to 10 December 2018.

(2) [not used]

**6 TEMPLATE**

---

6.1 The *regulatory reference template* is the template found ~~here~~here.

## Annex T

## Amendments to the Non-Solvency II Firms –Fitness and Propriety Part

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

...

**5 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS**

---

...

5.2 Item (F) in the *regulatory reference template* does not require disclosure of the following information 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*:

- (1) *disciplinary action* (other than disciplinary action in (2)) that took place prior to 10 December 2018; and
- (2) ~~{not used}~~*disciplinary action* in respect of a *certification employee* that took place prior to 10 December 2019.

5.3 The requirement to obtain regulatory references in accordance with 2.4A does not apply to a *firm* in respect of any *person* to the extent that:

- (1) the *firm* is deciding whether the *person* is fit and proper for the purpose of issuing a *certificate* to perform a *certification function*; and
- (2) immediately prior to 10 December 2019 the *person* performed the same *certification function* for the *firm*.

...

## Annex U

## Amendments to the Non-Solvency II Firms – Senior Management Functions Part

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

## 1 APPLICATION AND DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

~~*FCA activities*~~

~~means a function which would, except for SUP10A.11.12R of the *FCA Handbook*, be an *FCA governing function*.~~

...

## 2 GENERAL

---

...

2.4 If, in relation to a *firm*:

(1) a *PRA senior management function holder* also performs *FCA activities*, performance of the *PRA senior management function* will include the performance of those *FCA activities*, provided the following conditions are met:

...

(c) the *firm* made an *FCA activities notification*~~the notification required by SUP10A.11.12R (4) of the *FCA Handbook*~~; and

...

## Annex V

**Amendments to the Non-Solvency II Firms – Senior Managers Regime – Transitional Provisions Part**

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

## **1 APPLICATIONS AND DEFINITIONS**

---

...

1.2 In this Part, the following definitions shall apply:

*candidate*

means ~~a person~~ in respect of whom a firm has made a pending application.

...

*equivalent function*

means ~~a senior insurance management function or an FCA function~~ that, in either case, is specified in 6 as equivalent for the purposes of articles 2(3)(b) and 11(c) of the ~~Transitional Order~~, to a ~~pre-implementation controlled function~~.

...

*FCA controlled function*

means ~~a controlled function~~ specified by the FCA under section 59 of FSMA.

*FCA function*

means ~~any of the functions specified in column 3 (FCA controlled functions) of the table set out in 6.~~

*FCA governing function*

has the meaning given in SUP 10A.4.4R of the *FCA Handbook*

*grandfathering notification*

means ~~a notice required to be sent to the PRA under article 2(1) or 11(b) of the Transitional Order~~, including any update to such a notice.

*non-executive director*

means ~~a director of a firm who does not perform an executive function in relation to that firm.~~

*pending application*

means an application for approval under section 60 of FSMA which:

- (1) ~~has been received by the FCA or PRA from the firm on or before the commencement date, and~~
- (2) ~~has not been determined or withdrawn.~~

*pre-implementation controlled function*

means ~~any of the controlled functions listed in column 1 of the table in 6.~~

...

*senior insurance management function*

~~means a function specified as a *controlled function* in Non-Solvency II Firms – Senior Insurance Management Functions 2 in relation to the carrying on of a regulated activity by a *firm*.~~

*Transitional Order*

~~means the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015 (SI 2015/492), as amended by the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) (Amendment) Order 2015 (SI 2015/1660).~~

## 2 GENERAL

---

- 2.1 ~~[Deleted.]The PRA directs that a *firm* must make a *grandfathering notification* using Form K before 8 February 2016.~~
- 2.2 ~~[Deleted.]The PRA directs that the notice required by article 6(1) of the *Transitional Order* must be provided to the PRA using Form K.~~
- 2.3 ~~[Deleted.]The PRA directs that the notice required by article 11(b) of the *Transitional Order* in respect of a *candidate* for whom *continued approval* is sought must be provided to the PRA in Form K as part of a *grandfathering notification*.~~

## 3 GRANDFATHERING NOTIFICATION REQUIREMENTS

---

- 3.1 ~~[Deleted.]Where a *grandfathering notification* is required pursuant to 2.1, a *firm* must ensure that it sets out the following details in respect of each *approved person* or *candidate*:~~
- ~~(1) each of the *pre-implementation controlled functions* for which the *person* is approved, or (in the case of a *candidate*) has a *pending application*, in relation to the *firm*;~~
  - ~~(2) each *senior insurance management function* to be performed by the *person* on and after the *commencement date* in relation to the *firm*; and~~
  - ~~(3) each *FCA function* (if any) to be performed by the *person* on and after the *commencement date* in relation to the *firm*.~~
- 3.2 ~~[Deleted.]The PRA directs that a *firm* must not specify in a *grandfathering notification* a *senior insurance management function* or *FCA function* for a *person* which is not an *equivalent function* in the table in 6 or the table in FCA SUP TP 8.2.3R in relation to:~~
- ~~(1) (for an *approved person*) any *pre-implementation controlled functions* for which the *person* has approval in relation to the *firm*; or~~
  - ~~(2) (for a *candidate*) any *pre-implementation controlled functions* in respect of which there is a *pending application*.~~
- 3.3 ~~[Deleted.]The PRA directs that a *firm* must list in the *grandfathering notification* each *approved person* or *candidate* who, on the *commencement date*, will be acting in the capacity of a *non-executive director* but who will not be performing a *senior insurance management function* or *FCA function*.~~

## 4 PROCEDURE FOR MAKING GRANDFATHERING NOTIFICATIONS

---

- 4.1 ~~[Deleted.]The PRA directs that a *firm* must make any applications, notifications or submissions required by this Part by submitting the specified form to PRA-ApprovedPersons@bankofengland.co.uk.~~

## 5 WITHDRAWING OR UPDATING A GRANDFATHERING NOTIFICATION

- 5.1 ~~[Deleted.]The PRA directs that if, before the commencement date, there has been a significant change to the matters covered by the grandfathering notification, the firm must provide a revised version of it to the PRA.~~

## 6 TABLE OF EQUIVALENT FUNCTIONS FOR GRANDFATHERING CONVERSION

- 6.1 ~~[Deleted.]The senior insurance management functions set out in column 2 of the table are specified as equivalent functions, in each case in relation to the pre-implementation controlled functions set out in the corresponding row in column 1 of the table below.~~
- 6.2 ~~[Deleted.]The FCA functions set out in column 3 of the table are specified as equivalent functions, in each case in relation to the pre-implementation controlled functions set out in the corresponding row of column 1 of the table below.~~

Column 1	Column 2	Column 3
PRA or FCA Controlled Function	PRA Senior Insurance Management Function	FCA Function
Director (CF1)	Small Insurer Senior Management function (SIMF25)	FCA Director function (CF1) (See Note)
Non-executive director (CF2)	Small Insurer Senior Management function (SIMF25)	-
Chief executive (CF3)	Small Insurer Senior Management function (SIMF25)	FCA Chief executive function (CF3) (See Note)
Director of unincorporated association (CF5)	Small Insurer Senior Management function (SIMF25)	FCA Director of unincorporated association function (CF5) (See Note)
Small friendly society (CF6)	Small Insurer Senior Management function (SIMF25)	FCA Small friendly society function (CF6) (See Note)
Actuary (CF12)	Small Insurer Chief Actuary function (SIMF20)	-
With-Profits Actuary (CF12A)	Small Insurer With-Profits Actuary function (SIMF21)	-
Systems and Controls (CF28)	Small Insurer Senior Management function (SIMF25)	-

Note: See SUP TP 8.2.3R in the *FCA Handbook*.

- 6.3 ~~[Deleted.]A firm must submit a scope of responsibilities form to the PRA by 7 March 2017 in respect of any senior insurance management function holder with continued approval in relation to that firm.~~
- 6.4 (1) If, in relation to a firm, a PRA senior insurance management function holder with continued approval also performs FCA activities on and from the commencement date, performance of the PRA senior insurance management function will include the performance of those FCA activities provided that the firm has included details of the FCA activities in a scope of responsibilities form for that PRA senior insurance management function holder which is provided to the PRA by 7 March 2017.

- (2) If, in relation to a *firm*, a PRA senior insurance-management function holder with *continued approval* has been performing *FCA activities* in the circumstances set out in (1), and that *person*:
- (a) ceases to perform the PRA senior insurance-management function;
  - (b) within three *months* of ceasing performance, is approved to perform a new PRA senior insurance-management function at the *firm*; and
  - (c) continues to perform the *FCA activities*,
- performance of the new PRA senior insurance-management function will include the performance of those *FCA activities*, provided:
- (d) the *PRA*'s approval to perform that PRA senior insurance-management function continues in force;
  - (e) the *firm* makes the notification required by ~~SUP10A.11.12R(4)~~SUP 10C.9.8R (4) of the *FCA Handbook*; and
  - (f) that *person* performs and is continuing to perform the *FCA activities*.
- 6.5 If a PRA senior insurance-management function holder to whom 6.4 applies ceases to perform a PRA senior insurance-management function but continues to perform the *FCA activities*, 6.4(1) will continue to apply in respect of the performance of the *FCA activities* until the earlier of:
- (1) approval by the *FCA* in respect of the performance by a *person* of those *FCA activities* as an *FCA governing function* in relation to the *firm*; or
  - (2) three *months* from the time that the *person* ceased to perform that PRA senior insurance-management function.
- 6.6 ~~[Deleted.]The PRA directs that a *firm* must not specify in the *grandfathering notification* that any *person* shall perform any combination of *senior insurance-management functions* which is prohibited by any other provision of the *PRA Rulebook* or the *FCA Handbook*.~~

## 7 FORMS

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- 7.1 ~~[Deleted.]The *grandfathering notification* form, Form K, may be found here.~~
- 7.2 ~~[Deleted.]The *scope of responsibilities* form may be found here.~~

## Annex W

## Amendments to the Non-Solvency II Firms — Transitional Measures Part

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

**1 APPLICATIONS AND DEFINITIONS**

---

...

1.2 In this Part, the following definitions shall apply:

...

*Solvency II rules*

means the *PRA* rules in the Valuation, Technical Provisions, Own Funds, Solvency Capital Requirement – General Provisions, Solvency Capital Requirement – Standard Formula, Solvency Capital Requirement – Internal Models, Minimum Capital Requirement, Undertakings in Difficulty, Investments, Composites, Conditions Governing Business, Insurance Special Purpose Vehicles, Group Supervision, Reporting, Surplus Funds, With-Profits, Insurance - Certification, Insurance – Conduct Standards, Insurance – Senior ~~Insurance~~-Management Functions, Insurance – Allocation of Responsibilities and Insurance – Fitness and Propriety Parts of the *Solvency II Firms Sector* of the *PRA* Rulebook.

...

## Annex X

## Amendments to the Glossary

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

...

*certification employee*

means an employee (within the meaning in section 63E(9) of *FSMA* (certification of employees by ~~relevant~~ authorised persons)) of a *firm* who has a valid *certificate* issued by that *firm*.

...

*certification regime*

means the requirements of the *regulatory system* which apply to *authorised persons* insofar as they relate to *persons* performing *certification functions* including those set out in Certification, Fitness and Propriety, Insurance – Certification, Insurance – Fitness and Propriety, Large Non-Solvency II Firms – Certification, Large Non-Solvency II Firms – Fitness and Propriety, Non-Solvency II Firms – Certification and Non-Solvency II Firms – Fitness and Propriety and the corresponding *FCA* requirements in SYSC ~~5.227~~ and FIT of the *FCA Handbook*.

...

*FCA activities*

means a function which would, except for SUP 10C.9.8R or SUP TP 11.2.11R of the *FCA Handbook*, be an *FCA governing function*.

*FCA activities notification*

means:

- (1) in respect of a *PRA senior management approval application* that was made prior to 10 December 2018, the notification required by SUP 10A.11.12R(4) of the *FCA Handbook*;
- (2) in respect of a *PRA senior management approval application* made on or after 10 December 2018, the notification required by SUP 10C.9.8R(4) of the *FCA Handbook*.

...

*FCA governing function*

~~has the meaning given in SUP 10A.4.4R~~ means any of the *FCA controlled functions* labelled as *FCA governing functions* in the table of *FCA-designated senior management functions* in SUP 10C.4.3R of the *FCA Handbook*

...

*FCA responsibilities*

means any of:

- (1) the responsibilities set out in SYSC ~~4.7.7R~~24.2.6R (Table of FCA-prescribed senior management responsibilities) of the *FCA Handbook*; and
- (2) the responsibilities allocated under SYSC ~~4.7.8R~~26.3 of the *FCA Handbook*;

- (3) ~~[Deleted.]the responsibilities set out in SYSC 4.8.9R (Table: the FCA prescribed senior management responsibilities for third country relevant authorised persons) of the *FCA Handbook*); and~~
- (4) ~~[Deleted.]the responsibilities allocated under SYSC 4.8.10R of the *FCA Handbook*.~~

...

*individual conduct requirements*

means:

...

(3A) the Individual Conduct Standards in Non-Solvency II Firms – Conduct Standards 2;

...

*large firm*

means:

...

(2) the *Society*, or

(3) a *managing agent*

...

*relevant senior management function*

means, for the purposes of section 64A of *FSMA* and to the extent applicable, pursuant to the *FCA Handbook*, to a *UK Solvency II firm*, the *Society*, a *managing agent*, a *third country branch undertaking* (other than a *Swiss general insurer*), an *ISPV*, a *large non-directive insurer* or a *small non directive insurer*:

1. ~~CF1 Director function~~ an *FCA governing function*; and
2. ~~[Deleted.]CF2A Chair of the Nomination committee function;~~
3. ~~[Deleted.]CF2B Chair of the With-Profits committee function;~~
4. ~~[Deleted.]CF3 Chief executive function;~~
5. ~~[Deleted.]CF5 Director of unincorporated association function;~~
6. ~~[Deleted.]CF6 Small friendly society function;~~
7. ~~CF10 Compliance oversight function~~ (*FCA controlled function SMF 16*).

...