

**PRA RULEBOOK: NON-AUTHORISED PERSONS: WRITTEN REPORTS BY AUDITORS TO THE
PRA INSTRUMENT 2016**

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (the PRA’s general rules);
 - (2) section 137T (general supplementary powers); and
 - (3) section 340(3A) (Appointment: requirements as to co-operation).
- 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: Non-authorized persons: Written Reports by Auditors to the PRA Instrument
2016**

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

Commencement

- E. This instrument comes into force on 25 January 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: Non-authorized persons: Written Reports by Auditors to the PRA Instrument 2016.

By order of the Board of the Prudential Regulation Authority

14 January 2016

Amendments to the Auditors Part

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

Part

AUDITORS

Chapter content

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Links

1 APPLICATION AND DEFINITIONS

...

1.3 In this Part the following definitions shall apply:

annual reports and accounts

means

- (1) (in relation to a company incorporated in the UK) those terms as they are defined in section 471 of the Companies Act 2006 together with the auditor's report prepared in relation to those accounts under sections 495 to 497A of the same Act; or
- (2) (in relation to any other body) any similar or analogous documents which it is required to prepare whether by its constitution or by the law under which it is established.

accounting reference date

means

- (1) (in relation to a company incorporated in the UK under the Companies Acts) the accounting reference date of that company determined in accordance with section 391 of the Companies Act 2006; or
- (2) (in relation to any other body) the last day of its financial year.

balance sheet total

means the aggregate of the amounts shown as assets in the balance sheet.

...

7 DUTIES OF AUDITORS

7.1 ~~An auditor of a firm must cooperate with the PRA in the discharge of its functions under any relevant legislation including by attending such meetings and supplying such information as the PRA reasonably requests about the firm to enable the PRA to discharge its functions under any relevant legislation.~~

...

8 WRITTEN REPORTS BY AUDITORS TO THE PRA

8.1 This Chapter applies in relation to annual reports and accounts with an accounting reference date on or after 1 November 2016.

8.2 Unless otherwise stated, this Chapter applies to an auditor of a firm that:

- (1) is a UK bank or building society;
- (2) is not itself the subsidiary of an undertaking that is not an UK undertaking; and
- (3) meets at least one of the following criteria:
 - (a) it has an individual balance sheet total greater than £50,000,000,000; or

(b) it is a member of a group that has a consolidated *balance sheet total* greater than £50,000,000,000,

as at the last *accounting reference date*.

8.3 An auditor must provide annually a written report to the *PRA* in relation to that firm's audited *annual report and accounts*.

8.4 The report in 8.3 must:

(1) be provided within 120 days of the end of the relevant *accounting reference date*;

(2) provide information about key judgment areas, including:

(a) matters of valuation;

(b) quality of earnings;

(c) key accounting judgments; and

(d) the quality of the systems and controls relevant to the preparation of a *firm's annual report and accounts*; and

(3) be prepared with due skill, care and diligence.

8.5 An auditor must consult with the *PRA* in advance of preparing the report.

8.6 A *firm* must cooperate with its auditors in preparing the report.

Term	Definition source
<i>subsidiary</i>	Section 420 <i>FSMA</i>

PRA RULEBOOK: CRR FIRMS: DEFINITION OF CAPITAL AMENDMENT INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (1) section 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: Definition of Capital Amendment Instrument 2016

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

Commencement

- E. This instrument comes into force on 1 March 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Definition of Capital Amendment Instrument 2016.

By order of the Board of the Prudential Regulation Authority

14 January 2016

Annex A

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

Part

DEFINITION OF CAPITAL

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7 NOTIFICATION REGIME - ISSUANCE

- 7.1 A *firm* ~~must shall~~ notify the *PRA* in writing of its intention, or the intention of another member of its *group* that is not a *firm* but is included in the supervision on a consolidated basis of the *firm* to issue a capital instrument that it considers ~~believes~~ will qualify under the *CRR* as an *own funds instrument*, including a situation where the issuer intends to issue the instrument pursuant to a note issuance programme (NIP). ~~at least thirty days before the intended date of issue.~~ This rule does not apply to the capital instruments in the situation described in ~~7.3~~ 7.5 below.
- 7.2 A *firm* must give the notice required by 7.1 at least one month before the intended date of issuance unless there are exceptional circumstances which make it impracticable to give such a period of notice, in which event the *firm* must give as much notice as is reasonably practicable in those circumstances.
- ~~7.27.3~~ When giving notice under 7.1, the *firm* ~~must shall~~ provide:
- (1) details of the amount and type of *own funds* the *firm* is seeking to raise through the intended issue and whether the capital instruments are intended to be issued to external investors or to other members of its *group* complete and submit the form referred to in 7.9(1) (Pre-Issuance Notification (PIN) Form);
 - (2) provide a copy of the draft terms and conditions of the capital instrument; term sheet and details of any features of the capital instrument which are novel, unusual or different from a capital instrument of a similar nature previously issued by the *firm* or widely available in the market;
 - (3) ~~confirmation from a member of the *firm's* senior management responsible for authorising the intended issue or, in the case of an issue by another *group* member, for the issue's inclusion in the *firm's* consolidated *own funds*, that the capital instrument meets the conditions for qualification as an *own funds instrument*; and~~
 - ~~(4)~~(3) subject to 7.4, provide a properly reasoned independent draft legal opinion from an appropriately qualified individual confirming that the capital instrument meets the conditions for qualification as the relevant type of *own funds instrument*; and
 - (4) where it considers that the capital instrument in 7.1 will qualify as an *Additional Tier 1 instrument*, provide a properly reasoned draft opinion by its auditors as to that capital instrument's treatment under the applicable accounting framework.
- 7.4 Where a *firm* considers that the capital instrument notified in accordance with 7.1 will qualify as a *Common Equity Tier 1 instrument*, the rule in 7.3(3) does not apply. In this case, a *firm*

must instead complete and submit the form referred to in 7.9(2) (CET1 Compliance Template).

7.5 Where:

- (1) a firm has, within the 12 months prior to submission of a notified issuance, previously issued an own funds instrument and has complied with 7.1 in respect of that previous issuance;
- (2) that firm intends the notified issuance in (1) to be in the same tier of capital as those previously issued own funds instruments and to be issued on identical terms to them, excluding (i) the issue date, (ii) the maturity date, (iii) the amount of the issuance, (iv) the currency of the issuance, or (v) the rate of interest payable by the issuer; and
- (3) the notified issuance in (1) is designed so that it will constitute a compliant own funds instrument, as evidenced either by the legal opinion referred to in 7.3(3) or, in the case of a Common Equity Tier 1 instrument, by the form referred to in 7.9(2) (CET1 Compliance Template);

that firm must notify the PRA in writing, no later than the date of issue, of its intention or the intention of another member of its group that is not a firm but is included in the supervision on a consolidated basis to issue a capital instrument.

7.6 The rule in 7.5 applies whether or not the notified issuance is pursuant to a NIP.

~~7.3 The firm does not have to give notice under 7.1 if the capital instrument is:~~

- ~~(1) an ordinary share with voting rights and no new or unusual features; or~~
- ~~(2) a debt instrument issued under a debt securities programme under which the firm or group member has previously issued and the firm has notified the PRA in accordance with this Chapter prior to a previous issuance under the programme.~~

~~7.4 A firm shall notify the PRA in writing no later than the date of issue of its intention, or the intention of another member of its group that is not a firm but is included in the supervision on a consolidated basis of the firm, to issue a capital instrument described in 7.3.~~

~~7.5 When giving notice under 7.4, the firm shall provide:~~

- ~~(1) confirmation that the terms of the capital instrument have not changed since the previous issue by the firm of that type of capital instrument; and~~
- ~~(2) the items described in 7.2(1) and (3).~~

~~7.67.7 The firm shall notify the PRA in writing of any change to the intended date of issue, amount of issue, type of investors, type of own funds instrument or any other feature of the capital instrument to that previously notified to the PRA under 7.1 or 7.4.~~

7.8 A firm shall provide the PRA with a copy of the final terms and conditions as referred to in 7.3(2), a copy of the final legal opinion referred to in 7.3(3) and, if applicable, a copy of the final accounting opinion referred to in 7.3(4) without delay after the capital instrument is issued.

7.9 (1) The Pre-Issuance Notification (PIN) Form can be found here: <http://www.bankofengland.co.uk/pradocuments/supervision/activities/pincrrfirms.pdf>

(2) The CET1 Compliance Template can be found here:
<http://www.bankofengland.co.uk/pru/Documents/supervision/activities/cet1template.pdf>

Annex B

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

This Annex contains the Pre-Issuance Notification (PIN) Form to be used in connection with Definition of Capital 7.9(1)



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

Prudential Regulation Authority (PRA) - Pre Issuance Notification (PIN) Form for CRR Firms

Notification to the PRA of planned issuance of a regulatory capital instrument

Please send completed form to CRRFirms.regulatorycapital@bankofengland.co.uk. Submission to your PRA supervisory contact does not constitute the required notice.

1. Name and, where applicable, Firm Reference Number (FRN) of the issuer:	
2. Reason(s) for the issuance of the capital instrument:	
3. Notification of amendment to an existing capital instrument? [Yes/No]	
4. Position of the issuer within the group (Please attach a current group structure chart and, if the group structure will change, the intended group structure post issuance):	
5. At what level is the regulatory capital proposed to be included (individual/(sub-)consolidated or a combination):	
6. Will the capital instrument be issued externally or intra-group? <ul style="list-style-type: none"> • If external, please describe the targeted investor group (if known) or a description of likely investors: • If intra-group, please identify the investor and describe how the purchase of the capital instrument will be funded: 	
7. Proposed tier of capital (Common Equity Tier 1, Additional Tier 1 or Tier 2):	
8. If the proposed tier of capital is Additional Tier 1, please state whether it will be characterised as an equity instrument or debt instrument under the applicable accounting framework:	
<i>(Please provide (in accordance with 7.3(4) of</i>	

<i>Definition of Capital) a draft of a properly reasoned opinion by your auditor):</i>	
9. <i>Proposed date of issue or amendment:</i>	
10. <i>Proposed currency and amount (or approximation) to be issued:</i>	
11. <i>Is the capital instrument compliant with the relevant provisions of the Capital Requirements Regulation (EU) No 575/2013 and Commission Delegated Regulation (EU) 241/2014 and any other relevant binding technical standard?</i> <i>(Please provide (in accordance with 7.3(3) of Definition of Capital) a draft of a properly reasoned independent legal opinion from an appropriately qualified individual), or a completed Common Equity Tier 1 compliance template (in accordance with 7.4 of Definition of Capital)</i>	

Please note that your submission is incomplete unless you have included the following:

- A completed PIN form for CRR Firms;
- A copy of the draft terms and conditions of the proposed capital instrument;
- For any item intended for inclusion Additional Tier1 or Tier 2 capital, a draft of a properly reasoned independent legal opinion from an appropriately qualified individual confirming that the capital instrument meets the conditions for qualification as Additional Tier 1 or Tier 2 capital (in accordance with 7.3(3) of Definition of Capital);
- For any item intended for inclusion within Common Equity Tier 1 capital, a Common Equity Tier 1 compliance template completed by an appropriately qualified individual confirming that the capital instrument meets the conditions for qualification as Common Equity Tier 1 capital (in accordance with 7.4 of Definition of Capital); and
- For any item intended for inclusion within Additional Tier 1 capital, a draft of a properly reasoned opinion by your auditor (in accordance with 7.3(4) of Definition of Capital).
- For any item intended for inclusion within Additional Tier 1 capital a written statement confirming compliance with art. 52(1) (a),(b) and (c) CRR and for any item intended for inclusion within Tier 2 capital a written statement confirming compliance with art. 63 (a),(b) and (c) CRR.

Declaration by a member of the senior management¹:

I confirm that I have reviewed and assessed the capital instrument against the requirements for own funds in title one of part two of the Capital Requirements Regulation (EU) 575/2013 and Commission Delegated Regulation (EU) 241/2014. I confirm that the information given in this form is accurate and complete and that the capital instrument meets the criteria for inclusion in the proposed tier of capital.

¹ As defined in the Glossary part of the PRA Rulebook.

Signed (member of the senior management)

Name / position in firm / date

Note: The PRA understands that at the time firms provide notification (at least one month in advance of the intended issue date), they might be able to give only preliminary information about some details. In order to ensure that the PRA receives the necessary information to enable effective supervision, firms will need to provide final confirmation of any such matters no later than on the day that the instrument is issued. This will include details of the final amount and coupon.

Annex C

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

This Annex contains the CET1 Compliance Template to be used in connection with Definition of Capital 7.9(2)

CRR provision ²	Terms & conditions	Articles of association	National Regulation	Comments + reference to document(s)
Article 26				
3. Competent authorities shall evaluate whether issuances of CET1 instruments meet the criteria set out in Article 28 or, where applicable, Article 29. With respect to issuances after 28 June 2013, institutions shall classify capital instruments as Common Equity Tier 1 instruments only after permission is granted by the competent authorities, which may consult EBA.				
Article 27				
1. CET1 items shall include any capital instrument issued by an institution under its statutory terms provided that the following conditions are met:				
(a) the institution is of a type that is defined under applicable national law and which competent authorities consider to qualify as any of the following ³ :				
(i) a mutual;				

² Applicable (A); not applicable (NA)

³ Please specify the type of institution. If institutions within (v), please provide additional information according to that number

CRR provision ²	Terms & conditions	Articles of association	National Regulation	Comments + reference to document(s)
(ii) a cooperative society; (iii) a savings institution; (iv) a similar institution; (v) a credit institution which is wholly owned by one of the institutions referred to in points (i) to (iv) and has approval from the relevant competent authority to make use of the provisions in this Article, provided that, and for as long as, 100 % of the ordinary shares in issue in the credit institution are held directly or indirectly by an institution referred to in those points;				
(b) the conditions laid down in Articles 28 or, where applicable, Article 29, are met.				
Those mutuals, cooperative societies or savings institutions recognised as such under applicable national law prior to 31 December 2012 shall continue to be classified as such for the purposes of this Part, provided that they continue to meet the criteria that determined such recognition.				
Article 28				
1. Capital instruments shall qualify as CET1 instruments only if all the following conditions are met:				
(a) the instruments are issued directly by the				

CRR provision ²	Terms & conditions	Articles of association	National Regulation	Comments + reference to document(s)
institution with the prior approval of the owners of the institution or, where permitted under applicable national law, the management body of the institution;				
(b) the instruments are paid up and their purchase is not funded directly or indirectly by the institution;				
(c) the instruments meet all the following conditions as regards their classification:				
(i) they qualify as capital within the meaning of Article 22 of Directive 86/635/EEC;				
(ii) they are classified as equity within the meaning of the applicable accounting framework;				
(iii) they are classified as equity capital for the purposes of determining balance sheet insolvency, where applicable under national insolvency law;				
(d) the instruments are clearly and separately disclosed on the balance sheet in the financial statements of the institution;				
(e) the instruments are perpetual;				

CRR provision ²	Terms & conditions	Articles of association	National Regulation	Comments + reference to document(s)
(f) the principal amount of the instruments may not be reduced or repaid, except in either of the following cases ⁴ :				
(i) the liquidation of the institution;				
(ii) discretionary repurchases of the instruments or other discretionary means of reducing capital, where the institution has received the prior permission of the competent authority in accordance with Article 77;				
(g) the provisions governing the instruments do not indicate expressly or implicitly that the principal amount of the instruments would or might be reduced or repaid other than in the liquidation of the institution, and the institution does not otherwise provide such an indication prior to or at issuance of the instruments, except in the case of instruments referred to in Article 27 where the refusal by the institution to redeem such instruments is prohibited under applicable national law;				
The condition laid down in point (g) of paragraph 1 shall be deemed to be met notwithstanding the provisions governing the				

⁴The condition laid down in point (f) of paragraph 1 shall be deemed to be met notwithstanding the reduction of the principal amount of the capital instrument within a resolution procedure or as a consequence of a write down of capital instruments required by the resolution authority responsible for the institution

CRR provision ²	Terms & conditions	Articles of association	National Regulation	Comments + reference to document(s)
capital instrument indicating expressly or implicitly that the principal amount of the instrument would or might be reduced within a resolution procedure or as a consequence of a write down of capital instruments required by the resolution authority responsible for the institution.				
(h) the instruments meet the following conditions as regards distributions:				
(i) there is no preferential distribution treatment regarding the order of distribution payments, including in relation to other CET1 instruments, and the terms governing the instruments do not provide preferential rights to payment of distributions;				
For the purposes of point (h)(i) of paragraph 1, differentiated distributions shall only reflect differentiated voting rights. In this respect, higher distributions shall only apply to Common Equity Tier 1 instruments with fewer or no voting rights.				
(ii) distributions to holders of the instruments may be paid only out of distributable items;				
(iii) the conditions governing the instruments do not include a cap or other restriction on the maximum level of distributions, except in the				

CRR provision ²	Terms & conditions	Articles of association	National Regulation	Comments + reference to document(s)
case of the instruments referred to in Article 27;				
The condition laid down in point (h)(iii) of paragraph 1 shall be deemed to be met notwithstanding the instrument paying a dividend multiple, provided that such a dividend multiple does not result in a distribution that causes a disproportionate drag on own funds				
(iv) the level of distributions is not determined on the basis of the amount for which the instruments were purchased at issuance, except in the case of the instruments referred to in Article 27;				
(v) the conditions governing the instruments do not include any obligation for the institution to make distributions to their holders and the institution is not otherwise subject to such an obligation;				
(vi) non-payment of distributions does not constitute an event of default of the institution;				
(vii) the cancellation of distributions imposes no restrictions on the institution;				
(i) compared to all the capital instruments issued by the institution, the instruments absorb the first and proportionately greatest				

CRR provision ²	Terms & conditions	Articles of association	National Regulation	Comments + reference to document(s)
share of losses as they occur, and each instrument absorbs losses to the same degree as all other CET1 instruments; ⁵				
(j) the instruments rank below all other claims in the event of insolvency or liquidation of the institution;				
(k) the instruments entitle their owners to a claim on the residual assets of the institution, which, in the event of its liquidation and after the payment of all senior claims, is proportionate to the amount of such instruments issued and is not fixed or subject to a cap, except in the case of the capital instruments referred to in Article 27;				
(l) the instruments are neither secured nor subject to a guarantee that enhances the seniority of the claim by any of the following:				
(i) the institution or its subsidiaries; (ii) the parent undertaking of the institution or its subsidiaries; (iii) the parent financial holding company or its subsidiaries; (iv) the mixed activity holding company or its subsidiaries; (v) the mixed financial holding company and				

⁵ The conditions laid down in point (i) of paragraph 1 shall be deemed to be met notwithstanding a write down on a permanent basis of the principal amount of AT1 or T2 instruments

CRR provision ²	Terms & conditions	Articles of association	National Regulation	Comments + reference to document(s)
its subsidiaries; (vi) any undertaking that has close links with the entities referred to in points (i) to (v);				
(m) the instruments are not subject to any arrangement, contractual or otherwise, that enhances the seniority of claims under the instruments in insolvency or liquidation.				
The condition set out in point (j) of the first subparagraph shall be deemed to be met, notwithstanding the instruments are included in AT1 or T2 by virtue of Article 484 (3), provided that they rank pari passu.				
Article 29				
1. Capital instruments issued by mutuals, cooperative societies, savings institutions and similar institutions shall qualify as CET1 instruments only if the conditions laid down in Article 28 with modifications resulting from the application of this Article are met.				
2. The following conditions shall be met as regards redemption of the capital instruments:				
(a) except where prohibited under applicable national law, the institution shall be able to refuse the redemption of the instruments;				
(b) where the refusal by the institution of the redemption of instruments is prohibited under				

CRR provision ²	Terms & conditions	Articles of association	National Regulation	Comments + reference to document(s)
applicable national law, the provisions governing the instruments shall give the institution the ability to limit their redemption;				
(c) refusal to redeem the instruments, or the limitation of the redemption of the instruments where applicable, may not constitute an event of default of the institution.				
3. The capital instruments may include a cap or restriction on the maximum level of distributions only where that cap or restriction is set out under applicable national law or the statute of the institution.				
4. Where the capital instruments provide the owner with rights to the reserves of the institution in the event of insolvency or liquidation that are limited to the nominal value of the instruments, such a limitation shall apply to the same degree to the holders of all other CET1 instruments issued by that institution.				
The condition laid down in the first subparagraph is without prejudice to the possibility for a mutual, cooperative society, savings institution or a similar institution to recognise within CET1 instruments that do not afford voting rights to the holder and that				

CRR provision ²	Terms & conditions	Articles of association	National Regulation	Comments + reference to document(s)
meet all the following conditions:				
(a) the claim of the holders of the non-voting instruments in the insolvency or liquidation of the institution is proportionate to the share of the total CET1 instruments that those non-voting instruments represent;				
(b) the instruments otherwise qualify as CET1 instruments.				
5. Where the capital instruments entitle their owners to a claim on the assets of the institution in the event of its insolvency or liquidation that is fixed or subject to a cap, such a limitation shall apply to the same degree to all holders of all CET1 instruments issued by the institution.				

**PRA RULEBOOK: NON SOLVENCY II FIRMS: INSURANCE COMPANY – CAPITAL RESOURCES
(NOTIFICATION OF ISSUANCE- AMENDMENTS) INSTRUMENT 2016**

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 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: Non Solvency II Firms: Insurance Company – Capital Resources (Notification of issuance - amendments) instrument 2016

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

Commencement

- E. This instrument comes into force on 1 March 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: Non Solvency II Firms: Insurance Company – Capital Resources (Notification of issuance - amendments) instrument 2016.

By order of the Board of the Prudential Regulation Authority

14 January 2016

Annex A

Amendments to the Insurance Company – Capital Resources Part

In this Annex, the text is all new and is not underlined. This text replaces the current text in Chapter 3 of the Insurance Company – Capital Resources Part.

3 NOTIFICATION OF ISSUANCE OF CAPITAL INSTRUMENTS

- 3.1 Subject to 3.4, a *firm* must notify the *PRA* in writing of its intention to issue a *capital instrument* which it intends to include within its *capital resources* at least one *month* before the intended date of issue unless there are exceptional circumstances which make it impracticable to give such a period of notice. In such circumstances, the *firm* must give as much notice as is practicable and explain to the *PRA* why the circumstances are considered exceptional.
- 3.2 When giving notice, a *firm* must:
- (1) provide details of the amount of capital the *firm* is seeking to raise through the intended issue and whether the *capital instrument* is intended to be issued to external investors or within its *group*;
 - (2) identify the stage of the *capital resources table* the *capital instrument* is intended to fall within;
 - (3) provide a copy of the draft terms and conditions;
 - (4) provide a draft of a properly reasoned independent legal opinion from an appropriately qualified individual confirming that the *capital instrument* complies with the rules applicable to instruments included in the stage of the *capital resources table* identified in (2);
 - (5) include confirmation from the *governing body* of the *firm* that the *capital instrument* complies with the rules applicable to instruments included in the stage of the *capital resources table* identified in (2); and
 - (6) state whether the *capital instrument* will be encumbered or whether there are any connected transactions in respect of the item and, if so, provide details.
- 3.3 If after an initial notification under 3.1, but prior to a *capital instrument's* issuance, a *firm* proposes to change the information previously submitted, it must provide a further written notification of that change without delay.
- 3.4 3.1 does not apply to:
- (1) ordinary *shares* which:
 - (a) are the most deeply subordinated *capital instrument* issued by the *firm*; and
 - (b) are the same as ordinary *shares* previously issued by the *firm*; and
 - (2) *capital instruments* which are to be issued on identical terms to *capital instruments* issued by the *firm* within the previous twelve months and notified to the *PRA* in accordance with 3.2, excluding (1) the issue date; (2) the maturity date; (3) the

amount of the issuance; (4) the currency of the issuance; and (5) the rate of interest payable by the issuer.

- 3.5 A *firm* must notify the *PRA* in writing, no later than the date of issue, of its intention to issue a *capital instrument* listed in 3.4 which it intends to include within its *capital resources*. When giving notice, a *firm* must:
- (1) provide the information set out in 3.2 other than 3.2(3) (draft terms and conditions) and 3.2(4) (draft legal opinion); and
 - (2) confirm that the terms of the *capital instrument* have not changed since the previous issue by the *firm* of that type of *capital instrument*.
- 3.6 A *firm* must notify the *PRA* in writing of its intention to amend or otherwise vary the terms of any *capital instrument* included within its *capital resources* at least one *month* before the intended date of such amendment or other variation.
- 3.7 A *firm* must provide to the *PRA* as soon as practicable after the issuance of a *capital instrument* to which 3.2 applies:
- (1) a finalised copy of the draft legal opinion referred to in 3.2(4); and
 - (2) a copy of the instrument's final terms and conditions.

PRA RULEBOOK: SOLVENCY II FIRMS: GROUP SUPERVISION (NOTIFICATION OF ISSUANCE-AMENDMENTS) INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 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: Group Supervision (Notification of issuance - amendments) instrument 2016

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

Commencement

- E. This instrument comes into force on 1 March 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: Solvency II Firms: Group Supervision (Notification of issuance - amendments) instrument 2016.

By order of the Board of the Prudential Regulation Authority

14 January 2016

Annex

Amendments to the Group Supervision Part

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

1 APPLICATION

1.2 In this Part, the following definition shall apply:

close links

...

delegated act

means Commission Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

6 GROUP SOLVENCY: NOTIFICATION OF ISSUANCE OF OWN FUNDS ITEMS BY GROUP MEMBER

6.1

(1) ~~This section Chapter~~ applies to a *firm* if another member of its *group* which is not subject to Own Funds 5 intends to issue an item for inclusion within the *basic own funds* forming the *own funds eligible for the group SCR* of the *firm's group*.

(2) This Chapter does not apply in respect of the following:

(a) any item which a *firm* intends to include within the *basic own funds* forming the *own funds eligible for the group SCR* of the *firm's group* that is not covered by the lists of *own funds* items set out in the *Solvency II Regulations*, but which may be included in the *basic own funds* forming the *own funds eligible for the group SCR* only if the *firm* has received the *PRA's* approval; and

(b) any item which a *firm* intends to include within the *ancillary own funds* forming the *own funds eligible for the group SCR* of the *firm's group*.

6.2

(1) ~~Subject to 6.5, a *A-firm*~~ must notify the *PRA* in writing of the intention of another member of its *group* which is not a ~~*firm*~~ subject to Own Funds 5 to issue an item which it intends to include within the *basic own funds* forming the *own funds eligible for the group SCR*, as soon as it becomes aware of the intention of the issuing undertaking.

(2) When giving notice, a *firm* must:

- ~~(4)(a)~~ provide details of the amount of *basic own funds* to be raised through the intended issue and whether the item is intended to be issued to external investors or within its *group*;
- ~~(2)(b)~~ identify the classification of *basic own funds* the item is intended to fall within;
- ~~(3)~~ ~~include confirmation from the governing body of the firm that the item complies with the rules applicable to items of *basic own funds* included in the classification of the item identified in (2); and~~
- ~~(4)(c)~~ provide a copy of the term sheet and details of any features of the item it intends to include within the *basic own funds* forming the *own funds eligible for the group SCR* which are novel, unusual or different from an item of *own funds* of a similar nature previously issued by the *firm* or widely available in the market or not specifically contemplated by the Solvency II Firms Sector of the *PRA Rulebook* or the *Solvency II Regulations*; draft terms and conditions;
- ~~(d)~~ describe the proposed item's contribution to *own funds eligible for the group SCR*;
- ~~(e)~~ describe the *group's* membership and structure, including the relationship between the *firm* and the *group* member issuing the proposed item;
- ~~(f)~~ provide a draft of a properly reasoned independent legal opinion from an appropriately qualified individual confirming that the item complies with the rules applicable to items of *basic own funds* included in the classification of the item identified in (b);
- ~~(g)~~ for any item referred to in Article 82(3) of the *delegated act*, provide a draft of a properly reasoned independent accounting opinion from an appropriately qualified individual as to the item's treatment in the financial statements of the *group* member issuing the proposed item and of the *group*;
- ~~(h)~~ include confirmation from the governing body of the *firm* that the item complies with the rules applicable to items of *basic own funds* included in the classification of the item identified in (b); and
- ~~(i)~~ state whether the item is encumbered or whether there are any connected transactions in respect of the item and, if so, provide details.

6.3 ~~A *firm* must provide a further written notification to the *PRA* including all the information required in 6.2 as soon as it proposes any change to the intended date of issue, amount of issue, type of investors, classification of a particular tier of *basic own funds* or any other feature of the item intended to be included as *basic own funds* to that previously notified to the *PRA*. If after an initial notification under 6.2, but prior to an item's issuance, a *firm* proposes to change the information previously submitted, it must provide a further written notification of that change without delay.~~

6.4 If an *undertaking* proposes to establish or amend a debt securities programme for the issue of an item which the *firm* intends to include within the *basic own funds* forming the *own funds eligible for the group SCR*, the *firm* must:

- (1) notify the *PRA* of the establishment of the programme or of the proposed amendment to the programme; and
- (2) provide the information required by 6.2

as soon it becomes aware of the proposed establishment or amendment. The *PRA* must be notified of any changes in accordance with 6.3.

6.5 ~~The items of *basic own funds* to which 6.2 does not apply are to:~~

- (1) ordinary *shares* issued by an *undertaking* in the *group* which ~~are~~:
 - (a) ~~classified as *Tier 1 own funds* or *Tier 2 basic own funds* meet the classification criteria for ordinary *share* capital in *Tier 1 own funds*; and~~
 - (b) ~~are the same as ordinary *shares* previously issued by that *undertaking*;~~
- (2) debt instruments issued from a debt securities programme established by an *undertaking* in the *group*, provided that ~~program was notified to the *PRA* prior to its first drawdown in accordance with 6.4; and:~~
 - (a) ~~the establishment of (and any subsequent amendment to) the programme was notified to the *PRA* in accordance with 6.4 and the last such notification was given to the *PRA* no more than twelve months prior to the date of the proposed drawdown;~~
 - (b) ~~the programme complies with, and the information previously notified to the *PRA* in accordance with 6.4 in relation to the programme is unaffected by, any changes in law or regulation, or the interpretation or application of either, coming into effect since the last notification in accordance with 6.4; and~~
 - (b) ~~any instrument issued pursuant to the programme must, under the terms of the programme, constitute *basic own funds*; and~~
- (3) any item which is to be issued on identical terms to one or more items included in the *basic own funds* forming the *own funds eligible for the group SCR* issued by the *undertaking* in the *group* within the previous twelve months and notified to the *PRA* in accordance with 6.2, excluding (1) the issue date, (2) the maturity date, (3) the amount of the issuance, (4) the currency of the issuance, and (5) the rate of interest payable by the issuer.

6.6 A *firm* must notify the *PRA* in writing, no later than the date of issue, of the intention of the *undertaking* in the *group* to issue an item listed in 6.5 which it intends to include within the *basic own funds* forming the *own funds eligible for the group SCR*. When giving notice, a *firm* must:

- (1) provide the information set out ~~at 6.2(1) to (3) in 6.2(2) other than 6.2(2)(c) (draft terms and conditions), 6.2(2)(f) (draft legal opinion) and 6.2(2)(g) (draft accounting opinion);~~ and
- (2) confirm that the terms of the item have not changed since the previous issue of that type of item of *basic own funds* by that *undertaking*.

~~6.7 A *firm* must notify the *PRA* in writing of the intention of an *undertaking* in the *group* to amend or otherwise vary the terms of any item of *own funds eligible for the group SCR* as soon as it becomes aware of the intention of the issuing *undertaking* to amend or otherwise vary the terms of the item.~~

~~6.8 A *firm* must provide to the *PRA* as soon as practicable after it becomes aware of the issuance of an item of *basic own funds* by an *undertaking* in its *group* to which 6.2 or 6.4 applies:~~

- (1) a finalised copy of the draft legal opinion referred to in 6.2(2)(f);
- (2) a finalised copy of the draft accounting opinion referred to in 6.2(2)(g) if applicable;
- (3) a copy of the instrument's final terms and conditions; and
- (4) a reasoned basis for the choice of coupon structure and any other provision that might suggest an incentive to redeem.

**PRA RULEBOOK: CRR FIRMS: REPORTING PILLAR 2 AMENDMENT NO. 1
INSTRUMENT 2016**

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 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 2016

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

Commencement

- E. This instrument comes into force on 5 February 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Reporting Pillar 2 Amendment No. 1 Instrument 2016.

By order of the Board of the Prudential Regulation Authority

26 January 2016

Annex

Amendments to the Reporting Pillar 2 Part of the PRA Rulebook

In Chapter 4, new text is underlined and deleted text is struck through. In the data items listed in Chapter 4, deleted text is not struck through and new text is not underlined.

...

4 DATA ITEMS

- 4.1 FSA071 can be found ~~here~~ here.
- 4.2 FSA072 can be found ~~here~~ here.
- 4.3 FSA073 can be found ~~here~~ here.
- 4.4 FSA074 can be found ~~here~~ here.
- 4.5 FSA075 can be found ~~here~~ here.
- 4.6 FSA078 can be found ~~here~~ here.
- 4.7 FSA079 can be found ~~here~~ here.
- 4.8 FSA080 can be found ~~here~~ here.
- 4.9 FSA081 can be found ~~here~~ here.
- 4.10 FSA082 can be found ~~here~~ here.

PRA RULEBOOK: NON-CRR FIRMS: CREDIT UNIONS INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 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: Non-CRR Firms: Credit Unions Instrument 2016

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

Commencement

- E. This instrument comes into force on 3 February 2016, except in respect of the rules in:
- (1) Chapter 12 of Annex A which come into force on 7 September 2016; and
 - (2) Annex D which are substituted for the rules in Chapter 12 of Annex A for the period from 7 March 2016 to 6 September 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: Non-CRR Firms: Credit Unions Instrument 2016.

By order of the Board of the Prudential Regulation Authority

26 January 2016

Annex A

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

Part

CREDIT UNIONS

Chapter content

1. APPLICATION AND DEFINITIONS
2. SHARES AND DEPOSITS
3. LENDING
4. MORTGAGES
5. BORROWING
6. INVESTMENT
7. TRANSACTIONAL ACCOUNTS
8. CAPITAL
9. LIQUIDITY
10. GOVERNANCE
11. GENERAL ORGANISATIONAL REQUIREMENTS
12. WHISTLEBLOWING
13. EMPLOYEES, AGENTS AND OTHER RELEVANT STAFF
14. OUTSOURCING
15. INTERNAL AUDIT
16. RECORD-KEEPING AND INFORMATION MANAGEMENT
17. BUSINESS CONTINUITY
18. TRANSITIONALS

Links

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to a *credit union*.

1.2 In this Part, the following definitions shall apply:

additional activity

means an additional activity carried out or additional service provided by a *credit union* as described in 3.5, Chapter 4, 6.4 or Chapter 7.

authorisation

means authorisation as an *authorised person* for the purposes of *FSMA*.

attached shares

means *shares* in the *credit union*, other than *deferred shares*:

- (a) in relation to a *Great Britain credit union*, the withdrawal of which is not permitted by section 7(5) of the Credit Unions Act 1979; or
- (b) in relation to a *Great Britain credit union*, the withdrawal of which is not permitted by the terms of a loan made to a *member*; or
- (c) in relation to a *Northern Ireland credit union* the withdrawal of which is not permitted by article 23(4) of the Credit Unions (Northern Ireland) Order 1985; or
- (d) the withdrawal of which is not permitted without seeking and obtaining the permission of the *governing body* of the *credit union*.

In relation to a *Great Britain credit union*, paragraph (d) of this definition is relevant only where the *credit union* made a loan to the holder of the shares before the Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011 came into force.

bad debt

refers to a loan by a *credit union* to a *member* of that *credit union* that is more than three months in arrears.

borrowings

means the total closing balances of all loans received by a *credit union* (excluding any subordinated loans) and overdrafts and committed lines of credit available to a *credit union*.

capital

has the meaning given in Chapter 8.

Chief Executive function

means 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 of a *credit union*.

CTF

means a child trust fund as defined in section 1(2) of the Child Trust Funds Act 2004.

deferred share

has the meaning given by section 31A of the Credit Unions Act 1979.

deposit

has the meaning given by section 5(2) of the *Regulated Activities Order*.

depositor

means the holder or, in the case of a *joint account*, each of the holders, of a *deposit*.

excluded credit union

means a *credit union* which has average total gross assets of £250 million or less, determined on the basis of the annual average amount of gross assets calculated across a rolling period of five years or, if it has been in existence for less than five years, across the period during which it has existed (in each case, calculated with reference to the *credit union's* annual accounting reference date).

exposure

means the aggregate *net liability* of a *person* to a *credit union*.

FSCS compensation sum

means the maximum amount of compensation payable by the FSCS in relation to an *eligible deposit* as set out in Depositor Protection 4, excluding any compensation sum payable for a *temporary high balance*.

Great Britain credit union

means a *credit union* within the scope of the Co-operative and Community Benefit Societies Act 2014.

juvenile deposit

a *deposit* received by a *credit union* from an individual under the age at which an individual may lawfully become a *member* of that *credit union*.

large exposure

means an aggregate *net liability* of a *person* to a *credit union* that meets both the following criteria:

- (1) it is at least £7,500; and
- (2) it is at least 10% of the value of the *credit union's capital*.

maturity

means, in relation to a security or loan, the last or only date on which it will be repayable by or under its terms.

member

means a *person* that is a member within the scope of section 5(2) of the Credit Unions Act 1979 and article 14(2) Credit Unions (Northern Ireland) Order 1985.

net liability

means the outstanding balance of any loan made to a borrower and any interest or charges on that loan that are due but unpaid, less any *attached shares* held by the borrower.

non-deferred shares

means *shares* that are not *deferred shares*.

Northern Ireland credit union

means a *credit union* registered under the Credit Unions (Northern Ireland) Order 1985.

protected disclosure

a qualifying disclosure, as defined in section 43B of the Employment Rights Act 1996, made by a *worker* in accordance with any of sections 43C to 43H of the Employment Rights Act 1996.

regulated mortgage contract

has the meaning given in article 61(3)(a) of the *Regulated Activities Order*, but excludes a re-mortgage contract with no change to the principal sum outstanding by the same *credit union* that was a party to the original mortgage contract.

relevant staff

means any of the following:

- (1) a *director* or manager of the *credit union*;
- (2) personnel (whether *remunerated* or not) of the *credit union*; as well as any other natural person whose services are placed at the disposal and under the control of the *credit union* and who is involved in the provision by the *credit union* of *regulated activities*; or
- (3) a natural person who is directly involved in the provision of services to the *credit union* under an *outsourcing* arrangement, for the purpose of the provision by the *credit union* of *regulated activities*.

reportable concern

means a concern held by any *person* in relation to the activities of a *firm*, including:

- (1) anything that would be the subject of a *protected disclosure*, including a breach of any *rule*;
- (2) a failure to comply with the *firm's* policy and procedures; and
- (3) behaviour that has or is likely to have an adverse effect on the *firm's* reputation or financial well-being.

secured loan

means a loan that is secured by a readily-realizable asset whose market value is ascertainable and verifiable.

share

means any amount received and not repaid by a *credit union* by way of subscription, including partial subscription, for a share in a *credit union*.

single customer view

has the meaning given in Depositor Protection 1.4.

surplus funds

means funds not immediately required for a *credit union's* acceptance of *deposits*, lending and ancillary purposes.

total assets

means the sum of all assets that appear on the balance sheet of the relevant monthly financial statement.

total non-deferred shares

means the balance of a *credit union's non-deferred shares* that appears in the most recent annual return to have been reported to the *PRA* under 7.1 Regulatory Reporting.

total relevant liabilities

means the sum of:

- (a) *unattached shares* and *deposits* by natural persons too young to be *members*; and
- (b) liabilities, other than liabilities for *shares*, with an original or remaining *maturity* of less than three months.

transactional account

means an account at a *credit union* that is regularly used by a *member* of that *credit union* for the receipt of funds from, and disbursement of funds to, third parties.

unattached shares

means *shares* that are not *attached shares* or *deferred shares*.

unsecured loan

means a loan that is not a *secured loan*.

worker

has the meaning as defined by section 230(3) of the Employment Rights Act 1996 and as extended under section 43K of the Employment Rights Act 1996.

- 1.3 A reference in this Part to a provision of the Employment Rights Act 1996 includes a reference to the corresponding provision of the Employment Rights (Northern Ireland) Order 1996.

2 SHARES AND DEPOSITS

- 2.1 For the purposes of this Chapter, in relation to a *joint account*:
- (1) the *shares* attributable to a *member* must be treated by a *credit union* as the amount arrived at by dividing the balance in the *joint account* by the number of *members* with an interest in that account; and
 - (2) the *juvenile deposits* attributable to an individual must be treated by a *credit union* as the amount arrived at by dividing the balance in the *joint account* by the number of *juvenile depositors* with an interest in that account.
- 2.2 Subject to 2.3 and 2.4, a *credit union* must ensure that a *member* does not have *non-deferred shares* in the *credit union* which in aggregate exceed the greater of:
- (1) £15,000; and
 - (2) 1.5% of *total non-deferred shares* in the *credit union*.
- 2.3 In the event that 1.5% of *total non-deferred shares* in the *credit union* exceeds the *FSCS compensation sum*, a *credit union* must notify the PRA in writing at least five *business days* prior to issuing *non-deferred shares* that exceed the *FSCS compensation sum*.
- 2.4 In the event of an increase in the percentage of *non-deferred shares* held by a *member* as a result of a reduction in the total *non-deferred shares* occurring after the time at which that *member* last acquired *non-deferred shares* in the *credit union* that would, but for this rule, result in a breach of the limits in 2.2:
- (1) the increase in the percentage of the *non-deferred shares* held by that *member* is disregarded for the purposes of the limits in 2.2; and
 - (2) the *credit union* must not accept subscriptions from that *member*.
- 2.5 A *credit union* must not:
- (1) pay different dividends on different accounts unless:
 - (a) at the time of the payment of any dividends it has a *capital-to-total assets* ratio of at least 5%; and
 - (b) the payment of any of those dividends does not reduce the *capital-to-total assets* ratio to below 5%; or
 - (2) pay dividends out of interim profits more than once a year unless it has *capital* of at least 8% of *total assets* and, other than in a stress scenario in which case such buffer may be employed to absorb losses, a capital buffer at least equal to a further 2% of *total assets*.
- 2.6 Subject to 2.7 and 2.8, a *credit union* must ensure that an individual does not have *juvenile deposits* which in aggregate exceed the greater of:
- (1) £10,000; and

- (2) 1.5% of the *total non-deferred shares* in the *credit union*.
- 2.7 In the event that 1.5% of *total non-deferred shares* in a *credit union* exceeds the *FSCS compensation sum*, the *credit union* must notify the *PRA* in writing at least five *business days* prior to accepting *juvenile deposits* that exceed the *FSCS compensation sum*.
- 2.8 In the event of an increase in an individual's *juvenile deposits* expressed as a percentage of *total non-deferred shares* as a result of a reduction in the *total non-deferred shares* in the *credit union* occurring after the time at which that individual last made a *deposit* in the *credit union* that would, but for this rule, result in a breach of the requirement in 2.6:
- (1) the increase in *juvenile deposits* expressed as a percentage of the *total non-deferred shares* held by that individual is disregarded for the purposes of the requirement in 2.6; and
- (2) the *credit union* must not accept *deposits* from that individual.
- 2.9 A *credit union* must at all times maintain in force a policy of insurance that complies with the requirements in 2.10.
- 2.10 A policy of insurance must, subject to the exception in 2.11:
- (1) insure the *credit union* in respect of every description of loss suffered or liability incurred by reason of the fraud or other dishonesty of any of its *officers* or *employees*;
- (2) insure the *credit union* up to the limits set out in 2.12 in respect of any one claim, except that the liability of the insurer may be restricted to the amounts set out in 2.12 in respect of the total of the claims made in any one year; and
- (3) not, in relation to a claim, provide for an amount greater than 1% of the limits on any one claim set out in 2.12, to be met by the *credit union*.
- 2.11 From the losses and liabilities against which a policy that complies with the requirements of 2.10 must insure, there must be excepted all loss suffered or liability incurred by a *credit union* other than direct pecuniary loss discovered during the currency of the policy of insurance or within 18 months of the date on which either the policy of insurance lapses, or the duties of the *officer* or *employee* concerned are terminated, whichever occurs first.

2.12	Column (1)	Column (2)	Column (3)
	Aggregate value of <i>shares</i> and <i>juvenile deposits</i> , including those held in a <i>CTF</i> (for the purposes of this table, "aggregate value")	Cover required in respect of any one claim	Cover required in respect of total claims made in any one year
Row (A)	Less than £10,000	The higher of £500 or 50% of the aggregate value	The higher of £1,000 or 100% of the aggregate value
Row (B)	£10,000 to £100,000	The higher of £5,000 or 20% of the aggregate value	100% of the aggregate value
Row (C)	£100,000 to £1,000,000	The higher of £20,000 or 15% of the aggregate value	The higher of £100,000 or 75% of the aggregate value

2.12	Column (1) Aggregate value of <i>shares</i> and <i>juvenile deposits</i> , including those held in a <i>CTF</i> (for the purposes of this table, "aggregate value")	Column (2) Cover required in respect of any one claim	Column (3) Cover required in respect of total claims made in any one year
Row (D)	More than £1,000,000	£150,000 plus 5% of the amount by which the aggregate value exceeds £1,000,000, subject to a maximum cover of £2,000,000	£750,000 plus 5% of the amount by which the aggregate value exceeds £1,000,000, subject to a maximum cover of £4,000,000

Notes:

(1) In relation to a *credit union* which, at the relevant date, has accepted and not repaid share subscriptions and other *deposits* of the aggregate value stipulated in column (1) of the table in this chapter, the limit in respect of any one claim is the amount appearing in the corresponding part of column (2); and the amount in respect of the total of claims made in any one year is the amount appearing in the corresponding part of column (3).

(2) For these purposes, "the relevant date" is either the date of inception or renewal of the policy of insurance, or such other date as the *credit union* determines, provided that the relevant date in each year subsequent to the first must be not more than one year after the relevant date in the preceding year.

3 LENDING

- 3.1 For the purposes of the limits set out in this Chapter, the *attached shares* attributable to a *member* in respect of that *member's* interest in a *joint account* must be treated by a *credit union* as no more than the amount arrived at by dividing the balance in the *joint account* by the number of *members* with an interest in that account.
- 3.2 Subject to 3.3, a *credit union* must not hold an *unsecured loan* that is repayable within more than five years from its provision or a *secured loan* that is repayable within more than ten years from its provision.
- 3.3 A *credit union* must not make a loan that is repayable within more than ten years from its provision, in relation to an *unsecured loan*, and 25 years, in relation to a *secured loan*, unless the *credit union* complies with 10.3.
- 3.4 Subject to 3.5, 3.6 and 3.7 the outstanding balance of a loan:
- (1) to a *member*, must not exceed £15,000 in excess of that *member's attached shares*; and
 - (2) to another *credit union* that is not a *member*, must not exceed £15,000.
- 3.5 Subject to 3.6 and 3.7, the outstanding balance of a loan by a *credit union* that satisfies the requirements in 10.3:

- (1) to a *member*, must not exceed 1.5% of *total non deferred shares* in excess of that *member's attached shares*; and
 - (2) to another *credit union* that is not a *member*, must not exceed 1.5% of *total non deferred shares*.
- 3.6 A *large exposure* must not exceed 25% of the *credit union's capital*.
- 3.7 The aggregate of all *large exposures* must not exceed 500% of the *credit union's capital*.
- 3.8 A *credit union* must not lend to a *member* more than £7,500 in excess of the *attached shares* held by that *member*, or to another *credit union* more than £7,500, unless it has a *capital-to-assets* ratio of at least 5%.
- 3.9 A *credit union* that is owed by a *member* a total amount greater than £7,500 in excess of the *attached shares* held by that *member*, or by another *credit union* an amount greater than £7,500, must maintain a *capital-to-total-assets* ratio of at least 5%.
- 3.10 A *credit union* must make adequate provision for *bad debts*.
- 3.11 A *credit union* must make specific provision in its accounts for *bad debts* of at least the amounts set out below:
 - (1) 35% of the *net liability* to the *credit union* of borrowers where the amount is more than three months in arrears;
 - (2) 60% of the *net liability* to the *credit union* of borrowers where the amount is more than six months in arrears;
 - (3) 80% of the *net liability* to the *credit union* of borrowers where the amount is more than nine months in arrears; and
 - (4) 100% of the *net liability* to the *credit union* of borrowers where the amount is more than twelve months in arrears.
- 3.12 Where a delinquent loan is rescheduled or the arrears capitalised, the provision a *credit union* is required to make immediately prior to the rescheduling or recapitalisation must be maintained until the loan has performed for six months.
- 3.13 A *credit union* must not make a subordinated loan unless it:
 - (1) is provided to a *credit union*; and
 - (2) qualifies as *capital* within the meaning of 8.2.
- 3.14 Prior to the provision of a subordinated loan, a *credit union* must carry out an assessment of the financial implications of making the loan.
- 3.15 A *credit union* must retain, for a period of five years following the date of a subordinated loan, a written record of the assessment in 3.14.

4 MORTGAGES

- 4.1 A *credit union* must not enter into a *regulated mortgage* for a term of more than 25 years.
- 4.2 A *credit union* must not be a party to a *regulated mortgage contract* unless it complies with 10.3 at all times while it remains a party to that contract.

5 BORROWING

- 5.1 A *credit union* must not borrow from a natural person other than by subordinated loan qualifying as *capital* within the meaning given in 8.2.
- 5.2 A *credit union's borrowings* must not exceed 20% of the total *non-deferred shares* in the *credit union* at the end of more than two consecutive regulatory reporting quarters.
- 5.3 A *credit union* must not count subordinated debt obtained by that *credit union* and forming part of its *capital* within the meaning given in 8.2 towards the borrowing limit in 5.2.

6 INVESTMENT

- 6.1 For the purposes of this Chapter, a loan is not an investment if it is provided by a *credit union* on subordinated terms.
- 6.2 *Surplus funds* must be invested in capital-protected products in accordance with this Chapter or held as cash in the custody of *officers* of a *credit union*.
- 6.3 Subject to 6.4, a *credit union* must not hold *investments*, save that it may hold an *investment* that is:
- (1) a *deposit* placed with a *credit institution* which is authorised in an *EEA State* to *accept deposits* on terms that the *deposit* shall be repayable within at most twelve months from the date on which that *investment* is made;
 - (2) a loan, other than a subordinated loan qualifying as *capital* within the meaning given in 8.2, to a *credit institution* which is authorised in an *EEA State* to *accept deposits*, with a *maturity* of up to twelve months from the date on which that *investment* is made;
 - (3) a sterling-denominated security issued by the government of an *EEA State*, with a *maturity* of up to twelve months from the date on which that *investment* is made; or
 - (4) a fixed-interest sterling-denominated security guaranteed by the government of an *EEA State*, with a *maturity* of up to twelve months from the date on which that *investment* is made, provided that such guarantee is unconditional in respect of the payment of both principal and interest on the security.
- 6.4 A *credit union* that holds an *investment* set out below must at all times while holding such *investment* comply with 10.3:
- (1) a *deposit* placed with a *credit institution* which is authorised in an *EEA State* to *accept deposits* on terms that the *deposit* shall be repayable within at most twelve months from the date on which that *investment* is made;

- (2) a loan, other than a subordinated loan qualifying as *capital* within the meaning given in 8.2, to a *credit institution* which is authorised in an *EEA State* to *accept deposits* with a *maturity* of up to five years from the date on which that *investment* is made;
 - (3) a sterling-denominated security issued by the government of an *EEA State*, with a *maturity* of up to five years from the date on which that *investment* is made;
 - (4) a fixed-interest sterling-denominated security guaranteed by the government of an *EEA State*, with a *maturity* of up to five years from the date on which that *investment* is made, provided that such guarantee is unconditional in respect of the payment of both principal and interest on the security; or
 - (5) any other product provided by a *credit institution* authorised in an *EEA State* to *accept deposits*, with a *maturity* of up to five years from the date on which that *investment* is made, provided it satisfies the requirement in 6.2.
- 6.5 Prior to making an investment decision, a *credit union* must carry out an assessment to satisfy itself that:
- (1) it has sufficient liquidity to tie-up the relevant funds for the life of the product;
 - (2) it can afford to sacrifice any haircut on early redemption;
 - (3) by comparison with other possible uses of the funds in question, the potential return merits the risk of investment for the period to *maturity* of the *investment*, including the risk of no positive return; and
 - (4) the investment would not create excessive source or time band concentrations.
- 6.6 A *credit union* must retain, for a period of five years following the date of the investment, a written record of the assessment in 6.5.

7 TRANSACTIONAL ACCOUNTS

- 7.1 A *credit union* that provides *transactional account* services must at all times while providing such services comply with 10.3.

8 CAPITAL

- 8.1 A *credit union* must have adequate capital taking into account the nature, scale and complexity of its business.
- 8.2 For the purposes of this Chapter,
- (1) capital comprises the following items:
 - (a) audited reserves;
 - (b) interim net profits;
 - (c) *deferred shares*;
 - (d) subordinated debt that meets the requirements set out at (5); and

- (e) revaluation reserves, arising from the differences between book values and the current market values of property fixed assets that meet the requirements in (6) and (7) and are subject to the limit in 8.3.

(2) audited reserves are audited accumulated profits or losses, or both, retained by a *credit union* after payment of tax, dividends and interest on *deposits* and include other realised gains and gifts of capital. *Deferred shares* are included in the definition, but must not be counted twice in the calculation, of 'capital'. Where a *credit union's* audited reserves include sums equal to the amount paid on *deferred shares* subscribed for in full and transferred to reserves in accordance with section 7(6) of the Credit Unions Act 1979, that amount must not also be counted separately under (1)(c).

(3) profits means the profits resulting from the operations of a *credit union* in the year of account in question after deduction of all operating expenses, including payment of interest, and after making provision for the depreciation of assets, tax liabilities and *bad debt*, but before the payment of any dividend.

(4) interim net profits are interim profits net of tax and anticipated dividends (any interim losses must be deducted from capital).

(5) to be included in the calculation of capital, subordinated debt must meet the following conditions:

- (a) the *maturity* of the loan must be more than five years from the date on which the loan is made;
- (b) the subordination provisions provide that the claims of the subordinated creditors rank behind those of all unsubordinated creditors including the *credit union's* shareholders;
- (c) to the fullest extent possible, creditors waive their rights to set off amounts they owe the *credit union* against subordinated amounts owed to them by the *credit union*;
- (d) the only events of default are non-payment of any interest or principal under the debt agreement or the winding-up of the *credit union*;
- (e) the remedies available to the subordinated creditor in the event of default in respect of the subordinated debt are limited to petitioning for the winding up of the *credit union* or proving for and claiming in the liquidation of the *credit union*;
- (f) the subordinated debt must not become due and payable before its stated final *maturity* date except on an event of default complying with (d);
- (g) the terms of the subordinated debt must be set out in a written agreement or instrument that contains terms that provide for the above conditions; and
- (h) the debt must be unsecured and fully paid up.

(6) to be included in the calculation of capital, revaluation reserves must meet the following conditions:

- (a) the *credit union* must apply the revaluation method to all of its property fixed assets and not selectively;

- (b) the values must result from professional valuations of each property;
- (c) no professional valuation of a property can be more than five years old and, in the intervening year or years in which a property is not professionally valued, the *governing body* must have undertaken an interpolation of value which takes into account any decline in property values disclosed by valuations of other properties in that year or those years; and
- (d) any increase of revaluation reserve must be supported by a professional valuation.

(7) subject to the conditions in (6), and the limit in 8.3, the amount of revaluation reserve used for the calculation of capital must be the lesser of:

- (a) the amount standing to the credit of any such reserve in the balance sheet in the most recent annual return to have been sent to the *PRA* as may be required by the *PRA* under *rules*; and
- (b) the amount of any such reserve in the accounting records of the *credit union*.

8.3 The amount of revaluation reserve that a *credit union* is permitted to include in the calculation of its capital must not exceed 25% of the *credit union's* capital.

8.4 The amount of any subordinated loan that qualifies as capital must, over its final four years to *maturity* or, where the subordinated loan requires repayment in tranches, over the final four years to *maturity* of each tranche, be written down by a *credit union* by 20% of the amount of the loan or tranche per year.

8.5 A *credit union* must have:

- (1) subject to (2), *capital* of at least 3% of *total assets*;
- (2) subject to (3), *capital* of at least 5% of *total assets*, if that *credit union* has *total assets* of more than £5 million or more than 5,000 *members*;
- (3) *capital* of at least 8% of *total assets* and a *capital* buffer at least equal to a further 2% of *total assets*, save in the event of a stress scenario in which case such buffer may be employed to absorb losses, if that *credit union* has *total assets* of more than £10 million, more than 15,000 *members* or undertakes an *additional activity* other than the *additional activity* of providing *transactional accounts*.

8.6 A *credit union* must notify the *PRA* immediately if its *capital* is below the relevant minimum threshold stipulated in 8.5.

8.7 In the event that a *credit union* employs its *capital* buffer in a stress scenario it must plan for the restoration of its *capital* buffer to the level stipulated in 8.5 within a reasonable period.

8.8 If, at the end of any year of account, the amount of its *capital* is less than 10% of its *total assets*, a *credit union* must transfer to its general reserve at least 20% of its profits for that year (or such lesser sum as is required to bring the amount in its capital up to 10% of its *total assets*).

8.9 A *credit union* must not make a transfer from its general reserve if its *capital* is equal to an amount that is less than 10% of *total assets* or if as a result of such a transfer its *capital* would be reduced to an amount that is less than 10% of *total assets*.

9 LIQUIDITY

- 9.1 For the purposes of this Part, and subject to 9.2, a *credit union* must not count an asset as a liquid asset unless it is cash or can be realised for cash within eight *business days*.
- 9.2 A *credit union* must hold liquid assets equal to at least 10% of its *total relevant liabilities*.
- 9.3 A *credit union* must not count as a liquid asset:
- (1) an amount loaned to another *credit union*; or
 - (2) a property purchased, or held by it, as premises from which to conduct its business.
- 9.4 The amount and composition of liquid assets held by a *credit union* must be prudent and appropriate to the nature, scale and complexity of its business, having regard to material risks, including the risk of a sudden adverse cash flow.
- 9.5 A *credit union* must notify the *PRA* immediately if its liquid assets are below 10% of its *total relevant liabilities* for more than two consecutive *business days*.
- 9.6 When calculating the ratio of its liquid assets to its *total relevant liabilities*, a *credit union* must value a security with a maturity of one to five years on the basis that it could be realised at market value minus a discount of 5%.
- 9.7 An asset maturing on a day that is not a *business day* must be treated by a *credit union* as maturing on the next *business day*.

10 GOVERNANCE

- 10.1 A *credit union* must ensure that the *governing body* reports to the *members* at the annual general meeting of the *credit union* on the following matters:
- (1) the *credit union's* compliance, or otherwise, with Depositor Protection 11 and:
 - (a) Depositor Protection 12, 14 and those requirements of Depositor Protection 15 that relate to Depositor Protection 11; or
 - (b) Depositor Protection 49 to 51,
as applicable;
 - (2) whether the *credit union* has maintained at all times a policy of insurance complying with 2.10; and
 - (3) any *additional activities* the *credit union* is carrying out and whether or not it is in compliance with any requirement in this Part applicable to those *additional activities*.
- 10.2 A *credit union* must:
- (1) establish, implement and maintain an up-to-date lending policy statement approved by the *governing body* that is designed to protect the viability and sustainability of the *credit union*;
 - (2) ensure that its lending policy statement is prudent and appropriate to the scale and nature of the its business; and

- (3) review and approve its lending policy whenever there is a change in circumstances of the *credit union* and, in the absence of any such change, on an annual basis.

10.3 A *credit union* carrying out any *additional activity* must:

- (1) establish, implement and maintain an up-to-date financial risk management policy statement approved by the *governing body*;
- (2) ensure that the financial risk management policy:
 - (a) addresses both interest rate and funding risk;
 - (b) covers aggregate limits on holdings of investments and borrowings from sources other than *members*;
 - (c) deals with avoidance of excessive funding concentrations (both source and time-band concentrations);
 - (d) details the organisational arrangements, systems and controls in respect of these matters; and
- (3) ensure that its *governing body* monitors and assesses the risks associated with the carrying on of such activities on at least a monthly basis.

10.4 A *credit union* referred to in 10.3 must ensure that the *governing body* reviews and approves its financial risk management policy whenever there is a change in circumstances of the *credit union* and, in the absence of any such change, on an annual basis.

10.5 A *credit union* must:

- (1) establish, implement and maintain an up-to-date liquidity management policy statement approved by the *governing body*; and
- (2) ensure that the *governing body* reviews and approves its liquidity management policy statement whenever there is a change in circumstances of the *credit union* and, in the absence of any such change, on an annual basis.

10.6 A *credit union* must ensure that:

- (1) it sets and documents large *exposure* limits in a large *exposure* limits policy to avoid concentration of risk;
- (2) the *governing body's* responsibilities include the monitoring of large *exposures* and the review of the *credit union's* compliance with the large *exposures* policy; and
- (3) the *governing body* reviews the large *exposures* limits policy whenever there is a change in circumstances of the *credit union* and, in the absence of any such change, on an annual basis.

10.7 (1) A *credit union* must send to the PRA a copy of its audited accounts published in accordance with section 82 of the Co-operative and Community Benefit Societies Act 2014 or provided in accordance with article 49 of the Credit Unions (Northern Ireland) Order 1985.

(2) The accounts referred to in (1) must:

- (a) be made up for the period beginning with the date of the *credit union's* registration or with the date to which the *credit union's* last annual accounts

were made up, whichever is the later, and ending on the *credit union's* most recent financial year end; and

- (b) accompany the annual return submitted to the *PRA* as may be required by the *PRA* under *rules*, unless they have been submitted already.

11 GENERAL ORGANISATIONAL REQUIREMENTS

11.1 A *credit union* must establish, implement and maintain:

- (1) robust governance arrangements, which include a clear organisational structure with well-defined, transparent and consistent lines of responsibility;
- (2) effective processes to identify, manage, monitor and report the risks it is or might be exposed to, and
- (3) adequate internal control mechanisms designed to secure compliance with decisions and procedures at all levels of the *credit union*, including sound administrative and accounting procedures and effective control and safeguard arrangements for information processing systems.

11.2 A *credit union* must ensure that the arrangements, processes and mechanisms referred to in 11.1 are comprehensive and proportionate to the nature, scale and complexity of the risks inherent in its business model and activities.

11.3 A *credit union* must establish, implement and maintain systems and procedures that are adequate to safeguard the security, integrity and confidentiality of information, taking into account the nature of the information in question.

11.4 A *credit union* must establish, implement and maintain a fully documented system of control, including documenting the system of control it is required to establish and maintain under section 75 of the Co-operative and Community Benefit Societies Act 2014 or under article 40 of the Credit Unions (Northern Ireland) Order 1985.

11.5 A *credit union* must ensure that the *governing body* defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent management of the *credit union*, including the segregation of duties in the organisation and the prevention of conflicts of interest. The *credit union* must ensure that the *governing body*:

- (1) has overall responsibility for the *credit union*;
- (2) approves and oversees implementation of the *credit union's* strategic objectives, risk strategy and internal governance;
- (3) ensures the integrity of the *credit union's* accounting and financial reporting systems, including financial and operational controls and compliance with the *regulatory system*;
- (4) oversees the process of disclosure and communications;
- (5) has responsibility for providing effective oversight of individuals who effectively direct the business of the *credit union*; and
- (6) monitors and periodically assesses the effectiveness of the *credit union's* governance arrangements and takes appropriate steps to address any deficiencies.

- 11.6 A *credit union* must ensure that the chairman of the *governing body* does not exercise simultaneously the *Chief Executive function* within the *credit union*, where there is such a function within the *credit union*.
- 11.7 A *credit union* must establish, implement and maintain an up-to-date business plan approved by the *governing body*.
- 11.8 A *credit union* must establish, implement and maintain an up-to-date and fully documented policies and procedures manual.

12 WHISTLEBLOWING

- 12.1 A *credit union* other than an *excluded credit union* must establish, implement and maintain appropriate and effective arrangements for the disclosure of *reportable concerns* by a *person*, including a *firm's employee*, internally through a specific, independent and autonomous channel.
- 12.2 The channel in 12.1 may be provided through arrangements with third parties, including social partners, subject to any applicable requirement under Chapter 14.
- 12.3 A *credit union* other than an *excluded credit union* must inform all *workers* of the channel referred to in 12.1.
- 12.4 A *credit union* other than an *excluded credit union* must inform all *workers*:
- (1) that they may disclose directly to the *PRA* or to *the FCA* anything that would be the subject-matter of a *protected disclosure*;
 - (2) of what would constitute a *protected disclosure*;
 - (3) that the *PRA* or *the FCA* are prescribed *persons* under the Employment Rights Act 1996 and the effect of making a *protected disclosure* to the *PRA* or to *the FCA*; and
 - (4) of the means available to make a *protected disclosure* to the *PRA* or *the FCA*.
- 12.5 A *credit union* other than an *excluded credit union* must ensure that nothing in its arrangements prevents or discourages any *worker* from making any disclosure to the *PRA* or *the FCA* before making the disclosure through the channel referred to in 12.1.
- 12.6 A *credit union* other than an *excluded credit union* must ensure that nothing in any employment contract or settlement agreement, including any other related or ancillary documentation, between the *credit union* and a *worker* in relation to the *worker's* employment, entered into after the date on which these *rules* come into force, prevents or discourages the *worker* from:
- (1) making a *protected disclosure*, including to the *PRA*; and
 - (2) making a further *protected disclosure* connected to a *protected disclosure* already made under (1).

13 EMPLOYEES, AGENTS AND OTHER RELEVANT STAFF

- 13.1 A *credit union* must ensure that the *governing body*:
- (1) is competent to control the affairs of a *credit union*; and

- (2) has an appropriate range of skills and experience relevant to the activities carried on by the *credit union*.
- 13.2 A *credit union* must employ personnel (whether or not they are *remunerated*) with the skills, knowledge and expertise necessary for the discharge of the responsibilities allocated to them.
- 13.3 A *credit union* must ensure that:
- (1) the performance of multiple functions by its *relevant staff* does not and is not likely to prevent those staff from discharging any particular functions soundly, honestly and professionally; and
 - (2) its *senior personnel* define arrangements concerning the segregation of duties within the *credit union* and the prevention of conflicts of interests.
- 13.4 A *credit union* must ensure appropriate segregation of duties in order to minimise the risk of contravention of requirements and standards under the *regulatory system*.

14 OUTSOURCING

- 14.1 For the purposes of this Chapter, an operational function is regarded as critical or important if a defect or failure in its performance would materially impair the continuing compliance of a *credit union* with the conditions and obligations of its *authorisation* or its other obligations under the *regulatory system*, or its financial performance, or the soundness or the continuity of its *regulated activities*.
- 14.2 Without prejudice to the status of any other function, the following functions will not be considered critical or important for the purposes of this Chapter:
- (1) the provision to the *credit union* of advisory services, and other services which do not form part of the *regulated activities* of the *credit union*, including the provision of legal advice to the *credit union*, the training of personnel of the *credit union*, billing services and the security of the *credit union's* premises and personnel; and
 - (2) the purchase of standardised services, including market information services and the provision of price feeds.
- 14.3 If a *credit union outsources* critical or important operational functions or any *regulated activities*, it remains fully responsible for discharging all of its obligations under the *regulatory system* and must comply, in particular, with the following conditions:
- (1) the *outsourcing* must not result in the delegation by *senior personnel* of their responsibility;
 - (2) the relationship and obligations of the *credit union* towards its *members* under the *regulatory system* must not be affected;
 - (3) the conditions with which the *credit union* must comply in order to be *authorised*, and to remain so, must not be undermined; and
 - (4) none of the other conditions subject to which the *credit union's authorisation* was granted must be removed or modified.
- 14.4 A *credit union* must exercise due skill and care and diligence when entering into, managing or terminating any arrangement for the *outsourcing* to a service provider of critical or important

operational functions or of any *regulated activities*, including considering any risk arising from the arrangement in the context of other risks.

14.5 A *credit union* must in particular take the necessary steps to ensure that the following conditions are satisfied:

- (1) the service provider must have the ability, capacity, and any *authorisation* required by law to perform the *outsourced* functions, services or activities reliably and professionally;
- (2) the service provider must carry out the *outsourced* services effectively, and to this end the *credit union* must establish methods for assessing the standard of performance of the service provider;
- (3) the service provider must properly supervise the carrying out of the *outsourced* functions, and adequately manage the risks associated with the *outsourcing*;
- (4) appropriate action must be taken if it appears that the service provider may not be carrying out the functions effectively and in compliance with applicable laws and regulatory requirements;
- (5) the *credit union* must retain the necessary expertise to supervise the *outsourced* functions effectively and to manage the risks associated with the *outsourcing*, and must supervise those functions and manage those risks;
- (6) the service provider must disclose to the *credit union* any development that may have a material impact on its ability to carry out the *outsourced* functions effectively and in compliance with applicable laws and regulatory requirements;
- (7) the *credit union* must be able to terminate the arrangement for the *outsourcing* where necessary without detriment to the continuity and quality of its provision of services to *members*;
- (8) the service provider must co-operate with the *PRA* in connection with the *outsourced* activities;
- (9) the *credit union*, its auditors and the *PRA* must have effective access to data related to the *outsourced* activities, and the *PRA* must be able to exercise this right of access;
- (10) the service provider must protect any confidential information relating to the *credit union* and its *members*; and
- (11) the *credit union* and the service provider must establish, implement and maintain a contingency plan for disaster recovery and periodic testing of backup facilities where that is necessary having regard to the function, service or activity that has been *outsourced*.

14.6 A *credit union* must ensure that the respective rights and obligations of the *credit union* and of the service provider are clearly allocated and set out in a written agreement.

15 INTERNAL AUDIT

15.1 A *credit union* must establish and maintain an internal audit function.

15.2 The internal audit function referred to in 15.1 may either be:

- (1) in-house; or
- (2) subject to any applicable requirement in this Part relating to *outsourcing*, *outsourced* to a third party.

16 RECORD-KEEPING AND INFORMATION MANAGEMENT

- 16.1 A *credit union* must arrange for orderly records to be kept of its business and internal organisation, including all services and transactions undertaken by it, which must be sufficient to enable the *PRA* to monitor the *credit union's* compliance with the requirements under the *regulatory system*, and in particular to ascertain that the *credit union* has complied with all obligations with respect to *members*.
- 16.2 A *credit union* must maintain information systems to:
- (1) enable the *governing body* to direct and control the *credit union's* business effectively; and
 - (2) enable the *credit union* to provide the information required by the *PRA*.
- 16.3 A *credit union* must ensure that the *governing body* satisfies itself that:
- (1) the information is sufficient for the proper assessment of the potential risks for the *credit union*, and in order to determine its need for *capital* and liquidity;
 - (2) the information is sufficiently comprehensive to provide a clear statement of the performance and financial position of the *credit union*;
 - (3) management information reports are prepared with sufficient frequency;
 - (4) sufficient attention is focused on key factors affecting income and expenditure and that appropriate performance indicators are employed; and
 - (5) actual performance is compared with planned and previous performance.
- 16.4 A *credit union* must ensure that any quarterly and annual returns that may be required by the *PRA* under *rules* are reviewed at a sufficiently senior level before they are submitted to the *PRA*. The review must check for consistency between:
- (1) different returns;
 - (2) various tables on the same return; and
 - (3) the returns and information prepared for the *governing body*.

17 BUSINESS CONTINUITY

- 17.1 A *credit union* must put in place contingency arrangements to ensure it could continue to operate and comply with its regulatory obligations in the event of an unforeseen interruption, such as a complete failure of information technology systems or a destruction of premises by fire, which would otherwise prevent the normal operation of the *credit union*.
- 17.2 A *credit union* must regularly review and test business continuity arrangements in order to ensure their effectiveness.

18 TRANSITIONALS

- 18.1 For the period from 3 February 2016 to 30 September 2018, the reference to “2%” in 8.5(3) and 2.5(2) is replaced by “0%”.
- 18.2 A *Northern Ireland credit union* need not comply with Chapter 6 with respect to any security invested in, or loan made, prior to 31 March 2012 provided that the security or loan matures in accordance with the terms of the relevant agreement in effect on 31 March 2012.
- 18.3 A *Northern Ireland credit union* need not comply with 3.2 to 3.9 with respect to any loan outstanding on 31 March 2012 provided that the loan remains repayable in accordance with the terms of the relevant loan agreement in effect on 31 March 2012.

Annex B

Amendments to the Glossary

In the Glossary Part of the PRA Rulebook, insert the following new definitions:

...

eligible deposit

has the meaning given in Depositor Protection 2.

...

joint account

means an account opened in the name of two or more *persons* over which two or more *persons* have rights that are exercised by means of the signature of one or more of those *persons*.

...

temporary high balance

means, in relation to a *depositor* who is an individual, that part of an *eligible deposit* in excess of the coverage level set out in Depositor Protection 4.2 which meets the additional criteria set out in Depositor Protection 10.2.

[Note: Art. 2(1)(6) of the DGSD]

...

Annex C

Amendments to the Depositor Protection Part

In this Annex deleted text is struck through.

1 APPLICATION AND DEFINITIONS

...

1.4

...

~~*eligible deposit*~~

~~has the meaning given in Depositor Protection Chapter 2.~~

...

~~*joint account*~~

~~means an account opened in the name of two or more persons over which two or more persons have rights that are exercised by means of the signature of one or more of those persons.~~

~~*temporary high balance*~~

~~means, in relation to a depositor who is an individual, that part of an *eligible deposit* in excess of the coverage level set out in 4.2 which meets the additional criteria set out in 10.2.~~

~~[Note: Art. 2(1)(6) of the DGSD]~~

...

Annex D

Chapter 12 of the rules in Annex A for the period from 7 March 2016 to 6 September 2016

In this Annex, all text is new.

12. WHISTLEBLOWING

- 12.1 A *credit union* must have in place appropriate procedures for its employees to report breaches internally through a specific, independent and autonomous channel.
- 12.2 The channel referred to in 12.1 may be provided through arrangements with social partners.

HANDBOOK (CREDIT UNIONS) CONSEQUENTIALS INSTRUMENT 2016**Powers exercised**

- A. The Prudential Regulation Authority ("PRA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):
- (1) section 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.

Commencement

- D. This instrument comes into force on 3 February 2016.

Amendments to the PRA Handbook

- E. The modules of the PRA Handbook listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex 1
Senior Management Arrangements, Systems and Controls manual (SYSC)	Annex 2
Credit Unions sourcebook (CREDS)	Annex 3

Citation

- F. This instrument may be cited as the Handbook (Credit Unions) Consequentials Instrument 2016.

By order of the Board of the Prudential Regulation Authority

26 January 2016

Annex 1
Amendments to the Glossary

In this Annex, deleted text is struck through.

...

CREDS

~~means the Credit Unions sourcebook in the PRA Handbook~~

...

Annex 2

Amendments to the Senior Management Arrangements, Systems and Controls manual (SYSC)

In this Annex, underlining indicates new text.

...

SYSC 1.1A.1 G

The application of this sourcebook is summarised at a high level in the following table. The detailed application is cut back in SYSC 1 Annex 1 and in the text of each chapter.

Type of firm	Applicable chapters
<i>Insurer</i>	Chapters 2, 3, 11 to 18, 21
<i>Managing agent</i>	Chapters 2, 3, 11, 12, 18, 21
<i>Society</i>	Chapters 2, 3, 12, 18, 21
Every other <i>firm</i> , <u>other than a <i>credit union</i></u>	Chapters 4 to 12, 18, 19A, 21

...

SYSC 1.4 – Application of SYSC 11 to SYSC 21

1.4.1 G The application of each of chapters SYSC 11 to SYSC 21 is set out in those chapters and in SYSC 1.4.1A R and SYSC 1.4.1C R.

1.4.1A R SYSC 12, SYSC 19A, SYSC 20 and SYSC 21 do not apply to a *firm* in relation to its carrying on of *auction regulation bidding*.

1.4.1B G Apart from SYSC 12, SYSC 19A, SYSC 20 and SYSC 21 which are disapplied by SYSC 1.4.1A R, the other chapters of SYSC 11 to SYSC 17 do not apply in relation to a *firm's* carrying on of *auction regulation bidding* because they only apply to an *insurer*. SYSC 18 provides guidance on the Public Interest Disclosure Act.

1.4.1C R SYSC 11 to SYSC 21 do not apply to a *credit union*.

...

SYSC 1 Annex 1 – Detailed application of SYSC

Part 2	Application of the common platform requirements (SYSC 4 to 10)	
	Who?	
2.1A	R	The <i>common platform organisational requirements</i> apply to every <i>firm</i> apart from a <u><i>credit union</i></u> , a <i>CRR firm</i> , an <i>insurer</i> , a <i>managing agent</i> and <i>the Society</i> unless provided otherwise in a specific <i>rule</i> .

...

Annex 3

Amendments to the Credit Unions sourcebook (CREDS)

The Credit Unions sourcebook (CREDS) is deleted in its entirety.

PRA RULEBOOK: SOLVENCY II FIRMS: OWN FUNDS (NOTIFICATION OF ISSUANCE - AMENDMENTS) INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 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: Own Funds (Notification of issuance - amendments) instrument 2016

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

Commencement

- E. This instrument comes into force on 1 March 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: Solvency II Firms: Own Funds (Notification of issuance - amendments) instrument 2016.

By order of the Board of the Prudential Regulation Authority

14 January 2016

Annex

Amendments to the Own Funds Part

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

1 APPLICATION AND DEFINITION

1.2 In this Part, the following definition shall apply:

delegated act

means Commission Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

5 NOTIFICATION OF ISSUANCE OF OWN FUNDS ITEMS

5.1 ~~5.2 to 5.6 de~~ This Chapter does not apply in respect of the following:

- (1) any item which a *firm* intends to include within its *basic own funds* that is not covered by the lists of *own funds* items set out in the *Solvency II Regulations*, but which may be included in its *basic own funds* only if the *firm* has received the *PRA*'s approval; and;
- (2) any item which a *firm* intends to include within its *ancillary own funds*.

5.2

- (1) A Subject to 5.5, a *firm* must notify the *PRA* in writing of its intention to issue an item which it intends to include within its *basic own funds* at least one *month* before the intended date of issue, unless there are exceptional circumstances which make it impracticable to give such a period of notice, ~~in which event. In such circumstances,~~ the *firm* must give the *PRA* as much notice as is practicable in those circumstances and explain to the *PRA* why the circumstances are considered exceptional.
- (2) When giving notice, a *firm* must:
 - (a) provide details of the amount of *basic own funds* the *firm* is seeking to raise through the intended issue and whether the ~~own funds item~~ is intended to be issued to external investors or within its *group*;
 - (b) identify the classification of *basic own funds* the item is intended to fall within;
 - ~~(c) include confirmation from the governing body of the firm that the item complies with the rules applicable to items of basic own funds included in the classification of the item identified in (b); and~~
 - (dc) provide a copy of the term sheet and details of any features of the item it intends to include within its *basic own funds* which are novel, unusual or

~~different from an item of *basic own funds* of a similar nature previously issued by the *firm* or widely available in the market or not specifically contemplated by the Solvency II Firms Sector of the *PRA Rulebook* or the *Solvency II Regulations*. draft terms and conditions;~~

- ~~(d) provide a draft of a properly reasoned independent legal opinion from an appropriately qualified individual confirming that the item complies with the rules applicable to items of *basic own funds* included in the classification of the item identified in (b);~~
- ~~(e) for any item referred to in Article 82(3) of the *delegated act*, provide a draft of a properly reasoned independent accounting opinion from an appropriately qualified individual as to the item's treatment in the *firm's* financial statements;~~
- ~~(f) include confirmation from the *governing body* of the *firm* that the item complies with the rules applicable to items of *basic own funds* included in the classification of the item identified in (b); and~~
- ~~(g) state whether the item is encumbered or whether there are any connected transactions in respect of the item and, if so, provide details.~~

5.3 ~~A *firm* must provide a further written notification to the *PRA* including all the information required in 5.2(2) as soon as it proposes any change to the intended date of issue, amount of issue, type of investors, classification of a particular tier of *basic own funds* or any other feature of the item intended to be included as *basic own funds* to that previously notified to the *PRA*. If after an initial notification under 5.2, but prior to an item's issuance, a *firm* proposes to change the information previously submitted, it must provide a further written notification of that change without delay.~~

5.4 If a *firm* proposes to establish or amend a debt securities programme for the issue of an item for inclusion within its *basic own funds*, it must:

- (1) notify the *PRA* of the establishment of the programme or of the proposed amendment to the programme; and
- (2) provide the information required by 5.2(2)

at least one *month* before the first proposed drawdown. The *PRA* must be notified of any changes in accordance with 5.3.

5.5 ~~The items of *basic own funds* to which 5.2 does not apply are to:~~

- (1) ordinary *shares* which:
 - (a) meet the classification criteria for ordinary share capital in *Tier 1 own funds*; and
 - (b) are the same as ordinary *shares* previously issued by the *firm*.
- (2) debt instruments issued from a debt securities programme, provided that ~~program~~ was notified to the *PRA* prior to its first drawdown, in accordance with 5.4; and;
 - (a) the establishment of (and any subsequent amendment to) the programme was notified to the *PRA* in accordance with 5.4 and the last such notification

was given to the PRA no more than twelve months prior to the date of the proposed drawdown;

(b) the programme complies with, and the information previously notified to the PRA in accordance with 5.4 in relation to the programme is unaffected by, any changes in law or regulation, or the interpretation or application of either, coming into effect since the last notification in accordance with 5.4; and

(c) any instrument issued pursuant to the programme must, under the terms of the programme, constitute *basic own funds*; and

(3) any item which is to be issued on identical terms to one or more items included in *basic own funds* issued by the *firm* within the previous twelve months and notified to the PRA in accordance with 5.2, excluding (1) the issue date, (2) the maturity date, (3) the amount of the issuance, (4) the currency of the issuance, and (5) the rate of interest payable by the issuer.

5.6 A *firm* must notify the PRA in writing, no later than the date of issue, of its intention to issue an item listed in 5.5 which it intends to include within its *basic own funds*. When giving notice, a *firm* must:

(1) provide the information set out at 5.2(2)(a), (b) and (c) in 5.2 other than 5.2(2)(c) (draft terms and conditions), 5.2(2)(d) (draft legal opinion) and 5.2(2)(e) (draft accounting opinion); and

(2) confirm that the terms of the item have not changed since the previous issue by the *firm* of that type of item of *basic own funds*.

5.7 A *firm* must notify the PRA in writing of its intention to amend or otherwise vary the terms of any item included within its *basic own funds* at least one *month* before the intended date of such amendment or other variation.

5.8 A *firm* must provide to the PRA as soon as practicable after the issuance of an item of *basic own funds* to which 5.2 or 5.4 applies:

(1) a finalised copy of the draft legal opinion referred to in 5.2(2)(d);

(2) a finalised copy of the draft accounting opinion referred to in 5.2(2)(e) if applicable;

(3) a copy of the instrument's final terms and conditions; and

(4) a reasoned basis for the choice of coupon structure and any other provision that might suggest an incentive to redeem.

**PRA RULEBOOK: SOLVENCY II FIRMS: SENIOR INSURANCE MANAGERS REGIME –
TECHNICAL RULES (NO. 2) INSTRUMENT 2016**

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 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: Senior Insurance Managers Regime – Technical Rules (No. 2) Instrument 2016

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

Commencement

- E. This instrument comes into force on 15 February 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: Solvency II Firms: Senior Insurance Managers Regime – Technical Rules (No. 2) Instrument 2016.

By order of the Board of the Prudential Regulation Authority

10 February 2016.

Annex A

This Annex amends the rules made in PS22/15 Appendix 3 (PRA Rulebook: Solvency II Firms: Senior Insurance Managers Regime – Technical Rules Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

KEY FUNCTION HOLDER – NOTIFICATIONS

...

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

notified non-executive director

means a non-executive director of a firm who is not an approved person in relation to that firm.

...

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.

...

2 KEY FUNCTION HOLDER NOTIFICATION

2.1 This Chapter does not apply in relation to a:

- (1) *transitional key function holders*, in relation to *key functions* held as at 1 January 2016;
- (2) *grandfathering key function holders*, in relation to *key functions* held as at ~~7 March 2016~~ the commencement date; ~~or~~
- (3) *new SIMF applicants*; or
- (4) *transitional notified non-executive director*.

...

6 TRANSITIONAL ARRANGEMENTS FOR KEY FUNCTION HOLDERS

6.1 This Chapter applies only in relation to a:

- (1) *transitional key function holders*, in relation to *key functions* held as at 1 January 2016;
- (2) *grandfathering key function holders*, in relation to *key functions* held as at the commencement date ~~7 March 2016~~; and
- (3) *new SIMF applicants*; 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*, ~~and~~ *new SIMF applicant* and *transitional notified non-executive director* in accordance with 6.3 ~~to 6.5~~.

...

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*, ~~or a 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 B

This Annex amends the rules made in PS2/15 Appendix 2.9 (PRA Rulebook: Solvency II Firms: Group Supervision Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

GROUP SUPERVISION

...

17 RISK MANAGEMENT AND INTERNAL CONTROL

- 17.1 (1) Where 2.1(1) or 2.1(2) applies, the following requirements apply with any necessary changes at the level of the *group*:
- (a) Conditions Governing Business 2.2 to 2.6;
 - (b) Conditions Governing Business 3;
 - (c) Conditions Governing Business 4.1 to 4.2;
 - (d) Conditions Governing Business 5;
 - (e) Conditions Governing Business 6;
 - (f) Conditions Governing Business 7.1 to 7.3;
 - (g) Fitness and Propriety 2.1 to 2.3, 4.1, 4.3 and 4.4; ~~and~~
 - (h) Allocation of Responsibilities 4; and
 - (i) Key Function Holder – Notifications 2 to 6, in accordance with 17.4.

...

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:

(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-authorized 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-authorized person on the commencement date.

...

PRA RULEBOOK: NON-SOLVENCY II FIRMS: LARGE NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGERS REGIME – TECHNICAL RULES (NO. 2) INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 59 (approval for particular arrangements);
 - (2) section 60 (applications for approvals);
 - (3) section 61 (determination of applications);
 - (4) section 137G (the PRA’s general rules);
 - (5) section 137T (general supplementary powers); and
- in the exercise of powers and related provisions in Articles 2, 5, 6, 13, 17, 19 and 20 of 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).
- 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), and Articles 5, 13 and 22 of the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015, 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: Non-Solvency II Firms: Large Non-Solvency II Firms – Senior Insurance Managers Regime – Technical Rules (No. 2) Instrument 2016

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

Commencement

- E. Annex A comes into force on 7 March 2016.
F. Annex B comes into force on 7 March 2016.
G. Annex C comes into force on 15 February 2016.

Citation

- H. This instrument may be cited as the PRA Rulebook: Non-Solvency II Firms: Large Non-Solvency II Firms – Senior Insurance Managers Regime – Technical Rules (No. 2) Instrument 2016.

By order of the Board of the Prudential Regulation Authority

10 February 2016.

Annex A

This Annex contains amends the rules made in PS26/15 (Large Non-Solvency II Firms – Senior Insurance Managers Regime – Technical Rules Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

LARGE NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGERS REGIME – APPLICATIONS AND NOTIFICATIONS

...

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to: a

(1) a large non-directive insurer; and

(2) a Swiss general insurer.

...

Annex B

This Annex amends the rules made in PS26/15 (Large Non-Solvency II Firms – Senior Insurance Managers Regime – Technical Rules Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

LARGE NON-SOLVENCY II FIRMS – KEY FUNCTION HOLDER – NOTIFICATIONS

...

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to: ~~a~~

(1) a large non-directive insurer; and

(2) a Swiss general insurer.

1.2 In this Part, the following definitions shall apply:

...

notified non-executive director

means a non-executive director of a firm who is not an approved person in relation to that firm.

...

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.

...

2 KEY FUNCTION HOLDER NOTIFICATION

2.1 This Chapter does not apply in relation to a:

(1) ~~transitional key function holders~~, in relation to key functions held as at ~~7 March 2016~~ the commencement date;

(2) ~~grandfathering key function holders~~, in relation to key functions held as at ~~7 March 2016~~ the commencement date; or

(3) ~~new SIMF applicants;~~ or

(4) transitional notified non-executive director.

...

...

5 TRANSITIONAL ARRANGEMENTS FOR KEY FUNCTION HOLDERS

- 5.1 This Chapter applies only in relation to a:
- (1) *transitional key function holders*, in relation to *key functions* held as at ~~7 March 2016~~the commencement date;
 - (2) *grandfathering key function holders*, in relation to *key functions* held as at ~~7 March 2016~~the commencement date; and
 - (3) *new SIMF applicants*; 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*, ~~and~~ *new SIMF applicant* and *transitional notified non-executive director* in accordance with 5.3 to 5.56.
- ...
- 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*, ~~or 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 C

This Annex amends the rules made in PS26/15 (Large Non-Solvency II Firms – Senior Insurance Managers Regime – Technical Rules Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

LARGE NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGERS REGIME –TRANSITIONAL PROVISIONS

...

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to a *firm* that, on the *effective date*, has a *Part 4A permission* for *effecting contracts of insurance* or *carrying out contracts of insurance* and which will with effect from 1 January 2016 be:

(1) a large non-directive insurer; or

(2) a Swiss general insurer.

...

6 TABLE OF EQUIVALENT FUNCTIONS FOR GRANDFATHERING

...

Column 1	Column 2	Column 3
Large Non-Directive Insurers		
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 Nomination Committee function (CF2a) Chair of the With-Profits

Column 1	Column 2	Column 3
	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)	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) 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)	FCA Director of unincorporated association function (CF5) Chair of the Nomination Committee function (CF2a) Chair of the With-Profits Committee function (CF2b) (See Note)
Small friendly society (CF6)	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) Chair of the Risk Committee function (SIMF10) Chair of the Audit Committee function (SIMF11) Chair of the Remuneration	FCA Small friendly society function (CF6) Chair of the Nomination Committee function (CF2a) Chair of the With-Profits Committee function (CF2b) (See Note)

Column 1	Column 2	Column 3
	Committee function (SIMF12) Senior Independent Director function (SIMF14)	
Actuary (CF12)	Chief Actuary function (SIMF20)	
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)	
Significant management (CF29)	Group Entity Senior Insurance Manager function (SIMF7) Chief Actuary function (SIMF20) (general insurance firms only) Chief Underwriting Officer function (SIMF22)	
<u>Swiss General Insurers</u>		
<u>PRA or FCA Controlled Function</u>	<u>PRA Senior Insurance Management Function</u>	<u>FCA Function</u>
<u>Director (CF1)</u>	<u>Chief Finance function (SIMF2)</u> <u>Chief Risk function (SIMF4)</u> <u>Head of Internal Audit function (SIMF5)</u> <u>Group Entity Senior Insurance Manager function (SIMF7)</u> <u>Head of Third Country Branch function (SIMF19)</u> <u>Chief Actuary function (SIMF20)</u> <u>Chief Underwriting Officer function (SIMF22)</u>	<u>FCA Director function (CF1)</u> <u>(see Note)</u>

Column 1	Column 2	Column 3
<u>Non-executive director (CF2)</u>	<u>Group Entity Senior Insurance Manager function (SIMF7)</u> <u>Chairman function (SIMF 9)</u> <u>Senior Independent Director function (SIMF 14)</u> <u>Chair of the Risk Committee function (SIMF 10)</u> <u>Chair of the Audit Committee function (SIMF 11)</u> <u>Chair of the Remuneration Committee function (SIMF 12)</u>	
<u>Chief executive (CF3)</u>	<u>Head of Third Country Branch function (SIMF19)</u>	
<u>Systems and controls (CF28)</u>	<u>Chief Finance function (SIMF2)</u> <u>Chief Risk function (SIMF4)</u> <u>Head of Internal Audit function (SIMF5)</u>	<u>FCA Systems and Controls (CF28)</u> <u>(see Note)</u>
<u>FCA Significant management (CF 29)</u>	<u>Chief Underwriting Officer function (SIMF22)</u> <u>Group Entity Senior Insurance Manager (SIMF7)</u>	

Note: See SUP TP 7.2.3 R in the *FCA Handbook*.

...

**PRA RULEBOOK: SOLVENCY II FIRMS, NON-SOLVENCY II FIRMS: FITNESS AND PROPRIETY
AMENDMENT INSTRUMENT 2016**

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 60 (applications for approval);
 - (2) section 137G (the PRA’s general rules); and
 - (3) section 137T (general supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (rule-making instruments) of the Act.

Pre-conditions to making

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

PRA Rulebook: Solvency II Firms, Non-Solvency II Firms: Fitness and Propriety Amendment Instrument 2016

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

Commencement

- E. This instrument comes into force on 7 March 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: Solvency II Firms: Non-Solvency II Firms: Fitness and Propriety Amendment Instrument 2016.

By order of the Board of the Prudential Regulation Authority

10 February 2016.

Annex A

This Annex amends the rules made in PS22/15 Appendix 1 (PRA Rulebook: Solvency II Firms: Senior Insurance Managers Regime (No.2) Instrument 2015).

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

Part

INSURANCE – ALLOCATION OF RESPONSIBILITIES

...

5 RECORDS

...

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

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

5.6 The record in 5.4, and each updated version, must be signed by the *key function holder* and an appropriate representative of the *firm*.

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

(1) the *person* concerned is informed in writing of the changes; and

(2) the record in 5.4 is amended to show the changes.

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

5.9 [Not currently used.]

5.10 A *firm* must comply with 5.8 in relation to any record created in accordance with SYSC 2.2.1R of the *PRA Handbook* as at 31 December 2015.

...

Annex B

This Annex amends the rules made in PS 26/15 (PRA Rulebook: Non-Solvency II Firms: Large Non-Solvency II Firms – Senior Insurance Managers Regime Instrument 2015).

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

Part

LARGE NON-SOLVENCY II FIRMS – ALLOCATION OF RESPONSIBILITIES

...

5 RECORDS

...

~~5.4 A firm must retain each version of the *governance map* for six years from the date on which it was superseded by a more up-to-date version.~~

~~5.5 A firm must retain any records created in accordance with SYSC 2.2.1R of the *PRA Handbook* as at 31 December 2015 for six years from the date on which they were superseded by more up-to-date records.~~

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

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

5.6 The record in 5.4, and each updated version, must be signed by the *key function holder* and an appropriate representative of the *firm*.

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

(1) the *person* concerned is informed in writing of the changes; and

(2) the record in 5.4 is amended to show the changes.

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

5.9 [Not currently used.]

5.10 A *firm* must comply with 5.8 in relation to any record created in accordance with SYSC 2.2.1R of the *PRA Handbook* as at 31 December 2015.

HANDBOOK (RULEBOOK CONSEQUENTIALS) INSTRUMENT 2016**Powers exercised**

- A. The Prudential Regulation Authority ("PRA") makes this instrument in the exercise of the following powers and related provisions in 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.

Commencement

- D. This instrument comes into force on 7 March 2016.

Amendments

- E. Each of the following modules and chapters of the PRA's Handbook are deleted:

APER
FIT
SUP10B
SUP TP3

Citation

- F. This instrument may be cited as the Handbook (Rulebook Consequentials) Instrument 2016.

By order of the Board of the Prudential Regulation Authority

10 February 2016.

PRA RULEBOOK: CRR FIRMS, NON-CRR FIRMS, SOLVENCY II FIRMS, NON-SOLVENCY II FIRMS: SENIOR MANAGERS REGIME AND SENIOR INSURANCE MANAGERS REGIME AND INDIVIDUAL ACCOUNTABILITY (CONSEQUENTIALS) INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 59 (approval for particular arrangements);
 - (2) section 60 (applications for approvals);
 - (3) section 61 (determination of applications);
 - (4) section 137G (the PRA’s general rules); and
 - (5) 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: Senior Managers Regime and Senior Insurance Managers Regime and Individual Accountability (Consequential) Instrument 2016

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

Commencement

- E. This instrument comes into force on 7 March 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR firms, Non-CRR firms, Solvency II Firms, Non-Solvency II Firms: Senior Managers Regime and Senior Insurance Managers Regime and Individual Accountability (Consequential) Instrument 2016

By order of the Board of the Prudential Regulation Authority

10 February 2016.

Annex A

Amendments to the Glossary Part

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

Credit Union Senior Manager function

has the meaning given in Senior Management Functions 6.2.

FCA-authorised person

means (in accordance with section 31 of *FSMA* (Authorised persons)) an *authorised person* who is not a *PRA-authorised person*.

FCA-designated senior management function

means an *FCA controlled function* specified in SUP 10C.4.3R of the *FCA Handbook*.

FCA responsibilities

means any of:

- (1) the responsibilities 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 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) the responsibilities allocated under SYSC 4.8.10R of the *FCA Handbook*.

management responsibilities map

has the meaning given in Allocation of Responsibilities 6.

In the Glossary Part of the PRA Rulebook, make the following amendments. New text is underlined and deleted text is struck through.

~~*notified non-executive director*~~

~~means a *non-executive director* of a *CRR firm* who is not an *approved person* in relation to that *firm*.~~

regulatory system

means the arrangements for regulating a *firm* or other *person* in or under *FSMA*, the Bank of England Act 1998, the Banking Act 2009, the Friendly Societies Act 1974, the Friendly Societies Act 1992, the Credit Unions Act 1979, including the *threshold conditions*, the *Fundamental Rules* and other ~~rules~~ rules, the *Statements of Principle*, codes and ~~guidance~~ guidance given by the *PRA*, the Bank of England or the FCA and including any relevant directly applicable provisions of an *EU Directive* or *Regulation* including those specified under section 204A(2) of *FSMA*.

Annex B

Amendments to the Senior Insurance 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 INSURANCE MANAGEMENT FUNCTION

...

~~2.8 A firm must (as part of its assessment of whether a person is a fit and proper person to perform a senior insurance management function and in order to verify the information contained in the application to carry out the senior insurance management function) obtain the fullest information that it is lawfully able to obtain about the person under Part V of the Police Act 1997 (Certificates of Criminal records, etc.) and related subordinated legislation of the UK or any part of the UK before making the application.~~

...

7 FORMS

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

...

Annex C

Amendments to the Senior Insurance Managers Regime – Transitional Provisions Part

In this Annex, new text is underlined.

1. APPLICATION AND DEFINITIONS

...

6. TABLE OF EQUIVALENT FUNCTIONS FOR GRANDFATHERING

...

6 TABLE OF EQUIVALENT FUNCTIONS FOR GRANDFATHERING

...

Annex D

Amendments to the Conduct Rules Part

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

1 APPLICATIONS AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

~~*FCA-designated senior management function*~~

means an *FCA controlled function* specified in SUP 10C.4.3R of the *FCA Handbook*.

...

Annex E

Amendments to the General Organisational Requirements Part

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

1 APPLICATIONS AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

chief executive function

means ~~PRA controlled function CF3 in the table of PRA controlled functions, described more fully in SUP10B.6.7R of the PRA Handbook.~~

PRA controlled function

means a function, relating to the carrying on of a *regulated activity* by a *firm*, which is specified by the *PRA* (in the ~~table of PRA controlled functions~~), under section 59 of *FSMA*.

...

table of PRA controlled functions

means the table of ~~PRA controlled functions in SUP 10B.4.3R of the PRA Handbook.~~

...

5 MANAGEMENT BODY

...

5.7 ~~A firm must ensure that the chairman of the firm's management body does not exercise simultaneously the chief executive function within the same firm, unless justified by the firm and authorised by the PRA.~~

Additional Notes

[Note: Art. 88(1)(e) CRD]

5.8 A firm that maintains a website must explain on the website how it complies with the requirements of this Chapter and Senior Management Functions 8.2.

Additional Notes

[Note: Art. 96 of the CRD]

...

Annex F

Amendments to the Notifications Part

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

...

2 GENERAL NOTIFICATION REQUIREMENTS

...

2.4 (1) A *firm* must notify the *PRA* of:

(a) a significant breach of a *rule* or ~~*Statement of Principle*~~;

...

Annex G

Amendments to the Senior Management Functions Part

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

1 APPLICATIONS AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

Head of Internal Audit function

has the meaning given in 3.5

...

Credit Union Senior Manager function

has the meaning given in Senior Management Functions 6.2.

...

FCA responsibilities

means any of:

- (1) ~~the responsibilities 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.~~

Head of Internal Audit function

has the meaning given in 3.5

...

Head of Overseas Branch function

has the meaning given in Senior Management Functions 7.2.

...

Annex H

Amendments to the Senior Management Regime – Applications and Notifications Part

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

1 APPLICATIONS AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

~~FCA designated senior management function~~

~~means an FCA controlled function specified in SUP 10C.4.3R of the FCA Handbook.~~

...

~~management responsibilities map~~

~~has the meaning given in Allocation of Responsibilities 6.~~

...

2 APPLICATION TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION

...

~~2.8 A firm must (as part of its assessment of whether a person is a fit and proper person to perform a PRA senior management function and in order to verify the information contained in the application to carry out the PRA senior management function obtain the fullest information that it is lawfully able to obtain about the person under Part V of the Police Act 1997 (Certificates of Criminal records, etc.) and related subordinated legislation of the UK or any part of the UK before making the application.~~

PRA RULEBOOK: NON-SOLVENCY II FIRMS: LARGE NON-SOLVENCY II FIRMS - SENIOR INSURANCE MANAGERS REGIME (NO. 2) INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 59 (approval for particular arrangements);
 - (2) section 60 (applications for approval);
 - (3) section 61 (determination of applications);
 - (4) section 64A (rules of conduct);
 - (5) section 137G (the PRA’s general rules); and
 - (6) 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: Non-Solvency II Firms: Large Non-Solvency II Firms - Senior Insurance Managers Regime (No. 2) Instrument 2016

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

Commencement

- E. This instrument comes into force on 7 March 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: Non-Solvency II Firms: Large Non-Solvency II Firms - Senior Insurance Managers Regime (No. 2) Instrument 2016.

By order of the Board of the Prudential Regulation Authority

10 February 2016

Annex A

This Annex amends the rules made in PS26/15 (PRA Rulebook: Non-Solvency II Firms: Large Non-Solvency II Firms - Senior Insurance Managers Regime Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

LARGE NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGEMENT FUNCTIONS

Chapter content

1. APPLICATION AND DEFINITIONS
2. GENERAL
3. EXECUTIVE
4. OVERSIGHT
5. GROUP ENTITIES
6. HEAD OF THIRD COUNTRY BRANCH
- ~~6.7.~~ CHIEF ACTUARY
- ~~7.8.~~ WITH-PROFITS ACTUARY
- ~~8.9.~~ CHIEF UNDERWRITING OFFICER

Links

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to: a

(1) a large non-directive insurer; and

(2) a Swiss general insurer.

1.2 In this Part, the following definitions shall apply:

...

Chief Actuary function

has the meaning given in ~~6~~7.1.

...

Chief Underwriting Officer function

has the meaning given in ~~8~~9.2.

...

Head of Third Country Branch function

has the meaning given in 6.2.

...

With-Profits Actuary function

has the meaning given in ~~7~~8.2.

2 GENERAL

2.1 Each of the functions in 3 - ~~8~~9 is a *controlled function* and a *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 *senior insurance management functions* on its behalf:

(a) the *Chief Executive function*;

(b) the *Chief Finance function*; and

(c) the *Chairman function*.

...

6 HEAD OF THIRD COUNTRY BRANCH

6.1 This Chapter applies only to a *Swiss general insurer*.

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*.

6.3 (1) A Swiss general insurer must have at least one person approved to perform the Head of Third Country Branch function.

(2) If a vacancy arises in respect of the Head of Third Country Branch function, a Swiss general insurer must ensure that it appoints a person to fill that vacancy as soon as possible.

6.4 A Swiss general insurer is not required to have any person(s) approved to perform any of the other senior insurance management functions.

67 CHIEF ACTUARY

67.1 The *Chief Actuary function* (SIMF20) is the function of having responsibility for the actuarial function specified in Non-Solvency II Firms – Governance 10.

78 WITH-PROFITS ACTUARY

78.1 This Chapter applies only to *firms* that carry on *with-profits insurance business*.

78.2 The *With-Profits Actuary function* (SIMF21) 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.

89 CHIEF UNDERWRITING OFFICER

89.1 This Chapter applies only to *firms* that carry on *general insurance business*.

89.2 The *Chief Underwriting Officer function* (SIMF22) 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*.

Annex B

This Annex amends the rules made in PS26/15 (PRA Rulebook: Non-Solvency II Firms: Large Non-Solvency II Firms - Senior Insurance Managers Regime Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

LARGE NON-SOLVENCY II FIRMS – FITNESS AND PROPRIETY

...

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to: a

(1) a large non-directive insurer; and

(2) a Swiss general insurer.

...

Annex C

This Annex amends the rules made in PS26/15 (PRA Rulebook: Non-Solvency II Firms: Large Non-Solvency II Firms - Senior Insurance Managers Regime Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

LARGE NON-SOLVENCY II FIRMS – ALLOCATION OF RESPONSIBILITIES

...

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to: a

(1) a large non-directive insurer; and

(2) a Swiss general insurer.

...

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 *senior insurance management function*; or

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

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

...

Annex D

This Annex amends the rules made in PS26/15 (PRA Rulebook: Non-Solvency II Firms: Large Non-Solvency II Firms - Senior Insurance Managers Regime Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

LARGE NON-SOLVENCY II FIRMS – CONDUCT STANDARDS

...

1 APPLICATION

1.1 Unless otherwise stated, this Part applies to:

- (1) a *large non-directive insurer*, ~~and~~
- (2) a Swiss general insurer, and
- (23) in relation to ~~a large non-directive insurer~~ any of the foregoing firms, any person who is approved under section 59 of *FSMA* by either:
 - (a) the *PRA*; or
 - (b) the *FCA*, in relation to a *relevant senior management function*.

...

Annex E

This Annex proposes updates to the rules made in PS26/15 (Non-Solvency II Firms – Governance Part). Strikethrough text is deleted and new text is underlined.

1 APPLICATION AND DEFINITION

1.1 Unless otherwise stated, this Part applies to:

- (1) a *non-directive insurer*; and
- (2) subject to 1.2, a *Swiss general insurer*.

1.2 Only Chapters ~~2, 5, 6 and 7~~ 3 and 5 to 10 apply to a *Swiss general insurer* and only in respect of the activities of the *firm* carried on from a *branch* in the *UK*.

...

2 GENERAL GOVERNANCE FOR SMALL NON-DIRECTIVE INSURERS

2.1 This Chapter only applies to a *small non-directive insurer* and a ~~*Swiss general insurer*~~.

...

3 GENERAL GOVERNANCE FOR LARGE NON-DIRECTIVE INSURERS

3.1 This Chapter only applies to a *large non-directive insurer* and a *Swiss general insurer*.

...

8 INTERNAL CONTROL

8.1 This Chapter only applies to a *large non-directive insurer* and a *Swiss general insurer*.

...

9 INTERNAL AUDIT

9.1 This Chapter only applies to a *large non-directive insurer* and a *Swiss general insurer*.

...

10 ACTUARIAL FUNCTION

10.1 This Chapter only applies to a *large non-directive insurer* and a *Swiss general insurer*.

...

Annex F

Amend the Glossary Part as follows in the appropriate alphabetical positions. Underlining indicates new text and deleted text is struck through.

Part

GLOSSARY

...

conduct standards

- (1) for a *UK Solvency II firm*, the *Society*, a *managing agent* and a *UK ISPV*, means the standards of expected conduct specified in Insurance - Conduct Standards 3;
- (2) for a *third country branch undertaking* (other than a *UK-deposit insurer* or a *Swiss general insurer*), means the standards of expected conduct specified in Insurance - Conduct Standards 3.1 to 3.3 and, taking account only of matters relevant to the operations of the *third country branch*, Insurance – Conduct Standards 3.4 to 3.8;
- (3) for a *UK-deposit insurer*, means the standards of expected conduct specified in Insurance - Conduct Standards 3.1 to 3.3 and, taking account only of matters relevant to the operations of the *third country branch* and all the *third country undertaking EEA branches*, Insurance – Conduct Standards 3.4 to 3.8;
- (4) for a *small non-directive insurer*, means the standards of expected conduct specified in Non-Solvency II Firms - Conduct Standards 2; ~~and~~
- (5) for a *large non-directive insurer*, means the standards of expected conduct specified in Large Non-Solvency II Firms - Conduct Standards 3; and
- (6) for a *Swiss general insurer*, means the standards of expected conduct specified in Large Non-Solvency II Firms - Conduct Standards 3 taking account only of matters relevant to the operations of the *third country branch*.

...

key function

- (1) in relation to a *UK Solvency II firm*, the *Society*, a *managing agent*, a *UK ISPV* and a *large non-directive insurer*, means each of the following in relation to the carrying on of a *regulated activity* by the *firm*:
 - (a) the risk-management *function*;
 - (b) the compliance *function*;
 - (c) the internal audit *function*;
 - (d) the actuarial *function*;
 - (e) the *function* of effectively running the *firm*; and
 - (f) any other *function* which is of specific importance to the sound and prudent management of the *firm*;
- (2) in relation to a *third country branch undertaking* ~~(other than a *Swiss general*~~

~~insurer~~ means, in relation to the carrying on of a *regulated activity* by the *third country branch undertaking*, each of the following *functions* performed in relation to the operations effected by the *third country branch* or, for a *UK deposit insurer*, in relation to the operations effected by the *third country branch* and all the *third country undertaking EEA branches*:

- (a) the risk-management *function*;
- (b) the compliance *function*;
- (c) the internal audit *function*;
- (d) the actuarial *function*;
- (e) the *function* of effectively running the operations effected by the *third country branch* or, for a *UK-deposit insurer*, the operations effected by the *third country branch* and all the *third country undertaking EEA branches*;
- (f) the *function* of being the *authorised UK representative*; and
- (g) any other *function* which is of specific importance to the sound and prudent management of the *third country branch* or, for a *UK-deposit insurer*, the operations effected by the *third country branch* and all the *third country undertaking EEA branches*.

...

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 2.2 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 89 pursuant to section 59 of *FSMA*.

...

PRA RULEBOOK: CRR FIRMS, NON-CRR FIRMS, SOLVENCY II FIRMS, NON-SOLVENCY II FIRMS: REGULATORY REFERENCE INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 60 (applications for approval);
 - (2) section 137G (the PRA’s general rules); and
 - (3) section 137T (general supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (rule-making instruments) of the Act.

Pre-conditions to making

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

PRA Rulebook: CRR Firms, Non-CRR Firms, Solvency II Firms, Non-Solvency II Firms: Regulatory Reference Instrument 2016

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

Commencement

- E. This instrument comes into force on 7 March 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms, Non-CRR Firms, Solvency II Firms, Non-Solvency II Firms: Regulatory Reference Instrument 2016.

By order of the Board of the Prudential Regulation Authority

10 February 2016.

Annex A

This Annex amends the rules made in PS22/15 Appendix 1 (PRA Rulebook: Solvency II Firms: Senior Insurance Managers Regime (No.2) Instrument 2015).

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

Part

INSURANCE – FITNESS AND PROPRIETY

Chapter content

1. APPLICATION AND DEFINITIONS
2. FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS
3. ~~OBLIGATION TO PROVIDE REFERENCES~~ REGULATORY REFERENCES
4. DISCLOSURE AND REPLACEMENTS
5. LLOYD'S
6. FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

Links

...

3 OBLIGATION TO PROVIDE REFERENCESREGULATORY REFERENCES

3.1 If any PRA-authorised person (A):

- (1) is considering issuing a certificate to, making a senior management application in respect of, or appointing as a senior insurance management function holder, a key function holder, a non-executive director, a notified non-executive director or a credit union non-executive director, a person (P);
- (2) 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:
 - (a) P's current or former employer; or
 - (b) an organisation at which P is or was a member of the governing body; and
- (3) indicates to B the purpose of the request;

B must, as soon as reasonably practicable, provide a reference and disclose to A in the reference all information of which B is aware that is relevant to A's assessment of whether P is fit and proper.

...

Annex B

This Annex amends the rules made in PS 26/15 ('PRA Rulebook: Non-Solvency II Firms: Large Non-Solvency II Firms – Senior Insurance Managers Regime Instrument 2015').

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

Part

LARGE NON-SOLVENCY II FIRMS – FITNESS AND PROPRIETY

Chapter content

1. APPLICATION AND DEFINITIONS
2. FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS
3. ~~OBLIGATION TO PROVIDE REFERENCES~~ REGULATORY REFERENCES
4. DISCLOSURE AND REPLACEMENTS
5. FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

Links

...

3 ~~OBLIGATION TO PROVIDE REFERENCES~~ REGULATORY REFERENCES

3.1 ~~[Not yet in force]~~ If any *PRA-authorised person* (A):

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

(2) _____ 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:

(a) _____ P's current or former employer; or

(b) _____ an organisation at which P is or was a member of the *governing body*; and

(3) _____ indicates to B the purpose of the request;

B must, as soon as reasonably practicable, provide a reference and disclose to A in the reference all information of which B is aware that is relevant to A's assessment of whether P is fit and proper.

...

Annex C

This Annex amends the rules made in PS 26/15 (PRA Rulebook: Non-Solvency II Firms: Senior Insurance Managers Regime – Technical Rules and Actuarial Functions Instrument 2015’).

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

Part

NON-SOLVENCY II FIRMS - FITNESS AND PROPRIETY

Chapter content

1. APPLICATION AND DEFINITIONS
2. FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS
3. ~~OBLIGATION TO PROVIDE REFERENCES~~ REGULATORY REFERENCES
4. DISCLOSURE AND REPLACEMENTS
5. FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

Links

...

3 OBLIGATION TO PROVIDE REFERENCES REGULATORY REFERENCES

3.1 If any PRA-authorised person (A):

- (1) is considering issuing a certificate to, making a senior management application in respect of, or appointing as a senior insurance management function holder, a key function holder, a non-executive director, a notified non-executive director or a credit union non-executive director, a person (P);
- (2) 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:
 - (a) P's current or former employer; or
 - (b) an organisation at which P is or was a member of the governing body; and
- (3) indicates to B the purpose of the request;

B must, as soon as reasonably practicable, provide a reference and disclose to A in the reference all information of which B is aware that is relevant to A's assessment of whether P is fit and proper.

...

Annex D

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

Part

FITNESS AND PROPRIETY

Chapter content

1. APPLICATION AND DEFINITIONS
2. FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS
3. CONDUCT STANDARDS
4. NOTIFIED NON-EXECUTIVE DIRECTORS – NOTIFICATIONS
5. ~~[REGULATORY REFERENCES – not yet in force]~~
6. FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

Links

...

- 5 ~~[REGULATORY REFERENCES – not yet in force]~~
-

5.1 If any PRA-authorised person (A):

- (1) is considering issuing a certificate to, making a senior management application in respect of, or appointing as a senior insurance management function holder, a key function holder, a non-executive director, a notified non-executive director or a credit union non-executive director, a person (P);
- (2) 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:
 - (a) P's current or former employer; or
 - (b) an organisation at which P is or was a member of the governing body;
- (3) indicates to B the purpose of the request,

B must, as soon as reasonably practicable, provide a reference and disclose to A in the reference all information of which B is aware that is relevant to A's assessment of whether P is fit and proper.

...

PRA RULEBOOK: RULEBOOK CONSEQUENTIALS (FEES) INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority ("PRA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):
- (1) section 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;
- 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: Rulebook Consequentials (Fees) Instrument 2016

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

Commencement

- E. This instrument comes into force on **1 March 2016**.

Citation

- F. This instrument may be cited as the PRA Rulebook: Rulebook Consequentials (Fees) Instrument 2016.

By order of the Board of the Prudential Regulation Authority

24 February 2016

Annex A

Amendments to the Depositor Protection Part

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

(44) FUNDING – REPORTING REQUIREMENTS

....

44.4 If a *firm* does not submit a complete *statement of business* by the date on which it is due in accordance with 44.2 and any prescribed submission procedures:

- (1) The *firm* must pay an administrative fee of £250 (but not if it is already subject to an administrative fee by the *PRA* for the same financial year); and
- (2) The *DGS compensation costs levy* and any *DGS specific costs levy* will be calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by a factor of 1.10 (or if it has become a *DGS member* part way through a financial year, on the basis of the information provided to the *PRA* for the purposes of ~~FEES 4.4.2R~~ Fees 3.6 (1) or on any other reasonable basis, making such adjustments as seem appropriate in subsequent levies once the true figures are known).

Annex B**Amendments to the Dormant Account Scheme Part**

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

(23) FUNDING – REPORTING REQUIREMENTS

.....

23.4 If a *DAS member* does not submit a complete *tariff statement* by the date on which it is due in accordance with 23.2 and any prescribed submission procedures:

- (1) The *DAS member* must pay an administrative fee of £250 (but not if it is already subject to an administrative fee by the *PRA* for the same financial year); and
- (2) The *DAS compensation costs levy* and any *DAS specific costs levy* will be calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by a factor of 1.10 (or if it has become a *DAS member* part way through a financial year, on the basis of the information provided to the *PRA* for the purposes of ~~FEES 4.4.2R Fees 3.6 (1)~~ or on any other reasonable basis, making such adjustments as seem appropriate in subsequent levies once the true figures are known).

Annex C

Amendments to the Policyholder Protection Part

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

(21) FSCS LEVIES

.....

21.24 This rule applies to the calculation of the levies of a *firm* (A) if:

a. A:

i. acquires all or a part of the business of another *firm* (B), whether by merger, acquisition, goodwill or otherwise; or

ii. becomes authorised as a result of B's simple change of legal status (as defined in ~~FEES 3 Annex 1R Part 6 in the PRA Handbook~~ Fees 4.5 (4)).

.....

21.44 If a *participant firm* does not submit a complete statement by the date on which it is due in accordance with 21.42 and any prescribed submission procedures:

1. the *firm* must pay an administrative fee of £250 (but not if it is already subject to an administrative fee for non-submission of data in the same financial year required under this Part, or any other PRA rule or rule in the FCA Handbook); and
2. the *compensation costs levy* and any *specific costs levy* will be calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by a factor of 1.10 (or if it has become a *participant firm* part way through the financial year, on the basis of information provided to the PRA for the purposes of ~~FEES 4.4..2R in the PRA Handbook~~ Fees 3.6 (1) or on any other reasonable basis, making such adjustments as seem appropriate in subsequent levies once the true figures are known).

.....

21.47 A *participant firm* liable to pay its share of the levy under 21.45 must do so using one of the methods ~~set out in FEES 4.2.4R in the PRA Handbook~~ specified by the PRA's collection agent for fees as required by Fees 2.5 save that no additional amount or discount is applicable.

.....

ANNEX 2: METHODOLOGY FOR CALCULATION OF A PARTICIPANT FIRM'S LEVY SHARE

Insurance Class B1	General Insurance Provision
Tariff base	<p>Insurance Class B1: <i>Relevant net premium income</i> and eligible gross technical liabilities. The levy is split into two in the ratio 75:25. The tariff base for the first portion (75%) is calculated by reference to <i>relevant net premium income</i>. The tariff base for the second portion (25%) is based on eligible gross technical liabilities.</p> <p>Eligible gross technical liabilities are calculated in accordance with the method for calculating gross technical liabilities in fee block A3 in Part 3 of FEES 4 Annex 1BR Fees 3.4 (2) (a) (i) – (iii) and (b), (c) and (d) with the following adjustments.</p> <p>.....</p> <p>4. the notes for the calculation of fees in fee block A3 in Part 3 of FEES 4 Annex 1BR of the PRA Handbook Fees 3.4 (2) (a) (i)-(iii) and (d) do not apply except for the purposes of (2).</p> <p>.....</p>
Insurance Class C1	Life and Pensions Provision
Tariff base	<p>Insurance Class C1: <i>Relevant net premium income</i> and eligible mathematical reserves. The levy is split into two in the ratio 75:25. The tariff base for the first portion (75%) is calculated by reference to <i>relevant net premium income</i>. The tariff base for the second portion (25%) is based on mathematical reserves.</p> <p>.....Eligible mathematical reserves are calculated in accordance with the method for calculating mathematical reserves in fee block A4 in Part 3 of FEES 4 Annex 1BR of the PRA Handbook 'mathematical reserves for fees purposes' as defined in Fees 1.2 of the PRA Handbook with the following adjustments.</p> <p>.....</p> <p>4. The notes for the calculation of fees in the A4 fee block in Part 3 of FEES 4 Annex 1BR of the PRA Handbook - Fees 3.4 (3) (a) and (b) do not apply except for the purposes of (3) (2).</p> <p>.....</p> <p>7. The references to pension fund management business in business in Part 3 of FEES 4 Annex 1BR of the PRA Handbook the definition of 'mathematical reserves for fees purposes' in Fees 1.2 do not apply. A <i>participant firm</i> undertaking such business that does not carry out any other activities within <i>insurance class C1</i> (ignoring any activities that would have a wholly insignificant effect on the calculation of its tariff base for <i>insurance class C1</i>) must use its long-term insurance capital requirement instead of gross technical liabilities. The Long-term insurance capital requirement means the amount that it is required to show as its long-term insurance capital requirement in Form 2 Line 31 (Statement of solvency - long-term insurance business) in relation to the most recent financial year of the <i>participant firm</i> (as at the applicable reporting date under 21.42) for which the <i>participant firm</i> is required to have reported that information to the PRA.</p>

Annex D

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

(1) APPLICATION AND DEFINITIONS

.....

1.2 In this Part, the following definitions shall apply:

.....

participant firm

has the meaning given in paragraph A (2) of the PRA Handbook Glossary definition of 'participant firm' as at 29 February 2016 for the purposes of the PRA's rules and has the meaning given in the FCA Handbook for the purposes of the FCA's rules in FEES 1.

.....

Regulatory costs

means the periodic fees payable to the PRA or FCA by a *participant firm* (and where applicable *the Society*) in accordance with the PRA's rules in Fees 3 ~~FEES 4 in the PRA Handbook~~ and in accordance with FEES 4 in the FCA Handbook.

PRA HANDBOOK: RULEBOOK CONSEQUENTIALS (FEES) INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
 - (2) section 137T (General supplementary powers);
 - (3) section 166 and 166A (Reports by skilled persons);
 - (4) 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 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 Handbook: Rulebook Consequentials (Fees) Instrument 2016

- D. The PRA makes the rules in paragraph F of this instrument.

Commencement

- E. This instrument comes into force on **1 March 2016** upon adoption of the Fees Part of the PRA Rulebook.

Deletion

- F. Each of the following modules and sections of the PRA’s Handbook is deleted:

FEES 1
FEES 2
FEES 3
FEES 4
FEES TP 4
FEES TP 5
FEES TP 8
FEES TP10
FEES Schedule 6

Citation

G. This instrument may be cited as the PRA Handbook: Rulebook Consequential (Fees) Instrument 2016.

By order of the Board of the Prudential Regulation Authority

24 February 2016

PRA RULEBOOK: FEES INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
 - (2) section 137T (General supplementary powers);
 - (3) section 166 and 166 A (Reports by skilled persons); and
 - (4) 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 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: Fees Instrument 2016

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

Commencement

- E. This instrument comes into force on **1 March 2016**.

Citation

- F. This instrument may be cited as the PRA Rulebook: Fees Instrument 2016.

By order of the Board of the Prudential Regulation Authority

24 February 2016

Annex

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

Part

FEES

Chapter content

1. APPLICATION AND DEFINITIONS
2. OBLIGATION TO PAY FEES
3. PERIODIC FEES
PERIODIC FEES SCHEDULE: 'FEE RATES AND EEA/TREATY FIRM MODIFICATIONS FOR THE PERIOD FROM 1 MARCH 2015 TO 29 FEBRUARY 2016'.
4. REGULATORY TRANSACTION FEES
5. SPECIAL PROJECT FEE FOR RESTRUCTURING

1. APPLICATION AND DEFINITIONS

1.1 This Part, unless otherwise stated, applies to every *firm* and every *person* required to pay a fee to the *PRA*.

1.2 In this Part, the following definitions shall apply:

active capacity

means the capacity of the *syndicate(s)* under management in the *fee year* in question, including the capacity of *syndicates* that are not writing new business but have not been closed off in the year in question.

adjusted gross premium income or AGPI

means adjusted gross premium income of an *insurer* calculated as follows (all business transacted through independent practitioners or tied agents, whether single or multi-tie, being divided by two):

1. amount of new regular *premium* business (yearly *premiums* including reassurances ceded but excluding cancellations and reassurances accepted) x10;

plus

2. amounts of new single *premium* business (total including reassurances ceded but excluding cancellations and reassurances accepted). Group protection business (life and private health insurance) must be included;

less

3. *premiums* relating to *pension fund management*;

less

4. *premiums* relating to *trustee investment plans*.

advanced IRB

means the internal ratings based approach for assessing credit risk referred to in Article 151(4) and (9) of the *CRR*.

advanced measurement approaches or AMA

means advanced measurement approaches to operational risk based on a *firm's* own operational risk management systems as referred to in s312(2) *CRR*.

annual funding requirement or AFR

means, in respect of any *fee year*, the total ongoing costs of the *PRA* as determined by the *PRA*.

application

means a request to the *PRA*, in any format, for the *PRA* to exercise its functions in relation to the applicant or for approval, waiver or confirmation of any matter relating to the applicant.

collection agent

means the agent, currently the FCA, designated from time to time by the *PRA* to collect and analyse *tariff data* from firms and to calculate, invoice and collect fees on its behalf.

consumer credit-related activity (ies)

means:

any of the activities 1 (a) – (m) in Part 2 or 3A; and

advising on regulated credit agreements for the acquisition of land under Article 53DA

of the *Regulated Activities Order* in the manner specified in Part 3 of the *Regulated Activities Order* as being relevant to those activities.

contributions as income

means contributions as income of a *friendly society* under Schedule 7: Part I item 1 (a) to the Friendly Societies (Accounts and Related Provisions) Regulations 1994 (SI 1994/1983) in respect of *United Kingdom* business

deposit acceptors fee block

means the *fee block* for *firms* whose *Part 4A permission* includes *accepting deposits* but does not include either of the following:

1. *effecting contracts of insurance*; or
2. *carrying out contracts of insurance*.

designated firms dealing as principal fee block

means *firms* whose *Part 4A permission* includes *dealing in investments as principal* where the *PRA* has designated 'dealing in investments as principal' a *PRA regulated activity* in respect of that *firm*.

due date for payment

means the due date for payment of any fee under this Part, payment being required in cleared funds on or before 5pm on that day or, where it is not a *business day*, the next *business day*.

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*

fee payer

means any *firm* or *person* required to pay a fee in accordance with this Part of the Rulebook.

fee tariff (s) or tariff

means a payment or scale of payments in accordance with the *PRA's* fee-charging system.

fee year

means the *PRA's* *fee year*, being twelve months from 1 March in one calendar year to the last day of February in the following calendar year.

first fee year

means the *fee year* during which a *firm* becomes authorised or receives an extended *Part 4A permission* in relation to *PRA-regulated activity*.

Form ELS

means the eligible liabilities return by which *banks* and *building societies* provide information to the *Bank of England* as required by the Bank of England Act 1998.

foundation IRB

means the internal ratings based approach for assessing credit risk referred to in Article 143(1) of the *CRR*.

general insurance fee block

means *firms* whose *Part 4A permission* includes effecting or carrying out *contracts of general insurance* or *contracts of long term insurance* other than life policies.

gross premium income or GPI

means the amount of premium receivable which must be included in the documents required to be deposited under *IPRU(INS) 9.6* in relation to the financial year to which the documents relate but disregarding for this purpose such amounts as are not included in the documents by reason of a waiver or an order under section 68 of the Insurance Companies Act 1982 carried

forward as an amendment to *IPRU (INS)* of the *PRA Handbook* under transitional provisions relating to written concessions; or

gross premiums written

means *gross premiums written* under Schedule 1: Part I.1 (a) and II.1. (a) of the Friendly Societies (Accounts and Related Provisions) Regulations 1994 (SI 1994/1983)

gross technical liabilities or GTL

means the amount of gross technical liabilities referred to in *(IPRU (INS))* (Appendix 9.1- Form 15 line 19) which must be included in the documents required to be deposited under *IPRU(INS)9.6R* in relation to the financial year to which the documents relate but disregarding for this purpose such amounts as are not included in the documents by reason of a waiver or an order under section 68 of the Insurance Companies Act 1982 carried forward as an amendment to *IPRU (INS)* of the *PRA Handbook* under *transitional provisions* relating to written concessions.

insolvency proceedings

means:

1. any proceedings under the Insolvency Act 1986 or Companies Act 2006 to have a *firm* declared insolvent or to wind up its business including, without limitation, administration, company voluntary arrangement, scheme of arrangement, receivership, administrative receivership, liquidation, sequestration or appointment of a trustee in bankruptcy;
2. any proceedings under the Banking Act 2009 special insolvency regime; or
3. any equivalent process in any jurisdiction outside the *United Kingdom*.

insurance business transfer scheme

means a scheme to transfer the whole or part of the business of an *insurance undertaking* or *member* or *former member* of the *Society* which meets the conditions of Part VII *FSMA* or, where applicable, the Financial Services and Markets Act 2000 (Control of Transfers of Business Done at Lloyd's) Order 2001(SI 2001/3626).

internal model method

means the internal approach to counterparty credit risk referred to in Article 283 of the *CRR*.

IPRU (INS)

means the *IPRU (INS)* section of the *PRA Handbook* which remains in force to the extent required by:

1. Transitional Measures 3.7 of the *PRA Rulebook* for *Solvency II firms*; and

2. Transitional Measures 3.1 of the PRA Rulebook for *non-directive firms*, and references to rules, forms and appendices are to those applicable as at 31 December 2015.

late payment interest

means interest at the rate of 5% per annum above the official bank rate of the *Bank of England* from time to time in force.

life insurance fee block

means *firms* whose *permission* includes *effecting or carrying out contracts of insurance* which are, or include, *life policies* or entering into a funeral plan contract as provider.

Lloyd's managing agents fee block

means *firms* whose *permission* includes managing the underwriting capacity of a *syndicate* as a *managing agent* at the *Society*.

mathematical reserves for fees purposes

means

the amount of mathematical reserves (*IPRU (INS) Appendix 9.1R – Form 14 Line 11*) which must be included in the documents required to be deposited under *IPRU(INS)9.6R* in relation to the financial year to which the documents relate but disregarding for this purpose such amounts as are not included in the documents by reason of a waiver or an order under section 68 of the Insurance Companies Act 1982 carried forward as an amendment to IPRU (INS) of the *PRA Handbook* under transitional provisions relating to written concessions;

less

mathematical reserves relating to *pension fund management*;

less

mathematical reserves relating to *trustee investment plans*.

modified eligible liabilities or MELs

means:

1. for *banks* and *building societies* their modified eligible liabilities relating to business conducted out of offices in the *United Kingdom*, calculated in accordance with the following formula:

$$(1 + 2 + 3 + 4 + 0.6*5 + 6 - 8 - 9A - 9B - 10A - 10B - 10C - 11A - 11B - 0.6*12) + (1/3)*(F1 + F2 + F3 + F4 + 0.6*F5 + F6 - F8 - F9A - F9B - F10A - F10B - F10C - F11A - F11B - 0.6*F12)$$

- 13M

where each variable refers to an entry in Item B of *Form ELS*;

and

2. for *credit unions*, modified eligible liabilities relating to their *United Kingdom* business only, being deposits with the *credit union* (that is its share capital) less the *credit union's* bank deposits (investments + cash at bank).

minimum fee block

means the *fee block* comprising all *firms* referred to in Table I of the *Periodic Fees Schedule*.

new authorisations

means any *application*, or granting of an *application*, for (1) a *Part 4A permission* which includes a *PRA regulated activity* or (2) a *top-up permission* which includes a *PRA regulated activity*.

number of traders

means the number of employees or agents who, as part of their ordinary duties on behalf of a *firm* in the *designated firms dealing as principal fee block* (A10) commit the *firm* in market dealings or in transactions in securities or other investments in the course of *PRA regulated activities*, but excluding anyone working solely for the *firm's* multi-lateral trading facility operation.

pension fund management

means the class of *contract of insurance* specified in paragraph VII of Part II of Schedule 1 to the *Regulated Activities Order* (Contracts of long-term insurance) where effected or carried out by a *person* who does not carry on a banking business but otherwise carries on *insurance business*.

periodic fee(s)

means the fee or fees payable in accordance with Chapter 3.

Periodic Fees Schedule

means the schedule of *periodic fees* annexed to Chapter 3, which is replaced annually following the *PRA's* fee rates consultation.

retribution

means the process under which an *insurer* seeks to redefine the rights and interests of policy holders.

regulatory transaction fee(s)

means the fee or fees payable in accordance with Chapter 4.

second fee year

means the *fee year* commencing on 1 March immediately following the end of the *firm's* first fee year.

special project fee(s) or SPF (s)

means the fee or fees payable in accordance with Chapter 5.

Society of Lloyd's fee block

means the *fee block* of which the *Society* is the sole member.

tariff bands

means broad groupings of business volumes for the purpose of calculating *periodic fees*.

tariff base

means the *PRA's* methodology for calculating volumes of business for the purposes of determining *periodic fees*.

tariff data

means information about a *firm's* business used in the calculation of *periodic fees*.

tariff rate

means the rate of fee applied to a particular activity for the purpose of calculating *periodic fees*.

transition costs

means the costs of establishing the *PRA* which are being recovered from *firms* over a period of five years from 2013/14 to 2017/18.

transition costs fee block

means *firms* which are liable to pay *transition costs* as shown in Table II of the *Periodic Fees Schedule*.

Treaty firm

means, as defined in paragraph 1 of Schedule 4 of *FSMA*, a person whose head office is situated in an *EEA state* other than the *United Kingdom* and which is recognised by the law of that state as its national.

trustee investment plans

means the class of *contracts of insurance* specified in Class 3 of Part II of Schedule 1 to the *Regulated Activities Order* and which are invested in pooled funds beneficially owned by an *insurer* and not earmarked for individual beneficiaries by that *insurer*.

valuation point

means the relevant date or period for assessing a firm's *tariff data* and calculating *periodic fees* under Chapter 3.

Version 1 credit union

means a *credit union* whose *Part 4A permission* requires that it must not lend more than £15,000, or such lesser amount as may be specified in the permission, in excess of a member's shareholding, being any shares held by a member of the *credit union* in accordance with sections 5 and 7 of the Credit Unions Act 1979 or articles 14 and 23 of the Credit Unions (Northern Ireland) Order 1985 (as appropriate).

Version 2 credit union

means a *credit union* which is not a *Version 1 credit union*.

2 OBLIGATION TO PAY FEES

Fees to be paid in full without deduction on the due date for payment

- 2.1 All fees must be paid in full and without deduction on the *due date for payment*.
- 2.2 The *due date for payment* of:
- (1) *periodic fees* is as specified in 3.15;
 - (2) *regulatory transaction fees* is as specified in 4.2;
 - (3) *special project fees* is as specified in 5.8.
- 2.3 As permitted by paragraphs 31(7) and 35 of Schedule 1ZB of *FSMA*, the *PRA* may take all steps and seek all remedies available to a creditor to recover, as a debt due to the *PRA*, any fee or other amount, such as interest, which remains unpaid after it falls due.
- 2.4 The *PRA* may take regulatory action in relation to non-payment of fees in addition to, or instead of, any steps taken or remedies pursued under 2.3.
- 2.5 *Fee-payers* must comply with directions, whether in an invoice, form, notice or otherwise, of the *collection agent* when acting in that capacity on behalf of the *PRA*.

Late payment interest

- 2.6 Subject to 2.8, a *fee payer* who does not pay the full amount of a fee by the *due date for payment* will incur *late payment interest* on any unpaid part of the fee, accruing on a daily basis from the *due date for payment* until payment is made.
- 2.7 The *PRA* will not charge interest on *late payment interest*.
- 2.8 *Late payment interest* does not apply to *regulatory transaction fees* and *special project fees*.

Relieving provisions

- 2.9 If it appears to the *PRA* in relation to any fee that in the exceptional circumstances of a particular case it would be inequitable to require payment or to retain sums previously paid, it may at its discretion:
- (1) waive the payment;
 - (2) reduce the amount payable; or

(3) offer a whole or partial refund of sums already paid.

2.10 The PRA will not consider a claim by a *fee payer* for waiver, reduction or refund under 2.9 based on the *fee payer's* error if the claim is made more than two years after the beginning of the period to which the fee relates.

3 PERIODIC FEES

Application, allocation to fee blocks and due date for payment

3.1 *Periodic fees* are payable in respect of each *PRA fee year* by any *person* who is, or becomes, a *firm* during the *fee year*.

3.2 The amount payable depends upon the *fee block* to which the *firm* has been allocated. *Firms* falling into more than one *fee block* pay *periodic fees* in relation to each.

Tariff bases, valuation points and the Periodic Fees Schedule

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

- (1) a minimum *periodic fee* at the rate specified in Table I of the *Periodic Fees Schedule*.
- (2) a *transition costs* allocation calculated in accordance with Table II of the *Periodic Fees Schedule*; and
- (3) *periodic fees* at the rate specified in Table III, subject to any modifications in Table IV, of the *Periodic Fees Schedule* calculated as follows:
 - (a) applying the *tariff bases* and *valuation points* set out in 3.4 to the *tariff data* which they have supplied to the PRA or its *collection agent*;
 - (b) where applicable, grouping *tariff data* into the *tariff bands* shown in Column 3 of Table III of the *Periodic Fees Schedule*; and
 - (c) applying the appropriate *tariff rate* as shown in Column 4 of Table III of the *Periodic Fees Schedule*;

the fee being the total of sums payable in respect of all *tariff bands*.

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

- (1) for *firms* in the *deposit acceptors fee block* (A1):
 - (a) if the *firm* is a *bank* and reports monthly, average *MELs* for October, November and December prior to commencement of the *fee year*; or
 - (b) if the *firm* is a *bank* and reports quarterly, *MELs* for the December prior to commencement of the *fee year*; or
 - (c) if the *firm* is a *building society*, average *MELs* for October, November and December prior to commencement of the *fee year*; or
 - (d) if the *firm* is a *credit union*, either its *MELs* for the December preceding the commencement of the *fee year* or, in the absence of December *MELs* its *MELs* as disclosed by its most recent annual return submitted for regulatory

reporting purposes prior to the December preceding commencement of the *fee year*.

- (2) for *firms* in the *general insurance fee block* (A3):
- (a) if the *firm* is an *insurer*, the sum of its annual *gross premium income* for, and its *gross technical liabilities* at the end of, the *firm's* financial year which ends in the calendar year to 31 December prior to commencement of the *fee year*, noting that:
- (i) in the case of a *pure reinsurer* carrying on *general insurance business* through a *branch* in the *United Kingdom*, or an *insurer* whose head office is not in an *EEA state* carrying on general insurance business through a *branch* in the *United Kingdom*, or an *EEA–deposit insurer*, only *premiums* received and *gross technical liabilities* held in respect of its *United Kingdom* business are included;
- (ii) for a Swiss general insurance company *premiums* and *gross technical liabilities* include those relevant to the operations of the company's *United Kingdom branch*; and
- (iii) a *firm* need not include *premiums* and *gross technical liabilities* relating to *pure protection contracts* which it reports, and pays a fee on, in the *A4 life insurers' fee block*.
- or
- (b) if the *firm* is a *non-directive friendly society*, the value of *contributions as income* receivable in respect of *United Kingdom* business included in its income and expenditure account at the end of the *firm's* financial year which ends in the calendar year to 31 December prior to commencement of the *fee year*,
- or
- (c) if the *firm* is a *directive friendly society*, the value of *gross premiums written* in respect of *United Kingdom* business included in its income and expenditure account at the end of the *firm's* financial year which ends in the calendar year to 31 December prior to commencement of the *fee year*,
- and
- (d) for *UK ISVPs*, the *tariff base* is not relevant and a flat fee shown in Table III of the *Periodic Fees Schedule* is payable,
- (3) for *firms* in the *life insurance fee block* (A4), the sum of *adjusted gross premium income* for, and *mathematical reserves for fees purposes* valued at the end of, the *firm's* financial year ending in the calendar year to 31 December prior to commencement of the *fee year* noting that:
- (a) only *premiums* receivable and *mathematical reserves* held in respect of *United Kingdom* business are relevant; and
- (b) an *insurer* must include in its calculation of *adjusted gross premium income* and *mathematical reserves for fees purposes* the value relating to all risks ceded to *ISPVs*.

- (4) for *firms* in the *Lloyd's managing agents fee block (A5)*, *active capacity* as reported to the *Society* for the underwriting year which is in progress at the beginning of the *fee year*.
- (5) for *firms* in the *designated firms acting as principal fee block (A10)* *number of traders* as at 31 December prior to commencement of the *fee year*.

3.5 The *periodic fees* payable by the *Society* are as specified in Table III of the *Periodic Fees Schedule*.

Information for assessment of periodic fees

3.6 The following requirements apply to all *firms* whose activities give rise to *periodic fees*, other than *firms* which pay only a flat rate of fee:

- (1) within two months after, or where relevant after the end of, the *valuation point*, the *firm* must provide to the *PRA's collection agent* the *tariff data* on which the *periodic fee* payable by the *firm* is to be calculated as at that *valuation point*
- (2) if the *PRA* does not, on its own behalf or through its *collection agent*, obtain sufficient, or sufficiently detailed, information, the *PRA* may obtain this through its general information-gathering powers;
- (3) for an *incoming EEA firm* or an *incoming Treaty firm*, the information required is in relation to the *regulated activities* of the *firm* carried on in the *United Kingdom*, other than those provided on a *cross border services* basis;
- (4) as *periodic fees* in respect of any *fee year* are calculated on the basis of *firms' tariff data* for the previous *fee year*, there may be insufficient *tariff data* on which the *periodic fees* may be calculated under 3.4 where a *firm* becomes authorised for the first time or undertakes a new *PRA-regulated activity* resulting in a significant change to its business. In those circumstances, the *periodic fees* payable will be calculated in accordance with:
 - (a) 3.7 for *firms* in their *first fee year*;
 - (b) 3.9 and 3.10 for *firms* in the *deposit acceptors fee block (A1)*, the *general insurance fee block (A3)* or the *life insurance fee block (A4)* in their *second fee year* or any subsequent *fee year*;
- (5) a *firm* intending to apply any of the methods of calculation in 3.9 must notify the *PRA's collection agent* by the date specified in 3.6 (1).
- (6) Unless 3.7 or 3.9 applies, where a *firm* has not complied with 3.6 (1) for any period by reference to which *periodic fees* are to be calculated, but a valuation is available for the previous period by reference to which *periodic fees* are to be calculated, the fee should be calculated using the *tariff data* applicable to the previous period multiplied by 1.10. An administration fee of £125.00 is payable in this case in addition to the minimum fee.
- (7) Where a new requirement is imposed on *firms* under the *PRA Rulebook* or an existing requirement amended but does not take effect until a future *fee year*, in the absence of an express statement to the contrary, *firms* must comply with the new requirement immediately in so far as it relates to the supply of information under 3.6 (1).

Firms becoming subject to periodic fees during the course of a fee year

3.7 A firm in its *first fee year* pays *periodic fees* based on its projected valuation for the first twelve months of its new business as follows:

(1) The calculation requires the *firm* to identify, in Table III of the *Periodic Fees Schedule*, the *tariff rates* which will be relevant to it as a result of its new or extended permission and apply the formula in 3.7 (2). The resulting figure will be the *periodic fee* payable by the *firm* for its *first fee year*.

(2) The formula referred to at 3.7(1) is $(A+B) \times C$, where:

A = the amount arrived at by applying the *tariff rates* in Table III of the *Periodic Fees Schedule* to the *firm's* projected valuation for its first year of new business, as provided to the *PRA* or its *collection agent* during the *application* and data collection process;

B = the A.0 minimum fee, unless already paid; and

C = the number of calendar months (inclusive) between the calendar month during which the firm received its new or extended permission and the last calendar month of the *fee year* $\div 12$.

A1, A3 and A4 firms in their second and subsequent fee years where full tariff data not available

3.8 3.9 applies only to *firms* in the *deposit acceptors fee block* (A1), the *general insurance fee block* (A3) or the *life insurance fee block* (A4).

3.9 Subject to 3.10, where in:

(1) its *second fee year*; or

(2) any subsequent *fee year*,

a *firm* has not yet submitted sufficient *tariff data* to enable the *periodic fees* calculation at 3.6 (1) to be made in respect of that *fee year*, *periodic fees* will be calculated in accordance with Table A below:

Table A	
Deposit acceptors fee block (A1)	<p>Either:</p> <p>1. if the firm is in its <i>second fee year</i> and received permission relevant to the activity between 1 January in its <i>first fee year</i> and 1 April in its <i>second fee year</i>, apply projected valuations as set out in 3.7;</p> <p>or</p> <p>2. apply the formula $(A \div B) \times 12$ to arrive at an annualised figure, where</p> <p>A = its <i>tariff base</i>, as if its <i>MELS</i> for the month of December prior to commencement of the relevant <i>fee year</i> were its <i>tariff base</i> for the whole <i>fee year</i>; and</p> <p>B= the number of complete months in the period referred to in A.</p>

<p>General insurance fee block (A3) and life insurance fee block (A4)</p>	<p>Where under 3.4, the <i>tariff base</i> for an activity is to be calculated by reference to data for the <i>firm's</i> financial year ending on the 31 December before the start of the <i>fee year</i>, a <i>firm</i> which has not completed a full financial year by that date should:</p> <ol style="list-style-type: none"> 1. if it is in its <i>second fee year</i> and received its new or extended permission relevant to the activity between 1 January in its <i>first fee year</i> and 1 April in its <i>second fee year</i>, apply projected valuations as set out in 3.7; and 2. in any other case, apply the formula $(A \div B) \times 12$ to annualise the <i>tariff data</i> it has available, where: <p>A = its <i>tariff base</i> calculated by reference to <i>tariff data</i> for the period starting on the date the firm received permission for the relevant activity and ending on the earlier of the 31 December prior to the start of its <i>second fee year</i> or the 31 December prior to the start of the <i>firm's</i> financial year; and</p> <p>B= the number of complete calendar months in the period referred to in A.</p>
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- 3.10 Except in the circumstances to which 3.9 applies, firms in their *second fee year* or any subsequent *fee year* after receiving a new or extended permission must calculate their new or additional liability for *periodic fees* in accordance with 3.4.

Modifications to periodic fees for incoming EEA and Treaty firms

- 3.11 In relation to *incoming EEA firms* and *incoming Treaty firms*:

- (1) the modifications in 3.7 apply only in relation to the relevant regulated activities of the *firm* which are *EEA passported activities* or activities of a *Treaty firm* exercising rights under Schedule 4 of FSMA.
- (2) the *tariff rates* set out in Table III 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*.

Firms acquiring businesses from other firms

- 3.12 Where:

- (1) a *firm* (A) acquires all or part of the business of another *firm* (B) in relation to which a *periodic fee* would have been payable by B; or
- (2) A becomes authorised as a result of B's simple change of legal status as defined in 4.5 (4), the following rules apply:
 - (a) if before the date of the acquisition, B had already paid the *periodic fees* in relation to the business or part of the business acquired by A, A will not pay a further fee; and
 - (b) if the acquisition occurs after the *valuation point* applicable to the business or part of the business acquired as set out in 3.4, A will pay *periodic fees* in relation to the period following the acquisition as if the acquisition had occurred immediately before the relevant *valuation point*.
- (3) Where the acquisition involves a calculation of *periodic fees* for the A4 *life insurers*

fee block:

(a) when calculating the new regular *premium* business element of its *adjusted gross premium income*, A should not include business transferred from B under the procedure set out in Part VII of *FSMA* during the relevant financial year unless the transfer involved the creation of new contracts between the policyholders subject to the transfer and A;

(b) If any business is transferred to A from B under the procedure set out in Part VII of *FSMA* and that business would have been included in B's *tariff base* in the absence of the transfer, that business should be included in A or B's *tariff base* depending on the date of transfer as required by 3.12(2)(b).

(c) *Mathematical reserves for fees purposes* should include all new business transferred from B.

Firms applying to cancel or reduce the scope of their permission before the start of the fee year

3.13 If a *firm* makes an application to cancel or reduce the scope of its *Part 4A permission* before the start of a *fee year*, the obligation to pay *periodic fees* under 3.1 will apply as if the relevant variation or reduction in scope had also taken effect immediately before the start of the *fee year*.

No waiver or refund of periodic fees after start of fee year

3.14 Other than where the *PRA* exercises the discretion in 2.9 it will not waive liability for, or refund, *periodic fees* after the start of the *fee year* to which they relate should the *firm* cancel its *Part 4A permission* or if the new business activity or event which has given rise to the fee no longer applies to the *firm*.

Time of payment

3.15 The *due date for payment of periodic fees* is as follows:

- (1) Subject to 3.15 (3), any *firm* whose total liability for *periodic fees* in the previous *fee year* was less than £50,000.00 must pay the total *periodic fee* due for the current *fee year* in full by 1 August.
- (2) Any *firm* whose combined total liability for *periodic fees* payable to the *FCA* and the *PRA* in the previous *fee year* was £50,000.00 or above must pay its *periodic fees* for the current year in two tranches as follows:
 - (a) an amount equal to 50% of the *PRA periodic fee* payable in the previous *fee year* on or before 1 April in the current *fee year*; and
 - (b) the balance of the *periodic fee* for the current *fee year* by 1 September.
- (3) If a *firm* cancels its *Part 4A permission* in the way set out in Permissions and Waivers or the *PRA* has exercised its own-initiative powers to cancel a *firm's Part 4A permission*, the total amount of *periodic fees* for the *fee year*, less any amounts already paid, become payable immediately before the cancellation takes effect.

Extension of time

3.16 A *fee payer* need not pay a *periodic fee* on the *due date for payment* under the relevant provision of 3 if that date falls during a period during which circumstances described in General Provisions 2.2 exist and the *firm* has reasonable grounds to believe that those

circumstances impair its ability to pay the fee, in which case the *firm* must pay on or before the fifth business day after the end of that period.

Compliance with year-end adjustments to AFR

3.17 *Fee-payers* must comply with directions from the *PRA* or its *collection agent* as to payment of *periodic fees* arising from any variance between budgeted and actual *AFR* or any corrections to the *AFR* once final, audited figures are available in relation to any *fee year*. As the *PRA* may determine:

- (1) a surplus of fee income against *AFR* may result in a credit to *firms* or *fee blocks*; and
- (2) a shortfall may necessitate a call for additional fees.

PERIODIC FEES SCHEDULE – FEE RATES AND EEA/TREATY FIRM MODIFICATIONS FOR THE PERIOD FROM 1 MARCH 2015 TO 29 FEBRUARY 2016

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

TABLE 1 MINIMUM PERIODIC FEES RATES

Fee payer	Fee payable (£)
<i>Credit unions with MELs under £2 million:</i>	
<i>With modified eligible liabilities of 0 – 0.5 million</i>	80.00
<i>With modified eligible liabilities greater than 0.5 million and less than 2.0 million</i>	270.00
<p><i>Non-directive friendly societies which either:</i></p> <p>(1) fall within the A3, but not the A4, <i>fee block</i> and have, in relation to their A3 activities, <i>gross premium income</i> of 0-£0.5million and <i>gross technical liabilities</i> 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, <i>adjusted gross premium income</i> of 0-£1million and hold 0-£1million of <i>mathematical reserves for fees purposes</i>; or</p> <p>(3) fall within both the A3 and A4 <i>fee blocks</i> and meet condition (1) above in relation to their A3 activities and condition (2) above in relation to their A4 activities.</p>	215.00
All other firms	500.00

TABLE II - TRANSITION 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 0.0626 .

TABLE III – PERIODIC FEE RATES APPLICABLE TO PRA FEE BLOCKS OTHER THAN THE MINIMUM AND TRANSITION COSTS FEE BLOCKS

Column 1 Fee block	Column 2 Tariff base	Column 3 Tariff bands	Column 4 Tariff rates	
A1 deposit acceptors fee block	modified eligible liabilities	Band width (£million of <i>MELs</i>)	Fee payable per million or part million of <i>MELs</i> (£)	
		>10 - 140	38.87	
		>140 - 630	38.87	
		>630 - 1,580	38.87	
		>1,580 - 13,400	48.59	
		>13,400	64.14	
A3 general insurers fee block <i>gross premium income + gross technical liabilities</i>	gross premium income (GPI)	Band width (£million of GPI)	Fee payable per million of <i>GPI</i> (£)	
		>0.5 - 10.5	494.15	
		>10.5 – 30	494.15	
		>30 - 245	494.15	
		>245 - 1,900	494.15	
	gross technical liabilities (GTL)	Band Width (£ million of GTL)	Fee payable per million of <i>GTL</i> (£)	
		>1 - 12.5	27.31	
		>12.5 - 70	27.31	
		>70 - 384	27.31	
		>384 - 3,750	27.31	
		>3,750	27.31	
		For <i>UK ISPVs</i> 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> .		
	A4 Life insurers fee block <i>adjusted gross annual income (AGPI) + mathematical reserves</i>	adjusted gross annual premium income (AGPI)	Band width (£million of AGPI)	Fee payable per million of <i>AGPI</i> (£)
			>1 - 5	499.65
>5 - 40			499.65	
>40 - 260			499.65	
>260 - 4,000			499.65	
mathematical reserves		Band width [£million of MR]	Fee per million or part million of <i>mathematical reserves</i> (£)	
		1 - 20	10.24	
		>20 - 270	10.24	
		>270 - 7,000	10.24	
		>7,000 - 45,000	10.24	
		>45,000	10.24	

A5 managing agents at Lloyd's	active capacity	Band width (£million of active capacity)	Fee per million of <i>active capacity</i> (£)
		>50 - 150	59.22
		>150 - 250	59.22
		>250 - 500	59.22
		>500 - 1,000	59.22
		>1,000	59.22
A6 Society of Lloyd's	flat fee	N/A	General periodic fee (£) 1,895,574.68
A10 Firms dealing as principal fee block	fee per trader	Fee (£ per trader)	5,776.00

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%
PT1 transition costs fee block	100%
Incoming <i>EEA firms</i> and <i>incoming Treaty firms</i> offering <i>cross border services</i> only	100%

4 REGULATORY TRANSACTION FEES

Regulatory transaction fees – meaning and application

4.1 This chapter does not apply to *EEA firms* wishing to exercise an *EEA right*.

Due date for payment of regulatory transaction fees

4.2 Unless otherwise indicated in 4, the *due date for payment of regulatory transaction fees* is on or before the application is made.

4.3 *Regulatory transaction fees* incurred by a *firm* remain payable even if an *application* is withdrawn. *Regulatory transaction fees* once received by the *PRA*, or by the *collection agent* on its behalf, are non-refundable.

4.4 This Chapter 4 shows *regulatory transaction fees* payable to the *PRA*. As all *PRA firms* are dual regulated, fees may also be payable to the *FCA*.

Regulatory transaction fees for new authorisations

4.5 Regulatory transaction fees for new authorisations are payable as follows:

(1) All *applications* for *new authorisations* other than from *credit unions* are first assigned to the complexity groupings in Tables B and C to assist the *PRA* in determining the appropriate fee. Fees are then payable in accordance with:

(a) Table B if the permission sought does not include *consumer credit-related activities*; and

(b) Table C if the permission sought involves *consumer credit related activities*.

Table B – New authorisations not involving consumer credit-related activities	
Application type	£
Straightforward: A3 or A4 <i>fee payer</i> which is a <i>friendly society</i>	750.00
Moderately complex: A3 <i>fee payer</i> seeking permission as a <i>UK insurance special purpose vehicle</i> A5 <i>fee payer</i> seeking permission as a <i>managing agent</i> at Lloyd's	2,500.00
Complex: A1 <i>fee payer</i> (other than a <i>credit union</i>) seeking permission to accept deposits or operate dormant accounts A3 <i>fee payer</i> (other than a <i>friendly society</i> or <i>UK insurance special purpose vehicle</i>) A4 <i>fee payer</i> other than a <i>friendly society</i>	12,500.00

Table C – New authorisations involving consumer credit-related activities														
Application type	£													
Straightforward: <i>Fee payer</i> seeking permission for credit broking or providing information services.	<table border="1"> <thead> <tr> <th>Annual consumer credit income £</th> <th>Fee £</th> </tr> </thead> <tbody> <tr> <td>50,000.00 or less</td> <td>300.00</td> </tr> <tr> <td>Greater than 50,000.00 and less than 100,000.00</td> <td>375.00</td> </tr> <tr> <td>Greater than 100,000.00 and less than 250,000.00</td> <td>500.00</td> </tr> <tr> <td>Greater than 250,000.00 and less than 1,000,000.00</td> <td>750.00</td> </tr> <tr> <td>Greater than 1,000,000.00</td> <td>2,500.00</td> </tr> </tbody> </table>	Annual consumer credit income £	Fee £	50,000.00 or less	300.00	Greater than 50,000.00 and less than 100,000.00	375.00	Greater than 100,000.00 and less than 250,000.00	500.00	Greater than 250,000.00 and less than 1,000,000.00	750.00	Greater than 1,000,000.00	2,500.00	
Annual consumer credit income £	Fee £													
50,000.00 or less	300.00													
Greater than 50,000.00 and less than 100,000.00	375.00													
Greater than 100,000.00 and less than 250,000.00	500.00													
Greater than 250,000.00 and less than 1,000,000.00	750.00													
Greater than 1,000,000.00	2,500.00													
Moderately complex: <i>Fee payer</i> seeking permission for: <ol style="list-style-type: none"> debt administration/debt collecting; entering into regulated consumer hire agreement as lender (other than in relation to high-cost short term credit, bill of sale loan agreements and home credit loan agreements); exercising or having the right to exercise the owner's rights under a regulated consumer hire agreement; exercising or having the right to exercise the lender's rights and duties under a regulated consumer hire agreement (other than in relation to high-cost short term credit, bill of sale loan agreements and home credit loan agreements); or operating an electronic system in relation to lending. 	<table border="1"> <thead> <tr> <th>Annual consumer credit income £</th> <th>Fee £</th> </tr> </thead> <tbody> <tr> <td>50,000 or less</td> <td>400.00</td> </tr> <tr> <td>Greater than 50,000.00 and less than 100,000.00</td> <td>500.00</td> </tr> <tr> <td>Greater than 100,000.00 and less than 250,000.00</td> <td>750.00</td> </tr> <tr> <td>Greater than 250,000.00 and less than 1,000,000</td> <td>2,500.00</td> </tr> <tr> <td>Greater than 1,000,000.00</td> <td>5,000.00</td> </tr> </tbody> </table>	Annual consumer credit income £	Fee £	50,000 or less	400.00	Greater than 50,000.00 and less than 100,000.00	500.00	Greater than 100,000.00 and less than 250,000.00	750.00	Greater than 250,000.00 and less than 1,000,000	2,500.00	Greater than 1,000,000.00	5,000.00	
Annual consumer credit income £	Fee £													
50,000 or less	400.00													
Greater than 50,000.00 and less than 100,000.00	500.00													
Greater than 100,000.00 and less than 250,000.00	750.00													
Greater than 250,000.00 and less than 1,000,000	2,500.00													
Greater than 1,000,000.00	5,000.00													
Complex <i>Fee payer</i> seeking permission for: <ol style="list-style-type: none"> debt adjusting/debt counselling; entering into a regulated credit agreement as lender in relation to high-cost short term credit, bill of sale loan agreements and home credit loan agreements; exercising, or having the right to exercise, the lender's rights and duties under a credit agreement as lender in relation to high-cost short term credit, bill of sale loan agreements and home credit loan agreements; or providing credit references. 	<table border="1"> <thead> <tr> <th>Annual consumer credit income £</th> <th>Fee £</th> </tr> </thead> <tbody> <tr> <td>50,000.00 or less</td> <td>500.00</td> </tr> <tr> <td>Greater than 50,000.00 and less than 100,000.00</td> <td>625.00</td> </tr> <tr> <td>Greater than 100,000.00 and less than 250,000.00</td> <td>1,000.00</td> </tr> <tr> <td>Greater than 250,000.00 and less than 1,000,000.00</td> <td>3,500.00</td> </tr> <tr> <td>Greater than 1,000,000.00</td> <td>7,500.00</td> </tr> </tbody> </table>	Annual consumer credit income £	Fee £	50,000.00 or less	500.00	Greater than 50,000.00 and less than 100,000.00	625.00	Greater than 100,000.00 and less than 250,000.00	1,000.00	Greater than 250,000.00 and less than 1,000,000.00	3,500.00	Greater than 1,000,000.00	7,500.00	
Annual consumer credit income £	Fee £													
50,000.00 or less	500.00													
Greater than 50,000.00 and less than 100,000.00	625.00													
Greater than 100,000.00 and less than 250,000.00	1,000.00													
Greater than 250,000.00 and less than 1,000,000.00	3,500.00													
Greater than 1,000,000.00	7,500.00													

(2) *Credit unions* applying for new authorisations pay fees as follows:

(a) any *credit union* applying for a Part 4A permission for *consumer credit related activities* £100.00;

(b) a *credit union* which, prior to 3rd February 2016, would have been categorised as a *Version 1 credit union* applying for Part 4A permission not limited to *consumer credit related activities* £150.00;

(c) a *credit union* which, prior to 3rd February 2016, would have been categorised as a *Version 2 credit union* applying for *Part 4A permission* not limited to *consumer credit related activities* £900.00.

(3) Where an *application* is categorised as either straightforward or moderately complex and involves a simple change of legal status as defined in 4.5 (4), the fee payable for a *new authorisation* is discounted by 50%.

(4) An *application* involves only a simple change of legal status under 4.5(3) if it is from an applicant which:

(a) is a new legal entity intending to carry on the business, using the same business plan, of an existing *firm* where the latter has no outstanding regulatory obligations and is cancelling its *Part 4A permission*; and

(b) will:

(i) have the same or a narrower *Part 4A permission* and the same *branches* as the *firm*;

(ii) assume all of the rights and obligations in connection with any of the *PRA regulated activities* carried on by the *firm*;

(iii) continue the same compliance arrangements in relation to client assets and client money as the *firm* except for any changes required only as a result of the change of legal status; and

(iv) continue with a risk profile and arrangements for controlling and monitoring risk which will not be materially different from those of the *firm*.

(5) Where an applicant for a *new authorisation* is *FCA* authorised, the *application* will be treated as a variation of permission and fees will be payable in accordance with 4.7.

(6) Where a *new authorisation* under 4.5 or an exercise of *Treaty rights* under 4.6 relates to more than one *PRA regulated activity*, a single fee, being the highest applicable *regulatory transaction fee*, is payable.

(7) An *application* for a *new authorisation* is not deemed complete until the *regulatory transaction fee* is paid.

Exercise of Treaty rights

4.6 *Regulatory transaction fees* are payable as follows by *incoming Treaty firms* seeking to exercise a *Treaty right* in order to qualify for authorisation under Schedule 4 *FSMA* in respect of *PRA regulated activities* for which it does not have *EEA passporting rights* and which are not restricted to providing *cross border services*:

(1) unless 4.6 (2) applies:

(a) 50% of the amount payable under 4.5 if the permitted activities are being undertaken through the *firm's* branch in the *United Kingdom*; or

(b) 25% of the amount payable under 4.5 if the permitted activities are being undertaken by providing *cross border services* in the *United Kingdom*.

(2) No *regulatory transaction fees* are payable if *HM Treasury* has issued a certificate under paragraph 3(4) of Schedule 4 of *FSMA* confirming that equivalent protection is provided under the law of an *EEA state* other than the *United Kingdom*.

Variations of Part 4A permission and FCA authorised firms applying to carry on PRA regulated activity

4.7 Where a *fee-payer* seeks to vary its existing *Part 4A permission* or is an *FCA-authorized firm* seeking to obtain or vary a *Part 4A permission* in relation to *PRA regulated activity*, *regulatory transaction fees* are payable as follows:

- (1) if the *firm* is extending the scope of its *Part 4A permission* to include additional regulated activities, the fee will be 50% of the highest fee which would have been payable by that *firm* had it been applying for a *new authorisation* under 4.5; and
- (2) no fee is payable if the variation involves a reduction in scope of a *Part 4A permission* with no increases in permission.

Insurance business transfers under Part VII FSMA

4.8 The transferor seeking regulatory consent for an *insurance business transfer scheme* under Part VII of *FSMA* pays *regulatory transaction fees* as follows:

- (1) transfers involving *long term insurance business* £9,250.00; or
- (2) all other transfers £5,000.00,

the *due date for payment* being on or before the date of any *application* to the *PRA* for the appointment of an independent expert.

4.9 For the purposes of 4.8 an *insurance business transfer scheme* involving more than one transferor or transferee may, at the *PRA's* discretion, be treated as a single scheme to which only one fee will be applied. Where there is more than one transferor they will be jointly and severally liable for the fee.

4.10 A transferor in an *insurance business transfer scheme* may be liable to pay a *regulatory transaction fee* under 4.8 and a *special project fee* under 5 in relation to the same subject matter.

Ceding Insurer's Waiver

4.11 An applicant for a waiver or in relation to the treatment of assets of a *United Kingdom insurance special purpose vehicle* pays a fee of £20,000.00

Model approaches (*CRR firms*)

4.12 4.12 - 4.15 apply only to *CRR firms*.

4.13 *Regulatory transaction fees* are payable as follows where a *CRR firm* seeks permission from the *PRA* in its capacity as *United Kingdom regulator* or *consolidating supervisor*:

- (1) for permission to use one of the internal approaches referred to in 4.15 which require consent under Part Three of the *CRR*;
- (2) to modify that approach once permission is granted; or

(3) for guidance as to the availability of such an approach or modified approach.

4.14 The *due date for payment* under 4.12 -4.15 is as follows:

- (1) where the application is made directly to the *PRA*, on or before the *application* is made;
- (2) otherwise within 30 days after the *PRA* notifies the *firm* that its *EEA* parent's *consolidating supervisor* has requested assistance.

4.15 Where a *CRR firm* seeks permission to apply the *internal model method* for counterparty credit risk the fee payable is £54,000.00 and for other model approaches as set out in Table D below:

Table D: Model approaches under CRR other than the internal model method for counterparty credit risk		
Applicant (groupings based on <i>tariff data</i> submitted by <i>firms</i> as at 31 December in the <i>fee year</i> prior to the <i>fee year</i> in which the fee is payable).	Column 1 Fee payable (£) except where Column 2 applies	Column 2 Fee payable (£) (firm with permission for foundation approach moving to an advanced approach.)
Where the application relates to <i>CRD credit institutions</i> or <i>designated investment firms</i> with five or more significant overseas entities within the same group.	model approach	£
	<i>advanced IRB</i>	268,000.00
	<i>foundation IRB</i>	232,000.00
	<i>advanced measurement approaches</i>	181,000.00
Where, at 31 December prior to the <i>fee year</i> in which the fee is payable, the applicant has 1. <i>modified eligible liabilities</i> in excess of £40,000,000.00; or 2. more than 200 traders.	model approach	£
	<i>advanced IRB</i>	232,000.00
	<i>foundation IRB</i>	198,000.00
	<i>advanced measurement approaches</i>	146,000.00
Where, at 31 December prior to the <i>fee year</i> in which the fee is payable, the applicant has 1. <i>modified eligible liabilities</i> greater than £5,000,000.00 and less than £40,000,000.00; or 2. between 26 and 200 traders.	model approach	£
	<i>advanced IRB</i>	94,000.00
	<i>foundation IRB</i>	72,000.00
	<i>advanced measurement approaches</i>	51,000.00
Where, at 31 December prior to the <i>fee year</i> in which the fee is payable, the applicant has 1. <i>modified eligible liabilities</i> of £5,000,000.00 or less; or 2. between 0 and 25 traders.	model approach	£
	<i>advanced IRB</i>	42,000.00
	<i>foundation IRB</i>	30,000.00
	<i>advanced measurement approaches</i>	24,000.00

Skilled persons

- 4.16 Where the *PRA* has given notice to a *fee payer* of its intention to itself appoint a *skilled person* to:
- (1) provide it with a report pursuant to s166(3)(b) of *FSMA*; or
 - (2) collect or update information pursuant to Section 166A(2)(b) of *FSMA*;
- the fee will be the amount invoiced by the skilled person.
- 4.17 The *due date for payment* will be within 30 days of the invoice.

5 SPECIAL PROJECT FEE FOR RESTRUCTURING

Application

- 5.1 In the circumstances described in this Chapter, a *firm* may be required to pay a *special project fee* for restructuring in addition to the other fees that it pays.

Events giving rise to an SPF for restructuring

- 5.2 An *SPF* for restructuring becomes payable by a *firm* if it engages, or prepares to engage, in activity which involves it undertaking or making arrangements with a view to any of the following:
- (1) raising additional capital; or
 - (2) a significant restructuring of the *firm* or the *group* to which it belongs, including without limitation:
 - (a) mergers or acquisitions;
 - (b) reorganising the *firm's group* structure; and
 - (c) *retribution*.
- 5.3 No *SPF* for restructuring is payable if the transaction only involves the *firm* seeking to raise capital within the *group* to which it belongs.
- 5.4 An *SPF* for restructuring may also be payable by a *firm* if:
- (1) the *firm* becomes subject to *insolvency proceedings* or steps are taken by someone entitled to do so to commence *insolvency proceedings* against the *firm*; or
 - (2) either the *Bank of England* or *HM Treasury* has exercised a stabilisation power in respect of the *firm* under the Banking Act 2009.
- 5.5 The *PRA* and the *FCA* will levy separate *SPFs* for restructuring and may do so in relation to the same event or circumstance.
- 5.6 *SPFs* for restructuring, once paid, are non-refundable.

Payment calculation

- 5.7 The *SPF* for restructuring is calculated as follows:

- (1) Determine the number of hours, or part of an hour, taken by the *PRA* in relation to regulatory work conducted as a consequence of the activities referred to in 5.2 or 5.4. The number of hours or part hours is as recorded on the *PRA*'s systems in relation to the work.
- (2) Next, multiply the applicable rate in the table of *SPF* hourly rates below by the number of hours or part hours arrived at under 5.7(1):

SPF hourly rates	
Pay grade of persons employed by the PRA	Hourly rate applicable to the pay grade
Administrator	£30.00
Associate	£60.00
Technical specialist	£90.00
Manager	£115.00
Any other person employed by the <i>PRA</i>	£170.00

- (3) Then add any fees and disbursements invoiced to the *PRA* by any third party provider in respect of services performed for the *PRA* in relation to assisting the *PRA* in performing the regulatory work referred to in 5.2 and 5.4.
- (4) The resulting figure is the fee.

Due date for payment and ongoing obligation in relation to *SPFs*

- 5.8 The *due date for payment* of an *SPF* for restructuring is 30 days from the date of the invoice.
- 5.9 The obligation to pay an *SPF* for restructuring is ongoing. There is no limit to the number of times that the *PRA* may invoice a firm for the *SPF* for restructuring in relation to the same events or circumstances.
- 5.10 The *SPF* for restructuring is a single fee which may be payable under both 5.2 and 5.4.

**PRA RULEBOOK: NON-CRR FIRMS: INTERNAL GOVERNANCE OF THIRD COUNTRY
BRANCHES INSTRUMENT 2016**

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 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: Non-CRR Firms: Internal Governance of Third Country Branches Instrument
2016**

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

Commencement

- E. This instrument comes into force on 7 March 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: Non-CRR Firms: Internal Governance of Third Country Branches Instrument 2016.

By order of the Board of the Prudential Regulation Authority

24 February 2016

Annex

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

Part

INTERNAL GOVERNANCE OF THIRD COUNTRY BRANCHES

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. GENERAL ORGANISATIONAL REQUIREMENTS**
- 3. PERSONS WHO EFFECTIVELY DIRECT THE BUSINESS**
- 4. RESPONSIBILITY OF SENIOR PERSONNEL**
- 5. SKILLS, KNOWLEDGE AND EXPERTISE**
- 6. COMPLIANCE**
- 7. OUTSOURCING**
- 8. RECORD KEEPING**

1 APPLICATION AND DEFINITIONS

- 1.1 Unless otherwise stated, this Part applies to a *third country CRR firm*;
- (1) with respect to the carrying on of the following from an establishment in the *UK*:
 - (a) *regulated activities* except *auction regulation bidding*;
 - (b) activities that constitute *dealing in investments as principal*, disregarding the exclusion in article 15 of *Regulated Activities Order*;
 - (c) *ancillary activities*;
 - (d) in relation to *MiFID business*, providing *ancillary services*; and
 - (e) *unregulated activities* in a *prudential context*; and
 - (2) in a *prudential context* with respect to activities wherever they are carried on; and
 - (3) taking into account any activity of other members of a *group* of which the *firm* is a member.
- 1.2 A reference to a *firm* in this Part is to a *firm* within the scope of 1.1.
- 1.3 In this Part, the following definitions shall apply:

auction platform

means a platform on which auctions of *allowances* are held in accordance with the *auction regulation*.

auction regulation

Commission Regulation (EU) No 1031/2010 of 12 November 2010 on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances pursuant to Directive 2003/87/EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowances trading within the Community.

auction regulation bidding

means the *regulated activity* of *bidding in emissions auctions* where it is carried on by:

- (a) a *firm* that is exempt from *MiFID* under article 2(1)(i); or
- (b) a *MiFID investment firm* (other than a *UCITS investment firm*) on behalf of its *clients* in relation to a *two-day emissions spot*.

authorisation

means authorisation as an *authorised person* for the purposes of *FSMA*.

two-day emissions spot

means an *allowance* where delivery is to be made at an agreed date no later than the second trading day from the day of an auction on an *auction platform* (within the meaning of article 3(3) of the *auction regulation*).

UCITS investment firm

means a *firm* which:

- (a) is a *management company* (whether or not it is also the operator of other *collective investment schemes*); and
- (b) has a *Part 4A permission* (or an equivalent permission from its Home State regulator) to manage *investments* where:
 - (i) the *investments* managed include one or more of the instruments listed in Section C of Annex 1 to *MiFID*; and
 - (ii) the *permission* extends to activities permitted by article 6(3) of the *UCITS Directive* as well as those permitted by article 6(2).

2 GENERAL ORGANISATIONAL REQUIREMENTS

- 2.1 A *firm* must have robust governance arrangements, which include a clear organisational structure with well defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks it is or might be exposed to, and internal control mechanisms, including sound administrative and accounting procedures and effective control and safeguard arrangements for information processing systems.
- 2.2 A *firm* must, taking into account the nature, scale and complexity of the business of the *firm*, and the nature and range of the financial services and activities undertaken in the course of that business establish, implement and maintain adequate internal control mechanisms designed to secure compliance with decisions and procedures at all levels of the *firm*.

3 PERSONS WHO EFFECTIVELY DIRECT THE BUSINESS

- 3.1 The *senior personnel* of a *firm* must be of sufficiently good repute and sufficiently experienced as to ensure the sound and prudent management of the *firm*.
- 3.2 A *firm* must ensure that its management is undertaken by at least two persons meeting the requirements laid down in 3.1.

3.3 If the *firm* is:

- (1) a natural person; or
- (2) a legal person managed by a single natural person;

it must have alternative arrangements in place which ensure sound and prudent management of the *firm*.

4 RESPONSIBILITY OF SENIOR PERSONNEL

4.1 A *firm*, when allocating functions internally, must ensure that *senior personnel* and, where appropriate, the *supervisory function*, are responsible for ensuring that the *firm* complies with its obligations under the *regulatory system*. In particular, *senior personnel* and, where appropriate, the *supervisory function* must assess and periodically review the effectiveness of the policies, arrangements and procedures put in place to comply with the *firm's* obligations under the *regulatory system* and take appropriate measures to address any deficiencies.

5 SKILLS, KNOWLEDGE AND EXPERTISE

5.1 A *firm* must employ personnel with the skills, knowledge and expertise necessary for the discharge of the responsibilities allocated to them, taking into account the nature, scale and complexity of its business and the nature and range of financial services and activities undertaken in the course of that business.

6 COMPLIANCE

6.1 This chapter applies to the carrying on of an *auction regulation bidding*, to the extent that it relates to the obligation to establish, implement and maintain adequate policies and procedures for countering the risk that the *firm* (including its managers, employees and *appointed representatives*) might be used to further *financial crime*.

6.2 A *firm* must establish, implement and maintain adequate policies and procedures sufficient to ensure compliance of the *firm* including its managers, *employees* and *appointed representatives* (or where applicable, *tied agents*) with its obligations under the *regulatory system* and for countering the risk that the *firm* might be used to further *financial crime*.

6.3 In order to ensure compliance in accordance with 6.2, a *firm* that carries on *designated investment business* with or for *retail clients* or *professional clients* must appoint a compliance officer who is responsible for compliance.

7 OUTSOURCING

- 7.1 If a *firm* outsources critical or important operational functions or any relevant services and activities, it remains fully responsible for discharging all of its obligations under the *regulatory system* and must comply, in particular, with the following conditions:
- (1) the *outsourcing* must not result in the delegation by *senior personnel* of their responsibility;
 - (2) the relationship and obligations of the *firm* towards its *clients* under the *regulatory system* must not be altered;
 - (3) the conditions with which the *firm* must comply in order to be *authorised*, and to remain so, must not be undermined;
 - (4) none of the other conditions subject to which the *firm's authorisation* was granted must be removed or modified.

8 RECORD KEEPING

- 8.1 This chapter applies to activities carried on by a *firm* from an establishment maintained in the *UK*, unless another applicable rule which is relevant to the activity has a wider territorial scope, in which case this chapter applies with that wider scope in relation to the activity described in that rule.
- 8.2 A *firm* must arrange for orderly records to be kept of its business and internal organisation, including all services and transactions undertaken by it, which must be sufficient to enable the *PRA* or any other relevant competent authority under *MiFID* to monitor the *firm's* compliance with the requirements under the *regulatory system*, and in particular to ascertain that the *firm* has complied with all obligations with respect to *clients*.

Part

INTERNAL GOVERNANCE OF THIRD COUNTRY BRANCHES

Externally defined glossary terms:

Term	Definition source
<i>allowance</i>	<i>Article 3(a) Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council directive 96/61/EC</i>
<i>authorised person</i>	<i>s31(2) FSMA</i>
<i>bidding in emissions auctions</i>	<i>article 24A RAO</i>
<i>collective investment scheme</i>	<i>s235(1) FSMA</i>
<i>EEA firm</i>	<i>paragraph 5, part I, schedule 3 FSMA</i>
<i>financial crime</i>	<i>s1H FSMA</i>
<i>investment</i>	<i>s22(4) FSMA s93(2) Financial Services Act 2012</i>
<i>management company</i>	<i>article 2(1)(b) UCITS Directive</i>

HANDBOOK (RULEBOOK CONSEQUENTIALS NO. 2) INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
 - (2) section 137T (General supplementary powers);
 - (3) section 138D (Actions for damages); and
 - (4) paragraph 31, Schedule 1ZB (Fees).
- 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.

Deletion

- D. Each of the modules and sections of the PRA’s Handbook listed in the Annex are deleted.

Commencement

- E. This instrument comes into force on 7 March 2016.

Citation

- F. This instrument may be cited as the Handbook (Rulebook Consequentials No.2) Instrument 2016.

By order of the Board of the Prudential Regulation Authority

24 February 2016

Annex**Amendments to the PRA Handbook**

Each of the following modules and sections of the PRA's Handbook is deleted:

FEES Sch 1
FEES Sch 2
FEES Sch 3
FEES Sch 5
SUP 16 Annex 13
SUP 16 Annex 14
SUP 16 Annex 15
SUP 16 Annex 16A
SUP 16 Annex 19A
SUP 16 Annex 19B
SUP 16 Annex 35A
SUP 16 Annex 35B
SUP 16 Annex 36A
SUP 16 Annex 36B
SUP 16 Annex 37A
SUP 16 Annex 37B
SUP Sch 5A
SYSC 1
SYSC 4
SYSC 5
SYSC 6
SYSC 7
SYSC 8
SYSC 9
SYSC 21

**PRA RULEBOOK: CRR FIRMS, NON CRR FIRMS: INDIVIDUAL ACCOUNTABILITY (NO. 2)
INSTRUMENT 2016**

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 60 (Applications for approval);
 - (2) section 63F (Issuing of certificates);
 - (3) section 64C (Requirement for relevant authorised persons to notify regulator of disciplinary action);
 - (4) section 137G (The PRA’s general rules); and
 - (5) 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 the proposed rules and had regard to representations made.

PRA Rulebook: CRR Firms, Non CRR Firms: Individual Accountability (No.1) Instrument 2016

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

Commencement

- E. This instrument comes into force on 7 March 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms, Non CRR Firms: Individual Accountability (No.1) Instrument 2016.

By order of the Board of the Prudential Regulation Authority

24 February 2016

Annex A

Amendments to Certification 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 every *firm* that is:

- (1) a *CRR firm*;
- (2) a *credit union*; or
- (3) a *third country CRR firm* in relation to the activities of its establishment in the *UK*.

...

1.2 In this Part, the following definitions shall apply:

...

significant risk taker

means

(1) ~~any an employee of a CRR firm who meets any of the criteria set out~~ whose professional activities have a material impact on the firm's risk profile, including any employee who is deemed to have a material impact on the firm's risk profile in accordance with criteria set out in Articles 3 to 5 of the *Material Risk Takers Regulation*; or

...

(3) ~~subject to Remuneration 3.2 to 3.3, any employee of a third country CRR firm who would have met any of the criteria set out in Articles 3 to 5 of the *Material Risk Takers Regulation*~~ fall within (1) if it had applied in relation to him or her, unless the firm has deemed the employee not be a material risk taker under Remuneration 3.2.

Annex B

Amendments to the Notifications Part

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

....

11 CONDUCT RULES: NOTIFICATIONS

...

- ~~11.2~~ If a *firm* knows or suspects that a *person* has failed to comply with any conduct rules it must notify the *PRA*.
- ~~11.3~~ If a *firm* is required to notify the *PRA* in compliance with 11.2 based on a suspicion, it must notify the *PRA* of any subsequent determination it makes in relation to that matter.
- ~~11.4~~ If a *firm* is required to notify the *PRA* in compliance with 11.2 to 11.3 based on a determination, it must notify the *PRA* of any different determination it subsequently makes in relation to that matter.
- 11.25 If a *firm* takes disciplinary action against a *person* relating to any action, failure to act, or circumstance that amounts to a breach of any conduct rule it must notify the *PRA*.
- 11.36 If a *firm* is required to notify the *PRA* under 11.2 ~~to 11.5~~ in respect of *persons* performing *certification functions*, it must do so within seven business days of the point at which it determined the relevant requirement applied, by submitting Form L. A *firm* must not unreasonably delay its determination of whether or not the requirement applies.
- 11.47 If a *firm* is required to notify the *PRA* under 11.2 ~~—11.5~~ in respect of a *person* performing a *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 circumstances set out in Senior Managers Regime – Applications and Notifications 5.2 apply, Form C;
 - (2) and in all other cases, Form D.
- A *firm* must not unreasonably delay its determination of whether or not the requirement applies.
- 11.58 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.
- 11.69 A *firm* other than a *credit union* must submit:
- (1) Form C and Form D using the *ONA system*; and
 - (2) Form L using the *PRA* email address specified in Form L.
- 11.74~~0~~ A *credit union* must submit:
- (1) Form C and Form D using the *ONA system* or in the manner set out in Notifications 7;
 - (2) Form L using the *PRA* email address specified in Form L.

11.814 If, under any rule in this Chapter:

- (1) a *firm* is required to make a notification; 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* must submit the specified form in the way set out in Notifications 7.

11.912(1) Form C may be found [here](#).

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

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

Annex C

Amendments to the Senior Managers Regime – Applications and Notifications Part

In this Annex, deleted text is struck through.

1 APPLICATION TO PERFORM A SENIOR MANAGEMENT FUNCTION

....

2.4 The *PRA* directs that a *firm* must not use Form E for a *PRA senior management approval application* if:

- (1) a notification has been made 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 64B(5) of *FSMA* (Notification of non-compliance with Conduct Rules or equivalent *FCA* rules);~~
 - (c) section 64C of *FSMA* (Requirement for relevant authorised persons to notify regulator of disciplinary action);

...

8 FORMS

8.1

- (4) Form C may be found [here](#).
- (5) Form D may be found [here](#).

...

Annex D

Amendments to Form C

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

...

Form C: Notice of ceasing to perform controlled functions (including senior management functions)

...

List of controlled functions Section 3

...

3.03- For Relevant Authorised Persons, does the firm also seek to notify the *FCA* and/or *PRA* under one or ~~more~~ both of section 63(2A) (Duty to notify regulator of grounds for withdrawal of approval), ~~section 64B(5) (Breach of conduct rules)~~ or section 64C (Requirement for Relevant Authorised Persons to notify regulator of disciplinary action) of the Financial Services and Markets Act 2000-?

YES NO

If the firm has answered "No", please go to section 4

If the firm has answered "Yes", please complete the below:

3.04 If the firm is making a notification under question 3.03 based on ~~of any known or suspected~~ breach(es) of the individual or senior manager conduct rules set out in the *FCA's* ~~C-CON~~ COCON or *PRA's* Conduct Rules, please complete the relevant boxes below. -

	Tick the rule(s) relevant to this notification	Tick if this is a known breach	Tick if this is a suspected breach
Individual Conduct Rules			
Rule 1: You must act with integrity	<input type="checkbox"/>		

3.05 For each breach please provide the following information. Please attach additional sheets as necessary.

Details of the ~~known or suspected~~ breach:

3.06 If the firm is making a notification under section 64C (Requirement for relevant authorised persons to notify regulator of disciplinary action) of the Financial Services and Markets Act 2000, please provide details below of disciplinary action taken and the reasons for this action. Please do not repeat information already included in the answers to Questions 3.04 and 3.05 above. If necessary please cross refer to the answers provided.

3.07 If the firm is making a notification under section 63(2A) (Duty to notify regulator of grounds for withdrawal of approval) of the Financial Services and Markets Act 2000, please provide details below. Please do not repeat information already included in the answers to Questions 3.04 and 3.05 above. If necessary please cross refer to the answers provided.

...

**Annex E
Amendments to Form D**

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

Form D: Notification of changes to personal information or application details and disciplinary action related to conduct

...

What sections should you complete?

The question below will help you determine the sections of the form you must complete

Please select the outcome

...

...

Notifications under ~~Section section 64B(5) or 64C~~ of the Financial Services and Markets Act 2000

YES You must complete sections 1, 2, 6 & 7

...

**Fitness and Propriety – Notifications under ~~Section 64B(5) or section 64C~~ of the Financial Services and Markets Act 2000
Section 6**

This section should be completed by a firm that is a relevant authorised person to:

- ~~(a) make a notification under section 64B(5) (Breach of conduct rules) of the Financial Services and Markets Act 2000 of known or suspected breach of the individual or senior manager conduct rules set out in the FCA's COCON or PRA Conduct Rules;~~
(b) (a) make a notification of disciplinary action (as defined in section 64C (Requirement for relevant authorised persons to notify regulator of disciplinary action) of the Financial Services and Markets Act 2000) due to any action, failure to act or circumstance that amounts to a breach of the individual or senior manager conduct rules set out in the FCA's COCON or PRA Conduct Rules;
~~(c) (b)~~ make a follow up notification to update a determination that has previously been the subject of a notification that has been made by the firm in relation to (a) ~~or (b)~~ (as appropriate and to the extent required by, in the case of the FCA FCA, SUP 10C, SUP 15.6.4R and SUP 15.11.8 G or in the case of the PRA PRA, Notifications 11.4 and 11.5 in the PRA's Rulebook).

6.01 Initial or update on previous notification

6.01.1 Is the firm updating a previous notification made under ~~section 64B(5) or section 64C~~ of the Financial Services and Markets Act 2000?

YES NO

If the firm has answered "No", please go to section 6.02

If the firm has answered "Yes", please complete the below:

Date of previous notification:

Please provide brief details of prior notification including reference number:
Description of the update to the previous notification (this includes updates to previous notifications made under section 64B(5) (Breach of Conduct Rules) and 64C (Requirement for relevant authorised persons to notify regulator of disciplinary action) of the Financial Services and Markets Act 2000):

6.02 Notification of ~~breaches of the individual or senior manager conduct rules and/or disciplinary action where the reason for taking the disciplinary action is any action, failure to act or circumstance that amounts to a breach of the individual or senior manager conduct rules:-~~

6.02.1 ~~If the firm is making a notification under section 64B(5) of the Financial Services and Markets Act 2000~~ Please include details in the relevant boxes below of any known or suspected breach(es) of the individual or senior manager conduct rules set out in the FCA's COCON or PRA Conduct Rules, ~~please complete the relevant boxes below~~ relevant to this notification.

	Tick the rule(s) relevant to this notification	Tick if this is a known breach	Tick if this is a suspected breach
...			

6.02.2 For each breach of an individual or senior manager conduct rule please provide the following information. Please attach additional sheets as necessary.

Relevant rule(s): Date when known or suspected breach came to the attention of the firm: Date or period of known or suspected breach:
<u>Further d</u> Details of the known or suspected breach:

6.02.3 ~~If the firm is making a notification under section 64C of the Financial Services and Markets Act 2000, please~~ Please provide details below of disciplinary action taken and the reasons for this action. Please do not repeat information already included in the answers to Questions 6.02.1 and 6.02.2 above. If necessary please cross refer to the answers provided.



**Annex F
Amendments to Form L**

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



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

Application number
(for PRA use only)

Form L: Notifications of ~~breach of conduct rules and related disciplinary action~~ in relation to an employee performing a certification function

PRA Rulebook Reference: Notifications 11

7 March 2016

A *firm* should only use this Form to make a notification in relation to an employee performing a *certification function* specified by the PRA. Notifications of ~~conduct rules breaches~~ disciplinary action relating to a *person* performing a *Senior Management Function* should be made using Form C or Form D, as set out in Notifications 11-7.

Name of individual
(to be completed by firm)

Name of *firm*

Firm Reference Number (FRN)

Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA
United Kingdom
Telephone +44 (0) 203 461 7000
Email PRA.firmenquiries@bankofengland.co.uk
Website www.bankofengland.co.uk/PRA

Registered as a Limited Company in England and Wales
No 07854923. Registered Office: 8 Lothbury Road,
London, EC2R 7HH

Form L: Notifications of ~~conduct breaches and related disciplinary action~~ for employees performing a PRA certification function

Contact Details**Section 1**

1.01 a Who should the *PRA* contact at the *firm* in relation to this notification?

b Position

c Telephone

d Fax

e E-mail

f Business address

Postcode

Details of individual subject to notification **Section 2**

Details of individual

2.01	Individual Reference Number (IRN) – If applicable		
2.02	Title (e.g. Mr, Mrs, Ms, etc)		
2.03	Surname		
2.04	ALL forenames		
2.05	Date of birth	/ /	
2.06	Nationality		
2.07	National Insurance Number (or Passport number)		
2.08	Job Title or Position		
2.09	Additional entities or firms to which the <u>breach-notification</u> is relevant (FRN / Firm name)		

Details of known or suspected breach disciplinary action Section 3

This section should be completed by a firm to

~~(a) make a notification under section 64B(5) of the Financial Services and Markets Act 2000 of a known or suspected breach of the Individual Conduct Rules set out in Chapter 2 of the Conduct Rules Part of the PRA Rulebook (Conduct Rules 2) by a person performing a certification function as specified in Certification 2;~~

make a notification under section 64C of the Financial Services and Markets Act 2000 of disciplinary action (as defined in section 64C(2)) due to any action, failure to act or circumstance that amounts to a breach of any Individual Conduct Rule set out in Conduct Rules 2;

~~(b) make a follow up notification to update a determination that has previously been the subject of a notification made by the Firm in relation to (a). See Notifications 11.3 and 11.4 in the PRA Rulebook.~~

~~3.01 Is the firm updating a determination that has previously been the subject of a notification made under section 64B(5) of the Financial Services and Markets Act 2000?~~

~~YES NO~~

If the firm has answered "No", please go to section 3.02

If the firm has answered "Yes", please go to section 3.04

~~3.02 Known or suspected breach. 3.01 Conduct Rule Breach: If the firm is making a notification under section 64B(5) of the Financial Services and Markets Act 2000 of a~~ Please identify the relevant Individual Conduct Rules set out in PRA Conduct Rules 2 which have been breached which form the basis of the disciplinary action taken ~~known or suspected breach of the Individual Conduct Rules set out in PRA Conduct Rules 2, please complete the relevant boxes below.~~

<u>Individual Conduct Rules</u>	<u>Tick the rule(s) relevant to this notification</u>
Rule 1: You must act with integrity	
Rule 2: You must act with due skill, care and diligence	
Rule 3: You must be open and cooperative with the FCA, the PRA and other Regulators	

	Tick the rule(s) relevant to this notification	Tick if this is a known breach	Tick if this is a suspected breach
Individual Conduct Rules			
Rule 1: You must act with integrity.			
Rule 2: You must act with due skill, care and diligence.			
Rule 3: You must be open and cooperative with the FCA, the PRA and other regulators.			

3.03 **Details of breach:** For each breach please provide the following information: (If there is insufficient space, please continue on a separate sheet of paper and clearly identify the section and question to which the additional information relates.)

3.02

a Date when ~~known or suspected~~ breach(es) came to the attention of the firm:

b Date or period of ~~known or suspected~~ breach(es):

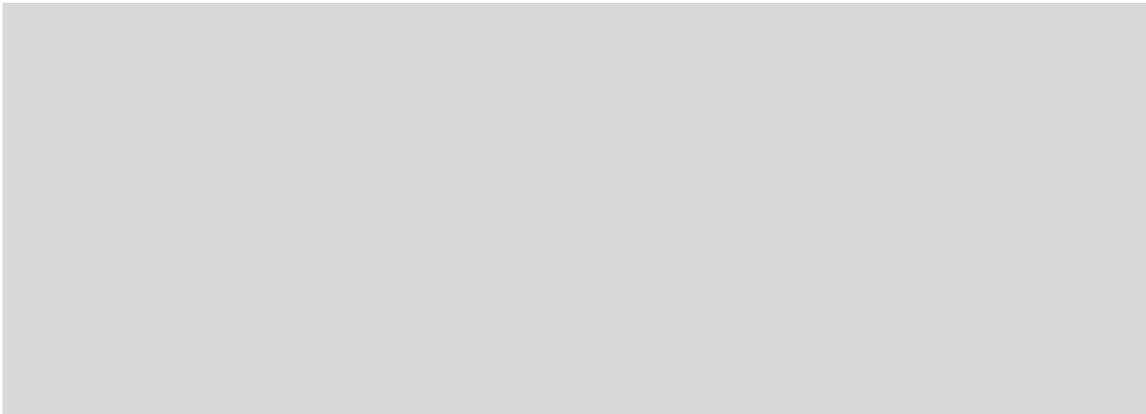
c Details of the ~~known or suspected~~ breach(es):

3.04 **Update to previously notified known or suspected breach(es) disciplinary action:**

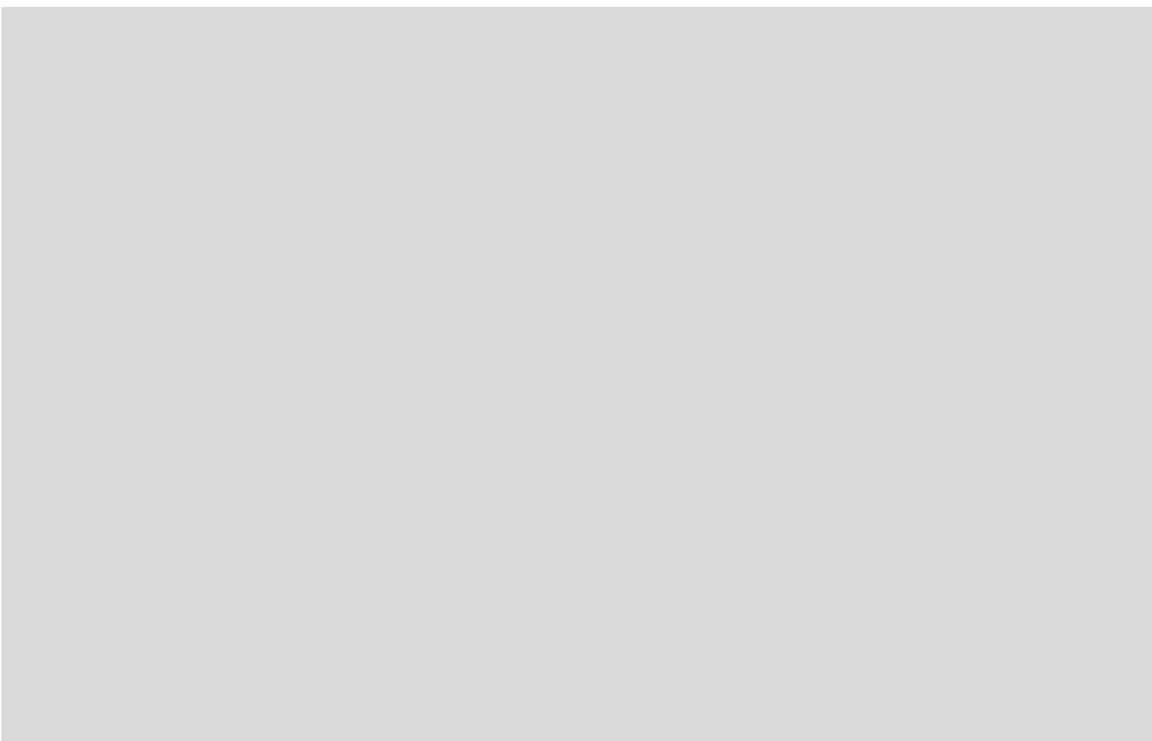
3.03

~~—~~ **a** Date of previous notification to which this update relates

~~—~~ **b** Update Details:



3.05 ~~Disciplinary action. If the firm is making a notification under section 64C of the Financial Services and Markets Act 2000 and Notifications 11.5, please~~ Please provide details below of disciplinary action taken and the reasons for this action. If the individual is appealing against the firm's decision, please include details here. Please do not repeat information already included in the answers to Question 3.03; if necessary please cross refer instead:



3.04 Update to previously notified known or suspected breach(es) disciplinary action:

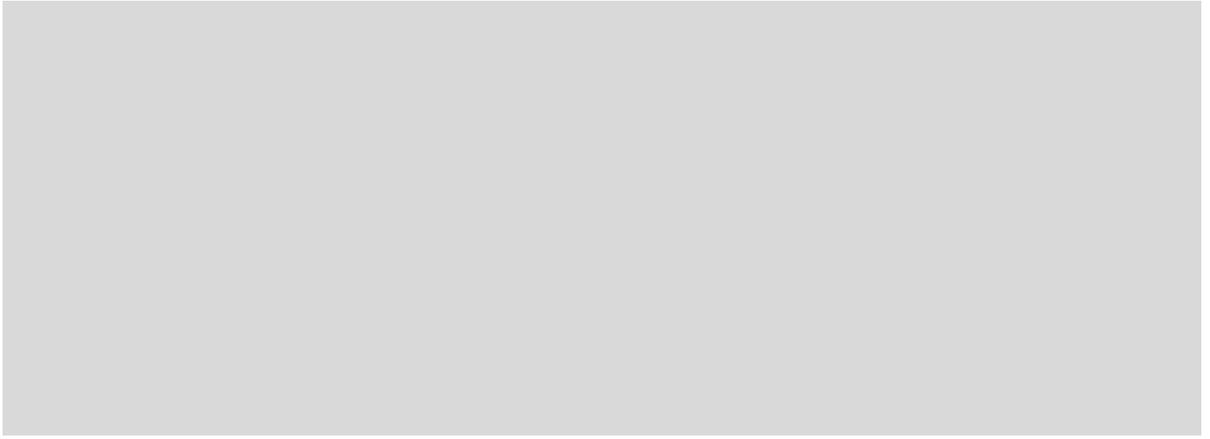
3.05

a Date of previous notification to which this update relates



b Update Details¹ :

¹ This should include any appeal made subsequent to a previous notification or the outcome of any appeal previously notified.



Declarations and signatures

Section 4

Knowingly or recklessly giving the *PRA* information which is false or misleading in a material particular may be a criminal offence (section 398 of the Financial Services and Markets Act 2000). It should not be assumed that information is known to the *PRA* merely because it is in the public domain or has previously been disclosed to the *PRA* or another regulatory body. If there is any doubt about the relevance of information, it should be included.

In addition to other regulatory responsibilities, *firms* have a responsibility to disclose to the *PRA* matters of which it or they would reasonably expect to be notified. Failure to notify the *PRA* of such information may lead to the *PRA* taking action against the *firm*.

For the purposes of complying with the Data Protection Act, the personal information in this form may be used by the *PRA* to discharge its statutory functions and in accordance with the Data Protection Act. It will not be disclosed for any other purposes without the permission of the *firm*.

The *firm* confirms that the information in this Form is accurate and complete to the best of its knowledge and belief. The *firm* will notify the *PRA* immediately if there is a material change to the information provided.

If the *firm* submits this Form on behalf of one or more other *firms*, the *firm* confirms that is duly authorised by such *firm(s)* to make such submission.

The *PRA* may seek to verify the information given in this Form including answers pertaining to fitness and propriety and make such enquiries and seek further information as it or they consider appropriate. The *firm* authorises the *PRA*, as applicable, to make such enquiries and seek such further information as it thinks appropriate in the course of verifying the information given in this Form.

I confirm that a permanent copy of this notification, signed by the *firm*, will be retained by the *firm* for an appropriate period, for inspection at the *PRA*'s request.

I confirm that I have read and understood the declaration.

I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief.

4.01 Name of *firm*

4.02 Name of *person* signing on behalf of the *firm*

4.03 Job title

4.04 Signature

Date / /

PRA RULEBOOK: NON AUTHORISED PERSONS: FSCS MANAGEMENT EXPENSES LEVY LIMIT AND BASE COSTS INSTRUMENT 2016

Powers exercised

A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):

- (1) section 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 representations made.

PRA Rulebook: Non Authorised Persons: FSCS Management Expenses Levy Limit and Base Costs Instrument 2016

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

Commencement

E. This instrument comes into force on 1 April 2016.

Citation

F. This instrument may be cited as the PRA Rulebook: Non Authorised Persons: FSCS Management Expenses Levy Limit and Base Costs Instrument 2016.

By order of the Board of the Prudential Regulation Authority

22 March 2016.

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.

Part

FSCS MANAGEMENT EXPENSES LEVY LIMIT AND BASE COSTS

Chapter content

1. APPLICATION AND DEFINITIONS
2. LIMIT ON MANAGEMENT EXPENSES LEVIES
3. BASE COSTS

Links

2 LIMIT ON MANAGEMENT EXPENSES LEVIES

- 2.1 The total of all *management expenses levies* attributable to the period ~~1 April 2015 to 31 March 2016~~ 1 April 2016 to 31 March 2017 of the *deposit guarantee scheme*, the *dormant account scheme* or the *policyholder protection scheme* may not exceed ~~£74,429,000~~ £72,694,000 less whatever *management expenses levies* the FSCS has imposed in accordance with *FCA compensation scheme rules* attributable to that period.

PRA RULEBOOK: CRR FIRMS, NON CRR FIRMS: HOUSING INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority 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 (Rule-making instrument) of the Act.

Pre-conditions to making

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

PRA Rulebook: CRR Firms, Non CRR Firms: Housing Instrument 2016

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

Commencement

- E. Annex A of this instrument comes into force on 25 March 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms, Non CRR Firms: Housing Instrument 2016.

By order of the Board of the Prudential Regulation Authority
22 March 2016

Annex A

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

Part

HOUSING

Chapter content

1. APPLICATION AND DEFINITIONS
2. HIGH LOAN TO INCOME ALLOWANCE

Links

1 APPLICATION AND DEFINITIONS

1.11 In this Part the following definitions apply:

...

first charge

means a legal mortgage ranking in priority ahead of all other legal mortgages (if any) affecting the land in question

...

regulated mortgage contract

has the meaning given in Article 61(3)(a) of the *Regulated Activities Order*, but:

(1) *re-mortgages with no change to the principal sum outstanding; and*

(2) *lifetime mortgages; and*

(3) regulated mortgage contracts that are not first charge regulated mortgage contracts

must be disregarded.

...

**PRA RULEBOOK: ENACTING REGULATORY REPORTING AMENDMENT (DATE) INSTRUMENT
2016**

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (1) section 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: Enacting Regulatory Reporting Amendment (Date) Instrument 2016

- D. The PRA makes the rules in the Annex to this instrument.
- E. This instrument deletes and supersedes PRA 2015/75.

Commencement

- F. This instrument comes into force on 22 April 2016.

Citation

- G. This instrument may be cited as the PRA Rulebook: Enacting Regulatory Reporting Amendment (Date) Instrument 2016.

By order of the Board of the Prudential Regulation Authority
12 April 2016

Annex

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

Part

REGULATORY REPORTING

...

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>	<i>Credit union</i>	<i>Dormant account fund operator (12)</i>
Description of <i>data item</i>						
...						
Liquidity Buffer	FSA050 ((14), (17) and (18))	FSA050 ((14), (17) and (18))				
Qualifying Securities						
Funding Concentration	FSA051 ((14), (17) and (18))	FSA051 ((14), (17) and (18))				
Pricing data	FSA052 ((14), (18) and (19))	FSA052 ((14), (18) and (19))				
Retail and corporate funding	FSA053 ((14), (17) and (18))	FSA053 ((14), (17) and (18))				

...

- (14) 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 (including on the basis of the *firm's UK branch*) unless it is a *group liquidity reporting firm* in a *UK-DLG by modification*. 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 *UK-DLG by modification*, it must complete the item on the basis of that group. ~~[deleted]~~
- ...
- (17) ~~(16) applies, except that sub-paragraphs (c), (d) and (e) do not apply, meaning that *material currencies* must not be recorded separately. [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				
Data item	Unconsolidated UK banks and building societies	Individual consolidated UK banks and building societies	Report on a UK consolidation group or, as applicable, defined liquidity group basis by UK banks and building societies	Other members of RAG 1
...				
FSA050	Monthly ((2))		Monthly ((2))	Monthly ((2))
FSA051	Monthly ((2))		Monthly ((2))	Monthly (2)
FSA052	Weekly or monthly ((2) and (7))		Weekly or monthly ((2) and (8))	Weekly or monthly ((2) and (7))
FSA053	Quarterly (2)		Quarterly (2)	Quarterly (2)

...

- (7) If the report is on an individual basis (including by reference to the *firm's UK branch*) the reporting frequency is as follows:
- (a) weekly if the *firm* is a *standard frequency liquidity reporting firm*; and
 - (b) monthly if the *firm* is a *low frequency liquidity reporting firm*. ~~[deleted]~~
- (8) If the report is by reference to the *firm's UK-DLG by modification* the reporting

frequency is:

- (a) weekly if the *group liquidity standard frequency reporting conditions* are met;
- (b) monthly if the *group liquidity low frequency reporting conditions* are met. ~~[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.

RAG 1						
Data item	Daily	Weekly	Monthly	Quarterly	Half yearly	Annual
...						
FSA050			<i>15 business days</i>			
FSA051			<i>15 business days</i>			
FSA052		22.00 hours (London time) on the second <i>business day</i> immediately following the last day of the reporting period for the item in question	<i>15 business days</i>			
FSA053			<i>15 business days</i>			

...

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:

RAG 3	
Description of data item	Applicable data items (1)

RAG 3	
Description of <i>data item</i>	Applicable <i>data items</i> (1)
...	
Liquidity Buffer Qualifying Securities	FSA050 ((10), (12) and (13))
Funding Concentration	FSA051 ((10), (12) and (13))
Pricing data	FSA052 ((10), (13) and (14))
Retail and corporate funding	FSA053 ((10), (12) and (13))

...

- (10) ~~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 unless it is a *group liquidity reporting firm* in a *UK-DLG by modification*. 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 *UK-DLG by modification*, it must complete the item on the basis of that group. [deleted]~~

...

- (12) ~~(11) applies, except that sub-paragraphs (c), (d) and (e) do not apply, meaning that *material currencies* must not be recorded separately. [deleted]~~

...

- (14) ~~This *data item* must be reported only in the currencies named in FSA052, so that liabilities in GBP are reported in GBP in rows 1 to 4, those in USD are reported in USD in rows 5 to 8, and those in Euro are reported in Euro in rows 9 to 12. Liabilities in other currencies are not to be reported. [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.

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

RAG 3	
Data item	Reporting frequency
FSA050	Monthly (1)
FSA051	Monthly (1)
FSA052	Weekly or monthly ((1) and (4))
FSA053	Quarterly (1)

...

(4) If the report is on an individual basis the reporting frequency is:

(a) ~~Weekly if the firm is a standard frequency liquidity reporting firm; and~~

(b) ~~Monthly if the firm is a low frequency liquidity reporting firm. [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						
Data item	Daily	Weekly	Monthly	Quarterly	Half yearly	Annual
...						
FSA050			15 business days			
FSA051			15 business days			
FSA052		22.00 hours (London time) on the business day immediately following the last day of the reporting period for the item in question	15 business days			
FSA053				15 business days		

...

16 DATA ITEMS

...

16.17 ~~FSA050 can be found here.~~ [\[deleted\]](#)

16.18 ~~FSA051 can be found here.~~ [\[deleted\]](#)

16.19 ~~FSA052 can be found here.~~ [\[deleted\]](#)

16.20 ~~FSA053 can be found here.~~ [\[deleted\]](#)

...

**PRA RULEBOOK: CRR FIRMS AND SOLVENCY II FIRMS: AUDIT COMMITTEE INSTRUMENT
2016**

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (1) section 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 and Solvency II Firms: Audit Committee Instrument 2016

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

Commencement

- E. This instrument comes into force on 17 June 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms and Solvency II Firms: Audit Committee Instrument 2016.

By order of the Board of the Prudential Regulation Authority

10 May 2016.

Annex

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

Part

AUDIT COMMITTEE

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. AUDIT COMMITTEE**
- 3. LLOYD'S**
- 4. TRANSITIONAL PROVISIONS**

Links

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

- (1) a *CRR firm*;
- (2) a *UK Solvency II firm*;
- (3) in accordance with Insurance General Application 3, the *Society*, as modified by 3; and
- (4) in accordance with Insurance General Application 3, *managing agents*, as modified by 3.

1.2 This Part does not apply to a *firm* which is a *subsidiary undertaking* of an EEA *parent undertaking* where the *parent undertaking* complies at group level with Chapter 2 or with requirements implementing Article 39 of the *Statutory Audit Directive* in any other EEA State and, where applicable, with Articles 11(1), 11(2) and 16(5) of the *Statutory Audit Regulation*, provided that:

- (1) the *firm* is not significant; or
- (2) if the *firm* is significant, its *governing body* is composed of the same *non-executive directors* as the *governing body* of that *parent undertaking*.

[Note: Art. 39(3)(a) (part) of the *Statutory Audit Directive*]

1.3 This Part applies to a *firm* in respect of financial years beginning on or after 17 June 2016.

1.4 In this Part, the following definitions shall apply:

aggregate accounts

means the aggregate accounts required to be prepared by the *Council* under regulation 18 of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 (SI 2008/1950).

audit committee

means a committee established in accordance with 2.1.

Statutory Audit Directive

means Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC.

Statutory Audit Regulation

means Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

syndicate statutory accounts

means the *syndicate's* annual accounts and underwriting year accounts for a financial year prepared under regulations 5(2)(a) and 6(1) of the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008 (SI 2008/1950).

2 AUDIT COMMITTEE

2.1 Subject to 2.3, a *firm* must have an *audit committee* which meets the criteria set out in 2.2 and which is responsible for performing the functions set out in 2.4.

[Note: Art. 39(1) (part) of the *Statutory Audit Directive*]

2.2 The criteria referred to in 2.1 are:

- (1) the *audit committee* must be a committee of the *governing body* of the *firm*;
- (2) the *audit committee* must be composed only of *non-executive directors*;
- (3) at least one member of the *audit committee* must have competence in accounting and/or auditing;
- (4) the members of the *audit committee* as a whole must have competence relevant to the sector in which the *firm* is operating;
- (5) a majority of the members, including the chairman, of the *audit committee* of a *firm* must be independent of the *firm* provided that:
 - (a) the *firm* is not significant; or
 - (b) the *firm* is a significant *subsidiary undertaking* of a *parent undertaking* and all members of the *parent undertaking's audit committee* are independent of the *parent undertaking*;
- (6) subject to (5)(b), all members of the *audit committee* of a *firm* that is significant must be independent of the *firm*; and
- (7) the chairman of the *audit committee* must be appointed by its members and must be independent of the *firm*.

[Note: Art. 39(1) (part) of the *Statutory Audit Directive*]

2.3 A *firm* may combine its *audit committee* with its risk committee (if applicable) provided that:

- (1) the *firm* is not significant; and
- (2) the members of the combined committee have the knowledge, skills and expertise required for the exercise of the functions of the risk committee and the *audit committee*.

[Note: Art. 76(3) CRD]

- 2.4 A *firm* must ensure that its *audit committee* performs at least the following functions:
- (1) informs the *governing body* of the *firm* of the outcome of the statutory audit and explains how the statutory audit contributed to the integrity of financial reporting and what the role of the *audit committee* was in that process;
 - (2) monitors the financial reporting process and submits recommendations or proposals to ensure its integrity;
 - (3) monitors the effectiveness of the *firm's* internal quality control and risk management systems and, where applicable, its internal audit, regarding the financial reporting of the *firm*, without breaching its independence;
 - (4) monitors the statutory audit of the annual and consolidated financial statements, in particular, its performance, taking into account, where applicable, any findings and conclusions of the Financial Reporting Council Limited pursuant to Article 26(6) of the *Statutory Audit Regulation*;
 - (5) reviews and monitors the independence of the statutory auditor or the audit firm in accordance with, where applicable, paragraphs 2(3), 2(4), 3, 4(1), 4(2), 5 to 8 and 10 to 12 of Schedule 1 to the Statutory Auditors and Third Country Auditors Regulations 2016 (SI 2016/XXX) and, where applicable, Article 6 of the *Statutory Audit Regulation*, and in particular the suitability of the provision of non-audit services to the *firm* in accordance with Article 5 of the *Statutory Audit Regulation*; and
 - (6) is responsible for the procedure for the selection of the statutory auditor or audit firm and recommends the statutory auditor or the audit firm to be appointed, where applicable, in accordance with Article 16 of the *Statutory Audit Regulation*, except when Article 16(8) of the *Statutory Audit Regulation* is applied.

[Note: Art. 39(6) of the Statutory Audit Directive]**3 LLOYD'S**

-
- 3.1 This Part applies to the *Society* and *managing agents* separately.
- 3.2 For the purposes of complying with 2, a *managing agent* must establish an *audit committee* which meets the criteria set out in 2.2 and which is responsible for performing the functions set out in 2.4 in respect of:
- (1) each *syndicate* it manages; and
 - (2) any *syndicate* in respect of which it was the last *managing agent* to manage during the preceding year and which has no *managing agent* on 31 December where *syndicate statutory accounts* are required to be prepared.
- 3.3 For the purpose of:
- (1) 2, as applied to the *Society*, references to “*governing body*” are to be interpreted as references to the *Council*.

- (2) 2.4, as applied to *managing agents*,
 - (a) references to “statutory audit” and “statutory audit of the annual and consolidated financial statements” are to be interpreted as references to the audit of the *syndicate statutory accounts* in accordance with the requirements of the Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008 (SI 2008/1950); and
 - (b) references to “statutory auditor” or “audit firm” are to be interpreted as a reference to the statutory auditor or audit firm responsible for the audit of the *syndicate statutory accounts* referred to in 3.3(2)(a);
- (3) 2.4(3), as applied to *managing agents*, the reference to “the financial reporting of the *firm*” is to be interpreted as a reference to the financial reporting in respect of each *syndicate* referred to in 3.2 for which the *managing agent* is responsible; and
- (4) 2.4, as applied to the *Society*,
 - (a) references to “statutory audit” and “statutory audit of the annual and consolidated financial statements” are to be interpreted as references to the audit of the *aggregate accounts* in accordance with the requirements of the Insurance Accounts Directive (Lloyd’s Syndicate and Aggregate Accounts) Regulations 2008 (SI 2008/1950) and the audit of the *Society’s* group financial statements; and
 - (b) references to “statutory auditor” or “audit firm” are to be interpreted as references to the auditor or audit firm responsible for the audit of the *aggregate accounts* referred to in 3.3(4)(a) and the audit of the *Society’s* group financial statements.

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*.
- 4.2 Subject to 4.3, a *firm* that is not significant or is a *subsidiary undertaking* of a non-EEA *parent undertaking* may not have an *audit committee* until the commencement of a *firm’s* financial year beginning on or after 17 June 2018 if its *governing body* is performing equivalent functions to an *audit committee*. In such a case 2.2 (1), 2.2 (2), 2.2 (5), 2.2 (6) and 2.2 (7) shall not apply, and the *firm* must disclose that the *governing body* carries out the *audit committee’s* functions and how its *governing body* is composed.
- 4.3 Until the commencement of a *firm’s* financial year beginning on or after 17 June 2018, where all members of the *audit committee* are members of the *governing body* of a *firm* that is not significant or is a *subsidiary undertaking* of a non-EEA *parent undertaking*, the *audit committee* is to be exempt from the independence requirements laid down in 2.2 (5), 2.2 (6) and 2.2 (7).
- 4.4 Chapter 2 shall not apply to a significant *firm* which is a *subsidiary undertaking* of an EEA *parent undertaking* until the commencement of a *firm’s* financial year beginning on or after 17

June 2018, where the *parent undertaking* complies at group level with Chapter 2 or with requirements implementing Article 39 of the *Statutory Audit Directive* in any other EEA State and, where applicable, with Articles 11(1), 11(2) and 16(5) of the *Statutory Audit Regulation*.

**PRA RULEBOOK: CRR FIRMS AND NON-AUTHORISED PERSONS: CONTRACTUAL
RECOGNITION OF BAIL-IN AMENDMENT INSTRUMENT 2016**

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (the PRA’s general rules);
 - (2) section 137T (general supplementary powers); and
 - (3) section 192JB (rules requiring parent undertakings to facilitate resolution).
- B. The PRA exercises the following powers in the Act to make those terms in the Glossary that are used in this instrument in rules applicable to qualifying parent undertakings:
- (1) section 192JB (rules requiring parent undertakings to facilitate resolution); and
 - (2) section 137T (general supplementary powers).
- C. 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

- D. 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 and Non-Authorised Persons: Contractual Recognition of Bail-In
Amendment Instrument 2016**

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

Commencement

- F. The Annex to this instrument comes into force on 1 August 2016.

Citation

- G. This instrument may be cited as the PRA Rulebook: CRR Firms and Non-Authorised Persons: Contractual Recognition of Bail-In Amendment Instrument 2016.

By order of the Board of the Prudential Regulation Authority

27 June 2016

Annex

Amendments to the Contractual Recognition of Bail-In Part

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

1 APPLICATION AND DEFINITIONS

1.1 ...

1.2 In this Part, the following definitions shall apply:

debt instrument

means any form of transferable debt security or instrument, whether registered or bearer, including commercial paper, bills of exchange, bankers acceptances, certificates of deposit and bonds, including *additional tier 1 instruments* and *tier 2 instruments*.

...

excluded liability

has the meaning given in section 48B(7A)(a) of the Banking Act 2009. ~~means any liability listed in section 48B(8) of the Banking Act 2009~~ except, in respect of *liabilities* created after 31 July 2016, a *liability* shall not be regarded as secured for the purposes of section 48(B)(8)(b) of the Banking Act 2009 if, at the time at which it is created, it is not a *fully secured liability*.

...

fully secured liability

means a *liability* which, at the time it is created, is fully secured and governed by contractual terms that oblige the debtor to maintain the *liability* fully collateralised on a continuous basis in compliance with regulatory requirements of *EU* law or of the law of a *third country* achieving effects that can be deemed equivalent to *EU* law.

...

material amendment

means an amendment to an agreement, including an automatic amendment, which affects the substantive rights and obligations of a party to the agreement. Amendments which are not *material amendments* include a change to the contact details of a signatory or the addressee for the service of documents, typographical changes to correct drafting errors or automatic adjustment to interest rates.

...

phase two liability

means an unsecured liability that is not a debt instrument.

...

unsecured liability

means

- (1) in respect of liabilities created on or before 31 July 2016, a liability under which the right of the creditor to payment or other form of performance is not (i) secured by a charge, pledge, lien or mortgage, or (ii) subject to other collateral arrangements, including liabilities arising from repurchase transactions and other title transfer collateral arrangements; and
- (2) in respect of liabilities created after 31 July 2016, a liability that is not a fully secured liability.

2 CONTRACTUAL RECOGNITION OF BAIL-IN

...

2.1 Except in the circumstances described in 2.1A a BRRD undertaking must include in the contract governing a liability a term by which the creditor or party to the agreement creating the liability recognises that the liability may be subject to the exercise of a power by the Bank of England to make special bail-in provision or mandatory reduction provision and agrees to be bound by any reduction of the principal or outstanding amount due or by any conversion or cancellation effected by the exercise of that power, provided that such liability is:

- (1) not an *excluded liability*;
- (2) not an *excluded deposit*;
- (3) governed by the law of a *third country*; and
- (4) ~~issued, entered into or arising after 31 December 2015~~ a liability of a type described in 2.3.

2.1A 2.1 does not apply in respect of a phase two liability where it would be impracticable for the BRRD undertaking to comply with 2.1 in respect of that phase two liability.

...

2.3 A liability in 2.1(4) is:

- (1) a liability (other than a liability under a debt instrument) created after 31 December 2015, regardless of whether it is created under an agreement entered into on or before 31 December 2015 (including under a master or framework agreement between the contracting parties governing multiple liabilities);
- (2) a liability (other than a liability under a debt instrument) created on or before 31 December 2015 if the agreement governing the liability is subject to a material amendment after 31 July 2016;
- (3) a liability under a debt instrument issued on or after 19 February 2015;

(4) a liability under a debt instrument issued before 19 February 2015 which is subject to a material amendment after 31 July 2016.

PRA RULEBOOK: PRA PERIODIC FEES (2016/17) AND OTHER FEES INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
 - (2) section 137T (General supplementary powers);
 - (3) section 166 and 166 A (Reports by skilled persons); and
 - (4) 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 (2016/17) and Other Fees Instrument 2016

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

Commencement

- E. This instrument comes into force on **30 June 2016**.

Citation

- F. This instrument may be cited as the PRA Rulebook: PRA Periodic Fees (2016/17) and Other Fees Instrument 2016.

By order of the Board of the Prudential Regulation Authority

27 June 2016

Annex

PRA RULEBOOK: PRA PERIODIC FEES (2016/2017) AND OTHER FEES INSTRUMENT 2016

Amendments to the Fees Part of the PRA Rulebook

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

1. APPLICATION AND DEFINITIONS

.....

1.2 In this Part, the following definitions shall apply:

assets outside expected RFB subgroups

means assets of a ring-fencing fees group which its ring-fencing business plan indicated were not intended to be held within a ring-fenced body or its UK sub-group for ring-fencing purposes on 1 January 2019.

core deposit

means core deposits within the meaning of article 2(2) of the FSMA (Ring-Fenced Bodies and Core Activities) Order 2014.

ring-fencing fees group

means a banking group, or part of a banking group, which (i) has submitted a ring-fencing business plan and (ii) was notified by the PRA on or prior to 1 May 2016 that a fee relating to ring-fencing would be payable by one or more members of its group.

ring-fencing business plan

means the near-final business plans submitted to the PRA on or before 1 March 2016 setting out firms' proposals for ring-fencing.

ring-fenced body or RFB

has the meaning in Section 142A of FSMA.

ring-fencing

means the UK ring-fencing regime as provided for in the Financial Services (Banking Reform) Act 2013, including statutory instruments and PRA rules made or to be made pursuant thereto.

ring-fencing implementation fee(s)

means the fee or fees in 3.18.

~~Version 1 credit union~~

~~means a credit union whose Part 4A permission requires that it must not lend more than £15,000, or such lesser amount as may be specified in the~~

permission, in excess of a member's shareholding, being any shares held by a member of the *credit union* in accordance with sections 5 and 7 of the Credit Unions Act 1979 or articles 14 and 23 of the Credit Unions (Northern Ireland) Order 1985 (as appropriate).

~~Version 2 credit union~~

~~means a *credit union* which is not a *Version 1 credit union*.~~

.....

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):

- (1) a minimum *periodic fee* at the rate specified in Table I of the *Periodic Fees Schedule*;~~;~~
- (2) a *transition costs* allocation calculated in accordance with Table II of the *Periodic Fees Schedule*;~~;~~ ~~and~~
- (3) *periodic fees* at the rate specified in Table III, subject to any modifications in Table IV and Table V, of the *Periodic Fees Schedule* calculated as follows:
 - (a) applying the *tariff bases* and *valuation points* set out in 3.4 to the *tariff data* which they have supplied to the *PRA* or its *collection agent*;
 - (b) where applicable, grouping *tariff data* into the *tariff bands* shown in Column 3 of Table III of the *Periodic Fees Schedule*; and
 - (c) applying the appropriate *tariff rate* as shown in Column 4 of Table III of the *Periodic Fees Schedule*;

the fee being the total of sums payable in respect of all *tariff bands*; and

- (4) the *ring-fencing implementation fee* if applicable.

.....

3.5 The *periodic fees* payable by:

- (1) the *Society* are as specified in Table III of the *Periodic Fees Schedule*; and
- (2) *fee-payers* subject to the *ring-fencing implementation fee* are as specified in 3.18.

.....

Modifications to periodic fees for incoming EEA, ~~and~~ Treaty firms and non-directive insurers

3.11 The following modifications to *periodic fees* will apply:

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

- (4) (a) the modifications in 3.7 apply only in relation to the relevant regulated activities of the *firm* which are *EEA passported activities* or activities of a *Treaty firm* exercising rights under Schedule 4 of FSMA; and
- (2) (b) the *tariff rates* set out in Table III 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*.

(2) Periodic fees in the A3 general insurance fee block and the A4 life insurance fee block payable by firms outside the scope of the Solvency II Directive are subject to the modifications in Table V of the Periodic Fees Schedule, to be applied to the final figure arrived at under 3.3 (3) once all other modifications relevant to the firm have been taken into account.

.....

Ring-fencing implementation fee

3.18 In the fee year commencing on 1 March 2016 and subsequent fee years:

- (1) The PRA will charge a ring-fencing implementation fee to recover the annual cost to the PRA, as determined by the PRA, of implementing ring-fencing.
- (2) All firms within ring-fencing fees groups are subject to ring-fencing implementation fees. The PRA may require that a single firm pays all ring-fencing implementation fees due to the PRA by the group.
- (3) In each fee year the PRA will allocate to each ring-fencing fees group the proportion referred to in 3.18 (4) of the cost referred to in 3.18 (1). An amount reflecting this proportion will be the total fee payable by the group.
- (4) The proportion referred to in 3.18 (3) was determined by the PRA as at 1 March 2016 in accordance with the following formula (all figures rounded to the nearest whole number):

$$\frac{X + Y}{2} \%$$

where

$$X = \frac{\text{core deposits (ring-fencing fees group)}}{\text{core deposits (all ring-fencing fees groups)}} \times 100$$

and

$$Y = \frac{\text{assets outside expected RFB sub-group (ring-fencing fees group)}}{\text{assets outside expected RFB sub-groups (all ring-fencing fees groups)}} \times 100$$

- (5) Fee payers must comply with directions from the PRA or its collection agent as to payment of ring-fencing implementation fees arising from any variance between the PRA's budgeted costs under 3.18 (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 the firms making payment and a shortfall may necessitate a call for additional fees.

- (6) Where an application for a new authorisation or variation of Part 4A permission is made in the context of ring-fencing, no regulatory transaction fee will be payable under 4.5 or 4.7 if a ring-fencing implementation fee is payable under 3.18 whether by the applicant or another fee payer.

PERIODIC FEES SCHEDULE – FEE RATES AND EEA/TREATY FIRM MODIFICATIONS FOR THE PERIOD FROM ~~1 MARCH 2015 TO 29 FEBRUARY 2016~~ 1 MARCH 2016 TO 28 FEBRUARY 2017

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

TABLE I4 MINIMUM PERIODIC FEES RATES

Fee payer	Fee payable (£)
<i>Credit unions</i> with <i>MELs</i> under £2.0 million:	
With modified eligible liabilities of 0 – 0.5 million	80.00
With modified eligible liabilities greater than 0.5 million and less than 2.0 million	270.00
<i>Non-directive friendly societies</i> which either: (1) fall within the A3, but not the A4, <i>fee block</i> and have, in relation to their A3 activities, <i>gross premium income</i> of 0-£0.5million and <i>gross technical liabilities</i> of 0-£1.0million; or (2) fall within the A4, but not the A3, <i>fee block</i> and have, in relation to their A4 activities, <i>adjusted gross premium income</i> of 0-£1.0 million and hold 0-£1.0million of <i>mathematical reserves for fees purposes</i> of £1 million ; or (3) fall within both the A3 and A4 <i>fee blocks</i> and meet condition (1) above in relation to their A3 activities and condition (2) above in relation to their A4 activities.	215.00
All other firms	500.00

TABLE II - TRANSITION 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 <u>0.06260.0627</u>

TABLE III – PERIODIC FEE RATES APPLICABLE TO PRA FEE BLOCKS OTHER THAN THE MINIMUM AND TRANSITION COSTS FEE BLOCKS

Column 1 <i>Fee block</i>	Column 2 <i>Tariff base</i>	Column 3 <i>Tariff bands</i>	Column 4 <i>Tariff rates</i>	
A1 deposit acceptors fee block	<i>modified eligible liabilities</i>	Band width (£million of <i>MELs</i>)	Fee payable per million or part million of <i>MELs</i> (£)	
		>10 - 140	38.87 36.66	
		>140 - 630	38.87 36.66	
		>630 - 1,580	38.87 36.66	
		>1,580 - 13,400	48.59 45.83	
		>13,400	64.14 60.49	
A3 general insurers fee block <i>gross premium income + gross technical liabilities</i>	<i>gross premium income (GPI)</i>	Band width (£million of <i>GPI</i>)	Fee payable per million of <i>GPI</i> (£)	
		>0.5 - 10.5	494.15 541.25	
		>10.5 - 30	494.15	
		>30 - 245	494.15	
		>245 - 1,900	494.15	
		>1,900	494.15	
	<i>gross technical liabilities (GTL)</i>	Band Width (£ million of <i>GTL</i>)	Fee payable per million of <i>GTL</i> (£)	
		>1 - 12.5	27.31 30.30	
		>12.5 - 70	27.31	
		>70 - 384	27.31	
		>384 - 3,750	27.31	
		>3,750	27.31	
		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> .		
		A4 Life insurers fee block <i>adjusted gross annual income (AGPI) + mathematical reserves</i>	<i>adjusted gross annual premium income (AGPI)</i>	Band width (£million of <i>AGPI</i>)
>1 - 5	499.65 546.20			
>5 - 40	499.65			
>40 - 260	499.65			
>260 - 4,000	499.65			
>4,000	499.65			
<i>mathematical reserves</i>	Band width (£million of <i>MR mathematical reserves for fees purposes</i>)		Fee per million or part million of <i>mathematical reserves for fees purposes</i> (£)	
	>1 - 20		40.24 11.57	
	>20 - 270		40.24	
	>270 - 7,000		40.24	
	>7,000 - 45,000		40.24	
	>45,000		40.24	

A5 managing agents at Lloyd's	<i>active capacity</i>	Band width (£million of active capacity)	Fee per million of <i>active capacity</i> (£)
		>50 –150	59.22 57.15
		>150 –250	59.22
		>250 –500	59.22
		>500 –1,000	59.22
		>1,000	59.22
A6 Society of Lloyd's	flat fee	N/A	General periodic fee (£) 1,895,574.68-1,795,750.10
A10 Firms dealing as principal fee block	fee per trader	Fee (£ per trader)	5,776.00 5,537.00

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%
PT1 transition costs fee block	100%
<i>Incoming EEA firms and incoming Treaty firms offering cross border services only</i>	100%

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

<u>Fee payer</u>	<u>Discount applied to <i>periodic fees</i></u>
<u>A3 general insurers fee block</u>	<u>11%</u>
<u>A4 life insurers fee block</u>	<u>11%</u>

4 REGULATORY TRANSACTION FEES

.....

4.5 Regulatory transaction fees for new authorisations are payable as follows:

.....

(2) *Credit unions* applying for *new authorisations pay fees* as follows:

(a) ~~any credit union~~ applying for a Part 4A permission for *consumer credit related activities* £100.00; and

(b) a *credit union* which, prior to 3rd February 2016, would have been categorised as a ~~Version 1 credit union~~ applying for Part 4A permission not limited to *consumer credit related activities* £150.00;

(c) a ~~credit union~~ which, prior to 3rd February 2016, would have been categorised as a ~~Version 2 credit union~~ applying for Part 4A permission not limited to *consumer credit related activities* £900.00.

**PRA RULEBOOK: NON-SOLVENCY II FIRMS: INSURANCE COMPANY - REPORTING
INSTRUMENT 2016**

Powers exercised

- A. The Prudential Regulation Authority ("PRA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):
- (1) section 137G (The PRA's general rules);
 - (2) section 137T (General supplementary powers);
 - (3) section 137P (Control of information rules); and
 - (4) section 340 (Appointment).
- 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: Non-Solvency II Firms: Insurance Company - Reporting Instrument 2016

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

Commencement

- E. This instrument comes into force on 1 July 2016.

Citation

- F. This instrument may be cited as the Non-Solvency II Firms: Insurance Company - Reporting Instrument 2016.

By order of the Board of the Prudential Regulation Authority

27 June 2016

Annex

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

Part

INSURANCE COMPANY - REPORTING

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. NON-DIRECTIVE FIRMS: REPORTING TO THE PRA**
- 3. REPORTING REQUIREMENTS: ALL NON-DIRECTIVE FIRMS**
- 4. REPORTING REQUIREMENTS: GENERAL INSURANCE BUSINESS**
- 5. REPORTING REQUIREMENTS: LIFE INSURANCE BUSINESS**
- 6. FORMS: REQUIREMENTS**
- 7. AUDIT OF ACCOUNTS**
- 8. DIRECTORS CERTIFICATE**
- 9. DEPOSIT OF ACCOUNTS WITH THE PRA**
- 10. MARINE MUTUALS**
- 11. REPORTING FOLLOWING TRANSFER OF ALL LONG-TERM INSURANCE BUSINESS**
- 12. TABLES OF INFORMATION**
- 13. FORMS**
- 14. TRANSITIONAL AND GRANDFATHERING MEASURES**

Links

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

- (1) all *non-directive insurers*, other than *non-directive friendly societies*; and
- (2) subject to 1.2, a *Swiss general insurer*.

1.2 This Part only applies to a *Swiss general insurer* in respect of the activities of the *firm* carried on from a *branch* in the *UK*.

1.3 In this Part, the following definitions shall apply:

accident year basis

means business not accounted for on an *underwriting year basis*.

actuarial function

means the function of acting in the capacity of an *actuary* appointed by a firm under Actuarial Requirements 2.1(1) to perform the duties set out in Actuarial Requirements 5.

available assets

means the excess of a *firm's* assets over its liabilities in each case valued in accordance with the Insurance Company – Overall Resources and Valuation Part and any *specific valuation rule*.

balancing category

means a *PRA general insurance business reporting category* to which any of the *category numbers* 409 or 709 has been allocated in column 1 of the table at 12.1.

category of business

means the *category numbers* as set out in column 2 of the table at 12.3.

category number

means the category number for the *PRA general insurance business reporting category* listed in column 1 of the table at 12.1.

Chief Executive Function

means the function set out in Large Non-Solvency II Firms – Senior Insurance Management Functions 3.1.

claim

means a claim against an *insurer* under a *contract of insurance*.

close links

means as defined in section 4F(3) of Schedule 6 to *FSMA*.

combined category

means a *PRA general insurance business reporting category* to which any of the *category numbers* 001, 002, 003, 110, 120, 180, 220, 260, 270, 280, 330, 350, 500 or 600 have been allocated in column 1 of the table at 12.1.

direct and facultative

means *insurance business* except *reinsurance business* that is not inwards facultative *reinsurance business*.

discounting

means discounting or deductions to take account of investment income within the meaning of paragraph 54 of the *insurance accounts rules*.

exemption category

means a *PRA general insurance business reporting category* to which the *category numbers* 114(p) or 710(p) have been allocated in column 1 of the table at 12.1.

financing arrangement

means any contract (other than a *contract of insurance*), agreement, correspondence (including side-letters) or understandings that amend or modify or purport to amend or modify any contract or its operation that has been entered into by the *insurer*, in respect of *contracts of insurance* written by the *insurer*, which when considered together with one or more other contracts or arrangements has the effect of increasing the *capital resources* of the *insurer* and which includes:

- (1) the transfer of assets to the *insurer*, the creation of a *debt* to the *insurer* or the transfer from the *insurer* to another party of liabilities to *policyholders* (or any combination of these); and
- (2) either an obligation for the *insurer* to return (with or without interest) some or all of such assets, a provision for the diminution of such *debt* or a provision for the recapture of such liabilities, in each case, in specified circumstances.

gross undiscounted provisions

means gross undiscounted reported claims outstanding plus gross undiscounted incurred but not reported claims plus gross provision for unearned premiums plus provision for unexpired risks.

Head of Third Country Branch function

means the function set out in Large Non-Solvency II Firms – Senior Insurance Management Functions 6.2.

home foreign business

means *general insurance business* carried on in the *UK* primarily relating to risks situated outside the *UK*, but excluding *insurance business* in *category numbers* 330, 340, 350, 500, 600 and 700 and the *insurance business* where the risk commences in the *UK*.

life protection reinsurance business

means *reinsurance* acceptance which are *contracts of insurance*:

- (1) falling within *long-term insurance business class 1*; or
- (2) falling within *long-term insurance business class III* and providing *index-linked benefits*;

that are not:

- (3) a *with-profits policy*; or
- (4) *whole life assurances*; or
- (5) contracts to pay annuities on human life; or
- (6) contracts which pay a sum of money on the survival of the life assured to a specific date or on his earlier death.

linked assets

means assets held to cover *linked long-term liabilities* under Insurance Company – Risk Management 4.2.

major cedants

means, in relation to a *firm*, another *insurance undertaking* from which (whether alone or with any *insurance undertaking* which is connected with the other *insurance undertaking*) the *firm* has accepted *general insurance business* under one or more *reinsurance* treaties for which the gross premiums *receivable* exceed the greater of:

- (1) 5% of the gross premiums *receivable* by the *firm* in respect of *general insurance business* accepted under *reinsurance* treaties; and
- (2) 2% of the gross premiums *receivable* by the *firm* in respect of *general insurance business*,

in the *financial year* in question or in any of the three preceding *financial years* of the *firm*.

major facultative reinsurance contract

means a contract under which *general insurance business* has been ceded by the *firm* on a facultative basis:

- (1) under which the total amount of premiums payable to any *reinsurer* (being a major facultative reinsurer) is equal to not less than 0.5% of gross premiums *receivable* by the *firm* in respect of *general insurance business*; or
- (2) in relation to which, in respect of any *reinsurer* (being a major facultative reinsurer) the aggregate of amounts in 4.22(1)(d) and (f) exceeds the sum of £4,000 and 1% of the *firm's* liabilities arising from its *general insurance business*, net of *reinsurance* ceded.

major treaty reinsurer

means an *insurance undertaking* to which (whether alone or with any *insurance undertaking* which has *close links* with the other *insurance undertaking*):

- (1) the *firm* has ceded *general insurance business* under one or more *reinsurance* treaties:
 - (a) in the case of proportional *reinsurance*, for which the total amount of the *reinsurance* premiums payable is equal to not less than 2% of the gross premiums *receivable* by the *firm* in respect of the *general insurance business*; or
 - (b) in the case of non-proportional *reinsurance*, for which the total amount of the *reinsurance* premiums payable is equal to not less than 5% of the total premiums payable by the *firm* in respect of all such non-proportional *reinsurance*,

in the *financial year* in question or in any of the five preceding *financial years* of the *firm*; or
- (2) the aggregate of the amounts referred to in 4.21(1)(d) and (f) exceeds the sum of £20,000 and 5% of the *firm's* liabilities arising from its *general insurance business*, net of *reinsurance* ceded.

marine mutual

means an *insurer*:

- (1) whose *insurance business* is restricted to the insurance of its members or their *associates* against loss, damage, or liability arising out of marine adventures (including losses on inland waters or any risk incidental to any sea voyage); and
- (2) whose articles of association, rules or bye laws provide for the calling of additional contributions from, or the reduction of benefits to, the majority of its members, in either case without limit, in order to ensure that the *insurer* has sufficient financial resources to meet any valid *claims* as they fall due.

miscellaneous category

means a *PRA general insurance business reporting category* to which *category numbers* 400 or 700 have been allocated in column 1 of the table in 12.1.

mixed insurer

means an *insurer* (other than a *pure reinsurer*) which carries on *reinsurance* business and where one or more of the following conditions is met in respect of its *reinsurance* acceptances:

- (1) the *premiums* collected in respect of those acceptances during the previous *financial year* exceed 10% of its total *premiums* collected during that year; and
- (2) the *technical provisions* in respect of those acceptances at the end of the previous *financial year* exceeded 10% of its total *technical provisions* at the end of that year.

overseas business

means 'overseas life assurance business' as defined in s61 of the Finance Act 2012.

permitted derivatives contract

means a contract involving a *derivative* or *quasi-derivative* that satisfied Insurance Company – Risk Management 6 – 8 (excluding 7.7), as applied in relation to *linked assets*.

PRA general insurance business reporting category

means a category of *general insurance business* that consists of the effecting or carrying out of *contracts of general insurance* falling within the description in column 2 of the table of reporting categories at 12.1.

receivable

means in relation to an *insurer*, a *financial year* and a *premium*, due to the *insurer* whether or not the *premium* is received during that *financial year*.

relevant company

means an *insurer* whose *insurance business* is restricted to *reinsurance* of the *marine mutual* on terms that provide the *marine mutual* can cancel the *reinsurance* arrangements at any time and can require the *insurer* immediately to transfer its assets and liabilities to the *marine mutual*.

reporting criteria

means the reporting criteria specified for that Form in column 3 in the table at 12.3.

reporting territory

means one of:

- (1) 'United Kingdom' if the business is carried on in the *UK* and is not *home foreign business*;
- (2) 'Home Foreign' if the business is *home foreign business*; or
- (3) 'Non-United Kingdom' if the business is carried on outside the *UK*.

required category

means, in relation to a Form, a *category number* set out in column 2 of the table at 12.3 that:

- (1) is, or is included in, a *PRA general insurance business reporting category* for which the table in 6.16 contains a tick in the row for that *PRA general insurance business reporting category* and in the column for that Form; and
- (2) either:
 - (a) meets the reporting criteria specified in the entry in column 3 of the table at 12.3 that corresponds to the entry in column 2 for that the

category of *general insurance business* and the entry in column 1 for that Form, or

- (b) is required for that Form under 4.15 or 4.16.

return

means the documents required (taken together) to be deposited under 2.4.

risk category

means any *PRA general insurance business reporting category* that is not a *combined category*, or *balancing category* or *exemption category*.

Small Insurer Senior Management Function

means the function set out in Non-Solvency II Firms – Senior Insurance Management Functions 3.1.

specific valuation rule

means rules in the Non-Solvency II Firms Sector of the *PRA Rulebook* that provides in particular circumstances for a particular method of recognition or valuation.

UK life business

means *long-term insurance business* which is not *overseas business* or *UK pension business*.

UK pension business

means *long-term insurance business* which is 'pension business' as defined by the Finance Act 2012.

underwriting year basis

means as defined in 4.7.

whole life assurance

means a *contract of insurance* which, disregarding any benefit payable on surrender, secures a capital sum only on death or either on death or on disability, but does not include a term assurance.

with-profits actuary function

means the function of acting in the capacity of an *actuary* appointed by a *firm* under Actuarial Requirements 2.1(2) to perform the duties set out in Actuarial Requirements 6.

- 1.4 In this Part, any reference to a numbered class of insurance business are references to the class so numbered in Schedule 1 of the *Regulated Activities Order*.

2 NON-DIRECTIVE FIRMS: REPORTING TO THE PRA

- 2.1 A *firm* must, with respect to each *financial year*, prepare all relevant Forms, statements and documents as set out in this Part which must include, subject to 2.2 and Chapter 11, a

revenue account for the year, a balance sheet as at the end of the year and a profit and loss account for the year.

- 2.2 An *insurer* not trading for profit must, with respect to each *financial year*, prepare an income and expenditure account for the year.
- 2.3 A *firm's financial year* must be a 12 month period.
- 2.4 A *firm* must deposit with the *PRA*, in accordance with the rules in Chapter 9, one copy of every Form and document that they are required to complete under these rules.
- 2.5 Every *firm* must ensure that all Forms and statements to be deposited with the *PRA* are audited in accordance with the provisions of Chapter 7 by a person qualified in accordance with the Auditors Part of the *PRA* Rulebook, with the exception of the following documents and Forms:
- (1) any directors certificates;
 - (2) Form 46; and
 - (3) Form 50.
- 2.6 A *firm* must provide to any *person* who so requests (or the *person* who has already been provided with a copy under (1) below):
- (1) within 30 days of the date of request, a copy of any of the documents last deposited by the *firm* under 2.4 in respect of the *financial year* in question and the two *financial years* preceding the *financial year* in question;
 - (2) within 30 days of the date of deposit, a copy of any document deposited by the *firm* in accordance with 9.4 which corrects or makes good any document provided under (1); and
 - (3) within 30 days of the date of request, a copy of any report deposited with any such document under 9.5,
- and the documents must be provided in the form requested (whether printed or electronic) and the *firm* may only make a charge to cover its reasonable costs, including those of printing and postage except in the case of (2).
- 2.7 A *firm* must ensure a directors certificate is completed and signed in accordance with this Part.
- 2.8 Subject to 2.9, the signatories of the documents to be deposited with the *PRA* are:
- (1) if the *firm* is a *large non-directive insurer*:
 - (a) where there are more than two *directors* of the *firm*, at least two of those *directors*; or
 - (b) where there are not more than two *directors*, all the *directors*, and the individual(s) approved to perform the *Chief Executive Function*; or
 - (2) if the *firm* is a *small non-directive insurer*.

- (a) where there are more than two *directors* of the *firm*, at least two of those *directors*; or
 - (b) where there are not more than two *directors*, all the *directors*,
and the individual(s) approved to perform the *Small Insurer Senior Management Function*.
- 2.9 In respect of any document relating to *insurance business* carried on through a *branch* in the *UK* by a *Swiss general insurer* the signatories for the purposes of a directors certificate are:
- (1) the authorised UK representative referred to in article 3(1)(a) of the Financial Services and Markets Act 2000 (Variation of Threshold Conditions) Order 2001 (2001/2507); and
 - (2) the individual(s) approved to perform the *Head of Third Country Branch function*.

3 REPORTING REQUIREMENTS: ALL NON-DIRECTIVE FIRMS

- 3.1 A *firm*, other than a *Swiss general insurer*, must complete Form 3.
- 3.2 A *Swiss general insurer* must complete Form 10.
- 3.3 Subject to 3.4, a *firm*, other than a *Swiss general insurer*, must complete Forms 11 and 12 as follows:
- (1) if a *composite firm*, Forms 11 and 12 must be completed separately for:
 - (a) the total *general insurance business*; and
 - (b) the total *long-term insurance business* which is *class IV* or supplementary accident and sickness insurance business or *life protection reinsurance business* written by a *pure reinsurer* or a *mixed insurer*; or
 - (2) for other *firms*, Forms 11 and 12 must be completed for:
 - (a) the total *general insurance business*; or
 - (b) the total *long-term insurance business* which is *class IV*, or supplementary accident and sickness insurance business or *life protection reinsurance business* written by a *pure reinsurer* or a *mixed reinsurer* as appropriate.
- 3.4 A *firm* does not need to complete Forms 11 and 12 in relation to *long-term insurance business* where:
- (1) the gross annual premiums for:
 - (a) *class IV* business;
 - (b) *life protection reinsurance business* written by a *pure reinsurer* or a *mixed insurer*; and
 - (c) supplementary accident and sickness insurance,

in force on the valuation date do not exceed 1% of the gross annual *premiums* in force on that date for all *long-term insurance business*; and

- (2) the amount of insurance health risk and life protection reinsurance capital component shown in Form 60 exceeds the amount that would be obtained if Forms 11 and 12 were to be completed for *long-term insurance business*.
- 3.5 Form 13 must be completed by every *firm* in respect of its total assets other than *long-term insurance assets*.
- 3.6 Subject to 3.9, for each Form 13 which a *firm* is required to complete under 3.5, the *firm* must complete Form 17 in respect of the same *insurance business*.
- 3.7 Form 15 must be completed by every *firm* except a *firm* not trading for profit which carried on only *long-term insurance business* during the relevant *financial year*.
- 3.8 A *firm* must complete Form 16.
- 3.9 A *firm* is not required to complete Form 17 where the sum of the total notional amounts for derivative contracts bought/long and sold/short would not exceed the lesser of:
- (1) £100m; or
 - (2) 5% of assets not held to match linked liabilities for the total *long-term insurance business assets* or the total assets other than *long-term insurance business assets*.
- 3.10 Every *firm* must, in respect of the *financial year* in question, provide to the *PRA* when depositing documents under 2.4 a statement comprising a brief description of:
- (1) any investment guidelines operated by the *firm* for the use of *derivative* or *quasi-derivative* contracts;
 - (2) any provision made by such guidelines for the use of contracts under which the *firm* had a right or obligation to acquire or dispose of assets which was not at the time when the contract was entered into, reasonably likely to be exercised and, if so, the circumstances in which, pursuant to that provision, such contracts would be used;
 - (3) the extent to which the *firm* was during the *financial year* a party to any contracts of the kind described in (2);
 - (4) the circumstances surrounding the use of any *derivate* or *quasi-derivative* held at any time during the *financial year* which required a significant provision to be made for it under Insurance Company – Risk Management 7.5, or (where appropriate) was not a *permitted derivatives contract*; and
 - (5) the total value of any fixed consideration received by the *firm* (whether in cash or otherwise) during the *financial year* in return for granting rights under *derivatives* and *quasi-derivatives* and a summary of contracts under which such rights have been granted.
- 3.11 In respect of 3.10(4), when determining whether a required provision is ‘significant’, a *firm* must have regard to its obligations under the contract and the volatility of the assets identified by the *firm* as being suitable to cover such obligations, and the required provisions in respect of any one *derivative* contract must be treated as significant if:

- (1) the aggregate provision required in respect of all contracts having a similar effect is significant; or
- (2) the aggregate provision required in respect of all contracts with which it is connected is significant.

4 REPORTING REQUIREMENTS: GENERAL INSURANCE BUSINESS

- 4.1 This Chapter applies only to a *firm* that carries on *general insurance business*.
- 4.2 A *firm* carrying on *general insurance business*, other than a *Swiss general insurer*, must complete Form 1.
- 4.3 A *firm* must complete Form 20 in respect of each *required category* of the whole of the *general insurance business* carried on by the *firm*.
- 4.4 A *firm* must complete Form 20A in respect of the whole *general insurance business* carried on by it.
- 4.5 A *firm* must prepare Forms 21, 22 and 23 for *insurance business* accounted for on an *accident year basis* in respect of each *required category*.
- 4.6 A *firm* must prepare Forms 24 and 25 for their *insurance business* accounted for on an *underwriting year basis* in respect of each *required category*.
- 4.7 A *firm* must account for *insurance business* on an *underwriting year basis* if it relates to risks in respect of which the *claims* outstanding for such *insurance business* are calculated using the method described in paragraph 58 of the *insurance account rules*.
- 4.8 Every *firm* which, in respect of any *financial year*, includes in Form 22 or 25 amounts relating to adjustments for *discounting* must prepare Form 30.
- 4.9 Every *firm* must prepare Forms 26 and 27 for treaty reinsurance business accounted for on an *accident year basis* in respect of each *required category*.
- 4.10 Every *firm* must prepare Forms 28 and 29 for treaty reinsurance business accounted for on an *underwriting year basis* in respect of each *required category*.
- 4.11 Every *firm* must prepare Forms 31 or 32 for *direct and facultative insurance business* accounted for on an *accident year basis* in respect of each *required category*.
- 4.12 Every *firm* must prepare Form 34 for *direct and facultative insurance business* accounted for on an *underwriting year basis* in respect of each *required category*.
- 4.13 A *firm* must allocate its *general insurance business* to one or more *risk categories* when completing the Forms required in 4.3 – 4.12.
- 4.14 For the purposes of allocation of *general insurance business* into *risk categories* under 4.13, where a *contract of insurance* falls within the description of more than one *risk category*:
 - (1) if the *contract of insurance* falls, to any extent, within the description of *risk category* 274, 590 or 690, a *firm* must allocate all the *general insurance business* represented by that *contract of insurance* to that *risk category*;
 - (2) subject to (3), in any other case, a *firm* must allocate all the *general insurance business* represented by the *contract of insurance* to the single *risk category* that, in

the reasonable opinion of the *firm's governing body*, best describes the risk covered by the *contract of insurance*;

- (3) if:
- (a) the premium payable under the *contract of insurance* is separable into the components relating to different *risk categories*; or
 - (b) in the reasonable opinion of the *firm's governing body*, allocation under (2) would be misleading,

then the *firm* must apply a reasonable method to allocate the *general insurance business* represented by the *contract of insurance* amongst the appropriate *risk categories* and must apportion the amounts it reports in the Forms accordingly.

4.15 Unless the de minimis criteria in 4.16 are met, where:

- (1) for the previous *financial year*, a *firm* was required to prepare a Form 20 to 34 for a *category of business* that was not category number 001 to 003, 409 or 709; and
- (2) for the *financial year* in question, the *reporting criteria* for that Form are not met,

the business must be reported in the same *category of business* in the same Form for the *financial year* in question.

4.16 Where the conditions in 4.15 are met, a *firm* may only cease to report such business on that Form in that *category of business* if:

- (1) the *gross written premiums* in the *financial year* in question and the *gross undiscounted provisions* at the end of that *financial year* for that *category of business* are each less than £0.5m; or
- (2) the following conditions are met:
 - (a) the business in (1) has been reported on that Form for that *category of business* in each of the three previous *financial years*; and
 - (b) the *gross written premiums* in the *financial year* in question and the *gross undiscounted provisions* at the end of that *financial year* for that *category of business* are each less than 50% of the amounts respectively specified in the *reporting criteria* for that Form in respect of that *category of business*.

4.17 Subject to 4.18 and 4.19, if the total of all *gross undiscounted provisions* in Forms 26 to 29, 31, 32 and 34 is less than 80% of the *firm's total gross undiscounted provisions*, the *firm* must prepare those Forms, as appropriate, for further *categories of business* in decreasing order of size, being measured in *gross undiscounted provisions*, until the 80% criterion is met.

4.18 A *firm* need not prepare Forms 26 to 29, 31, 32 or 34 for a *category of business* if:

- (1) the *firm's gross written premiums* in the *financial year* in question for that *category of business* are less than £1m; and
- (2) the *firm's gross undiscounted provision* at the end of the *financial year* in question for that *category of business* are less than £1m.

- 4.19 A *firm* need only prepare a Form 26 to 29, 31, 32 or 34 for a *category of business* if it is required to prepare a Form 20 for category number 110, 120, 160, 180, 220, 260, 270, 280, 330, 340, 350, 400, 500, 600 or 700 which includes that *category of business*.
- 4.20 A *firm* which, in respect of a *financial year*, prepares a Form under 4.9 to 4.12 containing figures in a currency other than sterling must prepare Form 36.
- 4.21 A *firm* must deposit with the *PRA* a statement relating to the *financial year* in question that:
- (1) details:
 - (a) the full name of each of its *major treaty reinsurers* and their registered office or principal office in the country where it is incorporated (or, in the case of an unincorporated body, of the principal office) of each such *reinsurer*;
 - (b) whether (and, if so, how) the *firm*, at any time in the *financial year*, had *close links* with any such *reinsurer*;
 - (c) the amount of the *reinsurance* premiums payable in the *financial year* to each such *reinsurer* in respect of:
 - (i) *general insurance business* ceded under proportional reinsurance treaties; and
 - (ii) *general insurance business* ceded under non-proportional reinsurance treaties,
 - (d) the amount of any *debt* of each such *reinsurer* to the *insurer* in respect of *general insurance business* ceded under *reinsurance* treaties;
 - (e) the amount of any deposit received from each such *reinsurer* under *reinsurance* treaties; and
 - (f) the amount of any anticipated recoveries from each such *reinsurer* under *reinsurance* treaties to the extent that such recoveries have been taken into account by the *insurer* in determining the *reinsurer's* share of *technical provisions* in respect of *claims* outstanding (except that, in respect of *claims* incurred but not reported, such recoveries need only be included to the extent that they are in respect of any specific occurrences for which provisions have been allocated by the *insurer*); or
 - (2) it has no *major treaty reinsurer*.
- 4.22 A *firm* must file with the *PRA* a statement relating to the *financial year* in question that:
- (1) includes, in respect of each *major facultative reinsurance contract*, the following information about each major facultative reinsurer:
 - (a) its full name and the address of the registered office or of the principal office in the country where it is incorporated (or, in the case of an unincorporated body, the principal office);
 - (b) whether (and, if so, how) the *firm* had at any time in the *financial year* *close links* with such *reinsurer*;
 - (c) the amount of the *reinsurance* premiums payable in the *financial year*;

- (d) the amount of any *debt* to the *firm*;
 - (e) the amount of any deposit received from *reinsurers*; and
 - (f) the amount of any anticipated recoveries to the extent that such recoveries have been taken into account by the *firm* in determining the *reinsurers*' share of *technical provisions* in respect of *claims* outstanding (except that, in respect of *claims* incurred but not yet reported, such recoveries need only be included to the extent that they are in respect of any specific occurrences for which provisions have been allocated by the *insurer*); or
- (2) it has no 'major facultative reinsurer'.
- 4.23 A *firm* must file with the *PRA* a statement relating to the *financial year* in question detailing:
- (1) the following information:
 - (a) the full name of each of its *major cedants* and the address of the registered office or of the principal office in the country where it is incorporated (or, in the case of an unincorporated body, the principal office);
 - (b) whether (and, if so, how) the *firm* had at any time in the *financial year* close links with any such cedant;
 - (c) the amount of the total of the gross premiums *receivable* in the *financial year* from each such cedant in respect of *general insurance business* accepted under *reinsurance* treaties;
 - (d) the amount of any deposit made with any such cedant; and
 - (e) the amount of any *debt* of each such cedant in respect of *general insurance business* accepted under *reinsurance* treaties; or
 - (2) that it has no *major cedant*.
- 4.24 A *firm* must deposit with the *PRA*, a statement regarding the *general insurance business* ceded, which includes the following information:
- (1) subject to (2), for each contract of *reinsurance* entered into or modified during the *financial year* in question under which *general insurance business* has been ceded by the *firm* on a non-facultative basis, the *firm* must prepare a statement of:
 - (a) the type of business covered by reference to *risk categories* and if only part of a *risk category* is covered, a description of that part;
 - (b) the type of cover, including such details of the terms and conditions of the contract as are necessary for a proper understanding of the nature of the cover; and
 - (c) the period of cover.
 - (2) where the contract of *reinsurance* has been modified during the *financial year* in question:
 - (a) no information need be supplied pursuant to (1) in respect of a contract of *reinsurance* which was entered into before the beginning of the *financial year*

- of the *firm* to which the Insurance Companies (Accounts and Statements) Regulations 1996 first applied; and
- (b) in any other case, the information to be supplied pursuant to (1) must be limited to any changes to the information previously supplied pursuant to that paragraph or its predecessor legislation in respect of that contract.
- (3) for every contract reported pursuant to (1), whether in the *return* for the *financial year* in question or any previous *return*, the *firm* must also prepare, if relevant, a statement of:
- (a) in the case of contracts which are subject to no or a limited number of reinstatements, any contract not previously reported pursuant to this provision (or its predecessor) under which it is anticipated that such limit will be exhausted by claims (including claims incurred but not reported, in respect of any specific occurrence for which provisions have been allocated);
- (b) the percentage of cover, if in excess of 10% and if such information has not already been included in the *return* of the *firm* for any previous *financial year*, which has been ceded to *reinsurers* which have ceased to pay claims to their reinsureds in full, whether because of insolvency or for any other reason; and
- (c) if the percentage specified in (b) has increased by more than 10 percentage points since the previous *financial year* in which it was included in the *firm's return*, a statement of that percentage unless, in the opinion of the *governing body*, the likelihood of any claim being incurred under that *policy* is minimal.
- (4) for each *risk category*, or part thereof, in respect of which separate non-facultative *reinsurance* cover has been obtained, the *firm* must prepare a statement of the 'maximum net probable loss' to the *firm* from any one *contract of insurance* effected by it and from all such contracts taken together.
- (5) for the purposes of (4), the 'maximum net probable loss' is the maximum loss (net of *reinsurance*) arising from any one incident, or any one series of incidents from the same originating cause, which:
- (a) the *governing body* at the time they decided upon the *reinsurance* cover in respect of the *financial year* in question, reasonably contemplated to be of a type which might take place during that *financial year*; or
- (b) has actually occurred during the *financial year* in question.
- (6) the disclosure required by (4) must be given in respect of all *risk categories*, or parts thereof, of the *insurance business* carried on by the *firm* whether or not the *firm* has purchased any *reinsurance* cover for that *risk category*, or part thereof, and in (5) deciding upon the *reinsurance* cover includes deciding not to obtain any *reinsurance* cover.
- (7) for each *combined category* (other than *category numbers* 500 and 600) and *risk category* with *category numbers* 160, 350, 400, 510 to 590, 610 to 690 and 700 and separately for contracts of facultative and non-facultative *reinsurance* ceded in respect of the *financial year* in question the amount of the *reinsurers* share of gross premiums must be stated.

- 4.25 A *firm* must deposit with the *PRA* a statement regarding financial *reinsurance* in relation to any *contract of insurance* under which *general insurance business* has been ceded by the *firm* where:
- (1) the value placed on future payments in respect of the contract in the *return* for the *financial year* in question is not commensurate with the economic value provided by that contract, after taking account of the level of risk transferred; or
 - (2) there are terms or foreseeable contingencies (other than the insured event) that have the potential to affect materially the value placed on the contract in the *firm's* balance sheet at, or any time after, the end of the *financial year* in question,
- and the statement must include the following information:
- (3) the *financial year* of the *return* in which the contract was reported in the *return*;
 - (4) the financial effect of the contract of the *insurer's capital resources* as shown in the *return* for the *financial year* in question;
 - (5) the amount of any undischarged obligation of the *firm* under the contract and a brief description of the conditions for the discharge of such obligation;
 - (6) how any undischarged obligations, including any contingent obligations, have been taken into account in determining the *insurer's capital resources*; and
 - (7) a general description of how the *firm* makes the financial assessment that enables it to determine whether a contract satisfies the condition in (1), even if there are no contracts in respect of which information is required by (3) – (6).
- 4.26 In determining whether a *contract of insurance* meets one or both the conditions in 4.25, the *firm* must:
- (1) treat as part of a contract any agreements, correspondence (including side letters) or understandings that amend or modify, or purport to amend or modify, the contract or its operation; and
 - (2) consider whether the contract meets the condition in 4.25(1) when considered together with one or more other *contracts of insurance* entered into between:
 - (a) the *firm* and the *reinsurer* under the first contract; or
 - (b) the *firm* and any other *person*, where it could reasonably be predicted, at the time the most recent contract was entered into, that the contracts when considered together would meet the condition in 4.25(1).
- 4.27 The statement required under 4.25 must also include the following information in relation to any *financing arrangement*.
- (1) the *financial year* of the *return* in which the *financing arrangement* was first reported in the *return*;
 - (2) the financial effect of the *financing arrangement* on the *insurer's capital resources* as shown in the *return* for the *financial year* in question;

- (3) the amount of any undischarged obligation of the *firm* under the *financing arrangement* and a brief description of the conditions for the discharge of such obligation; and
 - (4) how any undischarged obligations, including any contingent obligations, have been taken into account in determining the *insurer's capital resources*.
- 4.28 No information need be supplied pursuant to 4.25 or 4.27 in respect of a *contract of insurance* or *financing arrangement* if, when it is considered in aggregate with all such contracts with the same *reinsurer* or *counterparty* or any other *person* with whom the *firm* has entered into a contract:
- (1) A is less than 1% of B in the *return* for the *financial year* in question; and
 - (2) the *firm* expects A to remain less than 1% of B for the foreseeable future,
where:
 - (3) A is the financial effect on the *firm's capital resources* as a result of the existence of the contract(s); and
 - (4) B is the *firm's* total gross amount of *technical provisions*.
- 4.29 Where the statement required under 4.25 and 4.27 includes information about a *contract of insurance* in respect of which information has been included in the statement required by 4.22 relating to the *financial year* in question, the *firm* must include in the statement under 4.25 and 4.27 a cross-reference to that other information.

5 REPORTING REQUIREMENTS: LIFE INSURANCE BUSINESS

- 5.1 This Chapter applies only to a *firm* that undertakes *long-term insurance business*.
- 5.2 A *firm*, except a *firm* to which 11.1 applies, must complete and file with the *PRA* the Forms as required in this Chapter.
- 5.3 A *firm* must complete Form 2.
- 5.4 A *firm* must complete Form 13 in respect of:
- (1) its total *long-term insurance assets*; and
 - (2) the *long-term insurance assets* appropriated by it in respect of each *long-term insurance fund* or, where such assets have been appropriated for a group of funds, those assets.
- 5.5 A *firm* must complete Form 14 in respect of:
- (1) its total *long-term insurance liabilities* and margins; and
 - (2) the *long-term insurance liabilities* and margins for each *long-term insurance fund* or where *long-term insurance assets* have been appropriated in respect of a group of funds.
- 5.6 A *firm* must ensure separate accounts are prepared in Form 40 in respect of:
- (1) each *long-term insurance fund* maintained by it; and

(2) except where the information is provided by virtue of (1), each *with-profits fund*,

and where there is more than one Form 40 the *firm* must also prepare a summary Form 40 for the total *long-term insurance business*.

5.7 A *firm* must, in respect of the *financial year* in question prepare:

- (1) Forms 41 to 43 in respect of each revenue account prepared separately under rule 5.6;
- (2) summary Forms 41 to 43 if a summary Form 40 is required under 5.6; and
- (3) Forms 44 to Form 60,

as appropriate, together with the information specified in relation to those Forms.

5.8 A *firm* must ensure that an investigation is made annually into its financial condition in respect of its *long-term insurance business*, in accordance with the methods and assumptions determined by the *firm*, by the person or persons who for the time being are appointed to perform the *actuarial function*.

5.9 When an investigation into the financial condition of the *firm* in respect of its *long-term insurance business* has been made other than under 5.8 either:

- (1) with a view to the distribution of profits; or
- (2) where the results of which are made public,

a *firm* must ensure a valuation report is prepared which includes a full description of each of the changes in the methods and assumptions used in the investigation for the purposes of rule 5.10 since the previous investigation under 5.8 (or if there has been no such change, a statement to that effect).

5.10 An investigation under 5.8 must include:

- (1) a determination of the liabilities of the *firm* attributable to its *long-term insurance business*; and
- (2) a valuation of any excess over those liabilities of the assets representing each *long-term insurance fund* and, where any rights of any long-term policy holders to participate in profits relate to particular parts of such a fund, a valuation of any excess of assets over liabilities in respect of those parts.

5.11 For the purposes of any investigation under 5.8, the value of any assets and the amount of any liabilities must be determined in accordance with the Insurance Company – Overall Resources and Valuation Part and any *specific valuation rule*.

5.12 Where an annual investigation into the financial condition of the *firm* has been made under 5.8, a valuation report must be prepared and contain the information as specified in the table at 5.13.

5.13 The following information must be provided in the reports required under 5.12, with the answers being numbered to accord with the numbers of the corresponding row below:

- | | |
|----|--|
| 1) | (1) The date to which the actuarial investigation relates, namely, the 'valuation date'; |
| | (2) The previous valuation; and |

	(3) The dates of any interim valuations carried out since the previous valuation date.
2)	<p>Any significant changes in products during the <i>financial year</i> (which includes new products, new bonus series, products withdrawn, changes to options or guarantees under existing products), including product brand names and charging methods, but not the amounts of the charges where these form part of the product terms. A statement for each with-profit subfund categorising that subfund into one of the categories below:</p> <ul style="list-style-type: none"> (a) open to new <i>with-profits insurance business</i>; (b) open only to new non-profit business; (c) open but was not actively marketing in the previous <i>financial year</i>; or (d) closed to new business except by increment.
3)	<p>Valuation basis (other than for special reserves)</p> <ul style="list-style-type: none"> (1) The valuation methods used and the types of products to which each method applies, including a description of any non-standard method. See rows 4 to 6 for special reserves; (2) A table of the interest rates used, showing the product group, the rate used at the end of the <i>financial year</i> in question, and the rate used at the end of the previous <i>financial year</i>. Where the valuation with respect to a product involves more than one interest rate (e.g. a rate in deferment and a rate in possession), both interest rates must be shown; (3) How the yield was adjusted to allow for risk for equity <i>shares</i>, property and other <i>fixed interest securities</i> to determine the risk adjusted yield; (4) A table of mortality bases used, showing the product group and the bases used at the end of the <i>financial year</i> in question and at the end of the previous <i>financial year</i>; (5) A table of morbidity bases used, showing the product group and the bases used at the end of the <i>financial year</i> in question and at the end of the previous <i>financial year</i>; (6) A table of expense bases used, showing the product group, the basis for the <i>financial year</i> in question, and the basis for the previous <i>financial year</i>. The table must show zillmer adjustments, expense assumptions for prospective methods where no further premiums are payable, expense assumptions for gross premium valuations of with-profits and non-profit premium paying business and expense assumptions for non-unit liability calculations for linked business, identifying monetary amounts and the percentages of premiums. Expenses must be shown before adjustment for tax relief and the assumed rate of tax relief must be stated; (7) A table showing the unit growth rates for gross and net linked business before management charges and the inflation rates assumed for future expenses and future increases in <i>policy charges</i>; (8) Future bonus rates for gross premium valuations of <i>with-profits insurance business</i> and for valuations of unithised <i>with-profits insurance business</i>; (9) A summary of the lapse, surrender and paid-up assumptions; and (10) Any other material basis assumptions not stated elsewhere.
4)	<p>Expense reserves</p> <ul style="list-style-type: none"> (1) The aggregate amount of expense loadings, grossed up for taxation where appropriate, expected to arise during the 12 <i>months</i> from the valuation date from implicit and explicit reserves made at the valuation date to meet expenses in fulfilling contracts in force at the valuation date; (2) A brief statement of the basis of calculating implicit allowances; (3) Where the amount of maintenance expenses is significantly different from the maintenance expenses shown on Form 43, an explanation of this; (4) New business expense overrun reserve, including the method and basis of calculation (whether or not a reserve is required) in respect of the expenses of continuing to transact new business during the 12 <i>months</i> following the valuation date and the amount of the reserve so calculated; and (5) The maintenance expense overrun reserve or, where an explicit reserve has not been made for meeting the expenses likely to be incurred in future in fulfilling the existing contracts on the basis of specific assumptions in regard to the relevant factors, detailing of the basis used to test the adequacy of the reserves to satisfy Insurance Company - Mathematical Reserves 14.1, in either case stating whether redundancy costs or costs of terminating management agreements have been taken into account (with or without

	stating the amount of such costs).
5)	<p>Mismatching reserves</p> <p>(1) Subject to (2), a table of the sum of the <i>mathematical reserves</i> (other than liabilities for <i>property-linked benefits</i>) and the liabilities in respect of the deposits received from <i>reinsurers</i> as shown in Form 14, analysed by reference to the currencies in which the liabilities are expressed to be payable, together with the value of the assets, analysed by reference to currency, which match the liabilities;</p> <p>(2) Liabilities totalling up to 2% of the total under (1) may be grouped together as 'other currencies' and the assets matching those liabilities are not required to be analysed by reference to currencies as long as the proportion of such liabilities which are matched by assets in the same currency is stated;</p> <p>(3) The amount of reserve for currency mismatching and a description of the method used to calculate the reserve;</p> <p>(4) A statement of the most onerous scenario under Insurance Company - Capital Resources Requirements 20.6 for assets invested in the <i>UK</i> and other assets that fall under Insurance Company - Capital Resources Requirements 20.6 for the purposes of calculating the <i>resilience capital requirement</i> in Insurance Company - Capital Resources Requirements 20.1- 20.5;</p> <p>(5) A statement of the most onerous scenario under Insurance Company - Capital Resources Requirements 20.8 for each significant territory in which assets are invested outside the <i>UK</i> for the purposes of calculating the <i>resilience capital requirement</i> in Insurance Company - Capital Resources Requirements 20.1 – 20.5;</p> <p>(6) In respect of the scenarios described under (4) and (5) which produce the most onerous requirement (whether or not a <i>resilience capital requirement</i> is required):</p> <p>(a) the amount of the <i>resilience capital requirement</i> if such a requirement arises;</p> <p>(b) the change in the aggregate amount of the <i>long-term insurance liabilities</i>, and</p> <p>(c) the aggregate amount by which the assets allocated to match such liabilities in the scenario have changed in value from the amount of those assets shown in Form 13.</p> <p>(7) A statement of any further reserve made arising from the test on assets in Insurance Company - Technical Provisions 6.1 – 6.3 together with a brief description of the method used and assumptions made to calculate any such reserve.</p>
6)	For other special reserves which exceed the lesser of total <i>mathematical reserves</i> , the nature and amount of the reserves.
7)	For <i>long-term insurance business</i> ceded to a <i>reinsurer</i> who is not an <i>authorised person</i> carrying on <i>insurance business</i> in the <i>UK</i> at any time during the reporting period, the amount of premiums payable by the <i>insurer</i> to each such <i>reinsurer</i> the amount of <i>mathematical reserves</i> ceded and the aggregate amount deposited at the valuation date under any <i>deposit back arrangement</i> .

6 FORMS: REQUIREMENTS

- 6.1 A *firm* must prepare every document and Form required pursuant to these rules in the manner set out by the *PRA* and must fairly state the information provided on the basis required by this Part.
- 6.2 Where a Form is referred to, a *firm* must submit the relevant data in that form.
- 6.3 Unless otherwise stated, when completing the documents specified under Chapters 3, 4, 5 and 10:
- (1) the value or amount given for an asset or a liability of the *firm* is the value or amount of that asset or liability as determined in accordance with Insurance Company - Overall Resources and Valuation 3 – 8 and Insurance Company - Capital Resources Requirements 8 – 13 and 15 – 19 at the end of the *financial year* in question;

- (2) no value shall be given to exposures in excess of the limits set out in Insurance Company – Exposure Limits 7.4;
 - (3) notwithstanding (1) and (2) (but subject to the conditions set out in (4)), a *firm* must, for the purposes of an *actuarial investigation*, decide whether to assign to any of its assets the value given to the asset in question in the books or other records of the *firm*; and
 - (4) the conditions referred to in (3) are that:
 - (a) the election does not enable the *firm* to bring into account any asset that is not an *admissible asset*; and
 - (b) the value assigned to the aggregate of the *firm*'s assets is not higher than the aggregate of the value of those assets as determined in accordance with (1) and (2), without taking advantage of (3).
- 6.4 All amounts, descriptions or other text required to be shown as supplementary notes to a Form must not be included on the face of that Form, but must be a separate statement. The title of that statement must identify the Form to which it relates.
- 6.5 Where a Form requires the 'company registration number', a *firm* must provide the full registration number given by the Registrar of Companies. If the *firm* does not have such a number, it must agree a suitable number with the *PRA*.
- 6.6 In respect of rule 6.5, a *Swiss general insurer* must use its F-series number issued by the Registrar of Companies.
- 6.7 A *firm* must complete boxes marked 'GL/UK' on a Form by inserting:
- (1) 'UK' in the case of a Form prepared by a *Swiss general insurer*, and
 - (2) 'GL' in all other cases.
- 6.8 A *firm* must complete boxes marked 'Period ended' on a Form in numerals to show the date of the last day of the *financial year* in question.
- 6.9 Subject to 14.4, a *firm* must not complete a box which is shaded or not labelled on a Form.
- 6.10 Where the term 'financial year' is used on a form, this means the *financial year* in question.
- 6.11 A *firm* must express the currency of any asset, or the amount of any liability, denominated in a currency other than sterling in sterling as if conversion had taken place at the closing middle rate on the last day for which the appropriate rate is available in the *financial year* to which the asset or liability relates. The amount of any income or expenditure must be expressed in sterling using such bases of conversion as are in accordance with generally accepted accounting practice.
- 6.12 Where negative amounts are to be used, they must be shown in round brackets.
- 6.13 A *firm* must not restate comparatives unless restatement is necessary in order to allow the appropriate comparison to be made.
- 6.14 A *firm* must show amounts to the nearest £1,000.

- 6.15 Calculations must be performed using unrounded figures. Figures which are determined from other figures (whether or not on the same form) must be rounded after performing calculations on the unrounded component figures. Percentages and ratios must also be shown to two decimal places.
- 6.16 A *firm* must complete the following Forms set out against the relevant *PRA general insurance business reporting categories*:

PRA general insurance business reporting category	Form			
	F20, F21, F22, F23, F24, F25	F26, F27, F28, F29	F31, F34	F32, F34
<i>Combined categories</i>	√	x	x	x
Category numbers 160 and 350	√	x	√	x
<i>Risk categories with category numbers 121, 122, 123, 221, 222, 223 (i.e. direct and facultative motor)</i>	x	x	x	√
<i>Risk categories with category numbers below 400, other than category numbers 121, 122, 123, 221, 222, 223, 160 and 350 (i.e. all direct and facultative that is not motor, household or goods in transit and has not been allocated to a miscellaneous category)</i>	x	x	√	x
<i>Risk categories with category numbers 510 to 590 and 610 to 690 (i.e. treaty reinsurance)</i>	x	√	x	x
Miscellaneous primary (direct) and facultative business (<i>category number 400</i>)	√	x	√	x
Miscellaneous treaty reinsurance accepted business (<i>category number 700</i>)	√	√	x	x
<i>Balancing categories (category numbers 409, 709)</i>	√	x	x	x

- 6.17 In accordance with the table found at 12.3 a *firm* must complete a Form (specified in the first column) for a *category of business* if the criteria in the third column are met for that *category of business*.
- 6.18 For Forms 40 – 60, where neither the *mathematical reserves* nor the gross premiums with respect to the total *overseas business* exceeds £50m or 5% of the total *mathematical reserves*, a *firm* may treat that business:
- (1) in the case of business which if it were business effected in the *UK* would be *UK pension business*; or
 - (2) otherwise, as *UK life business*.
- 6.19 With regard to *long-term insurance business*, Forms must not be completed on the basis of deposit accounting regardless of whether the *firm* uses this basis in accordance with international accounting standards.
- 6.20 Where a Form is to be submitted but all entries (including comparatives) would be blank, that Form may be omitted provided that a note coded FF00 (where F is the Form number) is included stating that this is why the Form has been omitted. Where a Form is omitted because of the operation of a de minimis limit, a note coded FF00 must be included stating that this is why the Form has been omitted. This note is not needed where a Form is omitted because the rules do not require it for a reason other than the operation of a de minimis limit.

7 AUDIT OF ACCOUNTS

- 7.1 The *firm* must ensure that a report is prepared by the auditor in relation to the audit in 2.5 and that this report is filed with the *PRA*.
- 7.2 The report required by 7.1 must, in addition to any statement required under 3.10, 4.21 – 4.23 and 5.12, state:
- (1) whether, in the auditor's opinion:
 - (a) the Forms, statements and documents have been properly prepared in accordance with this Part and the Insurance Company – Overall Resources and Valuation Part and any *specific valuation rule*; and
 - (b) the methods and assumptions determined by the *firm* and used to perform the *actuarial investigation* (as set out in the valuation reports) appropriately reflect the requirements of Insurance Company – Mathematical Reserves.
 - (2) that to the extent that any document, form, statement, analysis or report to be audited contains amounts or information abstracted from the *actuarial investigation* performed pursuant to 5.8 and 5.9, the auditor has obtained and paid due regard to advice from a suitably qualified *actuary* who is independent of the *firm*.
- 7.3 Where the auditors refer in their report or in any note attached to it any uncertainty, the report must state whether, in the auditors opinion, that uncertainty is material to determining whether the *firm* has *available assets* in excess of its *CR Requirement*.
- 7.4 For the purposes of rules 2.5 and 7.1, to the extent that any document to be audited, contains amounts or information abstracted from the *actuarial investigation* performed under 5.8, the *firm* must ensure that the auditor obtains and pays due regard to advice from a suitably qualified *actuary* who is independent of the *firm*.
- 7.5 Sections 498(1), (2) and (3) and 499(1) of the Companies Act 2006 apply as if:
- (1) the reference to the profit and loss account in section 394 of the Companies Act 2006 included references to the revenue account; and
 - (2) the auditors of the *firm* were not under a duty for the purposes of preparing their report to carry out any investigation into information given in Forms 31, 32 and 34 relating wholly or partly to the number of *claims* notified or the amount of payments made prior to the *financial year* of the *firm* in which the Insurance Companies (Accounts and Statements) Regulations 1980 first applies.
- 7.6 Section 500(1) of the Companies Act 2006 applies as if the reference to a 'parent company' were references to the *firm*.

8 DIRECTORS CERTIFICATE

- 8.1 The certificate required by 2.7 must state:
- (1) that the *return* has been properly prepared in accordance with the requirements in the Non-Solvency II Firms sector of the *PRA* Rulebook; and
 - (2) that the *directors* are satisfied that:

- (a) throughout the *financial year* in question, the firm has complied in all material respects with the rules in the Non-Solvency II Firms sector of the *PRA Rulebook*; and
 - (b) it is reasonable to believe that the *firm* has continued so to comply subsequently, and will continue so to comply in the future.
- 8.2 A *firm* does not comply in all material respects with the requirements specified in 8.1(2) if it commits a breach of any of those rules which is significant, having regard to the potential financial loss to *policyholders* or to the *firm*, frequency of the breach, implications for the *firm's* systems and controls and if there were any delays in identifying or rectifying the breach.
- 8.3 Subject to 8.4 and 8.5, if the *firm* carries on *long-term insurance business*, the certificate required by rule 2.7 must also state that:
- (1) in the *directors' opinion*, *premiums* for contracts entered into during the *financial year* and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the *firm* that are available for the purpose, to enable the *firm* to meet its obligations in respect of those contracts and, in particular, to establish adequate *mathematical reserves*;
 - (2) the sum of the *mathematical reserves* and the deposits received from *reinsurers* as shown in Form 14 constitute proper provision at the end of the *financial year* in question for the *long-term insurance liabilities* (including all liabilities arising from *deposit back arrangements*, but excluding other liabilities which had fallen due before the end of the *financial year*) including any increase in those liabilities arising from a distribution of surplus as a result of an actuarial investigation as at that date into the financial condition of the *long-term insurance business*;
 - (3) the *with-profits fund* has been managed in accordance with COBS 20.3 of the *FCA Handbook*; and
 - (4) the *directors* have, in preparing the *return*, taken and paid due regard to:
 - (a) advice from every *actuary* appointed by the *firm* to perform the *actuarial function*; and
 - (b) if applicable, advice from every *actuary* appointed by the *firm* to perform the *with-profits actuarial function*.
- 8.4 Where, in the opinion of those signing the certificate, the circumstances are such that any of the statements required by 8.1, 8.2 and 8.3 cannot truthfully be made, the relevant statements must be omitted.
- 8.5 Where, by virtue of 8.4, any statements have been omitted from the certificate, this fact, and the reasons for omission, must be set out in a note to the certificate.

9 DEPOSIT OF ACCOUNTS WITH THE PRA

- 9.1 A *firm* must deposit one copy of every Form and document required by these rules with the *PRA* by:
- (1) electronic means made available by the *PRA*; or

- (2) email to InsuranceData@bankofengland.co.uk in a form which is capable of being readily used or translated by the *PRA*. The title of the email must be: <firm name> PRA returns <dd/mm/yyyy>.
- 9.2 One copy of every Form and document required by these rules must be deposited with the *PRA* within 3 *months* following the *financial year* end.
- 9.3 If the due date for deposit of documents required by 9.2 falls on a day which is not a *business day*, the documents must be submitted no later than the first *business day* after the due date.
- 9.4 If within 24 *months* of the date of deposit, the *PRA* notifies the *firm* that a document deposited appears to it to be inaccurate or incomplete, the *firm* must consider the matter and within one *month* of the date of notification it must correct any inaccuracies and make good any omissions and deposit the relevant parts of the documents again.
- 9.5 A *firm* must deposit with the *PRA* when filing the documents required by this Part, any statement or report on the affairs of the *firm* made or submitted:
- (1) to the *firm's* shareholders or *policyholders*; or
- (2) to the *firm's* *policyholders* who have a *with-profits* policy under COBS 20.4.7R or SUP 4.3.16AR(4) of the *FCA Handbook*,
- in respect of the *financial year* to which the documents relate.
- 9.6 Where a statement or report has not been made or submitted at the time the revenue account and balance sheet are deposited, it must be deposited as soon as possible thereafter.
- 9.7 Documents deposited in electronic form by email, except scanned documents containing signatures, must be created directly from the word processing or spreadsheet software and not by scanning a printed copy.

10 MARINE MUTUALS

- 10.1 This Chapter applies only to *firms* that are a *marine mutual*.
- 10.2 A *firm* may complete an abbreviated return which comprises:
- (1) Forms 1, 3, 11 and 12; and
- (2) Forms M1 to M5
- and, all rules other than Chapter 1, 2.5 to 2.7, 3.10, 3.11, 6.3, 6.4, 6.18, Chapter 9 and Chapter 10 do not apply.
- 10.3 A *firm* must annex to the documents provided under 10.2:
- (1) a description of the significant *reinsurance* arrangements which will be in operation in the *financial year* following the *financial year* in question;
- (2) in respect of *insurance business* ceded by way of non-facultative *reinsurance* in respect of the *financial year* in question or any previous *financial year* ended on or after 20 February 1998, a statement of:
- (a) in the case of contracts which are subject to no or a limited number of reinstatements, any contract not previously reported to the *PRA* under which

it is anticipated that any such limit will be exhausted by such *claims* (including *claims* incurred but not reported, in respect of any specific occurrence for which provisions have been allocated);

- (b) the percentage of cover, if in excess of 10% and if such information was not included in the *return* of the *marine mutual* for the previous *financial year* which has been ceded to *reinsurers* which have ceased to pay *claims* to their reinsureds in full, whether because of insolvency or for any other reason; and
 - (c) if the percentage specified in (b) has increased by more than 10% since the previous *financial year* in which it was included in the *firm's return*, that percentage unless, in the opinion of the *directors*, the likelihood of any *claim* being incurred under that *policy* is minimal;
- (3) a statement concerning:
- (a) the default rates of members (or adjusted default rates, as the case may be), on the supplementary calls collectable during the *financial year* in question and the two previous *financial years* respectively; and
 - (b) the total amount of each such call, the *financial year* to which it relates, the amount paid and the amount remaining outstanding; and
- (4) a copy of the rules of association of the *firm* in force on the date of deposit of the *return*, unless there has been no change in a copy of the rules deposited with the *return* for a previous *financial year*.

10.4 A *firm* must, with effect from the date of its deposit of *returns* with the *PRA* until the date of deposit of the *return* for the following *financial year*, provide the *PRA* with written notice of:

- (1) any change which is proposed in the rules of association of the *firm*, not less than 14 days before the change is put to a meeting;
- (2) any change which has been made in the rules of association, within 7 days of the change;
- (3) any significant change in the *reinsurance* arrangements, a description of which has been annexed to the *return* in accordance with 10.3(2)(a), within 7 days of the change;
- (4) a fall in tonnage entered by its members of 10% net or more since the end of the *financial year* in question, within 7 days of the *firm* becoming aware of this; and
- (5) whether tonnage entered by its members who have withdrawn from membership or who have defaulted on their obligations has increased so as to exceed 10% or more of total tonnage entered, whether before, on or after the date of deposit of the *return*, within 7 days of the date of deposit or of the *firm* becoming aware of this, whichever is earlier.

10.5 A *firm* must annex to the *return* provided under 10.2, a directors' certificate to:

- (1) confirm that:
 - (a) the *return* has been prepared in accordance with the rules in the Non-Solvency II Firms sector of the *PRA* Rulebook;

- (b) the *directors* are satisfied that throughout the *financial year* in question, the *marine mutual* has complied in all material respects with the requirements in Non-Solvency II Firms sector of the *PRA Rulebook* and that it is reasonable to believe that the *marine mutual* has continued so to comply subsequently, and will continue so to comply in future;
 - (c) each member of the *marine mutual* has accepted those parts of the *marine mutual's* rules which oblige that member to pay its share of any supplementary calls for the year and of calls to meet the *CR Requirement* (including any sum needed to make good failure by other members to pay calls made on them); and
 - (d) the *marine mutual* is empowered to make supplementary calls on its members which, if met, would produce sufficient assets to meet the *CR Requirement*; and
- (2) give information about the number of:
- (a) members of the *marine mutual* which are not reinsured members;
 - (b) fixed premium members (on which supplementary calls may not be made);
 - (c) reinsured members (being members whose *contract of insurance* with the *marine mutual* is a contract of *reinsurance*); and
 - (d) the tonnage of shipping attributable to each of the above classes of members, taken separately, and covered by the *marine mutual* at the end of the *financial year* in question.
- 10.6 Where, in the opinion of the *directors*, the circumstances are such that any of the matters specified in 10.5(1) or (2) cannot be confirmed or provided, the relevant statements or information must be omitted and the reasons for omission must be explained in a note to the certificate.
- 10.7 A *firm* must annex to the return provided under 10.2, an auditors' report which confirms the documents and Forms have been properly prepared and where there is any uncertainty, the uncertainty is material to determining whether the *marine mutual* has *available assets* in excess of its *CR Requirement*.
- 10.8 In completing the Forms required under rule 10.2, a *firm* must disregard *reinsurance* arrangements with any *relevant company* and must treat income and expenditure and assets and liabilities of any *relevant company* as, respectively, income and expenditure and assets and liabilities of the *firm*.
- 10.9 Where 'source' appears at the head of a column on a form, the information to be included in the preceding columns of a particular line is to be taken from those items in the *return* to which reference is made on that line in the column headed 'source'. No entries are to be made in the column headed 'source'.

11 REPORTING FOLLOWING TRANSFER OF ALL LONG-TERM INSURANCE BUSINESS

- 11.1 This Chapter applies only to a *firm* that is a *long-term insurer* which:
- (1) has transferred all of its *long-term insurance business* to another *firm*;

- (2) has no intention to carry on further *long-term insurance business*; and
- (3) is not carrying on *general insurance business*.

11.2 A *firm* must provide to the *PRA* within 3 *months* of the date of the transfer, Forms 40, 41, 42, 43, 45 and 46 in respect of the period from the *financial year* most recently ended to the date of transfer together with:

- (1) a directors certificate that states that the Forms have been properly prepared in accordance with the requirements in these rules and that the *directors* are satisfied that throughout the *financial year* in question, the *firm* has complied in all material respects with the requirements in Non-Solvency II Firms sector of the *PRA* Rulebook; and
- (2) a statement that no *long-term insurance business* has been carried on by the *firm* since then, the *firm* has no intention to carry on further any such business and the *firm* is not carrying on *general insurance business*.

11.3 The Forms provided under 11.2 must be audited by a person qualified to do so, in accordance with the rules in the Auditors Part of the *PRA* Rulebook, who must include an annex to those documents a report that must specify whether, in the auditors opinion, the Forms audited have been properly prepared in accordance with this Part.

12 TABLES OF INFORMATION

12.1 The following table details the *PRA* General Insurance Business Reporting Categories:

Category Number	PRA general insurance business reporting category	Map to <i>classes of business in Schedule 1 of the RAO</i>
001	Total business (<i>category numbers</i> 002 and 003 combined).	N/A
002	Total Primary (Direct) and Facultative Business (<i>category numbers</i> 110, 120, 160, 180, 220, 260, 270, 280, 330, 340, 350 and 400 combined).	N/A
003	Total Treaty Reinsurance Accepted Business (<i>category numbers</i> 500, 600 and 700 combined).	N/A
<u>Primary (Direct) and Facultative Personal Lines Business</u>		
110	Total primary (direct) and facultative accident & health (<i>category numbers</i> 111 to 114 combined).	
111	Medical expenses <i>Contracts of insurance</i> (other than treaty reinsurance contracts) providing benefits in the nature of indemnity, with or without limit, against risks of loss to the persons insured attributable to their incurring the cost of medical treatment for sickness or infirmity or injuries sustained.	1, 2
112	HealthCare cash plan <i>Contracts of insurance</i> (other than treaty reinsurance contracts) providing fixed pecuniary benefits against risks of the persons insured requiring health care for sickness, or infirmity or injuries sustained.	2

113	<p>Travel <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against a combination of risks of loss to the persons insured attributable to their travelling, or to their making of travel arrangements, and which fall within <i>classes</i> 1, 2, 8, 9, 17 or 18 and do not fall within <i>category number</i> 160 (Household and domestic all risks).</p>	1, 2, 8, 9, 17, 18
114	<p>Personal accident or sickness <i>Contracts of insurance</i> (other than treaty reinsurance contracts) which fall within <i>classes</i> 1 or 2 and which do not fall within <i>category numbers</i> 111 (Medical expenses), 112 (HealthCare cash plans), 113 (Travel), 114(p), 182 (Creditor).</p>	1, 2
114(p)	<p>Personal accident as a result of insured travelling as a passenger <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against risks of death of, or injury to, passengers which the insurer elects to allocate to <i>category numbers</i> 112 to 123, 221 to 223, 331 to 333 or 341 to 347, notwithstanding that they would also fall within the definition of <i>category number</i> 114.</p>	1
120	<p>Total primary (direct) and facultative personal motor business <i>(category numbers</i> 121 to 123 combined).</p>	3, 10
121	<p>Private motor comprehensive <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against loss of, or damage to, motor vehicles used on land and against the risks of persons insured incurring liabilities to third parties arising out of or in connection with the use of motor vehicles on land, where the motor vehicle has more than two wheels and is not a motorcycle with side-car and:</p> <ul style="list-style-type: none"> (a) the primary purpose of each vehicle insured on the contract is to transport nine or fewer non-fare paying persons and each motor vehicle insured on the contract is individually rated; (b) the primary purpose of each vehicle insured on the contract is to transport nine or fewer non-fare paying persons, the persons insured are not a body corporate or partnership, and the number of vehicles insured on the contract is three or less; or (c) the primary purpose of each vehicle insured on the contract is to transport ten or more non-fare paying persons, the persons insured are not a body corporate or partnership and each motor vehicle insured on the contract is individually rated. <p><i>Contracts of insurance</i> (other than treaty reinsurance contracts) that fall within the definition of <i>category number</i> 114(p) which the insurer elects to allocate to this category.</p>	3, 10
122	<p>Private motor non-comprehensive <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against the risks of the persons insured incurring liabilities to third parties arising out of or in connection with the use of motor vehicles on land or against loss of or damage to motor vehicles used on land arising only from fire or theft, where the motor vehicle has more than two wheels and is not a motorcycle with side-car and:</p> <ul style="list-style-type: none"> (a) the primary purpose of each vehicle insured on the contract is to transport nine or fewer non-fare paying persons and each motor vehicle insured on the contract is individually rated; (b) the primary purpose of each vehicle insured on the contract 	3, 10

	<p>is to transport nine or fewer non-fare paying persons, the persons insured are not a body corporate or partnership, and the number of vehicles insured on the contract is three or less; or</p> <p>(c) the primary purpose of each vehicle insured on the contract is to transport ten or more non-fare paying persons, the persons insured are not a body corporate or partnership and each motor vehicle insured on the contract is individually rated.</p> <p><i>Contracts of insurance</i> (other than treaty reinsurance contracts) that fall within the definition of <i>category number 114(p)</i> which the insurer elects to allocate to this category.</p>	
123	<p>Motor cycle</p> <p><i>Contracts of insurance</i> (other than treaty reinsurance contracts) against loss of or damage to two-wheeled motor vehicles or motor cycles with a side car used on land and or against the risks of the persons insured incurring liabilities to third parties arising out of or in connection with the use of such vehicles on land.</p> <p><i>Contracts of insurance</i> (other than treaty reinsurance contracts) that fall within the definition of <i>category number 114(p)</i> which the insurer elects to allocate to this category.</p>	3, 10
160	<p>Primary (direct) and facultative household and domestic all risks</p> <p><i>Contracts of insurance</i> (other than treaty reinsurance contracts) against loss of or damage to any of:</p> <p>(a) structure of domestic properties;</p> <p>(b) contents of domestic properties; or</p> <p>(c) contents of domestic properties and personal items.</p> <p><i>Contracts of insurance</i> (other than treaty reinsurance contracts) against loss of or damage to structure of domestic properties and against risks to the persons insured incurring liabilities to third parties arising out of injuries sustained within the boundary of a domestic property.</p>	8, 9
180	<p>Total primary (direct) and facultative personal lines financial loss business</p> <p>(<i>category numbers 181 to 187</i> combined).</p>	
181	<p>Assistance</p> <p><i>Contracts of insurance</i> (other than treaty reinsurance contracts) which:</p> <p>(a) fall within <i>class 18</i> (such as contracts relating to vehicle assistance, household assistance and legal expense helpline); and</p> <p>(b) do not fall within <i>category number 113</i> (Travel).</p>	18
182	<p>Creditor</p> <p><i>Contracts of insurance</i> (other than treaty reinsurance contracts) against the risk that the persons insured sustain injury, suffer sickness or infirmity, suffer loss of income due to causes that may or may not be specified in the contract, where the benefits payable under the contract relate to loans, credit card balances or other debts and the contract does not fall within <i>category number 185</i> (Mortgage indemnity).</p>	1, 2, 16
183	<p>Extended warranty</p> <p><i>Contracts of insurance</i> (other than treaty reinsurance contracts) against the risks of loss to the persons insured attributable to failure of a product, where the purpose of the contract is to put the persons insured in the position as if the manufacturer's or vendor's warranty on the product is extended for a period of time or is extended in the</p>	16

	scope.	
184	Legal expenses <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against the risks of loss to the persons insured attributable to their incurring legal expenses including cost of litigation that do not fall within <i>category number</i> 120.	17
185	Mortgage indemnity <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against risks of loss to the persons insured arising from the failure of debtors of theirs to pay debts relating to the purchase of a property when due and the persons insured being unable to recover the full amount of any outstanding debt by selling the property concerned.	14
186	Pet insurance <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against risk of loss to the person insured attributable to sickness of or accidents to domestic pets.	16
187	Other personal financial loss <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against risk of loss to the person insured attributable to: <ul style="list-style-type: none"> (a) loss, breakdown or reduction in value of a personal item that attach to the purchase of that item, or (b) to an event not taking place as intended where the persons insured are not a body corporate or partnership and the <i>contracts of insurance</i> do not fall within <i>category numbers</i> 113, 160 or 181 to 186.	
Primary (Direct) and Facultative Commercial Lines Business		
220	Total primary (direct) and facultative commercial motor business (<i>category numbers</i> 221 to 223 combined).	3, 10
221	Fleets <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against loss of, or damage to, motor vehicles used on land and / or against the risks of the persons insured incurring liabilities to third parties arising out of or in connection with the use of motor vehicles on land, where the motor vehicle has more than two wheels and is not a motorcycle with side-car and: <ul style="list-style-type: none"> (a) the primary purpose of the vehicle insured on the contract is to transport non-fare paying persons; (b) the motor vehicles insured on the contract are not individually rated (that is, the premium charged is for the contract as a whole and either the firm does not disclose or record for internal management purposes a separate premium for each vehicle insured on the contract, or the premium for the contract is not necessarily the same as the sum of the premiums that would have been charged had the firm insured the vehicles under a private motor policy); and (c) the contract does not fall within <i>category numbers</i> 121 (private motor comprehensive) or 122 (private motor non-comprehensive). <i>Contracts of insurance</i> (other than treaty reinsurance contracts) that fall within the definition of <i>category number</i> 114(p) which the insurer elects to allocate to this category.	3, 10
222	Commercial vehicles (non-fleet) <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against loss of, or damage to, motor vehicles used on land and / or	3, 10

	<p>against the risks of the persons insured incurring liabilities to third parties arising out of or in connection with the use of motor vehicles on land, where:</p> <ul style="list-style-type: none"> (a) the persons insured are a body corporate or partnership; and (b) the primary purpose of the vehicles insured on the contract is to transport ten or more persons, to transport goods or for construction. <p><i>Contracts of insurance</i> (other than treaty reinsurance contracts) that fall within the definition of <i>category number 114(p)</i> which the insurer elects to allocate to this category.</p>	
223	<p>Motor other <i>Contracts of insurance</i> (other than treaty reinsurance contracts) which:</p> <ul style="list-style-type: none"> (a) fall within <i>classes 3 or 10</i>; and (b) do not fall within <i>category numbers 120, 221 or 222</i>. <p>This category includes <i>contracts of insurance</i> relating to motor trade and taxis. <i>Contracts of insurance</i> (other than treaty reinsurance contracts) that fall within the definition of <i>category number 114(p)</i> which the insurer elects to allocate to this category.</p>	3, 10
260	<p>Total primary (direct) and facultative commercial lines property business <i>(category numbers 261 to 263 combined)</i>.</p>	N/A
261	<p>Commercial property (including livestock and crops but excluding energy) <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against:</p> <ul style="list-style-type: none"> (a) loss of or damage to commercial property; or (b) loss of or damage to commercial property and risks that fall within the definition of <i>category number 262</i> (consequential loss), where the premium for the contract is rated on a single package basis and no separately identifiable premium for either the property loss or the consequential loss is charged or recorded for internal management purposes. <p>This category does not include <i>contracts of insurance</i> that fall within <i>category number 160</i> (Household), <i>263</i> (Contractors of engineering all risks), <i>274</i> (Mixed commercial package) or <i>343</i> (Energy).</p>	4, 8, 9
262	<p>Consequential loss (i.e. business interruption) <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against risks of loss to the persons insured attributable to interruptions of the business carried on by them, or to the reduction of the scope of the business so carried out, which result from perils insured against or other events (whether or not specified in the contract). This category does not include <i>contracts of insurance</i> that fall within <i>category numbers 261</i> (Commercial property) or <i>242</i> (Energy).</p>	16
263	<p>Contractors or engineering all risks <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against loss of or damage to property or equipment, or against the risks of the persons insured incurring liabilities to third parties, which arise from, or are attributable to:</p> <ul style="list-style-type: none"> (a) materials and works in progress during construction; (b) extension or renovation work; (c) temporary sites; (d) breakdown or malfunction of or damage to plant and machinery; 	8, 9, 13

	(e) use of equipment hired or owned by the persons insured; or (f) similar types of activities. This category excludes <i>contracts of insurance</i> that fall within <i>category number 274</i> (Mixed commercial package).	
270	Total primary (direct) and facultative commercial lines liability business (<i>category numbers 271 to 274</i> combined).	N/A
271	Employers liability (including the employers liability part of mixed liability packages but excluding mixed commercial packages) <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against the risks of the persons insured incurring liabilities to their employees for injury, illness or death arising out of their employment during the course of business. This category excludes <i>contracts of insurance</i> that fall within <i>category number 274</i> (Mixed commercial package).	13
272	Professional indemnity (including directors' and officers' liability and errors and omissions liability) <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against the risks of the persons insured incurring liabilities to third parties arising from wrongful acts (such as breach of duty, breach of trust, negligence, error or omissions) by professionals, named individuals or businesses occurring in the course of the insured's professional activities.	13
273	Public and products liability <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against the risks of the persons insured incurring liabilities to third parties for damage to property, injury, illness or death, arising in the course of the insured's business, that do not fall within <i>category numbers 120</i> (Personal motor), <i>160</i> (Household and domestic all risks), <i>271</i> (Employers liability), <i>272</i> (Professional indemnity) or <i>274</i> (Mixed commercial package).	13
274	Mixed Commercial package <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against more than one of: (a) loss or damage to property; (b) risks to the persons insured incurring liabilities to third parties; (c) risks of loss to the persons insured arising from the failure of debtors of theirs to pay their debts when due; (d) risks of loss to the persons insured attributable to interruptions of business carried on by them; (e) risks of loss to the persons insured attributable to their incurring unforeseen expenses; or (f) any other risk of loss to a commercial operation, where the risks and losses covered in the contract are rated on a single package basis and no separately identifiable premium is charged or recorded for internal management purposes for any one group of risks or losses specified in the contract. This category excludes <i>contracts of insurance</i> that fall within <i>category numbers 261</i> (Commercial property) or <i>343</i> (Energy).	
280	Total primary (direct) and facultative commercial lines financial loss business (<i>category numbers 281 to 284</i> combined).	
281	Fidelity and contract guarantee <i>Contracts of insurance</i> (other than treaty reinsurance contracts)	16

	against risks of loss to the persons insured arising from the theft of misappropriations of money or goods by employees, or attributable to failure to complete a contract on time.	
282	Credit <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against risks of loss to the persons insured arising from the insolvency of debtors of theirs or from the failure (otherwise than through insolvency) of debtors of theirs to pay their debts when due, and which do not fall within <i>category number</i> 185 (Mortgage indemnity).	14
283	Suretyship <i>Contracts of insurance</i> (other than treaty reinsurance contracts) which fall within <i>class</i> 15.	15
284	Commercial contingency <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against risk of loss to the person insured attributable to an event not taking place as intended where the persons insured are a body corporate or partnership.	16
<u>Primary (Direct) and Facultative Aviation, Marine and Transport</u>		
330	Total primary (direct) and facultative aviation business (<i>category number</i> 331 to 333 combined).	N/A
331	Aviation liability (including liability part of airline packages) <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against: <ul style="list-style-type: none"> (a) damage arising out of, or in connection with, the use of aircraft; or (b) the risks of the persons insured incurring liabilities to third parties, or carrier's liabilities, arising out of, or in connection with, the use of aircraft. This category excludes contracts that fall within <i>category numbers</i> 332 (Aviation hull) or 333 (space and satellite) and risks relating to use of hovercraft. <i>Contracts of insurance</i> (other than treaty reinsurance contracts) that fall within the definition of <i>category number</i> 114(p) which the insurer elects to allocate to this category.	11
332	Aviation hull (including hull part of airline packages) <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against risks of loss of or damage to aircraft, or the machinery, tackle, furniture or equipment of aircraft. This category excludes contracts that fall within <i>category number</i> 333 (Space and satellite) and risks relating to use of hovercraft. <i>Contracts of insurance</i> (other than treaty reinsurance contracts) that fall within the definition of <i>category number</i> 114(p) which the insurer elects to allocate to this category.	5
333	Space and satellite <i>Contracts of insurance</i> (other than treaty reinsurance contracts) upon satellites, aircraft or the machinery, tackle, furniture or equipment of satellites or aircraft. <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against: <ul style="list-style-type: none"> (a) damage arising out of or in connection with the use of satellites or aircraft; or (b) the risks of the persons insured incurring liabilities to third parties arising out of or in connection with the use of satellites or aircraft, where any aircraft insured in the contract is intended to transport satellites or to travel to, or be transported to, beyond the earth's	5, 11

	atmosphere. <i>Contracts of insurance</i> (other than treaty reinsurance contracts) that fall within the definition of <i>category number 114(p)</i> which the insurer elects to allocate to this category.	
340	Total primary (direct) and facultative marine business (<i>category numbers 341 to 347</i> combined).	N/A
341	Marine liability <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against damage or against the risks of the persons insured incurring liabilities to third parties or carrier's liabilities, arising out of or in connection with the use of vessels on the sea or on inland water (including hovercraft) and which do not fall within <i>category numbers 342</i> (Marine hull) or <i>347</i> (Yacht). <i>Contracts of insurance</i> (other than treaty reinsurance contracts) that fall within the definition of <i>category number 114(p)</i> which the insurer elects to allocate to this category.	12
342	Marine hull <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against loss of or damage to vessels on the sea or on inland water (including hovercraft), or upon the machinery, tackle, furniture or equipment of such vessels, which do not fall within <i>category numbers 346</i> (war risks) or <i>347</i> (yacht). <i>Contracts of insurance</i> (other than treaty reinsurance contracts) that fall within the definition of <i>category number 114(p)</i> which the insurer elects to allocate to this category.	6
343	Energy (on and off-shore) <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against loss of or damage to property, or against the risks of the persons insured incurring liabilities to third parties, or against risks of loss to the persons insured attributable to interruptions of business carried only them, arising from the undertaking of energy operations on both land and sea. <i>Contracts of insurance</i> (other than treaty reinsurance contracts) that fall within the definition of <i>category number 114(p)</i> which the insurer elects to allocate to this category.	6, 8, 9, 12, 13, 16
344	Protection and indemnity <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against the risks of the persons insured incurring liabilities to third parties for damage to property, injury, illness or death on board vessels on the sea or inland water or at locations associated with the operation of such vessels such as docks, arising from the negligence of the owner of or individuals responsible for the vessels. <i>Contracts of insurance</i> (other than treaty reinsurance contracts) that fall within the definition of <i>category number 114(p)</i> which the insurer elects to allocate to this category.	12
345	Freight demurrage and defence <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against the risks of loss to the persons insured attributable to their incurring legal expenses (including costs of litigation) arising from loss of or damage to goods during a period of transit that included, or was due to include, transport of the goods via sea or inland water. <i>Contracts of insurance</i> (other than treaty reinsurance contracts) that fall within the definition of <i>category number 114(p)</i> which the insurer elects to allocate to this category.	17

346	<p>War risks <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against loss of or damage to property or mass transportation vehicles arising from war, civil war, revolution, rebellion, insurrection or hostile act by a belligerent power. <i>Contracts of insurance</i> (other than treaty reinsurance contracts) that fall within the definition of <i>category number 114(p)</i> which the insurer elects to allocate to this category.</p>	6
347	<p>Yacht <i>Contracts of insurance</i> (other than treaty reinsurance contracts) upon vessels on the sea or on inland water. <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against: (a) damage arising out of or in connection with the use of vessels on the sea or on inland water, or upon the machinery, tackle, furniture or equipment of such vessels; or (b) the risks of the persons insured incurring liabilities to third parties, arising out of or in connection with the use of vessels on the sea or on inland water, where the vessels insured in the contract are not used for transporting goods or fare-paying passengers. <i>Contracts of insurance</i> (other than treaty reinsurance contracts) that fall within the definition of <i>category number 114(p)</i> which the insurer elects to allocate to this category.</p>	6, 12
350	<p>Primary (direct) and facultative goods in transit <i>Contracts of insurance</i> (other than treaty reinsurance contracts) against loss of, or damage to, merchandise, baggage and all other goods in transit, irrespective of the form of transport.</p>	7
400	<p>Miscellaneous primary (Direct) and facultative business <i>Contracts of insurance</i> (other than treaty reinsurance contracts) that, in the reasonable opinion of the <i>insurer's governing body</i>, do not fall within <i>category numbers 110 to 350</i> or may mislead users of the return if allocated to one of <i>category numbers 110 to 350</i>.</p>	N/A
<u>Non-Proportional Reinsurance Treaty Business</u>		
500	<p>Total Non-Proportional Reinsurance Treaty Business accepted (<i>category numbers 510 to 590</i> combined).</p>	N/A
510	<p>Non-proportional accident & health <i>Contracts of insurance</i>, effected or carried out under non-proportional <i>reinsurance</i> treaties or proportional retrocession of non-proportional treaty <i>reinsurance</i> business, which fall within <i>classes 1 or 2</i>, and do not fall within <i>category numbers 590 or 710(p)</i>.</p>	1, 2
520	<p>Non-proportional motor <i>Contracts of insurance</i>, effected or carried out under non-proportional <i>reinsurance</i> treaties or proportional retrocession of non-proportional treaty <i>reinsurance</i> business, which fall within <i>classes 3 or 10</i>, or <i>category number 710(p)</i>, and do not fall within <i>category number 590</i>.</p>	3, 10
530	<p>Non-proportional aviation <i>Contracts of insurance</i>, effected or carried out under non-proportional <i>reinsurance</i> treaties or proportional retrocession of non-proportional treaty <i>reinsurance</i> business, which fall within <i>classes 5 or 11</i>, or <i>category number 710(p)</i>, and do not fall within <i>category number 590</i>.</p>	5, 11

540	Non-proportional marine <i>Contracts of insurance, effected or carried out under non-proportional reinsurance treaties or proportional retrocession of non-proportional treaty reinsurance business, which fall within classes 6 or 12, or category number 710(p), and do not fall within category number 590.</i>	6, 12
550	Non-proportional transport <i>Contracts of insurance, effected or carried out under non-proportional reinsurance treaties or proportional retrocession of non-proportional treaty reinsurance business, which fall within class 7, and do not fall within category number 590.</i>	7
560	Non-proportional property <i>Contracts of insurance, effected or carried out under non-proportional reinsurance treaties or proportional retrocession of non-proportional treaty reinsurance business, which fall within classes 8 or 9, and do not fall within category number 590.</i>	4, 8, 9
570	Non-proportional liability (non-motor) <i>Contracts of insurance, effected or carried out under non-proportional reinsurance treaties or proportional retrocession of non-proportional treaty reinsurance business, which fall within class 13, and do not fall within category numbers 520, 530, 540 or 590.</i>	13
580	Non-proportional financial lines <i>Contracts of insurance, effected or carried out under non-proportional reinsurance treaties or proportional retrocession of non-proportional treaty reinsurance business, which fall within classes 14, 15, 16, 17 or 18, and do not fall within category number 590.</i>	14, 15, 16, 17, 18
590	Non-proportional aggregate cover <i>Contracts of insurance, effected or carried out under non-proportional reinsurance treaties or proportional retrocession of non-proportional treaty reinsurance business, which will fall within more than one of category numbers 510 to 580, where no one of these categories accounts for more than 90% of the exposure on the contract.</i>	1 to 18
<u>Proportional Reinsurance Treaty Business</u>		
600	Total Proportional Reinsurance Treaty Business accepted <i>(category numbers 610 to 690 combined).</i>	N/A
610	Proportional accident & health <i>Contracts of insurance, effected or carried out under non-proportional reinsurance treaties other than proportional retrocession of non-proportional treaty reinsurance business, which fall within classes 1 or 2, and do not fall within category numbers 690 or 710(p).</i>	1, 2
620	Proportional motor <i>Contracts of insurance, effected or carried out under non-proportional reinsurance treaties other than proportional retrocession of non-proportional treaty reinsurance business, which fall within classes 3 or 10, or category number 710(p) and do not fall within category number 690.</i>	3, 10
630	Proportional aviation <i>Contracts of insurance, effected or carried out under non-proportional reinsurance treaties other than proportional retrocession of non-proportional treaty reinsurance business, which fall within classes 5 or 11, or category number 710(p) and do not fall within category number 690.</i>	5, 11
640	Proportional marine <i>Contracts of insurance, effected or carried out under non-proportional reinsurance treaties other than proportional</i>	6, 12

	retrocession of non-proportional treaty <i>reinsurance</i> business, which fall within <i>classes</i> 6 or 12, or <i>category number</i> 710(p) and do not fall within <i>category number</i> 690.	
650	Proportional transport <i>Contracts of insurance</i> , effected or carried out under non-proportional <i>reinsurance</i> treaties other than proportional retrocession of non-proportional treaty <i>reinsurance</i> business, which fall within <i>class</i> 7 and do not fall within <i>category number</i> 690.	7
660	Proportional property <i>Contracts of insurance</i> , effected or carried out under non-proportional <i>reinsurance</i> treaties other than proportional retrocession of non-proportional treaty <i>reinsurance</i> business, which fall within <i>classes</i> 8 or 9 and do not fall within <i>category number</i> 690.	4, 8, 9
670	Proportional liability (excluding motor) <i>Contracts of insurance</i> , effected or carried out under non-proportional <i>reinsurance</i> treaties other than proportional retrocession of non-proportional treaty <i>reinsurance</i> business, which fall within <i>class</i> 13 and do not fall within <i>category number</i> 690.	13
680	Proportional financial lines <i>Contracts of insurance</i> , effected or carried out under non-proportional <i>reinsurance</i> treaties other than proportional retrocession of non-proportional treaty <i>reinsurance</i> business, which fall within <i>classes</i> 14, 15, 16, 17 or 18 and do not fall within <i>category number</i> 690.	14, 15, 16, 17, 18
690	Proportional aggregate cover (i.e. more than one of the above) <i>Contracts of insurance</i> , effected or carried out under non-proportional <i>reinsurance</i> treaties other than proportional retrocession of non-proportional treaty <i>reinsurance</i> business, which fall within more than one of the <i>category numbers</i> 610 to 680, where no one of these categories accounts for more than 90% of the exposure on the contract.	1 to 18
700	Miscellaneous treaty reinsurance accepted business <i>Contracts of insurance</i> , effected or carried out under <i>reinsurance</i> treaties that, in the reasonable opinion of the <i>firm's governing body</i> , do not fall within <i>category numbers</i> 500 or 600 or may mislead users of the <i>return</i> if allocated to one of these categories.	N/A
710(p)	Treaty reinsurance passenger accident <i>Contracts of insurance</i> , effected or carried out under <i>reinsurance</i> treaties against risks of death of, or injury to, passengers which the firm elects to allocate to <i>category numbers</i> 520, 530, 540, 590, 620, 630, 640 or 690 notwithstanding that they would also fall within the definition of <i>category numbers</i> 510 or 610.	

12.2 Groups of categories of general insurance business to which categories in 12.1 are to be allocated for the purpose of reporting in the return:

Category Number	PRA general insurance business reporting category
409	Balance of all primary (direct) and facultative business All <i>direct and facultative insurance business</i> reported in a Form 20 to 25 under <i>category number</i> 002 that is not also reported in the same Form under <i>category numbers</i> 110, 120, 160, 180, 220, 260, 270, 280, 330, 340, 350 and 400.
709	Balance of all treaty reinsurance accepted business All treaty <i>reinsurance</i> business reported in a Form 20 to 25 under <i>category number</i> 003 that is not also reported in the same Form under <i>category numbers</i> 500, 600 and 700.

12.3 The following table details the criteria (if any) for whether a Form is required for a category of business:

Form	Category of business	Reporting Criteria (if any)
F20 - F25 Technical provisions and profit & loss account	<i>Category number 001</i>	Forms always required
F20 - F25 Technical provisions and profit & loss account	<i>Category numbers 002, 003</i>	Either - (a) the <i>insurer's gross undiscounted provisions</i> in the category of business at the end of the <i>financial year</i> exceed zero; or (b) the <i>insurer's gross written premiums</i> in the category of business in the <i>financial year</i> exceed zero.
F20 - F25 Technical provisions and profit & loss account	<i>Category numbers 110, 120, 160, 180, 220, 260, 270, 280, 330, 340, 350, 400, 500, 600, 700</i>	Either - (a) the <i>insurer's gross undiscounted provisions</i> in the category of business at the end of the <i>financial year</i> exceed: (i) £100m; or (ii) the higher of 5% of the <i>insurer's total gross undiscounted provisions</i> and £1 million; or (b) the <i>insurer's gross written premiums</i> in the category of business in the <i>financial year</i> exceed: (i) £100m; or (ii) the higher of 5% of the <i>insurer's total gross written premiums</i> and £1 million.
F20 - F25 Technical provisions and profit & loss account	<i>Category number 409</i>	Some business in <i>category number 002</i> is not reported on Forms 20 to 25 for <i>category numbers 110 to 400</i> .
F20 - F25 Technical provisions and profit & loss account	<i>Category number 709</i>	Some business in <i>category number 003</i> is not reported on Forms 20 to 25 for <i>category numbers 500, 600 and 700</i> .
F26 to F29 Results by year of origin for treaties accepted	<i>Category numbers 510 to 590 and 610 to 690</i> denominated in any one currency. <i>Category number 700</i>	Either – (a) the <i>insurer's gross undiscounted provisions</i> in the category of business at the end of the <i>financial year</i> exceed: (i) £100m; or (ii) the higher of 5% of the <i>insurer's total gross undiscounted provisions</i> and £1 million; or

		(b) the <i>insurer's gross written premiums</i> in the category of business in the <i>financial year</i> exceed: (i) £100m; or (ii) the higher of 5% of the <i>insurer's total gross written premiums</i> and £1 million.
F31, F32, F34 Gross results by year of origin for direct and facultative business	<i>Category numbers</i> 331 to 333 and 341 to 350 denominated in any one currency. <i>Category numbers</i> 111 to 114, 121 to 160, 181 to 187, 221 to 223, 261 to 263, 271 to 274 and 281 to 284 denominated in any one currency carried on in any <i>reporting territory</i> <i>Category number</i> 400	Either - (a) the <i>insurer's gross undiscounted provisions</i> in the category of business at the end of the <i>financial year</i> exceed: (i) £100m; or (ii) the higher of 5% of the <i>insurer's total gross undiscounted provisions</i> and £1 million; or (b) the <i>insurer's gross written premiums</i> in the category of business in the <i>financial year</i> exceed: (i) £100m; or (ii) the higher of 5% of the <i>insurer's total gross written premiums</i> and £1 million.

12.4 For the purposes of column 2 of the table in 12.3:

- (1) a currency in which a *contract of insurance* is denominated is:
- (a) the currency in which the contract requires settlement of claims or the successor to that currency;
 - (b) the currency in which the *firm* records claim payments under the contract, if the contract permits settlement of claims in more than one currency or if it is the *firm's* internal practice to convert claim payments to that currency; or
 - (c) the currency in which the *firm* maintains records of the development of *premiums* or *claims* under the contract in order to determine the *technical provisions*.

12.5 A list of currency codes and country codes required for Forms 26 to 29, 31, 32 and 34 is as follows:

COUNTRY	CODE	CURRENCY	CODE
Afghanistan	QS	Afghani	AFN
Albania	CE	Albanian Lek	ALL
Algeria	KA	Algerian dinar	DZD
Andorra	CG	Euro	EUR
Angola	MT	Kwanza	AOA
Anguilla	GY	East Caribbean Dollar	XCD
Antigua and Barbuda	GP	East Caribbean Dollar	XCD
Argentina	JA	Argentine Peso	ARS

Armenia	RB	Armenian dram	AMD
Aruba	GM	Aruban guilder	AWG
Australia	EA	Australian Dollar	AUD
Austria	BL	Euro	EUR
Azerbaijan	RC	Azerbaijani menat	AZN
Bahamas	GD	Bahamian dollar	BSD
Bahrain	PN	Bahraini dinar	BHD
Bangladesh	QA	Taka	BDT
Barbados	GA	Barbadian dollar	BBD
Belarus	RD	Belarusian ruble	BYR
Belgium	BD	Euro	EUR
Belize	HH	Belizean dollar	BZD
Benin	LK	CFA franc (BCEAO)	XOF
Bermuda	GE	Bermudian dollar	BMD
Bhutan	QX	Nguktrum/Indian rupee	BTN
Bolivia	JL	Boliviano	BOB
Bosnia and Herzegovina	CH	Marka	BAM
Botswana	MG	Pula	BWP
Brazil	JC	Real	BRL
Brunei	QY	Bruneian Dollar	BND
Bulgaria	CD	Lev	BGN
Burkina FASO	LL	CFA franc (BCEAO)	XOF
Burundi	MW	Burundi franc	BIF
Cambodia	QU	Riel	KHR
Cameroon	MV	CFA Franc (BEAC)	XAF
Canada	FA	Canadian dollar	CAD
Cape Verde	LM	Cape Verdean escudo	CVE
Cayman Islands	KY	Cayman Island Dollar	KYD
Central African Republic	MY	CFA franc (BCEA)	XAF
Chad	NA	CFA franc (BCEA)	XAF
Channel Islands	BA	British Pound	GBP
Chile	JB	Chilean peso	CLP
China (Taiwan)	QQ	New Taiwan dollar	TWD
China, Peoples Republic of	QJ	Renminbi yuan	CNY
Christmas Island	ET	Australian dollar	AUD
Cocos Island	EU	Australian dollar	AUD
Columbia	JD	Columbian peso	COP
Comoros	MX	Comoran franc	KMF
Congo, Democratic Republic of	MM	Congolese franc	CDF
Congo, (Republic of)	MU	CFA franc BEAC	XAF
Cook Islands	EV	New Zealand dollar	NZD
Costa Rica	HF	Costa Rican colon	CRC
Croatia	CJ	Kuna	HRK
Cuba	GJ	Cuban peso	CUP
Cyprus	DA	Euro	EUR
Czech Republic	CP	Czech koruna	CZK
Denmark	BE	Danish krone	DKK
Djibouti	NB	Djiboutian franc	DJF
Dominica	GR	East Caribbean Dollar	XCD
Dominican Republic	GF	Dominican peso	DOP
Ecuador	JF	U.S. Dollar	USD
Egypt	KE	Egyptian pound	EGP
El Salvador	HB	Salvadoran colon	SVC
England	AC	British Pound	GBP
Equatorial Guinea	NC	CFA franc (BCEA)	XAF
Eritrea	NK	Nakfa	ERN
Estonia	RE	Euro	EUR

Ethopia	MP	Birr	ETB
European Currencies, Weighted Average of	CZ	European Currencies, Weighted Average of	XBA
European Currency Unit	CY	European Currency Unit	XEU
Falkland Islands	AZ	Falkland Islands Pound	FKP
Faro Islands	CT	Danish Krone	DKK
Fiji	EC	Fijian dollar	FJD
Finland	BR	Euro	EUR
France	BF	Euro	EUR
French Guiana	JK	Euro	EUR
French Polynesia	EY	CFP Franc	XPF
Gabon	ND	CFA franc (BCEA)	XAF
Gambia, The	LA	Dalasi	GMD
Georgia	RF	lari	GEL
Germany	BK	Euro	EUR
Ghana	LB	Cedi	GHS
Gibraltar	DB	Gibraltar pound	GIP
Grand Cayman Islands	GW	Caymanian Dollar	KYD
Greece	BN	Euro	EUR
Greenland	CS	Danish krone	DKK
Grenada	GQ	East Caribbean Dollar	XCD
Guam	RW	US dollar	USD
Guatemala	HD	Quetzal	QTQ
Guinea	LN	Guinean franc	GNF
Guinea-Bissau	LP	CFA franc (BCEAO)	XOF
Guyana	JH	Guyanese dollar	GYD
Haiti	GK	Gourde	HTG
Honduras	HC	Lempira	HNL
Hong Kong	QE	Hong Kong dollar	HKD
Hungary	CC	Hungarian forint	HUF
Iceland	BU	Icelandic krona	ISK
India	QB	Indian rupee	INR
Indonesia	QM	Indonesian rupiah	IDR
Iran	PB	Iranian rial	IRR
Iraq	PJ	Iraqi dinar	IQD
Irish Republic	BC	Euro	EUR
Isle of Man	BB	British pound	GBP
Israel	PC	New Israeli shekel	ILS
Italy	BG	Euro	EUR
Ivory Coast	LH	CRA franc (BCEAO)	XOF
Jamaica	GB	Jamaican dollar	JMD
Japan	QK	Yen	JPY
Jordan	PL	Jordanian dinar	JOD
Kazakhstan	RG	Tenge	KZT
Kenya	MA	Kenyan shilling	KES
Kiribati	ED	Australian dollar	AUD
Korea, South	QR	South Korea won	KRW
Korea, North	QP	North Korean won	KPW
Kuwait	PD	Kuwaiti dinar	KWD
Kyrgyz, republic of (Krygyzstan)	RV	Kyrgyzstani som	KGS
Laos	RT	Kip	LAK
Latvia	RJ	Latvian lat	LVL
Lebanon	PE	Lebanese pound	LBP
Lesotho	MH	Lesotho Loti	LSL
Liberia	LG	Liberian dollar	LRD
Libya	KD	Libyan dinar	LYD
Liechtenstein	CK	Swiss Franc	CHF

Lithuania	RK	Litas	LTL
Luxembourg	BH	Euro	EUR
Macau	QD	Pataca	MOP
Macedonia	BZ	Denars	MKD
Madagascar	MS	Malagasy franc	MGF
Malawi	MD	Malawian kwacha	MWK
Malaysia	QF	ringgit	MYR
Maldives	RU	Rufiyaa	MVR
Mali	LE	CFA franc (BCEAO)	XOF
Malta	DC	Euro	EUR
Marshall Islands	EM	US dollar	USD
Mauritania	LS	Ouguiya	MRO
Mauritius	ML	Mauritian rupee	MUR
Mexico	HA	Mexican peso	MXN
Micronesia	EN	US Dollar	USD
Moldova	RL	Moldovan leu	MDL
Monaco	CF	Euro	EUR
Mongolia	RM	Todrog/tugrik	MNT
Montenegro	ME	Euro	EUR
Montserrat	GS	East Caribbean Dollar	XCD
Morocco	KB	Moroccan dirham	MAD
Mozambique	MR	Metical	MZN
Myanmar	QH	Myanmar kyat	MMK
Namibia	NE	Namibian dollar	NAD
Nauru	EE	Australian dollar	AUD
Nepal	QT	Nepalese rupee	NPR
Netherlands	BJ	Euro	EUR
Netherlands Antilles	GX	Netherlands Antillean guilder	ANG
New Caledonia	EZ	CFP Franc	XPF
New Zealand	EB	New Zealand Dollar	NZD
Nicaragua	HE	Gold Cordoba	NIO
Niger	NF	CFA franc (BCEAO)	XOF
Nigeria	LC	Faira	NGN
Niue	ER	New Zealand dollar	NZD
Norfolk Island	ES	Australian dollar	AUD
Northern Ireland	AF	British pound	GBP
Norway	BS	Norwegian krone	NOK
Oman	PP	Omani rial	OMR
Pakistan	QC	Pakistani rupee	PKR
Palau	EP	US dollar	USD
Panama	HG	Panama dollar	PAB
Papua New Guinea	EF	kina	PGK
Paraguay	JM	Guarani	PYG
Peru	JG	Nevo sol	PEN
Philippines	QL	Philippine peso	PHP
Pitcairn Islands	EX	New Zealand dollar	NZD
Poland	BV	Zloty	PLN
Portugal	BP	Euro	EUR
Puerto Rico	GG	US dollar	USD
Qatar	PG	Qatari riyal	QAR
Romania	BW	Leu	RON
Russia	RN	Rouble	RUB
Rwanda	NG	Rwandan franc	RWF
Samoa	EL	Samoa tala	WST
San Marino	CL	Euro	EUR
Sao Tome and Principe	LQ	Dobra	STD
Saudi Arabia	PF	Saudi riyal	SAR

Scotland	AE	British pound	GBP
Senegal	LJ	CFA franc (BCEAO)	XOF
Serbia	RS	Dinar	RSD
Seychelles	NH	Seychelles rupee	SCR
Sierra Leone	LD	Leone	SLL
Singapore	QG	Singapore dollar	SGD
Slovakia	CQ	Euro	EUR
Slovenia	CM	Euro	EUR
Solomon Islands	EG	Solomon Islands dollar	SBD
Somalia	MQ	Somali shilling	SOS
South Africa	MK	South African Rand	ZAR
Spain	BQ	Euro	EUR
Sri Lanka	QZ	Sri Lankan rupee	LKR
St Helena and Dependencies	NJ	British pound	GBP
St KittsNevis	GT	East Caribbean dollar	XCD
St Lucia	GV	East Caribbean dollar	XCD
St Martin	GN	Netherlands Antillean guilder / Euro	ANG/EUR
St Vincent and the Grenadines	GU	East Caribbean Dollar	XCD
Sudan	MN	Sudanese dinar	SDG
Surinam	JJ	Surinamese guilder	SRG
Svalbard	BX	Norwegian krone	NOK
Swaziland	MJ	Waziland lilangeni	SZL
Sweden	BT	Swedish krona	SEK
Switzerland	BM	Swiss franc	CHF
Syria	PK	Syrian pound	SYP
Tahiti	QV	CFP Franc	XPF
Tajikistan	RP	Somoni	TJS
Tanzania	MC	Tanzanian shilling	TZS
Thailand	QN	Bhat	THB
Togo	LR	CFA franc (BCEAO)	XOF
Tolelau	EQ	New Zealand dollar	NZD
Tonga	EH	Pa'amda	TOP
Trinidad and Tobago	GC	Trinidad and Tobago dollar	TTD
Tunisia	KC	Tunisian dinar	TND
Turkey	PA	Turkish lira	TRY
Turkenistan	RQ	Turkmen manta	TMT
Turks &Caicos Islands	GZ	US dollar	USD
Tuvalu	EJ	Australian dollar	AUD
Uganda	MB	Ugandan shilling	UGX
Ukraine	RR	Hryvnia	UAH
United Arab Emirates	PH	Emirati dirham	AED
<i>United Kingdom</i>	AA	British pound	GBP
Uruguay	JN	Uruguayan peso	UYU
USA	FB	US dollar	USD
Uzbekistan	RS	Uzbekistani sum	UZS
Vanuata	EK	Vatu	VUV
Vatican City	CN	Euro	EUR
Venezuela	JE	Venezuelan Bolivar	VEF
Vietnam	QW	Dong	VND
Virgin Islands	GH	US dollar	USD
Wales	AD	British pound	GBP
Wallis and Futuna	EW	CFP Franc	XPF
Western Sahara	KF	Moroccan dirham	MAD
Yemen	PM	Yemeni rial	YER
Zambia	ME	Zambian kwacha	ZMW
Zimbabwe	MF	Zimbabwean dollar	ZWD

- 12.6 The reporting territory codes required for Forms 30, 31, 32 and 34 must be in accordance with the following:

Reporting territory	Code
General insurance business carried on in the UK that is not home foreign business	AA
home foreign business	AB
General insurance business carried on outside the UK	XX
World wide	WW

- 12.7 The groups of classes of general insurance business are as follows:

Number	Description	Nature of business
1	Accident and health	Classes 1 and 2
2	Motor	Class 1 (to the extent that the relevant risks are risks of the person insured sustaining injury, or dying, as the result of travelling as a passenger) and classes 3, 7 and 10
3	Marine and transport	Class 1 (to the said extent) and classes 4, 6, 7 and 12.
4	Aviation	Class 1 (to the said extent) and classes 5, 7 and 11.
5	Fire and other damage to property	Classes 8 and 9
6	Liability	Classes 10, 11, 12 and 13
7	Credit and suretyship	Classes 14 and 15
8	General	All classes

13 FORMS

- 13.1 The Forms can be found [here](#).

14 TRANSITIONAL AND GRANDFATHERING MEASURES

- 14.1 14.2 and 14.3 apply where, immediately before 1 January 2016, a *waiver* given in relation to a rule listed in column A of the table in 14.3 and any condition of that *waiver* had effect and such *waivers* had not expired by 1 July 2016.

- 14.2 Each *waiver* given by the PRA to a *firm* in relation to the whole or any part of a rule included in column A of the table in 14.3 is to be treated as a *waiver* in relation to the relevant whole or part of the equivalent rule listed in the same row in column B of the table.

- 14.3

Column A PRA Handbook rule as in force until 1 January 2016	Column B PRA Rulebook rule as in force from 1 July 2016
IPRU(INS) 9.4	Insurance Company – Reporting 5.8 Insurance Company – Reporting 5.9 Insurance Company – Reporting 5.10 Insurance Company – Reporting 5.11 Insurance Company – Reporting 5.12
IPRU(INS) 9.5	Insurance Company – Reporting 2.5

IPRU(INS) 9.6	Insurance Company – Reporting 2.4 Insurance Company – Reporting 9
IPRU(INS) 9.7	Insurance Company – Reporting 2.6
IPRU(INS) 9.11	Insurance Company – Reporting 6.1 Insurance Company – Reporting 6.20
IPRU(INS) 9.12	Insurance Company – Reporting 3.1 Insurance Company – Reporting 3.2 Insurance Company – Reporting 3.3 Insurance Company – Reporting 3.4 Insurance Company – Reporting 3.5 Insurance Company – Reporting 3.6 Insurance Company – Reporting 3.7 Insurance Company – Reporting 3.9 Insurance Company – Reporting 4.2 Insurance Company – Reporting 5.3 Insurance Company – Reporting 5.4 Insurance Company – Reporting 5.5
IPRU(INS) 9.13	Insurance Company – Reporting 3.8
IPRU(INS) 9.14	Insurance Company – Reporting 4.3 Insurance Company – Reporting 5.6
IPRU(INS) 9.15	Insurance Company – Reporting 4.3 Insurance Company – Reporting 4.4 Insurance Company – Reporting 4.5 Insurance Company – Reporting 4.6 Insurance Company – Reporting 4.7 Insurance Company – Reporting 4.8
IPRU(INS) 9.17	Insurance Company – Reporting 4.9 Insurance Company – Reporting 4.10
IPRU(INS) 9.19	Insurance Company – Reporting 4.11 Insurance Company – Reporting 4.12
IPRU(INS) 9.20	Insurance Company – Reporting 4.15 Insurance Company – Reporting 4.16
IPRU(INS) 9.21	Insurance Company – Reporting 4.20
IPRU(INS) 9.23	Insurance Company – Reporting 5.7
IPRU(INS) 9.25	Insurance Company – Reporting 4.21
IPRU(INS) 9.26	Insurance Company – Reporting 4.22
IPRU(INS) 9.27	Insurance Company – Reporting 4.23
IPRU(INS) 9.29	Insurance Company – Reporting 3.10
IPRU(INS) 9.31	Insurance Company – Reporting 5.9 Insurance Company – Reporting 5.12
IPRU(INS) 9.32	Insurance Company – Reporting 4.24
IPRU(INS) 9.33	Insurance Company – Reporting 2.8 Insurance Company – Reporting 2.9
IPRU(INS) 9.34	Insurance Company – Reporting 2.7
IPRU(INS) 9.35	Insurance Company – Reporting 2.5 Insurance Company – Reporting 7.4 Insurance Company – Reporting 7.5 Insurance Company – Reporting 7.6

- 14.4 For *financial years* ending on or before 1 July 2017, 6.9 does not apply in respect of those figures that were included in the previous *financial year returns* which need to be included in the shaded boxes of the Forms as comparatives.

**PRA RULEBOOK: NON-SOLVENCY II FIRMS: FRIENDLY SOCIETY - REPORTING
INSTRUMENT 2016**

Powers exercised

A. The Prudential Regulation Authority ("PRA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):

- (1) section 137G (The PRA's general rules);
- (2) section 137T (General supplementary powers);
- (3) section 137P (Control of information rules);
- (4) section 340 (Appointment); and

in the exercise of its powers under section 114 of the Friendly Societies Act 1992.

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: Non-Solvency II Firms: Friendly Society - Reporting Instrument 2016

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

Commencement

E. This instrument comes into force on 1 July 2016.

Citation

F. This instrument may be cited as the Non-Solvency II Firms: Friendly Society - Reporting Instrument 2016.

By order of the Board of the Prudential Regulation Authority

27 June 2016

Annex

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

Part

FRIENDLY SOCIETY - REPORTING

Chapter content

1. APPLICATION AND DEFINITIONS
2. TRIENNIAL ACTUARIAL INVESTIGATION AND REPORTING TO THE PRA
3. FSC2 RETURN
4. FORMS
5. TRANSITIONAL PROVISIONS

Links

1 APPLICATION AND DEFINITIONS

1.1 This Part applies to every *firm* that is a *non-directive friendly society* other than:

- (1) a *flat rate benefits business friendly society*; and
- (2) a *partnership pension society*.

1.2 In this Part, the following definitions shall apply:

annuities on human life

means annuities on human life which do not include superannuation allowances and annuities payable out of any fund applicable solely to the relief and maintenance of persons engaged or who have been engaged in any particular profession, trade or employment, or of the dependants of such persons.

appropriate actuary

means an *actuary* as defined in the Actuarial Requirements Chapter 7.

committee

means the committee of management or other directing body of a *friendly society* or registered branch.

FSC2 return

means those forms, documents and requirements detailed in Chapter 3.

partnership pension society

means an unincorporated *friendly society*, which satisfies the following conditions:

- (1) the purpose of the society is to effect or carry out unit-linked contracts to pay *annuities on human life*;
- (2) the assets of each member of the society are separately identifiable;
- (3) the assets of each member of the society are invested solely or primarily by him or in accordance with his instructions;
- (4) the value of each member of the society's assets is entirely dependent on the performance of those assets;
- (5) no member of the society has a contract which comprises, or includes, a cash guarantee; and
- (6) no member of the society has a contract which is an annuity in payment.

public file

means the file relating to the *friendly society* which the *FCA* is required to maintain under section 104 of the Friendly Societies Act 1992.

2 TRIENNIAL ACTUARIAL INVESTIGATION AND REPORTING TO THE PRA

- 2.1 A *firm* must ensure that an investigation is made by the *appropriate actuary* into the financial condition of the *firm* in respect of its *insurance business* every third *financial year*.
- 2.2 When an investigation under this Chapter has been made, the *firm* must:
- (1) make an *FSC2 return* in respect of the actuary's report of the investigation; and
 - (2) deposit a copy of the *FSC2 return* with the *PRA* within 6 *months* of the end of the period to which it relates, using either:
 - (a) the postal address: Insurance Returns, Regulatory Data Group, Statistics and Regulatory Data Divisions (HO5 B-D), Bank of England, Threadneedle Street, London EC2R 8AH (and not the *firm's* normal supervisory contact); or
 - (b) the appropriate electronic means made available by the *PRA*.
- 2.3 Subject to 2.4, a *firm* must deposit with the *PRA*, not later than 6 *months* after each anniversary of the date to which the accounts of the *firm* were made up for the purposes of the last investigation into its financial condition under this Chapter:
- (1) a certificate given by the *appropriate actuary*, in the format of Form FSC4, that there has been no material change in its financial condition in respect of its *insurance business* since it sent the last *FSC2 return* under 2.2; or
 - (2) a statement by the *appropriate actuary* that he is unable to provide such a certificate.
- 2.4 2.3(2) does not apply where, before the date by which a certificate or statement must be deposited, a further *FSC2 return* under rule 2.2 has been deposited with the *PRA*.
- 2.5 If a *firm* deposits a statement under 2.3(2), the *firm* must ensure that an investigation is carried out, and in such a case:
- (1) the date to which the *firm's* accounts are made up for the purposes of the investigation must be the latest anniversary of the date to which its accounts were made up for the purposes of the last investigation; and
 - (2) the *FSC2 return* required by 2.2 must be deposited with the *PRA* within 6 months of the date by which the statement was required to be deposited under 2.3.
- 2.6 An investigation under 2.1 must include:
- (1) a valuation of the liabilities of the *firm* attributable to its *insurance business*; and
 - (2) a determination of any excess over these liabilities of the assets representing the fund or funds maintained by the *firm* in respect of its *insurance business* and, where any rights of any long-term *policyholders* to participate in profits relate to particular parts of such a fund, a determination of any excess of assets over liabilities in respect of each of those parts.
- 2.7 If, within 24 *months* of the date of deposit, the *PRA* notifies the *firm* that any Form included in the *FSC2 return* appears to it to be inaccurate or incomplete, the *firm* must consider the matter and within one *month* of the date of notification it must correct any inaccuracies and make good any omissions and deposit the relevant parts of the return again.

3 FSC2 RETURN

- 3.1 A *FSC2 return* must include:
- (1) Forms FSC2, 9, 9A, 9B and 9C; and
 - (2) a statement that the *firm* consents to the FSC2 return being placed on its *public file*.
- 3.2 Form 9A must provide a synopsis of the report by the *appropriate actuary* into the investigation into the financial condition of the *firm* in respect of its *insurance business*, including the statements and detail set out in that Form.
- 3.3 Form 9B must be signed by the *appropriate actuary* in the terms required.
- 3.4 Form 9C must be signed by the chief executive, the secretary and one *committee* member of the *firm* (or two members of the *committee* if the offices of chief executive and secretary are held by the same person).
- 3.5 The friendly society's register number is to be entered on every page in the relevant box. Boxes marked 'period ended 31 December' must be completed so as to show, in numerals, the date of the last day of the period to which the *FSC2 return* relates.
- 3.6 Every Form submitted under the rules in this chapter must fairly state the information provided in it on the basis required by the rules.
- 3.7 Unless the context otherwise requires, the value or amount given for an asset or a liability of the friendly society included in any Form must be the value or amount of that asset or liability determined in accordance with Friendly Society – Asset Valuation and Friendly Society – Liability Valuation.
- 3.8 Some Forms permit amounts to be entered in £000 but advantage may be taken of this only if none of the entries in the relevant Form are less than £500. All entries in a Form must be in the same monetary units. Negative amounts must be shown between round brackets.

4 FORMS

- 4.1 The Forms for the *FSC2 return* can be found [here](#).
- 4.2 Form FSC4 can be found [here](#).

5 TRANSITIONAL PROVISIONS

- 5.1 A *firm* must ensure that the investigation referred to in 2.1 is completed in respect of the first financial year ending on or after 1 January 2017.
- 5.2 For the *financial year* ending on or before 31 December 2016, 2.3 does not apply and a *firm* must ensure that:
- (a) a certificate is given by the *appropriate actuary*, in the format of Form FSC4, that there has been no material change in its financial condition in respect of its *insurance business* since it last submitted an abstract to the *PRA* under rules 5.1(2) or 5.2(2) of IPRU(FSOC) as at 31 December 2015; or
 - (b) a statement by the *appropriate actuary* that he is unable to provide such a certificate.

PRA RULEBOOK: GLOSSARY AND INSURANCE CONSEQUENTIALS INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (1) section 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: Glossary and Insurance Consequentials Instrument 2016

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

Commencement

- E. This instrument comes into force on 1 July 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: Glossary and Insurance Consequentials Instrument 2016

By order of the Board of the Prudential Regulation Authority
27 June 2016

Annex A

Amendments to the Glossary

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

actuarial investigation

means an investigation to which Insurance Company – Reporting 5.8 – 5.12 applies
~~IPRU(INS) rule 9.4 of the PRA Handbook as at 31 December 2015 applies pursuant~~
~~to Non-Solvency II Firms – Transitional Measures 3.~~

Annex B

Amendments to the Friendly Society – Asset Valuation Part

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

1 APPLICATION AND DEFINITIONS

1.1 ...

1.3 ...

established surplus

means an excess of assets representing the whole or a particular part of the fund or funds maintained by the *firm* in respect of its *long-term insurance business* over the liabilities, or a particular part of the liabilities, of the *firm* attributable to that business as shown by an investigation to which Friendly Society – Reporting 2 applies. ~~IPRU(FSOC) 5.1 or 5.2 of the PRA Rulebook as at 31 December 2015 applies pursuant to Non-Solvency II Firms – Transitional Measures 3.~~

...

Annex C

Amendments to the Friendly Society – Liability Valuation Part

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

1 APPLICATION AND DEFINITIONS

1.1 ...

1.2 ...

established surplus

means an excess of assets representing the whole or a particular part of the fund or funds maintained by the *firm* in respect of its *long-term insurance business* over the liabilities, or a particular part of the liabilities, of the *firm* attributable to that business as shown by an investigation to which Friendly Society – Reporting 2 applies. ~~IPRU(FSOC) 5.1 or 5.2 of the PRA Rulebook as at 31 December 2015 applies pursuant to Non-Solvency II Firms – Transitional Measures 3.~~

...

11 RATES OF INTEREST

11.1 ...

11.3 For the purpose of calculating the yield on an asset:

- (1) the asset must be valued in accordance with the Friendly Society – Asset Valuation Part of the *PRA Rulebook*, excluding any provision under which assets may be taken at lower book values for the purposes of an investigation to which Friendly Society – Reporting 2 applies ~~IPRU(FSOC) 5.1 or 5.2 of the PRA Handbook applies pursuant to Non-Solvency II Firms – Transitional Measures 3~~; and

...

11.18 (1) ...

- (2) In calculating the weighted average referred to in (1):

- (a) the weight given to each investment must be its value as an asset determined in accordance with the Friendly Society – Asset Valuation, except where assets may be taken at lower book values for the purposes of any investigation to which Friendly Society – Reporting 2 applies ~~IPRU(FSOC) 5.1 or 5.2 of the PRA Handbook as at 31 December 2015 applies pursuant to Non-Solvency II Firms – Transitional Measures 3~~; and

...

Annex D

Amendments to the Insurance Company – Technical Provisions Part

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

5 LOCALISATION

5.1 This chapter does not apply:

(1) ...

(4) in respect of *general insurance business class* groups 3 (Marine and transport ~~Transport~~) and 4 (Aviation) of Insurance Company – Reporting 12.7. Part II of Annex 41.2 to IPRU(INS) of the PRA Handbook as at 31 December 2015

Annex E

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

- 1.1 ...
- 1.2 Chapters 2 to 6 only apply to a *long-term insurer* which is not a *non-directive friendly society*, other than:
- (1) ~~a *registered friendly society*; and~~
- (2) ~~an *incorporated friendly society* that is a *flat rate benefits business friendly society*.~~
- 1.3 Chapter 7 only applies to a *non-directive friendly society* other than:
- (1) a *partnership pension society*; and
- (2) a *flat rate benefits business friendly society*.
- (1) ~~a *registered friendly society*; and~~
- (2) ~~an *incorporated friendly society* that is a *flat rate benefits business friendly society*.~~
- ...

5 THE ACTUARIAL FUNCTION

- 5.1 An *actuary* appointed to perform the *actuarial function* must, in respect of those classes of the *firm's long-term insurance business* which are covered by his appointment:
- (1) ...
- (3) advise the *firm's governing body* on the methods and assumptions to be used for the investigations required by ~~IPRU(INS) rule 9.4 or IPRU(FSOC) rule 5.1, each of the PRA Handbook as at 31 December 2015~~ Insurance Company – Reporting 5.8 and 5.9;
- (4) ...

7 APPROPRIATE ACTUARY

- 7.1 A *firm* must:
- (1) appoint an *appropriate actuary* to carry out the triennial investigation and prepare the return an abstract of the report as required by *Friendly Society – Reporting 2.1 and 2.2* IPRU(FSOC) rule 5.2(2) of the *PRA Handbook* as at 31 December 2015 and provide the ~~interim~~ certificate or statement as required by *Friendly Society – Reporting 2.3* IPRU(FSOC) rule 5.2(3) of the *PRA Handbook* as at 31 December 2015; and
- ...

8 DUTIES OF ACTUARIES

8.1 ...

8.4 An *appropriate actuary* must carry out the triennial investigation and prepare the return ~~an abstract of the report~~ as required by Friendly Society – Reporting 2.1 and 2.2 ~~IPRU(FSOC) rule 5.2(2) of the PRA Handbook as at 31 December 2015~~ and provide the interim certificate or statement as required by Friendly Society – Reporting 2.3 ~~IPRU(FSOC) rule 5.2(3) of the PRA Handbook as at 31 December 2015~~.

Annex F

Amendments to the Non-Solvency II Firms – Transitional Measures Part

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

3 REPORTING

3.1 A *firm* must comply with the rules in:

(1) IPRU(FSOC) Chapter 5; and

(2) IPRU(INS) Chapters 9 and 12

of the *PRA Handbook* as at 31 December 2015 as they were applicable to the *firm* (including any *waiver*) at that date, in respect of *financial years* ending on or before ~~31 December 2015~~
30 June 2016.

Annex G

Amendments to the Regulatory Reporting Part

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

8 REGULATED ACTIVITY GROUP 2.1

8.1 ...

8.2 The financial reporting requirements for RAG 2.1 activities for a *non-directive insurer* ~~is~~ are set out in ~~Transitional Measures 3.1 in the Non-Solvency II Firms Sector~~ the Insurance Company – Reporting Part of the PRA Rulebook.

8.3 The financial reporting requirements for RAG 2.1 activities for a *non-directive friendly society* are set out in the Friendly Society – Reporting Part of the PRA Rulebook.

PRA RULEBOOK: NON-CRR FIRMS: DEFINITION OF CREDIT UNION INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority ("PRA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):
- (1) section 137G (The PRA's general rules);
 - (2) section 137T (General supplementary powers);
 - (3) section 213 (The Compensation scheme); and
 - (4) section 214 (General).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

PRA RULEBOOK: NON-CRR FIRMS: DEFINITION OF CREDIT UNION INSTRUMENT 2016

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

Commencement

- D. This instrument comes into force on 6 September 2016.

Citation

- E. This instrument may be cited as the PRA Rulebook: Non-CRR Firms: Definition Of Credit Union Instrument 2016

By order of the Board of the Prudential Regulation Authority

2 September 2016

Annex A

Amendments to the Glossary

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

...

credit union

~~has the meaning given in section 31 of~~ means a credit union as defined by:

(1) the Credit Unions Act 1979; or

(2) the Credit Unions (Northern Ireland) Order 1985

which is an *authorised person*.

...

Annex B

Amendments to the Depositor Protection Part

In this Annex, new text is underlined.

1 APPLICATION AND DEFINITIONS

...

1.4 Unless otherwise stated, in this Part, the following definitions shall apply:

...

credit union

has the meaning given in section 31 of the Credit Unions Act 1979.

PRA RULEBOOK: SOLVENCY II FIRMS AND NON-AUTHORISED PERSONS: EXTERNAL AUDIT INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 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 Instrument 2016

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

Commencement

- E. This instrument comes into force on 10 September 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: Solvency II Firms and Non-Authorised Persons: External Audit Instrument 2016.

By order of the Board of the Prudential Regulation Authority
2 September 2016

Annex A

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

Part

EXTERNAL AUDIT

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. EXTERNAL AUDIT OF RELEVANT ELEMENTS OF THE SFCR**
- 3. APPOINTMENT OF AUDITORS**
- 4. DUTIES ON THE EXTERNAL AUDITOR**

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies:

- (1) to a *UK Solvency II firm*;
- (2) to the *Society* in accordance with General Application 3; and
- (3) at the level of a *group*, 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
- (4) to an external auditor of such a *firm* or *group*.

1.2 This Part applies to a *firm* or a *relevant insurance group undertaking*, as the case may be, in respect of financial years ending on or after 15 November 2016.

1.3 In this Part, the following definitions shall apply:

delegated act

means Commission Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)

relevant elements of the SFCR

means the templates and information in 2.2

SFCR Implementing Technical Standard

means Commission Implementing Regulation (EU) No. of 2015/2452 laying down implementing technical standards with regard to the procedures, formats and templates of the solvency and financial condition report according to Directive 2009/138/EC of the European Parliament of the Council

2 EXTERNAL AUDIT OF RELEVANT ELEMENTS OF THE SFCR

2.1 A *firm* or a *relevant insurance group undertaking* must ensure that the external auditor provides a report which includes an opinion about the *relevant elements of the SFCR* in accordance with 4.

2.2 The *relevant elements of the SFCR* are:

- (1) Subject to (3), (4) and 4.2, the information that a *firm* and a *group* discloses pursuant to Article 296, 297, and 359(d) and (e) of the *delegated act*;
- (2) Subject to (3), (4) and 4.2 and where appropriate, the following templates that are provided in the *SFCR Implementing Technical Standard*;
 - (a) S.02.01.02
 - (b) S.12.01.02
 - (c) S.17.01.02
 - (d) S.22.01.21
 - (e) S.22.01.22
 - (f) S.23.01.01
 - (g) S.23.01.22
 - (h) S.25.01.21
 - (i) S.25.01.22

- (j) S.28.01.01
- (k) S.28.02.01
- (l) S.32.01.22

- (3) Where the information in 2.2(1) and 2.2(2) is, or derives from, the *SCR* that information shall only be subject to external audit for *firms* calculating their *SCR* using the *standard formula*.
- (4) Where the information in 2.2(1) and 2.2(2) is, or derives from, the *group SCR* that information shall only be subject to external audit for *relevant insurance group undertakings* calculating their *group SCR* using the *standard formula*.

3 APPOINTMENT OF AUDITORS

3.1 A *firm* or a *relevant insurance group undertaking* must:

- (1) appoint an external auditor in accordance with Auditors 2, 3 and 4 to perform the functions in 2; and
- (2) submit the report to the *PRA* and disclose it publicly with the *firm's SFCR*.

4 DUTIES ON THE EXTERNAL AUDITOR

4.1 Subject to 4.2, an external auditor appointed by a *firm* or *relevant insurance group undertaking* pursuant to 3 must:

- (1) undertake a reasonable assurance engagement on *relevant elements of the SFCR*;
- (2) produce a report that includes an opinion addressed to the *governing body* confirming that the *relevant elements of the SFCR* are prepared in all material respects in accordance with the *PRA* rules and *Solvency II Regulations* on which it is based;
- (3) read and consider all information disclosed by the *firm* in its *SFCR* that is not a *relevant element of the SFCR* to identify material inconsistencies with the *relevant elements of the SFCR* and any knowledge obtained and other information to which the auditor has had access during the course of the audit of the *SFCR* engagement and (where applicable) audit of the financial statements.

4.2 Where the *relevant elements of the SFCR* in a *group SFCR* that

- (1) pertains to an *undertaking* that is not a *Solvency II undertaking*; and
- (2) information has been prepared in accordance with:
 - (a) *PRA* rules other than those implementing the *Solvency II Directive*; or
 - (b) an *EU instrument* other than the *Solvency II Regulations*,

the external auditor shall state in the report under 4.1.(2) that the information has been properly compiled in accordance with the relevant *PRA* rules and *EU instruments* relating to that *undertaking* from information provided by *undertakings* in the *group* and the *relevant insurance group undertaking*.

4.3 The Report in 4 must be prepared with due, skill, care and diligence.

Annex B

Note: This annex amends the Group Supervision Part in the Solvency II Sector as follows in the appropriate alphabetical positions. Underlining indicates new text and deleted text is struck through.

20 THIRD COUNTRIES

20.1 When 2.1(3) applies, 4 to 14~~1~~, and 16 to 19 and External Audit 2 to 4 apply with any necessary changes at the level of the *insurance holding company* or *mixed financial holding company* which does not have its head office in an *EEA State*, *third country insurance undertaking* or *third country reinsurance undertaking* unless:

- (1) subject to 20.2, the third country in which that *undertaking* has its head office is assessed to be equivalent under Article 260 of the *Solvency II Directive*; or
- (2) in the absence of equivalent group supervision referred to in Article 260 of the *Solvency II Directive*, the *PRA* has specified other methods in accordance with Article 262 of the *Solvency II Directive*.

[Note: Art. 262 of the *Solvency II Directive*]

PRA RULEBOOK: CRR FIRMS, NON CRR FIRMS, NON-AUTHORISED PERSONS: DEPOSITOR PROTECTION INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
 - (2) section 137T (General supplementary powers);
 - (3) section 213 (The compensation scheme); and
 - (4) section 214 (General).
- 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, Non-Authorised Persons, Depositor Protection Instrument 2016

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

Commencement

- E. This instrument comes into force on 1 October 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms, Non CRR Firms, Non-Authorised Persons: Depositor Protection Instrument 2016.

By order of the Board of the Prudential Regulation Authority

19 September 2016

Annex

Amendments to the Depositor Protection Part

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

34 FUNDING - DGS COMPENSATION COSTS LEVY

...

34.4 *DGS compensation cost levies* imposed on *DGS members* to raise the *available financial means* of the *deposit guarantee scheme* must be based on the amount of *covered deposits* (excluding *temporary high balances*) and the FSCS's assessment of the degree of risk incurred by the respective *DGS member*.

[Note: Art. 13(1) of the *DGSD*]

...

39 FUNDING - BUSINESS ACQUISITIONS FROM DGS MEMBERS

...

39.2 If:

- (1) a *DGS member* (A) assumes a liability to repay *deposits* held by another *DGS member* (B);
- (2) B is no longer liable to pay a *DGS levy* to the *FSCS*; and
- (3) the assumption of liability takes place after the date to which, or as of which, A's most recent *statement of business* is drawn up,

the *FSCS* must require A to pay an additional amount equal to the levy that would have been payable by B in relation to the relevant business and *class A* (including an adjustment for the FSCS's assessment of the degree of risk incurred by B) if the acquisition had not taken place and B had remained liable to pay *DGS levies*. The amount is based on the B's most recent *statement of business*.

...

42 FUNDING - DGS COMPENSATION COSTS

...

42.3 The *FSCS* must calculate each *DGS member's* share of a *DGS compensation costs levy* by:

- (1) identifying the *DGS compensation costs* allocated to *class A*;
- (2) calculating, in relation to *class A*, the *DGS member's* tariff base as a proportion of the total tariff base of all *DGS members* in *class A*, using the *statement of business* most recently supplied;

- (3) applying the proportion calculated in (2) to the figure in (1); and
- (4) applying an adjustment for the degree of risk incurred by the *DGS member* to the product of the calculation in (3).

...

PRA RULEBOOK: ADMINISTRATION INSTRUMENT (No. 1) 2016**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (the PRA’s general rules);
 - (2) section 137T (general supplementary powers);
 - (3) section 316(1) (direction by a regulator);
 - (4) section 317 (the core provisions); and
 - (5) section 318 (exercise of powers through Council).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

Pre-conditions to making

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

PRA Rulebook: Administration Instrument (No. 1) 2016

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

(1)	(2)
LARGE NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGERS REGIME – APPLICATIONS AND NOTIFICATIONS	A
LARGE NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGERS REGIME – TRANSITIONAL PROVISIONS	B
INSURANCE COMPANY - OVERALL RESOURCES AND VALUATION	C
NON-SOLVENCY II FIRMS – GOVERNANCE	D
MANAGEMENT EXPENSES IN RESPECT OF RELEVANT SCHEMES	E
PUBLIC DISCLOSURE	F
REMUNERATION	G
FINANCIAL CONGLOMERATES	H
LLOYD’S	I
GLOSSARY	J

Commencement

E. The Annexes to this instrument come into force on 12 October 2016.

Citation

F. This instrument may be cited as the PRA Rulebook: Administration Instrument (No. 1) 2016.

By order of the Board of the Prudential Regulation Authority

19 September 2016

Annex A

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**

...

7 FORMS

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

...

Annex B

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

Part

LARGE NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGERS REGIME – TRANSITIONAL PROVISIONS

...

6 TABLE OF EQUIVALENT FUNCTIONS FOR GRANDFATHERING

...

- 6.3 (1) If, in relation to a *firm*, a *senior insurance management function holder* with *continued approval* also performs *FCA activities* on and from the *commencement date*, performance of the *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 *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 ~~6.35.3~~.

...

8 TRANSITIONAL ARRANGEMENTS FOR NEW SENIOR INSURANCE MANAGEMENT FUNCTIONS

...

- 8.2 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 application*~~ *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 C

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

Part

INSURANCE COMPANY - OVERALL RESOURCES AND VALUATION

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

securitisation risk

includes the risk that the *capital resources* held by a *firm* in respect of assets which it has ~~securitised~~securitised are inadequate having regard to the economic substance of the transaction, including the degree of risk transfer achieved.

...

Annex D

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

Part

NON-SOLVENCY II FIRMS – GOVERNANCE

...

4 GOVERNANCE FOR NON-DIRECTIVE FRIENDLY SOCIETIES

...

4.7 A *firm* must ensure that the systems of control and of inspection and reporting are adequate to enable the *governing body* to properly discharge:

(1) the duties imposed on it by or under ~~FMSA~~FSMA, the Friendly Societies Act 1992 or the Friendly Societies Act 1974; and

(2) the functions of direction of the affairs of the *friendly society* or *registered branch*.

...

Annex E

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

Part

MANAGEMENT EXPENSES IN RESPECT OF RELEVANT SCHEMES

...

4 PAYMENTS

4.24.1 A *firm* or a *dormant account provider* (and, where applicable, the *Society*) must pay its share of a *MERS levy* in one payment.

~~46.34.2~~ A share of a *MERS levy* is due on, and payable within, 30 days of the date when the invoice is issued.

~~46.44.3~~ A *firm* or a *dormant account fund operator* (and, where applicable, the *Society*) must pay its share of a *MERS levy* by either direct debit, credit transfer (e.g. BACS or CHAPS), cheque, Maestro, Visa Debit or by credit card (Visa/Mastercard/American Express only).

4.24.4 The *FSCS* may reduce, remit or refund any overpaid amounts paid in respect of a *MERS levy* in respect of a particular period, due to a mistake of law or fact by a *firm*, a *dormant account fund operator* or, where applicable, the *Society*, provided that the claim is made by the *firm*, *dormant account provider* or, where applicable, the *Society* not more than two years after the beginning of the period to which the overpayment relates.

...

Annex F

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

Part

PUBLIC DISCLOSURE

1 APPLICATION AND DEFINITIONS

1.1 This Part applies to every *firm* that is a *CRR firm*.

1.2 In this Part, the following definitions shall apply:

average exposure measure

...

Annex G

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

Part

REMUNERATION

15.20 A *firm* must ensure that:

- (1) ...
- (2) any variable *remuneration* is subject to clawback, such that it is only awarded if an amount corresponding to it can be recovered from the individual by the *firm* if the recovery is justified on the basis of the circumstances described in 15.21(2) or ~~15.22~~15.23; and
- (3) ...

Annex H

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

Part

FINANCIAL CONGLOMERATES

1 APPLICATION AND DEFINITIONS

...

1.4 In this Part, the following definitions shall apply:

...

applicable sectoral consolidation rules

means in respect of a *financial sector* the ~~PRA's~~PRA's *sectoral rules* about capital adequacy and solvency on a consolidated basis applicable to that *financial sector* under the table in paragraph 8 of Annex 2 of this Part (Application of sectoral consolidation rules).

...

IFPRU investment firm

means an *investment firm*, as defined in article 4(1)(2) of the *CRR*, including a *collective portfolio management investment firm*, that satisfies the following conditions:

- (1) it is a *FCA-authorised firm*;
- (2) its head office is in the *UK*; and
- (3) it is not excluded under IFPRU 1.1.5 in the *FCA Handbook*.

IFPRU limited activity firm

means a *limited activity firm* that meets the following conditions:

- (1) it is an *FCA-authorised firm*;
- (2) its head office is in the *UK*; and
- (3) it is not excluded under IFPRU 1.1.5 in the *FCA Handbook*.

...

sectoral rules

means, in relation to a *financial sector*, the following rules and requirements relating to the prudential supervision of regulated entities within that *financial sector*:

- (1) for the purposes of 2.8, *EEA prudential sectoral legislation* for that *financial sector* together with, as appropriate, the rules and requirements in (3);

...

- (7) references to the ~~PRA's~~PRA's sectoral rules are to sectoral rules in the form of rules.

...

5 ASSET MANAGEMENT COMPANIES AND ALTERNATIVE INVESTMENT FUND MANAGERS

5.1 A *firm* must treat an *asset management company* and an *alternative investment fund manager* that is a member of a *financial conglomerate* of which that *firm* is a member:

- (1) ...

- (2) In the case of a *financial conglomerate* for which the *PRA* is the *coordinator*, a *firm* must allocate an *asset management company* and an *alternative investment fund manager*.

~~(1)(a)~~ ...

~~(2)(b)~~ to the *insurance sector* where a decision to that effect has been made by the *undertaking* in the *financial conglomerate* that is the group member referred to in Article 4(2) of the *Financial Conglomerates Directive*; or

~~(3)(c)~~ ...

- (3) The decision in (2):

~~(1)(a)~~ will apply to all *asset management companies* and all *alternative investment fund managers* that are members of the *financial conglomerate* from time to time;

~~(2)(b)~~ cannot be changed; and

~~(3)(c)~~ must be notified to the ~~PRA~~PRA without delay.

...

ANNEX 2 - CAPITAL ADEQUACY CALCULATIONS FOR FINANCIAL CONGLOMERATES

...

6 Table: PART 4: Definitions used in this Annex

Solo capital resources 6.2 ...

requirement: banking sector and investment services sector

- (4) If there is a *credit institution* in the *financial conglomerate*, the *solo capital resources requirement* for any *undertaking* in the *banking sector* or the *investment services sector* is, subject to (2) and (3), calculated in accordance with the *CRR* for calculating the *own funds requirements* ~~of a of a bank~~.

...

Solo capital resources requirement: insurance sector

- 6.4 (1) The *solo capital resources requirement* of an *undertaking* in the *insurance sector* is:
- (a) in respect of a *UK Solvency II firm*, the *SCR*;
 - (b) in respect of a *Solvency II undertaking* other than a *UK Solvency II firm*, the equivalent of the *SCR* as calculated in accordance with the *Solvency II EEA implementing measures* in the *EEA State* in which it has received authorisation in accordance with article 14 of the *Solvency II Directive*;
 - (c) in respect of a *third country insurance undertaking* or *third country reinsurance undertaking* ~~*third country reinsurance undertaking*~~ to which Group Supervision, 10.4(2) applies, the equivalent of the *SCR* as calculated in accordance with the applicable requirements in that *third country*;

...

Annex I

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

Part

LLOYD'S

11 AUDITORS AND ACTUARIES DIRECTION

- 11.1 (1) ...
- (2) Regulations made by ~~the Treasury~~ HM Treasury under section 342(5) and section 343(5) of Part XXII of *FSMA* apply only to *actuaries* appointed by a *managing agent* in respect of the *insurance business* of a *syndicate*, in relation to the *long-term insurance business* of that *syndicate*.
- (3) ...
- ...

Annex J

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

Part

GLOSSARY

Article 12(1) relationship

means a relationship where ~~undertakings~~ are linked by a relationship within the meaning of Article 12(1) of Council Directive of 13 June 1983 on consolidated accounts (No 83/349/EEC).

Article 12(1) relationship

means a relationship where ~~undertakings~~ undertakings are linked by a relationship within the meaning of Article 12(1) of Directive 83/349 EEC.

...

insurance market activities

means a regulated activity relating to contracts of insurance written at Lloyd's.

...

subsidiary undertaking

~~(in the Solvency II Firms Sector of the PRA Rulebook)~~ means an *undertaking* of which another *undertaking* is its *parent undertaking*.

...

third country insurance undertaking

~~(in the Solvency II Firms Sector of the PRA Rulebook)~~ means an *undertaking* that has its head office outside the *EEA* and that would require authorisation as an insurance undertaking in accordance with Article 14 of the *Solvency II Directive* if its head office was situated in the *EEA*.

...

third country reinsurance undertaking

~~(in the Solvency II Firms Sector of the PRA Rulebook)~~ means an *undertaking* that has its head office outside the *EEA* and that would require authorisation as a *reinsurance* undertaking in accordance with Article 14 of the *Solvency II Directive* if its head office were situated in the *EEA*.

...

PRA RULEBOOK: CRR FIRMS: REMUNERATION BUY-OUT RULES 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (the PRA’s general rules);
 - (2) section 137H (general rules about remuneration);
 - (3) section 137T (general supplementary powers); and
 - (4) section 138D(1) (actions for damages).
- 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: Remuneration Buy-out Rules 2016

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

Commencement

- E. This instrument comes into force on 1 January 2017.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Remuneration Buy-out Rules 2016.

By order of the Board of the Prudential Regulation Authority

26 September 2016

Annex A

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

Part

REMUNERATION

Chapter content

1. APPLICATION AND DEFINITIONS
2. APPLICATION DATES
3. MATERIAL RISK TAKERS
4. GROUPS
5. PROPORTIONALITY
6. REMUNERATION POLICIES
7. GOVERNANCE
8. CONTROL FUNCTIONS
9. REMUNERATION AND CAPITAL
10. EXCEPTIONAL GOVERNMENT INTERVENTION
11. RISK ADJUSTMENT
12. PENSION POLICY
13. PERSONAL INVESTMENT STRATEGIES
14. NON-COMPLIANCE
15. REMUNERATION STRUCTURES
- 15A. BUY-OUTS
16. BREACH OF THE REMUNERATION RULES
17. REMUNERATION BENCHMARKING REPORTING REQUIREMENT
18. HIGH EARNERS REPORTING REQUIREMENT

Links

1 APPLICATION AND DEFINITIONS

...

1.3

(1) In this Part, the following definitions shall apply:

...

buy-out

means that part of an *employee's* variable remuneration:

(a) agreed in any contracts relating to the commencement of employment with, or provision of services to, a new *firm*; and

(b) the aggregate value of which is less than or equal to such unvested variable remuneration:

(i) in the *employee's* contracts relating to the *employee's* employment with, or provision of services to, a previous *firm*, and

(ii) which terminated when the *employee* left employment with, or ceased to provide services to, the previous *firm*.

buy-out notice

means the information provided by a *firm* to a previous *firm* in accordance with 15A.5.

remuneration statement

means a statement provided to an *employee* by a previous *firm* in accordance with 15A.7.

...

private person

has the meaning given by regulation 3 of the Financial Services and Markets Act 2000 (Rights of Action) Regulations 2001.

...

reduction notice

means a notice provided to a *firm* by a previous *firm* in accordance with 15A.9(3).

...

remuneration requirements

means the requirements in 6 to 4515A.

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

2 APPLICATION DATES

2.1 Subject to 2.2 and ~~2.3~~ to 2.4, a *firm* must apply the *remuneration requirements* in relation to:

...

2.4 A *firm* must apply 15A.2 to 15A.11 in relation to any *buy-out* agreed into on or after 1 January 2017.

...

15 REMUNERATION STRUCTURES

~~15.8 A *firm* must ensure that *remuneration* packages relating to compensation for, or buy out from, an *employee's* contracts in previous employment align with the long term interests of the *firm* including appropriate retention, deferral and performance and clawback arrangements.~~

15A BUY-OUTS

Application

15A.1 This Chapter applies where:

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

Obligations applicable to a new *firm*

15A.2 A *firm* may only award, pay or provide a *buy-out* to an *employee* if it enters into a contract with the *employee* which enables the *firm*, following receipt of a *reduction notice*, to:

- (1) reduce all or part of the *buy-out* in accordance with 15.22(1)(a) and (c), (2) and (3); and
- (2) recover all or part of the *buy-out* in accordance with 15.23.

15A.3

- (1) A *firm* must ensure a *buy-out* aligns with the long term interests of the *firm* including appropriate retention, deferral, performance and clawback arrangements.
- (2) The duration of retention, deferral, performance and clawback arrangements applied to a *buy-out*, or part of a *buy-out*, must be no shorter than such duration as was applied and remained outstanding in relation to unvested variable *remuneration* awarded by a previous *firm* to the person as an *employee* of that previous *firm*.

[Note: Art. 94(1)(i) of the CRD]15A.4

- (1) A firm must obtain remuneration statements from the employee before agreeing to provide the employee with a buy-out.
- (2) The amount of a buy-out may be no greater than the aggregate amount of unvested variable remuneration referred to in the remuneration statements provided to the firm by the employee.

15A.5

- (1) A firm must, in writing, inform a previous firm ("buy-out notice"):
 - (a) that it has entered into a contract which includes the terms required by 15A.2;
 - (b) of the amount attributable to unvested variable remuneration paid to the employee by that previous firm; and
 - (c) of the duration of retention, deferral, performance and clawback arrangements that would apply to the amount or part of the amount identified in (b).
- (2) Where the buy-out does not include an amount attributable to unvested variable remuneration paid to the employee by a previous firm, (1) does not apply.

15A.6 On receipt of a reduction notice from a previous firm, the firm must reduce, or make all reasonable efforts to recover an amount corresponding to, the buy-out, in the amounts notified to it by the previous firm, before the vesting of the next relevant deferred payment, or in a case where clawback is applicable, within a reasonable period, and in any event, no later than the end of the applicable clawback periods in 15.20(3) and 15.20(4).

Obligations applicable to a previous firm15A.7

- (1) A previous firm must provide its employee or former employee with a statement ("remuneration statement") containing the following information:
 - (a) all periods during which the employee was a material risk taker;
 - (b) the amount of unvested variable remuneration available to be bought out applicable to the periods during which the employee was a material risk taker; and
 - (c) the duration of retention, deferral, performance and clawback arrangements that the previous firm would apply to each amount or part of an amount identified in (b).
- (2) The information in (1) must be provided to the employee or former employee within 14 working days of a request by that employee or former employee.

15A.8

- (1) A previous firm which has received a buy-out notice must, in relation to that former employee, consider whether it would have reduced unvested variable remuneration or required the repayment of an amount corresponding to vested variable remuneration in accordance with the criteria it has set under 15.21 until the end of the last period contained in the remuneration statement it provided to that employee.
- (2) Consideration of any reduction of unvested variable remuneration must only cover reductions for reasons contained in 15.22(1)(a) and (c).

15A.9

- (1) The previous firm must determine the amounts by which it would have:
 - (a) reduced unvested variable remuneration; or
 - (b) required the repayment of an amount corresponding to vested variable remuneration

had the former employee remained in its employment or been providing services and the duration of retention, deferral, performance and clawback arrangements were as notified under 15A.5(c).
- (2) The previous firm must make such determinations fairly and reasonably, including by:
 - (a) providing the former employee with details and reasons for the proposed determination;
 - (b) enabling the former employee to make representations as to why the proposed determination in (a) should not be made; and
 - (c) taking account of those representations in making the determination.
- (3) The previous firm must, in writing, notify the firm and the employee of any amounts determined under (1) no later than 14 working days after it makes its final determination ("a reduction notice").

General15A.10 A firm must not:

- (1) structure any element of an employee's remuneration in a way that could result in remuneration which otherwise would be characterised as part of a buy-out, not being characterised as such; or
- (2) act or fail to act in a way which would otherwise seek to avoid the requirements of this chapter.

15A.11 A contravention of 15A.9(2) by a firm is actionable at the suit of a private person who suffers loss as a result of the contravention, subject to the defences and other incidents applying to such actions for breach of statutory duty.

16 BREACH OF THE REMUNERATION RULES

16.1 Subject to 16.2 to 16.7, the voiding provisions in 16.9 to 16.13 apply in relation to the prohibitions on *material risk takers* being remunerated in the ways specified in:

- (1) 15.7 (guaranteed variable remuneration);
- (2) 15.17 to 19 (deferred variable remuneration);
- (3) 15.20(2) (performance adjustment – clawback); and
- (3A) 15A.2 (buy-out contract); and
- (4) 16.16 (replacing payments recovered or property transferred).

...

16.16 ...

~~(2) This rule applies only to variable remuneration relating to a performance year to which the contravening remuneration related.~~

(2) This rule applies:

- (a) in the case of a contravention of 15A.4, only to remuneration relating to the commencement of employment with or provision of services for the firm; and
- (b) in any other case, only to variable remuneration relating to a performance year to which the contravening remuneration related.

Part

REMUNERATION

Externally defined glossary terms

Term	Definition source

**PRA RULEBOOK: CRR FIRMS: NON-CRR FIRMS: FITNESS AND PROPRIETY AMENDMENT
INSTRUMENT 2016**

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 60 (applications for approval);
 - (2) section 60A (vetting of candidate by [relevant] authorised person)
 - (3) section 63F(issuing of certificates)
 - (4) section 137G (the PRA’s general rules); and
 - (5) 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: Non-CRR Firms: Fitness and Propriety Amendment Instrument 2016

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

Commencement

- E. This instrument comes into force on the following dates:

Annexes A to D	7th March 2017
Annex E	29th September 2016

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Non-CRR Firms: Fitness and Propriety Amendment Instrument 2016.

By order of the Board of the Prudential Regulation Authority
2 September 2016

Annex A

Amendments to the Glossary

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

full scope regulatory reference firm

means:

(1) a CRR firm,

(2) a credit union,

(3) a third country CRR firm in relation to the activities of its establishment in the UK,

(4) a UK Solvency II firm,

(5) the Society,

(6) a managing agent,

(7) a third country branch undertaking (other than a Swiss general insurer) in relation to the activities of its establishment in the UK,

(8) a UK ISPV,

(9) a large non-directive insurer.

mandatory disclosure

means an obligation in any applicable laws, regulations or rules to declare or disclose information to the public.

senior management application

means an application to perform a PRA senior management function under section 59 of FSMA.

Annex B

Amendments to Fitness and Propriety

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

Part

FITNESS AND PROPRIETY

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS**
- 3. CONDUCT STANDARDS**
- 4. NOTIFIED NON-EXECUTIVE DIRECTORS - NOTIFICATIONS**
- 5. REGULATORY REFERENCES**
- 6. FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS**

Links

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to every *firm* that is:

- (1) a *CRR firm*;
- (2) a *credit union*; or
- (3) a *third country CRR firm* in relation to the activities of its establishment in the *UK*.

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

1.3 In this Part, the following definitions shall apply:

...

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

....

regulatory reference template

means the template in 7.1.

senior management application

means an application for the *PRA's* approval under section 59 of *FSMA*.

2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

- 2.1 A *firm* must not make a *senior management 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.
- 2.2 A *firm* must not issue a *certificate* in relation to a *person* unless it is satisfied that *person* is fit and proper to perform the *certification function* to which the *certificate* relates.
- 2.3 A *firm* must not appoint a person as a *notified non-executive director* or *credit union non-executive director* unless it is satisfied that person is fit and proper to perform that *non-executive director* role.
- 2.4 A *firm* other than a *third country CRR firm* must ensure that each member of its *management body* is at all times fit and proper.

[Note: Art. 91(1) CRD IV]

- 2.5 A *third country CRR firm* must ensure that each person who performs a *PRA senior management function* in relation to its *UK establishment* is at all times fit and proper.
- 2.6 In deciding whether a *person* is fit and proper pursuant to 2.1 to 2.5 and, where applicable, section 60A(1) of FSMA, a *firm* must be satisfied that the *person*:
- (a~~1~~) has the personal characteristics (including being of good repute and integrity);
 - (b~~2~~) possesses the level of competence, knowledge and experience;
 - (c~~3~~) has the qualifications; and
 - (d~~4~~) has undergone or is undergoing all training,
- required to enable such *person* to perform his or her 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*.
- 2.7 (1) Before deciding whether a *person* (P) is fit and proper, a *firm* must take reasonable steps to obtain appropriate references covering at least the past 56 years from that persons' current and previous employers the following:
- (a) each FCA-authorized person and PRA-authorized 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 senior manager, senior insurance management function holder or other approved person, non-executive director, notified non-executive director, credit union non-executive director or a key function holder, or performed, or is currently performing, a certification function;
 - (b) P's ~~that person's other~~ current and former employers; and
 - (c) from other organisations at which P ~~that person~~ 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) (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 sources in (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) A *firm* must take reasonable steps to obtain references
 - (a) in respect of a *senior management 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 *senior management 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
 - (c) in respect of the issuing of a certificate under section 63F of *FSMA*, before the certificate is issued.

2.8 (1) Where a *firm* (A) seeks to obtain a reference pursuant to 2.7, 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*.

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

- (a₁) obtain P's consent for the *firm* to request the fullest information in relation to P that it is lawfully able to request under the Police Act 1997 (Certificates of Criminal records, etc.) and related subordinated legislation of the *UK* or any part of the *UK*;
- (b₂) if P has lived or worked outside the *UK* for a material time in the previous five six years, obtain P's consent for the *firm* to request the fullest information in relation to P that it is lawfully able to request under equivalent overseas legislation; and
- (e₃) request, and have regard to, such information.

2.910 If a *firm* engages a *person* for a continuous period of time it is only required to comply with 2.7 and 2.8 the first time it determines that previously obtained the information in 2.7 to 2.9 when it determined that a *person* was fit and proper for the purposes of this Part in relation to a *senior management function*, *non-executive director function* or *certification function*, and the *firm* engages that *person* for a continuous period of time, the *firm* is not required to comply with 2.7 to 2.9 again in respect of any subsequent appointments at the same *firm* within that continuous period.

3 CONDUCT STANDARDS

- 3.1 A *firm* must contractually require any *PRA approved person*, *notified non-executive director* or *credit union non-executive director* to:
- (a~~1~~) act with integrity;
 - (b~~2~~) act with due skill, care and diligence;
 - (c~~3~~) be open and co-operative with the *FCA*, the *PRA* and other regulators; and
 - (d~~4~~) disclose appropriately any information to the *FCA* or *PRA* of which they would reasonably expect notice.
- 3.2 A *firm* must contractually require any *PRA approved person* to:
- (a~~1~~) take reasonable steps to ensure that the business of the *firm* for which they are responsible is controlled effectively;
 - (b~~2~~) take reasonable steps to ensure that the business of the *firm* for which they are responsible complies with relevant requirements and standards of the *regulatory system*; and
 - (c~~3~~) take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate person and that they oversee the discharge of the delegated responsibility effectively.

4 NOTIFIED NON-EXECUTIVE DIRECTORS – NOTIFICATIONS

- 4.1 This Chapter applies to *CRR firms* only.
- 4.2 A *firm* must notify the *PRA* when a *person* becomes a *notified non-executive director* and shall provide the *PRA* with all of the information needed to assess whether that *person* is fit and proper.
- 4.3 If the notification referred to in 4.2 is in respect of a *person* who, on becoming a *notified non-executive director*, ceases to perform a *PRA senior management function* or an *FCA designated senior management function*, the *firm* is not required to provide information needed to assess the fitness and propriety of that *person* unless there has been a change in the information provided in respect of that *person* regarding fitness and propriety provided to the *PRA* or the *FCA* at the time the application for the approval for performance of the *PRA senior management function* or the *FCA designated senior management function* was made.
- 4.4 If a *firm* becomes aware of information which would reasonably be material to the assessment of a current or former *notified non-executive director's* fitness and propriety under this Part, it must inform the *PRA* in writing as soon as practicable.
- 4.5 Where a *firm* replaces a *notified non-executive director* because the *firm* considers that person no longer fulfils the requirements of 2.34, the *firm* must notify the *PRA* as soon as reasonably practicable.
- 4.6 Where a *notified non-executive director* assumes a new role with the *firm* or ceases to be a *director* of the *firm*, the *firm* must notify the *PRA* in writing as soon as reasonably practicable.

5 REGULATORY REFERENCES

- 5.1_ (1) If any *PRA-authorized person* (A):
- (4a) is considering issuing a certificate to, making a *senior management application* in respect of, or appointing as a *senior insurance management function holder*, a *key function holder*, a *non-executive director*, a *notified non-executive director* or a *credit union non-executive director*, a person (P);
 - (2b) makes a request for a reference or other information in respect of P from a *firm* to which this Part applies (B), in B's capacity as:
 - (ai) P's current or former employer; or
 - (ii) an organisation at which P is or was a member of the governing body (not falling within (i)) at which P served as, or is currently, a senior manager, 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 or any other function; and
 - (3c) indicates to B the purpose of the request;
- B must, as soon as reasonably practicable, provide a reference and disclose to A in the reference all information of which B is aware that is B reasonably considers to be relevant to A's assessment of whether P is fit and proper.
- (2) A firm (B) which is required to make a disclosure under (1) is required to disclose information on or relating to something which occurred or existed:
- (i) in the six years before the request for a reference;
 - (ii) between the date of the request for a reference and the date B gives the reference; or
 - (iii) in the case of serious matters, at any time.
- (3) When giving the reference referred to in 5.1(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 5.1(1), provided the regulatory reference template as modified includes all substantive information required by (3)(b).
- 5.2 (1) If:
- (a) a firm to whom this Part applies (B) has given a reference pursuant to 5.1 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 was giving that reference now, this Part would require B to draft it differently; or
- (ii) B has reached conclusions of the type described in item (E), or taken disciplinary action of the type described in item (F), of the regulatory reference template, and had B taken or reached those conclusions or actions in the six year period referred to in the regulatory reference template, this Part would require B to draft the reference differently; and
- (c) it would be reasonable to consider the differences in (b) to be significant for an assessment by A of the fitness and propriety of P for the role at A for which the reference was given;

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

(2) The obligation to update regulatory references 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 or serve at A; or
- (d) despite making reasonable enquiries under (1) B does not know whether P is still employed by, or in the service of, A.

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

(5) If a firm (B) has given a reference to another firm (A) under 2.7 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.

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

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

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

6 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

- 6.1 The requirement to obtain regulatory references in accordance with 2.7 does not apply to a firm in respect of any person to the extent that:
- (a) the firm is deciding whether the person is fit and proper for the purpose of issuing a certificate to perform a certification function; and
 - (b) ~~the person will be performing a certification function from 7 March 2016; and~~
 - (c) immediately prior to 7 March ~~2016~~, 2017, the person performed the same certification function ~~function~~ for the firm.
- 6.2 The requirement to ~~obtain request~~ regulatory references from a full scope regulatory reference firm in accordance with ~~the requirements of 2.8(2) 6~~ does not apply to a firm in respect of an application for approval as an approved person made before 7th March 2017. any person who has continued approval!
- 6.3 ~~[deleted]~~The requirements of 2.3, 2.7, 2.89 and 4.2 do not apply to a director who, in relation to the firm:
- (a) ~~on the 7 March 2016 is a notified non-executive director or credit union non-executive director; and~~
 - (b) ~~immediately prior to 7 March 2016, was approved as a non-executive director or credit union non-executive director.~~
- 6.4 A CRR firm must notify the PRA before 7 March 2016 of any director who, in relation to the firm, will be a notified non-executive director on 7 March 2016 and who immediately prior to 7 March 2016 was approved as a non-executive director.
- 6.5 Item (F) in the regulatory reference template does not require disclosure of disciplinary action that took place before 7th March 2016 if the firm's records do not show whether the conduct that was subject to disciplinary action amounted to a breach of the individual conduct requirements referred to in item (F) in the regulatory reference template.

7 TEMPLATE

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

Annex C

Regulatory Reference Template

In this Annex, all text is new.

Part One: Form of template

Regulatory Reference Template for Full Scope Regulatory Reference Firms

Guide to using this template:

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

In this template:

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

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

5	Date of reference	
----------	--------------------------	--

The answers to Questions A to F cover the period beginning six years before the date of your request for a reference and ending on the date of this reference

Question A

Has the individual:

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

Answer:

Yes	
No	

Question B:

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

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

Answer:

Yes	
No	

Question C:

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

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

Answer:

--

Question D

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

Answer:

Yes	
No	

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

--

Question E

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

Answer:

Yes	
-----	--

No	
----	--

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

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

--

Question F

We have taken disciplinary action against the individual that:

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

(a) apply or applied to the individual; or

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

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

Answer:

Yes	
No	

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

--

Question G

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

(1) occurred or existed:

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

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

(2) is serious misconduct.

Answer:

Yes	
No	

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

--

Part Two: Terms and Phrases

MEANING OF CERTAIN TERMS AND PHRASES IN THE REGULATORY REFERENCES TEMPLATE

1. B refers to the *person* giving the reference under:
 - (a) Fitness and Propriety 5.1;
 - (b) Insurance - Fitness and Propriety 3.1; or
 - (c) Large Non-Solvency II Firms - Fitness and Propriety 3.1.

2. P refers to the *person* about whom the reference is given.

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

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

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

5. A function means a function as
 - (a) an *approved person*,

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

as appropriate.

6. “Potential FCA governing function” means a function:

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

ITEMS OF TEMPLATE FOR WHICH ADDITIONAL REQUIREMENTS APPLY

1. If the finding or disciplinary action:

- (a) was reached or taken by another member of B’s *group* with the authority to do so; and
- (b) relates to conduct by P relating to the carrying on of activities (whether or not *regulated activities*) by B;

Item (E) and (F) of the template apply to such finding or disciplinary action in the same way as it does to findings or disciplinary action made or taken by the *firm* itself.

2. Item (F) of the template is subject to:

- (a) Fitness and Propriety 5.5(2);
- (b) Insurance - Fitness and Propriety 3.5(2); or
- (c) Large Non-Solvency II Firms –Fitness and Propriety 3.5(2)

as applicable.

3. The template to be used by a *firm* in giving a reference includes everything in Part One of this Annex except for the “Guide to using this template” paragraph.

Annex D

Forms

In this Annex, underlining indicates new text.

Long Form A: Application to perform senior management functions

...

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

<http://fshandbook.info/FS/html/FCA/SUP/10C/Annex2D.html>

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

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

Long Form A – UK Relevant Authorised Persons and Third Country Relevant Authorised Persons only

Application to perform senior management functions

FCA Handbook Reference: SUP 10C Annex 2D

PRA Rulebook Reference: Senior Managers Regime - Applications and Notifications

7 March ~~2016~~ 2017

...

Fitness and Propriety

Section 5

...

5.05 Other Matters

...

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

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

YES NO

Please note that a firm is required to use reasonable steps to obtain an appropriate reference from any current or previous employer of the candidate during the last 6 years (see SYSC 22 and Fitness and Propriety 2 in the PRA Rulebook). Employer has an extended meaning for these purposes.

...

Short Form A: Application to perform senior management functions

...

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

<http://fshandbook.info/FS/html/FCA/SUP/10C/Annex2D.html>

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

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

Short Form A – UK Relevant Authorised Persons and Third Country Relevant Authorised Persons only

Application to perform senior management functions

FCA Handbook Reference: SUP 10C Annex 2D

PRA Rulebook Reference: Senior Managers Regime - Applications and Notifications

7 March ~~2016~~ 2017

...

Fitness and Propriety

Section 5

This section has largely been removed. However if there has been a change to the detail in this section since your last approval, you must submit a Long Form A as opposed to a Short Form A informing the *FCA* and/or *PRA* of the revised detail.

- 5.1 Has / Have a reference or references been obtained from current or previous employer(s) in accordance with the requirements of the *FCA* or *PRA*? If No, please provide details why the reference or references has/have not been obtained.

YES NO

Please note that a firm is required to use reasonable steps to obtain an appropriate reference from any current or previous employer of the candidate during the last 6 years (see SYSC 22 and Fitness and Propriety 2 in the *PRA Rulebook*). Employer has an extended meaning for these purposes.

...



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

YES NO

Form E: Internal transfer of an approved person (for firms and individuals subject to the senior management regime)

...

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

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

www.bankofengland.co.uk/PRA.

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

Form E Internal transfer of an approved person (for firms and individuals subject to the senior management regime)

FCA Handbook Reference: SUP 10C Annex 3D

PRA Rulebook Reference: Senior Managers Regime - Applications and Notifications

7 March ~~2016~~ 2017

...

Senior management functions

Section 4

...



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

YES NO

4.05 Has / Have a reference or references been obtained from current or previous employer(s) in accordance with the requirements of the *FCA* or *PRA*?
If No, please provide details why the reference or references has/have not been obtained.

YES NO

*Please note that a firm is required to use reasonable steps to obtain an appropriate reference from any current or previous employer of the candidate during the last 6 years (see SYSC 22 and Fitness and Propriety 2 in the *PRA Rulebook*). Employer has an extended meaning for these purposes.*

...

Annex E

Amendments to Allocation of Responsibilities

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

Part

ALLOCATION OF RESPONSIBILITIES

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. STATEMENT OF RESPONSIBILITIES**
- 3. ALLOCATION OF RESPONSIBILITIES**
- 4. PRESCRIBED RESPONSIBILITIES**
- 5. PRESCRIBED RESPONSIBILITIES: SMALL FIRMS**
- 6. PRESCRIBED RESPONSIBILITIES: UK BRANCHES**
- 7. RECORDS**
- 8. CHAIRMAN'S OFFICE**

Links

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definition[s] 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*.

certification rules

means the rules set out in Certification [of Employees].

...

senior management regime

means the requirements of the *regulatory system* which apply to *relevant authorised persons* insofar as they relate to *approved persons performing PRA senior management functions* and *FCA designated senior management functions*, including those set out in Senior Management Functions, and Allocation of Responsibilities and Fitness and Propriety.

....

4 PRESCRIBED RESPONSIBILITIES

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

...

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

.....

6 PRESCRIBED RESPONSIBILITIES: UK BRANCHES

...

6.2 Each of the responsibilities set out in this rule is a *UK branch prescribed responsibility*:

...

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

...

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

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 60 (applications for approval);
 - (2) section 137G (the PRA’s general rules); and
 - (3) section 137T (general supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (rule-making instruments) of the Act.

Pre-conditions to making

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

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

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

Commencement

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

Citation

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

By order of the Board of the Prudential Regulation Authority

2 September 2016

Annex A

This Annex amends the Insurance – Allocation of Responsibility Part.

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

Part

INSURANCE – ALLOCATION OF RESPONSIBILITIES

Chapter content

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

Links

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

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

1.2 In this Part, the following definitions shall apply:

governance map

has the meaning given in 5.1.

SIMR prescribed responsibility

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

2 ALLOCATION OF RESPONSIBILITIES

2.1 A *firm* (other than a *third country branch undertaking*) must allocate each of the *SIMR prescribed responsibilities* set out in 3.1 (other than 3.1(10) and (11)), to one or more *persons* who, in relation to that *firm*, are approved under section 59 of *FSMA* by:

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

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

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

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

3 SIMR PRESCRIBED RESPONSIBILITIES

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

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

4 IDENTIFICATION OF KEY FUNCTIONS

4.1 A *firm* must identify:

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

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

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

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

5 RECORDS

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

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

5.2 A *firm* must update the *governance map*:

- (1) at least quarterly; and
- (2) in the event of a significant change to:

- (a) the *firm's* governance structure;
- (b) the significant responsibilities allocated to a *key function holder*, or
- (c) the reporting lines or lines of responsibility for a *key function holder*.

5.3 A *firm* must, as soon as reasonably practicable, provide the following to the *PRA*:

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

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

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

5.6 The record in 5.4, and each updated version, must be signed by the *key function holder* and an appropriate representative of the *firm*.

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

- (1) the *person* concerned is informed in writing of the changes; and
- (2) the record in 5.4 is amended to show the changes.

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

5.9 [Not currently used.]

5.10 A *firm* must comply with 5.8 in relation to any record created in accordance with SYSC 2.2.1R of the *PRA Handbook* as at 31 December 2015.

6 LLOYD'S

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

Annex B

This Annex amends the Insurance – Fitness and Propriety Part.

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

Part

INSURANCE – FITNESS AND PROPRIETY

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS**
- 3. REGULATORY REFERENCES**
- 4. DISCLOSURE AND REPLACEMENTS**
- 5. LLOYD'S**
- 6. FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS**
- 7. TEMPLATE**

Links

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

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

1.2 In this Part, the following definitions shall apply:

continued approval

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

disciplinary action

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

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

individual conduct requirements

means:

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

regulatory reference template

means the template found in 7.1.

2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

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

[Note: Art. 42(1) of the *Solvency II Directive*]

2.2 In deciding whether a *person* is fit and proper pursuant to 2.1, a *firm* must be satisfied that the *person*:

- (1) has the personal characteristics (including being of good repute and integrity);
- (2) possesses the level of competence, knowledge and experience;
- (3) has the qualifications; and
- (4) has undergone or is undergoing all training,

required to enable such *person* to perform his or her *key function* effectively and in accordance with any relevant regulatory requirements, including those under the *regulatory system*, and to enable sound and prudent management of the *firm*.

[Note: Art. 42(1) of the *Solvency II Directive*]

2.3 Before deciding, and in considering on an on-going basis, whether a *person* is fit and proper pursuant to 2.1 and 2.2, a *firm* must consider:

- (1) the *person's* past business conduct; and
- (2) whether the *person* performs his or her *key functions* in accordance with the relevant *conduct standards* specified in Insurance - Conduct Standards 3.

[Note: Art. 42(1) of the *Solvency II Directive*]

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

- (1) obtain P's consent for the *firm* to request the fullest information in relation to P that it is lawfully able to request under the Police Act 1997 and related subordinated legislation of the *UK* or any part of the *UK*;
- (2) if P has lived or worked outside the *UK* for a material time in the previous ~~five~~six years, obtain P's consent for the *firm* to request the fullest information in relation to P that it is lawfully able to request under equivalent overseas legislation; and
- (3) request, and have regard to, such information.

2.5 (1) ~~Before deciding whether a *person* (P) is fit and proper to be appointed as a *senior insurance management function holder* or a *notified non-executive director* *key function holder*, a *firm* must take reasonable steps to obtain appropriate references from that *person's* current and previous employers, and from organisations at which that *person* served as, or is currently, a *non-executive director* covering at least the past ~~five~~six years from the following:~~

(a) each *FCA-authorised person* and *PRA-authorised person* that is, or was:

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

(ii) an organisation (not falling within (i)) at which P is currently serving, or has served, as a key function holder, senior insurance management function holder, other approved person, non-executive director, notified non-executive director or credit union non-executive director or performed, or is currently performing, a certification function;

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

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

(2) A firm (A) is not required to request references from an employer of P or any organisation referred to in (1)(a) to (c) (such employer or organisation, B) where:

(a) A and B are members of the same group; and

(b) there are adequate arrangements in place under which A has access to all information sources to which B has access to the extent necessary were B giving a reference in accordance with this Part.

If A has access to only some of the information in 2.5(2)(b), A may ask for a reference that only covers the information to which A does not have access. To the extent that A does not request a reference in the circumstances set out in this (2), A must access and obtain the relevant information.

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

(a) no later than one month before the end of the application period set out in section 61 of FSMA; or

(b) where a request by a firm for a reference to an employer or organisation would require the firm, the employer, the organisation or any other person to make a mandatory disclosure prior to P disclosing to its current employer or organisation, as the case may be, that such application has been made, before the end of the application period set out in section 61 of FSMA.

2.6 (1) Where a firm (A) seeks to obtain a reference pursuant to 2.5 from an FCA authorised person or a PRA authorised person (B), A must also request that the organisation giving the reference (B) discloses all matters of which B is aware that B reasonably considers to be relevant to the assessment of that person's fitness and propriety.

(2) A must also request that, if B is a full scope regulatory reference firm, B discloses the information contained in the regulatory reference template.

2.7 If a firm engages a person for a continuous period of time as a senior insurance management function holder or a notified non-executive director it is only required to comply with 2.4 to 2.6 the first time it determines that previously obtained the information required by 2.4 to 2.6 when it determined that a key function holder was fit and proper for the purposes of this Part, and the firm engages that person for a continuous period of time, the firm is not required to comply with 2.4 to 2.6 again in respect of any subsequent key function appointments at the same firm within that continuous period. person is fit and proper to act as a senior insurance management function holder or a notified non-executive director.

3 REGULATORY REFERENCES

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

reference template, and had B taken or reached those conclusions or actions in the six year period referred to in the *regulatory reference template*, this Part would require B to draft the reference differently; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 DISCLOSURE AND REPLACEMENTS

- 4.1 (1) A firm (other than a UK ISPV) shall notify the PRA of any changes to the identity of *key function holders* and shall provide the PRA with:
- (a) all the information needed to assess whether such *person* is fit and proper pursuant to 2.2; and
- (b) the information referred to in Insurance - Allocation of Responsibilities 5.1(3) in respect of that *person*.
- (2) A UK ISPV shall notify the PRA of any changes to the identity of *key function holders* who are effectively running the *firm* and shall provide the PRA with all the information needed to assess whether such *person* is fit and proper pursuant to 2.2.

[Note: Art. 42(2) of the Solvency II Directive]

- (3) Where a *firm* has complied with 4.1(1) in connection with the appointment of a *person* as a *key function holder*, and such *person* transfers from that *key function* to a different *key function* or is appointed to an additional *key function*, in either case within the same *firm*, for the purposes of 4.1(1) the *firm* need only supply, in connection with such subsequent appointment:
- (a) updates to the information previously provided; and
- (b) if the *key function holder* is also to perform a *senior insurance management function* or an *FCA controlled function*, the information required in connection with an application for approval to do so.
- 4.2 Where:
- (1) a *person* who is to become a *key function holder* is also to be approved by the PRA to perform a *senior insurance management function* or by the FCA to perform an *FCA controlled function*; and
- (2) the *firm* includes the information referred to in 4.1 in its application to the PRA for the approval of that *person* to perform the *senior insurance management function*, or in the application to the FCA for the approval of that *person* to perform the *FCA controlled function*,

this shall satisfy the requirement in 4.1 in respect of that *key function* appointment.

- 4.3 If a *firm* becomes aware of information which would reasonably be expected to be material to the assessment of a current or former *key function holder's* fitness and propriety under this Part, it must inform the *PRA* as soon as practicable.

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

- 4.4 Where a *firm* replaces a *key function holder* because the *firm* considers that that *person* is no longer fit and proper pursuant to 2.1 and 2.2, the *firm* must notify the *PRA* as soon as reasonably practicable.

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

5 LLOYD'S

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

6 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

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

7 TEMPLATE

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

Annex C

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

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

Part

LARGE NON-SOLVENCY II FIRMS – ALLOCATION OF RESPONSIBILITIES

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. ALLOCATION OF RESPONSIBILITIES**
- 3. SIMR PRESCRIBED RESPONSIBILITIES**
- 4. IDENTIFICATION OF KEY FUNCTIONS**
- 5. RECORDS**

Links

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

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

1.2 In this Part, the following definitions shall apply:

governance map

has the meaning given in 5.1.

SIMR prescribed responsibility

means the responsibilities in 3.1.

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

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

3 SIMR PRESCRIBED RESPONSIBILITIES

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

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

- (a) capital; and
- (b) liquidity;
- (6) responsibility for the development and maintenance of the *firm's* business model by the *governing body*;
- (7) responsibility for leading the development and monitoring effective implementation of policies and procedures for the induction, training and professional development of all members of the *firm's governing body*;
- (8) responsibility for monitoring effective implementation of policies and procedures for the induction, training and professional development of all of the *firm's key function holders* (other than members of the *firm's governing body*);
- (9) responsibility for oversight of the independence, autonomy and effectiveness of the *firm's* policies and procedures on whistleblowing including the procedures for protection of staff who raise concerns from detrimental treatment; and
- (10) responsibility for overseeing the development and implementation of the *firm's* remuneration policies and practices.

4 IDENTIFICATION OF KEY FUNCTIONS

4.1 A *firm* must identify:

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

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

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

5 RECORDS

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

- (1) a list of the *key functions* identified by the *firm* in accordance with 4.1 highlighting those that amount to effectively running the *firm*;
- (2) the names of the *persons* who effectively run the *firm* or who are responsible for other *key functions* listed pursuant to 5.1(1);
- (3) for each *person* named pursuant to 5.1(2), a summary of the significant responsibilities allocated to that *person* (including, if applicable, any *SIMR prescribed responsibilities* that have been allocated to that *person* in accordance with 2);
- (4) where any responsibilities covered by 5.1(3) are allocated to more than one *person*, details of how those responsibilities are shared or divided between the *persons* concerned;
- (5) reporting lines and lines of responsibility for each *person* listed pursuant to 5.1(2);
- (6) where a *firm* is a member of a *group*:

- (a) how the *firm's* management and governance arrangements fit together with those of its *group* and the extent to which the *firm's* management and governance arrangements are provided by or shared with other members of its *group*; and
- (b) for the *persons* listed pursuant to 5.1(2), details of the reporting lines and the lines of responsibility (if any) to *persons* who are employees or officers of other *group* members or to committees or other bodies of the *group* or of other *group* members.

5.2 A *firm* must update the *governance map*:

- (1) at least quarterly; and
- (2) in the event of a significant change to:
 - (a) the *firm's* governance structure;
 - (b) the significant responsibilities allocated to a *key function holder*; or
 - (c) the reporting lines or lines of responsibility for a *key function holder*.

5.3 A *firm* must, as soon as reasonably practicable, provide the following to the *PRA*:

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

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

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

5.6 The record in 5.4, and each updated version, must be signed by the *key function holder* and an appropriate representative of the *firm*.

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

- (1) the *person* concerned is informed in writing of the changes; and
- (2) the record in 5.4 is amended to show the changes.

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

5.9 [Not currently used.]

5.10 A *firm* must comply with 5.8 in relation to any record created in accordance with SYSC 2.2.1R of the *PRA Handbook* as at 31 December 2015.

Annex D

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

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

Part

LARGE NON-SOLVENCY II FIRMS – FITNESS AND PROPRIETY

Chapter content

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

Links

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

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

1.2 In this Part, the following definitions shall apply:

continued approval

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

disciplinary action

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

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

individual conduct requirements

means:

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

regulatory reference template

means the template found in 6.1.

2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

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

2.2 In deciding whether a *person* is fit and proper pursuant to 2.1, a *firm* must be satisfied that the *person*:

- (1) has the personal characteristics (including being of good repute and integrity);
- (2) possesses the level of competence, knowledge and experience;
- (3) has the qualifications; and
- (4) has undergone or is undergoing all training,

required to enable such *person* to perform his or her *key function* effectively and in accordance with any relevant regulatory requirements, including those under the *regulatory system*, and to enable sound and prudent management of the *firm*.

2.3 Before deciding, and in considering on an on-going basis, whether a *person* is fit and proper pursuant to 2.1 and 2.2, a *firm* must consider:

- (1) the *person's* past business conduct; and
- (2) whether the *person* performs his or her *key functions* in accordance with the relevant *conduct standards* specified in Large Non-Solvency II Firms - Conduct Standards 3.

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

- (1) obtain P's consent for the *firm* to request the fullest information in relation to P that it is lawfully able to request under the Police Act 1997 and related subordinated legislation of the *UK* or any part of the *UK*;
- (2) if P has lived or worked outside the *UK* for a material time in the previous ~~five~~^{six} years, obtain P's consent for the *firm* to request the fullest information in relation to P that it is lawfully able to request under equivalent overseas legislation; and
- (3) request, and have regard to, such information.

2.5 (1) Before deciding whether a *person* (P) is fit and proper to be appointed as a ~~*senior insurance management function holder* or a *notified non-executive director*~~ *key function holder*, a *firm* must take reasonable steps to obtain appropriate references from that ~~*person's* current and previous employers, and from organisations at which that *person* served as, or is currently, a *non-executive director*~~ covering at least the past ~~five~~^{six} years from the following:

- (a) each *FCA-authorised person* and *PRA-authorised person* that is, or was:
 - (i) P's current or former employer; or
 - (ii) an organisation (not falling within (i)) at which P is currently serving, or has served, as a *key function holder*, *senior insurance management function holder*, other *approved person*, *non-executive director*, *notified non-executive director* or *credit union non-executive director* or performed, or is currently performing, a *certification function*;
- (b) P's other current and former employers; and
- (c) other organisations at which P served as, or is currently, a *non-executive director*.

(2) A firm (A) is not required to request references from an employer of P or any organisation referred to in (1)(a) to (c) (such employer or organisation, B) where:

- (a) A and B are members of the same group; and
- (b) there are adequate arrangements in place under which A has access to all information sources to which B has access to the extent necessary were B giving a reference in accordance with this Part.

If A has access to only some of the information in 2.5(2)(b), A may ask for a reference that only covers the information to which A does not have access. To the extent that A does not request a reference in the circumstances set out in this (2), A must access and obtain the relevant information.

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

- (a) no later than one month before the end of the application period set out in section 61 of FSMA; or
- (b) where a request by a firm for a reference to an employer or organisation would require the firm, the employer, the organisation or any other person to make a mandatory disclosure prior to P disclosing to its current employer or organisation, as the case may be, that such application has been made, before the end of the application period set out in section 61 of FSMA.

2.6 (1) Where a firm (A) seeks to obtain a reference pursuant to 2.5 from an ~~FCA-*authorised person* or a PRA-*authorised person*~~ (B), A must also request that B the organisation giving the reference (B) discloses all matters of which B is aware that are relevant to the assessment of that *person's* fitness and propriety.

(2) A must also request that, if B is a full scope regulatory reference firm, B discloses the information referred to in the regulatory reference template.

2.7 ~~If a firm engages a person for a continuous period of time as a senior insurance management function holder or a notified non-executive director it is only required to comply with 2.4 – 2.6 the first time it determines that previously obtained the information required by 2.4 to 2.6 when it determined that a key function holder was fit and proper for the purposes of this Part, and the firm engages that person for a continuous period of time, the firm is not required to comply with 2.4 to 2.6 again in respect of any subsequent key function appointments at the same firm within that continuous period. person is fit and proper to act as a senior insurance management function holder or a notified non-executive director.~~

3 REGULATORY REFERENCES

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

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

(2b) makes a request for a reference or other information in respect of P from a *firm* to which this Part applies (B), in B's capacity as:

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

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

(3c) indicates to B the purpose of the request,

B must, as soon as reasonably practicable, provide a reference and disclose to A in the reference all information of which B is aware that is B reasonably considers to be relevant to A's assessment of whether P is fit and proper.

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

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

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

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

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

(a) use the regulatory reference template; and

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

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

3.2 (1) If:

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

(b) either

(i) B is or has become aware of matters or circumstances that mean that, if B was giving that reference now, this Part would require B to draft it differently; or

(ii) B has reached conclusions of the type described in item (E), or taken disciplinary action of the type described in item (F) of the regulatory reference template, and had B taken or reached those conclusions or actions in the six year period referred to in the regulatory reference template, this Part would require B to draft the reference differently; and

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

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

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

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

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

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

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

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

4 DISCLOSURE AND REPLACEMENTS

- 4.1 (1) A *firm* shall notify the *PRA* of any changes to the identity of *key function holders* and shall provide the *PRA* with:
- (a) all the information needed to assess whether such *person* is fit and proper pursuant to 2.2; and
 - (b) the information referred to in Large Non-Solvency II Firms - Allocation of Responsibilities 5.1(3) in respect of that *person*.
- (2) Where a *firm* has complied with 4.1(1) in connection with the appointment of a *person* as a *key function holder*, and such *person* transfers from that *key function* to a different *key function* or is appointed to an additional *key function*, in either case within the same *firm*, for the purposes of 4.1(1) the *firm* need only supply, in connection with such subsequent appointment:
- (c) updates to the information previously provided; and
 - (d) if the *key function holder* is also to perform a *senior insurance management function* or an *FCA controlled function*, the information required in connection with an application for approval to do so.

4.2 Where:

- (1) a *person* who is to become a *key function holder* is also to be approved by the *PRA* to perform a *senior insurance management function* or by the *FCA* to perform an *FCA controlled function*; and
- (2) the *firm* includes the information referred to in 4.1 in its application to the *PRA* for the approval of that *person* to perform the *senior insurance management function*, or in the application to the *FCA* for the approval of that *person* to perform the *FCA controlled function*,

this shall satisfy the requirement in 4.1 in respect of that *key function* appointment.

- 4.3 If a *firm* becomes aware of information which would reasonably be expected to be material to the assessment of a current or former *key function holder's* fitness and propriety under this Part, it must inform the *PRA* as soon as practicable.
- 4.4 Where a *firm* replaces a *key function holder* because the *firm* considers that that *person* is no longer fit and proper pursuant to 2.1 and 2.2, the *firm* must notify the *PRA* as soon as reasonably practicable.

5 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

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

5.4 Item (F) in the *regulatory reference template* does not require disclosure of *disciplinary action* that took place before 7 March 2017 if the *firm's* records do not show whether the conduct that was subject to *disciplinary action* amounted to a breach of the *individual conduct requirements* referred to in item (F) in the *regulatory reference template*.

6 TEMPLATE

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

Annex E

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

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

Part

NON-SOLVENCY II FIRMS - FITNESS AND PROPRIETY

Chapter content

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

Links

1 APPLICATION AND DEFINITIONS

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

1.2 In this Part, the following definitions shall apply:

continued approval

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

2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

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

2.2 In deciding whether a *person* is fit and proper pursuant to 2.1, a *firm* must be satisfied that the *person*:

- (1) has the personal characteristics (including being of good repute and integrity);
- (2) possesses the level of competence, knowledge and experience;
- (3) has the qualifications; and
- (4) has undergone or is undergoing all training,

required to enable such *person* to perform his or her *senior insurance management function* effectively and in accordance with any relevant regulatory requirements, including those under the *regulatory system*, and to enable sound and prudent management of the *firm*.

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

2.4 In deciding whether a *person* (P) is fit and proper to perform a *senior insurance management function*, a *firm* must:

- (1) obtain P's consent for the *firm* to request the fullest information in relation to P that it is lawfully able to request under the Police Act 1997 and related subordinated legislation of the *UK* or any part of the *UK*;
- (2) if P has lived or worked outside the *UK* for a material time in the previous five~~six~~ years, obtain P's consent for the *firm* to request the fullest information in relation to P that it is lawfully able to request under equivalent overseas legislation; and
- (3) request, and have regard to, such information.

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

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

3 REGULATORY REFERENCES

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

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

(2b) makes a request for a reference or other information in respect of P from a *firm* to which this Part applies (B), in B's capacity as:

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

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

(3c) indicates to B the purpose of the request,

B must, as soon as reasonably practicable, provide a reference and disclose to A in the reference all information of which B is aware that is B reasonably considers to be relevant to A's assessment of whether P is fit and proper.

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

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

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

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

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

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

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

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

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

4 DISCLOSURE AND REPLACEMENTS

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

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

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

5 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

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

Annex F

Regulatory Reference Template

In this Annex, all text is new.

Part One: Form of template

Regulatory Reference Template for Full Scope Regulatory Reference Firms

Guide to using this template:

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

In this template:

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

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

5	Date of reference	
----------	--------------------------	--

The answers to Questions A to F cover the period beginning six years before the date of your request for a reference and ending on the date of this reference

Question A

Has the individual:

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

Answer:

Yes	
No	

Question B:

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

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

Answer:

Yes	
No	

Question C:

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

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

Answer:

Question D

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

Answer:

Yes	
No	

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

Question E

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

Answer:

Yes	
-----	--

No	
----	--

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

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

--

Question F

We have taken disciplinary action against the individual that:

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

(a) apply or applied to the individual; or

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

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

Answer:

Yes	
No	

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

--

Question G

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

(1) occurred or existed:

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

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

(2) is serious misconduct.

Answer:

Yes	
No	

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

--

Part Two: Terms and Phrases

MEANING OF CERTAIN TERMS AND PHRASES IN THE REGULATORY REFERENCES TEMPLATE

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

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

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

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

as appropriate.

6. “Potential FCA governing function” means a function:

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

ITEMS OF TEMPLATE FOR WHICH ADDITIONAL REQUIREMENTS APPLY

1. If the finding or disciplinary action:

- (a) was reached or taken by another member of B’s *group* with the authority to do so; and
- (b) relates to conduct by P relating to the carrying on of activities (whether or not *regulated activities*) by B;

Item (E) and (F) of the template apply to such finding or disciplinary action in the same way as it does to findings or disciplinary action made or taken by the *firm* itself.

2. Item (F) of the template is subject to:

- (a) Fitness and Propriety 5.5(2);
- (b) Insurance - Fitness and Propriety 3.5(2); or
- (c) Large Non-Solvency II Firms – Fitness and Propriety 3.5(2)

as applicable.

3. The template to be used by a *firm* in giving a reference includes everything in Part One of this Annex except for the “Guide to using this template” paragraph.

Annex G

Forms

Amend the following as shown.

Long Form A: Application to perform controlled functions

....

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

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

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

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

Long Form A – Solvency II firms only¹

....

Fitness and Propriety

Section 5

.....

5.05 Other Matters

....

5.05.5

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

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

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

YES NO

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

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



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

YES

NO

Short Form A: Application to perform controlled functions

....

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

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

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

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

Short Form A – Solvency II firms only²

.....

Fitness and Propriety

Section 5

....

5.05.5

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

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

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

YES NO



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

YES NO

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

Form E: Internal transfer of an approved person

....

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

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

www.bankofengland.co.uk/PRA.

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

Form E Internal transfer of an approved person (for Solvency II firms only³)

....

New arrangement and controlled functions Section 4

...



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

YES

NO

4.05

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

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

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

YES

NO

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

Long Form A: Application to perform controlled functions

....

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

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

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

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

Long Form A – Large non-directive insurers only⁴

....

Fitness and Propriety

Section 5

....

5.05 Other Matters

....

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

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

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

YES NO

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



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

YES

NO

Short Form A: Application to perform controlled functions

....

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

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

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

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

Short Form A – Large non-directive insurers only⁵

....

Fitness and Propriety

Section 5

....

5.05.5

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

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

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

YES

NO



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

YES

NO

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

Form E: Internal transfer of an approved person

....

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

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

www.bankofengland.co.uk/PRA.

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

Form E Internal transfer of an approved person (for large non-directive insurers only⁶)

....

New arrangements and controlled functions Section 4

...



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

YES

NO

4.05

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

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

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

YES

NO

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

PRA RULEBOOK: NON-CRR FIRMS: CREDIT UNIONS INSTRUMENT (NO. 2) 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (1) section 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: Non-CRR Firms: Credit Unions Instrument (No. 2) 2016

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

Commencement

- E. This instrument comes into force on 3 January 2017.

Citation

- F. This instrument may be cited as the PRA Rulebook: Non-CRR Firms: Credit Unions Instrument (No. 2) 2016.

By order of the Board of the Prudential Regulation Authority

10 November 2016

Annex A

Amendments to the Credit Unions 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 elements

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*.

...

...

19 REGULATORY REPORTING FOR CREDIT UNIONS

19.1 A credit union must submit to the PRA *data items* CQ and CY in accordance with this Chapter.

19.2 The table below sets out, in respect of the requirements set out in 19.1:

- (1) in column (1), each *data item* which must be submitted;
- (2) in column (2), the frequency at which a *firm* must submit each *data item*, with such periods being calculated from a *firm's accounting reference date*; and
- (3) in column (3), the due date for submission of each *data item*, being the last day of the period given in column (3) following the end of the relevant reporting frequency period set out in column (2).

<u>Column 1 (<i>data item</i>)</u>	<u>Column 2 (frequency)</u>	<u>Column 3 (due date)</u>
<u>CQ</u>	<u>Quarterly</u>	<u>1 month</u>
<u>CY</u>	<u>Annually</u>	<u>6 months</u>

19.3 If the due date for submission of a *data item* required by this Chapter falls on a day which is not a *business day*, the *data item* must be submitted so as to be received by the PRA no later than the first *business day* after the due date.

- 19.4 Where a *credit union* is required to submit *data items* in accordance with this Chapter, it must submit this information by electronic means made available by the *PRA*.
- 19.5 A *data item* must give the firm reference number (or all the firm reference numbers in those cases where a *data item* is submitted on behalf of a number of *firms*).
- 19.6 The annual report required to be included pursuant to CY must be made up for the same period as the audited accounts published by the *credit union* in accordance with section 3A of the Friendly and Industrial and Provident Societies Act 1968 or provided in accordance with article 49 of the Credit Unions (Northern Ireland) Order 1985 (as appropriate).
- 19.7 *Data item* CQ can be found [here](#).
- 19.8 *Data item* CY can be found [here](#).

Annex B

Amendments to the Regulatory Reporting Part

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

...

5 REPORTING REQUIREMENTS – SUBMISSION METHOD

...

5.2 5.1 does not apply to:

- (1) ~~credit unions solely in relation to the reporting requirement for RAG 1 regulated activities; in such cases, the following submission methods apply:~~
 - (a) ~~Post to the Bank of England for postal submission:~~

~~Regulatory Data Group~~

~~Statistics and Regulatory Data Division (HO5 A-B)~~

~~Bank of England~~

~~Threadneedle Street~~

~~London~~

~~EC2R 8AH~~
 - (b) ~~Leaving the report marked for the attention of "Regulatory Data Group, Statistics and Regulatory Data Division (TS 5 A-B) at the Bank of England, Threadneedle Street, London, EC2R 8AH, and obtaining a dated receipt~~
 - (c) ~~Electronic mail:~~

~~(CreditUnionReporting@BankofEngland.co.uk) or fax (020 7601 3334) to the Regulatory Data Group of the Bank of England~~
 - (d) ~~Online submission via the appropriate systems accessible from the PRA's website. [deleted.]~~
- (2) *firms* in RAG 2.1 in relation to the reporting requirements for RAG 2.1 regulated activities; and
- (3) those *data items* specified as "No standard format".

...

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 firm, applicable data items and reporting format (1)					
	UK bank	Building society	Non-EEA bank	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	Credit union [deleted.]	Dormant account fund operator (12)
...						
Balance sheet	FSA001 (2)	FSA001 (2)			EQ; CY [deleted.]	
Income statement	FSA002 (2)	FSA002 (2)	FSA002		EQ; CY [deleted.]	
Capital adequacy					EQ; CY [deleted.]	
...						
Large exposures					EQ; CY [deleted.]	
...						

Liquidity (other than stock)	FSA011	CQ, CY [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

Data item	Unconsolidated UK banks and building societies	Individual consolidated UK banks and building societies	Report on a UK consolidation group or, as applicable, defined liquidity group basis by UK banks and building societies	Other members of RAG 1
------------------	---	--	---	-------------------------------

...

CQ [deleted]	Quarterly [deleted]
----------------------------	---------------------

CY [deleted]	Annually (1) [deleted]
----------------------------	------------------------

...

- (1) ~~The annual report required from a credit union by 7.1 must be made up for the same period as the audited accounts published by the credit union in accordance with section 3A of the Friendly and Industrial and Provident Societies Act 1968 or provided in accordance with article 49 of the Credit Unions (Northern Ireland) Order 1985 (as appropriate).~~ [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.

RAG 1

<i>Data item</i>	Daily	Weekly	Monthly	Quarterly	Half yearly	Annually
...						
CQ [deleted.]				1-month [deleted.]		
CY [deleted.]						6-months [deleted.]
...						

...

16 DATA ITEMS AND OTHER FORMS

...

16.22 ~~CQ can be found here.~~ [deleted.]

16.23 ~~CY can be found here.~~ [deleted.]

PRA RULEBOOK: CRR FIRMS: ALGORITHMIC TRADING INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 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: Algorithmic Trading Instrument 2016

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

Commencement

- E. This instrument shall come into force on the date specified by a subsequent PRA Board Instrument.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Algorithmic Trading Instrument 2016.

By order of the Board of the Prudential Regulation Authority

24 October 2016

Annex

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

Part

ALGORITHMIC TRADING

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. ALGORITHMIC TRADING**

Links

1 APPLICATION AND DEFINITIONS

- 1.1. Unless otherwise stated, this Part applies to a *CRR firm* that engages in *algorithmic trading*.
- 1.2. 2.4 and 2.5 apply to a *CRR firm* that provides the services of *direct electronic access* to a *trading venue*.
- 1.3. In this Part, the following definitions shall apply:

algorithmic trading

has the meaning given in Article 4(1)(39) of *MiFID II*.

direct electronic access

has the meaning given in Article 4(1)(41) of *MiFID II*.

trading venue

has the meaning given in Article 4(1)(24) of *MiFID II*.

- 1.4. The definitions in *MiFID II* referred to in 1.3 shall be read on the basis that references in that directive to a 'regulated market', an 'MTF' or an 'OTF' are references to:

- (1) a system falling within any of Articles 4(1)(21), (22) and (23) of *MiFID II* respectively; and
- (2) a system that is not situated in an *EEA State* that would have fallen within (1) had it been so situated.

2 ALGORITHMIC TRADING

- 2.1 A *firm* must have in place effective systems and risk controls, suitable to the business it operates, to ensure that its trading systems:

- (1) are resilient and have sufficient capacity;
- (2) are subject to appropriate trading thresholds and limits; and
- (3) prevent the sending of erroneous orders, or the systems otherwise functioning in a way that may create or contribute to a disorderly market.

[Note: Art. 17(1) of *MiFID II*]

- 2.2 A *firm* must:

- (1) have in place effective business continuity arrangements to deal with any failure of its trading systems; and
- (2) ensure that its systems are fully tested and properly monitored to ensure they meet the requirements of (1) and 2.1.

[Note: Art. 17(1) of *MiFID II*]

- 2.3 A *firm* must make and retain the following records:

- (1) a description of the nature of its *algorithmic trading* strategies;
- (2) details of the trading parameters or limits to which the *firm's* system is subject;
- (3) evidence that 2.1 and 2.2 are met;
- (4) details of the approach to testing of the *firm's* systems;
- (5) the information obtained in performing, the outcome of, and any actions taken as a result of, each test of the *firm's* systems; and
- (6) any further relevant information about the *firm's algorithmic trading* and systems used for that trading.

[Note: Art. 17(2) of *MiFID II*. See Articles 28 and 29 of Commission Delegated Regulation (EU) No .../.. of [date] supplementing *MiFID II* with regard to regulatory technical standards specifying the organisational requirements of investment firms engaged in algorithmic trading, providing direct electronic access and acting as general clearing members for related provisions.]

2.4 A *firm* that provides *direct electronic access* to a *trading venue* must have in place:

- (1) systems and controls that enable it to assess and review the suitability of *clients* using the service of *direct electronic access* to a *trading venue*;
- (2) systems and controls that prevent *clients* using the service from exceeding appropriate pre-set trading and credit thresholds; and
- (3) appropriate systems and controls that prevent trading by *clients* which may create risks to the *firm*.

[Note: Art. 17(5) of *MiFID II*]

2.5 A *firm* that provides *direct electronic access* to a *trading venue* must make and retain the following records if it provides *direct electronic access* services:

- (1) a description of the systems and controls in 2.4;
- (2) evidence that those systems and controls have been applied; and
- (3) on other relevant matters referred to in 2.4 in relation to systems and controls.

[Note: Art. 17(5) of *MiFID II*]

PRA RULEBOOK: PASSPORTING INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
 - (2) section 137T (General supplementary powers); and
 - (3) paragraphs 19(10) and 20(4C) of Part III (Exercise of Passport Rights by UK firms) of Schedule 3 (EEA Passport Rights).
- 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: Passporting Instrument 2016

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

Commencement

- E. This instrument shall come into force on the date specified by a subsequent PRA Board Instrument.

Citation

- F. This instrument may be cited as the PRA Rulebook: Passporting Instrument 2016.

By order of the Board of the Prudential Regulation Authority

24 October 2016

Annex A

Amendments to the Passporting 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:

...

OTF

has the meaning given in Article 4(1)(23) MiFID II.

...

tied agent

has the meaning given in Article 4(1)(29) MiFID II.

...

2 NOTICE OF INTENTION TO ESTABLISH A BRANCH OR USE A TIED AGENT

...

2.2 A UK firm wishing to establish a *branch* within the territory of another EEA State for the first time under an EEA right other than derived from the CRD or MiFID II must notify the PRA of its intention by submitting the form referred to in 10.1 (Branch Notification Form).

2.3 A UK firm wishing to establish a *branch* within the territory of another EEA State for the first time under an EEA right derived from the CRD must comply with the information requirements set out in Commission Delegated Regulation (EU) 1151/2014 and notify the PRA of its intention by submitting the form in Annex I of Commission Implementing Regulation (EU) 926/2014 and the form referred to in 10.3 (CRD Declaration).

[Note: Article 35(2) of CRD]

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) .../... and notify the PRA of its intention by submitting the form set out in Annex VI of Commission Implementing Regulation (EU) .../... . The firm must also submit the form set out in Annex VII of Commission Implementing Regulation (EU) .../... if it intends to use a tied agent in the same territory as the the branch.

(2) A UK firm wishing to use a *tiered 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) .../... and notify the PRA of its intention by submitting the form set out in Annex VII of Commission Implementing Regulation (EU) .../....

(3) A UK firm notifying the PRA in accordance with (1) or (2) must also submit the form referred to in 10.3 (Declaration).

[Note: Article 35(2),(7) of *MiFID II*]

...

4 NOTICE OF INTENTION TO PROVIDE CROSS BORDER SERVICES

4.1 A UK firm intending to provide *cross border services* within the territory of another EEA State for the first time under an EEA right other than derived from the CRD or *MiFID II* must notify the PRA of its intention by submitting the form referred to in 10.2 (Cross Border Services Notification Form).

4.2 A UK firm intending to provide *cross border services* within the territory of another EEA State for the first time under an EEA right derived from the CRD must comply with the information requirements set out in Commission Delegated Regulation (EU) 1151/2014 and notify the PRA of its intention by submitting the form in Annex V of Commission Implementing Regulation 926/2014 and the form referred to in 10.3 (CRD Declaration).

[Note: Article 39(1) of CRD]

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) .../... and notify the PRA of its intention by submitting the form set out in Annex I of Commission Implementing Regulation (EU) .../....

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

(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) .../... and notify the PRA of its intention by submitting the form set out in Annex IV of Commission Implementing Regulation (EU) .../....

(4) A UK firm notifying the PRA in accordance with (1) to (3) must also submit the form referred to in 10.3 (Declaration).

[Note: Article 34 (2),(5),(7) of *MiFID II*]

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

5.1 A UK firm other than a pure reinsurer exercising an EEA right other than derived from the CRD or *MiFID II* that is required by the EEA Passport Rights Regulations to submit a notice of a change to a

branch to the *PRA* must notify the *PRA* by submitting the form referred to in 10.1 (Branch Notification Form).

...

5.3

- (1) A *UK firm* that has exercised an *EEA right* under the *CRD* and established a *branch* in another *EEA State* must comply with the information requirements set out in Commission Delegated Regulation (EU) 1151/2014 and notify the *PRA* of a change to the *branch* by submitting the form in Annex I of Commission Regulation 926/2014 and the form referred to in 10.3 (*CRD Declaration*) except where the change relates to a planned termination of the operation of the *branch*.
- (2) A *UK firm* that has exercised an *EEA right* under the *CRD* and established a *branch* in another *EEA State* and that plans to terminate the operation of the *branch* must comply with the information requirements set out in Commission Delegated Regulation (EU) 1151/2014 and notify the *PRA* by submitting the form in Annex IV of Commission Implementing Regulation 926/2014 and the form referred to in 10.3 (*CRD Declaration*).

[Note: Article 36(3) of *CRD*]

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) .../... and notify the *PRA* of a change to the *branch* by submitting the form in Annex VI of Commission Implementing Regulation (EU) .../... 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) .../... and notify the *PRA* of a change to the particulars of the *tied agent* by submitting the form in Annex VII of Commission Implementing Regulation (EU) .../... 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) .../... and notify the *PRA* by submitting the form in Annex X of Commission Implementing Regulation (EU) .../... .
- (4) A *UK firm* notifying the *PRA* in accordance with 5.4(1) to 5.4(3) must also submit the form referred to in 10.3 (Declaration).

[Note: Article 35(10) of *MiFID II*]

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 .../... and notify the *PRA* by submitting the form in Annex I of Commission Implementing Regulation .../....

(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)...

[Note: Article 34(2) of *MiFID II*]

...

10 FORMS

- 10.1 The Branch Notification Form can be found ~~here here.~~ (see Appendix 1a).
- 10.2 The Cross Border Services Notification Form can be found ~~here here.~~ (see Appendix 1b).
- 10.3 The ~~CRD~~ Declaration can be found ~~here here.~~ (see Appendix 1c).

Annex B

The forms in Passporting 10 are made as follows:

1. Branch Notification Form in the version in Appendix 1a.
2. Cross Border Services Notification Form in the version in Appendix 1b.
3. Declaration in the version in Appendix 1c.

Annex C

Amendments to the General 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:

...

MTF

has the meaning given in the ~~FCA Handbook~~.

...

...

Annex D

Amendments to the Glossary

In this Annex, new text is underlined ...

MTF

has the meaning given in Article 4(1) MiFID II.

...



BANK OF ENGLAND
PRUDENTIAL REGULATION
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Branch Notification Form

Firm Name:

Firm Reference Number (FRN):

Purpose of this form

- You should complete this form if you are a *UK firm* that wishes to exercise a passport right to establish your first *establishment* in a particular *EEA State*.
- You should also use this form if you are a *UK firm* that wishes to notify us – the *PRA* – of changes to the details of your current *branch*.

Important information you should read before completing this form

A *UK firm* can only use this form if it is entitled to establish a *branch* in another *EEA State* subject to the conditions of a relevant *Single Market Directive* (see Schedule 3 of the Financial Services and Markets Act 2000 (FSMA)). By completing this form, you are confirming this is the case. *UK firms* should consult the legislation or take their own legal advice both in the *UK* and in the relevant *EEA State(s)* if they are in any doubt.

The PRA gives further information on the passporting process on its website www.bankofengland.co.uk. The FCA gives guidance on passporting in Chapter 13 of its Supervision manual which can be found on the [FCA website](#). In particular, a *UK firm* that wants to exercise an *EEA right* must have the specific activity included in its Scope of Permission.

Filling in the form

1. Please complete this form either electronically or print off and complete by hand. If you are filling in the form by hand, use black ink, write clearly and, once you have completed the relevant sections, sign the declaration in section 8.
2. All firms should answer sections 1, 2 and 8. Sections 3-7 refer to specific directives and only relevant sections should be completed. However, please answer all questions in the sections relevant to you.
3. The completed form should be sent to the PRA either by post or via email. If you have any difficulties please contact the PRA's Firm Enquiries Team on 0203 461 7000

The Prudential Regulation Authority
20 Moorgate London EC2R 6DA
Telephone: +44(0)20 3461 7000
Website: www.bankofengland.co.uk
E-mail: pra-passporting@bankofengland.co.uk



1. Contact details

1.1. Details of the person we will contact about this application

Firm reference number	
Title	
Contact name	
Address Line 1	
Address Line 2	
Postcode	
Country	
Telephone number	
Fax number	
Email address	



2. Details about the branch

2.1 Do you wish to notify us that you are establishing a Branch for the first time:

Yes

No

2.2 Do you wish to make changes to the details of an existing Branch?

Yes

No

2.3 Please indicate the *EEA State* in which you wish to establish a *branch* or the *EEA State* in which the *Branch* you wish to make a change to is situated.

EEA State	
-----------	--

2.4 Please provide the address in the *EEA State* in which the *branch* will be established or is currently established and from which we can get information about the business.

Address:	
Telephone number:	Fax number:

2.5 Please list the names of all managers of the branch (including main agents in respect of insurance applications).

For change of Branch manager details please list names of all new managers.

Title	Forenames	Surname

Note to Question 2.5

For a new Branch manager or changes to a Branch manager a CV should be included with the notification

2.6 Tell us the proposed date for the business to start at the branch.

Date	dd/mm/yy
------	----------

2.7 Is there any other information that you wish to provide in relation to the branch?

--



3. Insurance Mediation Directive (IMD)

3.1 Please confirm that the *UK firm* wishes to passport under the IMD by ticking the box below

The <i>firm</i> intends to carry on <i>insurance mediation</i> in the <i>EEA State</i> identified in section 2 by establishing a <i>branch</i> .	<input type="checkbox"/>
--	--------------------------



4. Solvency II Directive – Long-Term Insurance Business

Note to question 5.1

For the purpose of this form, 'authorised agent' means an agent or employee of the insurance undertaking who has authority (a) to bind the insurance undertaking in its relations with third parties and (b) to represent the insurance undertaking in its relations with overseas regulators and courts in the EEA State of the branch.

4.1 Please provide the name of the *UK firm's* authorised agent. If the application is submitted by the *Society*, please confirm that the authorised agent has power to accept services of proceedings on behalf of the underwriters at the *Society*.

Name of agent:
If applicable, confirmation that agent has power to accept service of proceedings on behalf of the underwriters at the <i>Society's</i> <input type="checkbox"/>

4.2 Please tick the appropriate boxes to show the classes of business to be provided.

Classes of Business		
I.	Life and Annuity	<input type="checkbox"/>
II.	Marriage and Birth	<input type="checkbox"/>
III.	Linked Long Term	<input type="checkbox"/>
IV.	Permanent Health	<input type="checkbox"/>
V.	Tontines	<input type="checkbox"/>
VI.	Capital redemption	<input type="checkbox"/>
VII.	Pension Fund Management	<input type="checkbox"/>
VIII.	Collective Insurance	<input type="checkbox"/>
IX.	Social Insurance	<input type="checkbox"/>

4.3 Please give details of the nature of the commitments to be covered in the *EEA State* concerned.



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4.4 Please give details of the structural organisation of the branch (you may wish to attach an organisation chart).

4.5 Please give details of the guiding principles for reinsurance of business carried on, or to be carried on, in the *EEA State* concerned. This should include the *firm's* maximum retention per risk or event after all reinsurance is ceded.



4.6 Please confirm you have attached the following.

I. Estimates of the costs of installing administrative services and the organisation for securing business in the <i>EEA State</i> concerned.	Attached	<input type="checkbox"/>
II. Estimates of the resources available to cover the costs detailed in (i) above.	Attached	<input type="checkbox"/>
III. For each of the first three years following the establishment of the <i>branch</i> , estimates of the <i>firm's</i> margin of solvency and the margin of solvency required and the method of calculation.	Attached	<input type="checkbox"/>
IV. For each of the first three years following the establishment of the <i>branch</i> , the details described below with regards to the business carried on in the <i>EEA State</i> concerned (this information should be provided on both optimistic and pessimistic bases, for each type of contract or treaty): a) The number of contracts or treaties expected to be issued; b) The total premium income, both gross and net of reinsurance ceded; and c) The total sums assured or the total amounts payable each year by way of annuity.		
	Attached	<input type="checkbox"/>
	Attached	<input type="checkbox"/>
	Attached	<input type="checkbox"/>
V. For each of the first three years following the establishment of the <i>branch</i> , the details described below with regards to the business carried on in the <i>EEA State</i> concerned: a) a statement setting out, on both optimistic and pessimistic bases, detailed estimates of income and expenditure for direct business, reinsurance acceptances and reinsurances cessions; and b) a statement of estimates relating to the financial resources intended to cover underwriting liabilities.		
	Attached	<input type="checkbox"/>
	Attached	<input type="checkbox"/>
VI. Particulars of any associations that exist or are proposed to exist between: a) The directors and controllers of the <i>UK firm</i> ; and b) Any person who will act as an insurance broker, agent, loss adjuster or reinsurer for the <i>UK firm</i> in the <i>EEA State</i> concerned.		
	Attached	<input type="checkbox"/>
	Attached	<input type="checkbox"/>
VII. The names of the principal reinsurers of business to be carried out in the <i>EEA State</i> concerned.	Attached	<input type="checkbox"/>
VIII. The sources of business in the <i>EEA State</i> concerned (for example, insurance brokers, agents, own employees or direct selling) with the approximate percentage expected from each of those sources	Attached	<input type="checkbox"/>



<p>IX. Copies or drafts of:</p> <p>a) Any separate reinsurance treaties covering business to be written in the <i>EEA State</i> concerned;</p> <p>b) Any standard agreements which the <i>UK firm</i> will enter into with brokers or agents in the <i>EEA State</i> concerned; and</p> <p>c) Any agreement which the <i>UK firm</i> will enter into with persons (other than employees of the <i>UK firm</i>) who will manage the business to be carried on in the <i>EEA State</i> concerned.</p>	Attached	<input type="checkbox"/>
	Attached	<input type="checkbox"/>
	Attached	<input type="checkbox"/>
<p>X. The technical bases that the actuary appointed in accordance with <i>SUP 4.3.1R</i> proposes to use for each class of business to be carried on in the <i>EEA State</i> concerned, including the bases needed for calculating premium rates and mathematical reserves.</p>	Attached	<input type="checkbox"/>
<p>XI. A statement by the actuary so appointed as to whether they:</p> <p>a) Consider that the premium rates that will be used in the <i>EEA State</i> concerned are suitable; and</p> <p>b) Agree with the information provided under sections 5.5 and 5.6 v (a) and (b).</p>		
	Attached	<input type="checkbox"/>
<p>XII. The technical bases used to calculate the statements and estimates referred to in sections 5.6 iv and v.</p>	Attached	<input type="checkbox"/>



5. Solvency II Directive – General Insurance Business

5.1 Please provide the name of the *UK firm's* authorised agent. If the application is submitted by the *Society*, please confirm that the authorised agent has power to accept services of proceedings on behalf of the underwriters at the *Society*.

Name of agent:
If applicable, confirmation that agent has power to accept services of proceedings on behalf of the underwriters at the <i>Society</i> . <input type="checkbox"/>

5.2 Please tick the appropriate boxes to show the classes of business to be carried out from the *branch*.

Classes of Business		
1.	Accident	<input type="checkbox"/>
2.	Sickness	<input type="checkbox"/>
3.	Land Vehicles	<input type="checkbox"/>
4.	Railway Rolling Stock	<input type="checkbox"/>
5.	Aircraft	<input type="checkbox"/>
6.	Ships	<input type="checkbox"/>
7.	Goods in Transit	<input type="checkbox"/>
8.	Fire and Natural Forces	<input type="checkbox"/>
9.	Damage to Property	<input type="checkbox"/>
10.	Motor Vehicle Liability	<input type="checkbox"/>
11.	Aircraft Liability	<input type="checkbox"/>
12.	Liability for Ships	<input type="checkbox"/>
13.	General Liability	<input type="checkbox"/>
14.	Credit	<input type="checkbox"/>
15.	Suretyship	<input type="checkbox"/>
16.	Miscellaneous Financial Loss	<input type="checkbox"/>
17.	Legal Expenses	<input type="checkbox"/>
18.	Assistance	<input type="checkbox"/>



5.3 Please give details of the nature of the risks to be covered in the *EEA State(s) concerned*.

Note to Question 6.3

i. If the *firm* covers, or intends to cover, relevant **motor vehicle risks**, please provide details of the *firm's* membership of the national bureau and the national guarantee fund in the *EEA State* concerned at question 6.3.

'Relevant motor risks' has the meaning given to *motor vehicle liability* in Schedule 1 to the *Regulated Activities Order*.

ii If the *firm* covers (or intends to cover) **health insurance**, please provide technical bases used, or to be used, for calculating premiums in respect of such risks in question 6.3.

iii If the *firm* covers (or intends to cover) risks relating to **legal expenses insurance**, please state in section 6.3 the option chosen from those described in Article 200 of the Solvency II Directive.

5.4 Please give details of the structural organisation of the *branch* (*UK firms* may wish to attach an organisation chart).

5.5 Please give details of the guiding principles as to reinsurance of business carried on, or to be carried on, in the *EEA State* concerned, including the *firm's* maximum retention per risk or event after all reinsurance ceded.



5.6 Please confirm you have attached the following.

i.	Estimates of the costs of installing administrative services and the organisation for securing business in the <i>EEA State</i> concerned.	Attached	<input type="checkbox"/>
ii.	Estimates of the resources available to cover the costs detailed in (i) above.	Attached	<input type="checkbox"/>
iii.	If contracts of a kind falling within paragraph 18 of Schedule 1 to the <i>Regulated Activities Order</i> (Assistance) are, or are to be, effected or carried out, the resources available for providing assistance.	Attached	<input type="checkbox"/>
iv.	For each of the first three years following the establishment of the <i>branch</i> , estimates of the <i>firm's</i> margin of solvency and the margin of solvency required and the method of calculation.	Attached	<input type="checkbox"/>
v.	For each of the first three years following the establishment of the branch, give details described below about the business carried on in the <i>EEA State</i> concerned:		
	a) Estimates relating to expenses of management (other than cost of installation) and, in particular, those relating to current general expenses and commissions;	Attached	<input type="checkbox"/>
	b) Estimates relating to premiums or contributions (both gross and net of all reinsurance ceded) and to claims (after all reinsurance recoveries); and	Attached	<input type="checkbox"/>
	c) Estimates relating to the financial resources intended to cover underwriting liabilities.	Attached	<input type="checkbox"/>
vi.	Particulars of any associations that exist or are proposed to exist between:		
	a) The directors and controllers of the <i>UK firm</i> ; and	Attached	<input type="checkbox"/>
	b) Any person who will act as an insurance broker, agent, loss adjuster or reinsurer for the <i>UK firm</i> in the <i>EEA State</i> concerned.	Attached	<input type="checkbox"/>
vii.	The names of the principal reinsurers of business to be carried on in the <i>EEA State</i> concerned.	Attached	<input type="checkbox"/>



viii. The sources of business in the <i>EEA State</i> concerned (for example, insurance brokers, agents, own employees or direct selling) with the approximate percentage expected from each of these sources.	Attached	<input type="checkbox"/>
ix. Copies or drafts of : a) Any separate reinsurance treaties covering business to be written in the <i>EEA State</i> concerned; b) Any standard agreements which the <i>UK firm</i> will enter into with brokers or agents in the <i>EEA State</i> concerned; and c) Any agreements which the <i>UK firm</i> will enter into with <i>persons</i> (other than employees of the <i>UK firm</i>) who will manage the business to be carried on in the <i>EEA State</i> concerned.		
	Attached	<input type="checkbox"/>
	Attached	<input type="checkbox"/>
	Attached	<input type="checkbox"/>
x. Copies or drafts of any agreements which the <i>UK firm</i> will have with main agents in the <i>EEA State</i> concerned.	Attached	<input type="checkbox"/>



6. Solvency II Directive – Reinsurance

6.1 Please confirm the type(s) of reinsurance activity to be carried out by the branch under the Solvency II Directive by ticking one of the boxes below.

Life reinsurance business	<input type="checkbox"/>
Non-life reinsurance business	<input type="checkbox"/>

6.2 Please provide the name and powers of the authorised agent. Please note that the authorised agent should be located at the same address of the branch.



7. Declaration

Knowingly or recklessly giving the FCA and or the PRA information which is false or misleading in a material particular may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000). The Notifications Part of the PRA Rulebook and the FCA's SUP 15.6.1R and SUP 15.6.4R require an authorised person to take reasonable steps to ensure the accuracy and completeness of information given to the FCA/PRA and to notify the FCA/PRA immediately if materially inaccurate information has been provided.

If any information is inaccurate or incomplete this application may take longer to be processed.

Failure to notify the PRA immediately of any significant change to the information provided may result in a serious delay in the application process.

Data Protection

For the purpose of complying with the Data Protection Act 1998, the personal information in this Form may be used by the FCA/PRA to discharge its statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation and will not be disclosed for any other purpose without the permission of the applicant.

I confirm that a permanent copy of this application, signed by the firm will be retained for an appropriate period, for inspection at the FCA's/PRA's request.

I am authorised to make this application for authorisation on behalf of the applicant firm named on the front of this form.

I have attached the relevant documents where requested or where marked as 'to follow' I have them fully ready and I have taken all reasonable steps to ensure they are correct.

I confirm that the information in this application is accurate and complete to the best of my knowledge and belief.

I authorise the FCA and/or PRA to make such enquires and to seek such further information as it thinks appropriate to verify the information given on this form.

I understand that the FCA and/or PRA may require the applicant firm to provide further information or documents at any time after I have sent this application.

Name	
Position	
IRN (if applicable)	
Signature	
Date	



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

Cross Border Services Notification Form

Firm Name:

Firm Reference Number (FRN):

Purpose of this form

- You should complete this form if you are a UK firm that wishes to exercise a passport right to provide cross border services in another EEA State.
- You may also use this form if you are a UK firm that wishes to notify the PRA of changes to the details of its current cross border services

Important information you should read before completing this form

A *UK firm* can only use this form if it is entitled to provide *cross border services* into the territory of another *EEA State* subject to the conditions of one of the *Single Market Directives* (see Schedule 3 of the Financial Services and Markets Act 2000 (FSMA)). By completing this form, you are confirming this is the case. *UK firms* should consult the legislation or take legal advice both in the *UK* and in the relevant *EEA State(s)* if they are in any doubt.

The PRA gives more information on the passporting process on its website: www.bankofengland.co.uk. The FCA gives guidance on this in Chapter 13 of the Supervision manual (*SUP*). In particular, a *UK firm* that wants to exercise an *EEA right* must have the specific activity included in its Scope of Permission.

Filling in the form

1. Please complete this form either electronically or print off and complete by hand. If you are filling in the form by hand, use black ink, write clearly and, once you have completed the relevant sections, sign the declaration in section 8.
2. All firms should answer sections 1, 2, 3 and 8. Sections 4-7 refer to specific directives and only relevant sections should be completed. However, please answer all questions in the sections relevant to you.
3. The completed form should be sent to the PRA either by post or via email. If you have any difficulties please contact the PRA's Firm Enquiries Team on 0203 461 7000

The Prudential Regulation Authority
20 Moorgate London EC2R 6DA
Telephone: +44(0)20 3461 7000
Website: www.bankofengland.co.uk
E-mail: pra-passporting@bankofengland.co.uk



1. Contact details

1.1. Details of the person we will contact about this application

Firm reference number	
Title	
Contact name	
Address Line 1	
Address Line 2	
Postcode	
Country	
Telephone	
Fax number	
Email address	



2. Notification details

2.1 Are you looking to:

- Add a new passport
- Change/amend an existing passport
- Cancel an existing passport



3. Details of the services to be provided

3.1 Please indicate the *EEA State(s)* into which services are to be provided.

Note to question 3.1
UK firms have the right to provide *cross border services* to Gibraltar. So, references in this form to an EEA State include references to Gibraltar (see the Financial Services and Markets Act (Gibraltar) Order 2001).

States required	
Austria	<input type="checkbox"/>
Belgium	<input type="checkbox"/>
Bulgaria	<input type="checkbox"/>
Republic of Cyprus	<input type="checkbox"/>
Czech Republic	<input type="checkbox"/>
Croatia	<input type="checkbox"/>
Denmark	<input type="checkbox"/>
Estonia	<input type="checkbox"/>
Finland	<input type="checkbox"/>
France	<input type="checkbox"/>
Germany	<input type="checkbox"/>
Gibraltar	<input type="checkbox"/>
Greece	<input type="checkbox"/>
Hungary	<input type="checkbox"/>
Iceland	<input type="checkbox"/>
Ireland	<input type="checkbox"/>
Italy	<input type="checkbox"/>
Latvia	<input type="checkbox"/>
Liechtenstein	<input type="checkbox"/>
Lithuania	<input type="checkbox"/>
Luxembourg	<input type="checkbox"/>
Malta	<input type="checkbox"/>
Netherlands	<input type="checkbox"/>
Norway	<input type="checkbox"/>
Poland	<input type="checkbox"/>
Portugal	<input type="checkbox"/>
Romania	<input type="checkbox"/>
Slovak Republic	<input type="checkbox"/>
Slovenia	<input type="checkbox"/>
Spain	<input type="checkbox"/>
Sweden	<input type="checkbox"/>
All States	<input type="checkbox"/>

3.2 If the *firm* intends to provide services into more than one EEA State, will these services vary for each State? Yes

No

3.3 Tell us the proposed date for the business to start.

Date

3.4 Are there any timing factors that the PRA should consider when processing the notification?



4. Solvency II Directive– Long-Term Insurance Business

4.1 Please tick the appropriate boxes to show the classes of business to be provided (if the answer to question 3.2 was ‘Yes’ please complete a separate matrix for each *EEA State*).

Note to question 4.1
If you are adding additional activities to an existing passport tick the new activity/activities that are required.

If you are removing activities from an existing passport tick the activity/activities you wish to remove.

EEA State		
Classes of Business		
I.	Life and Annuity	<input type="checkbox"/>
II.	Marriage and Birth	<input type="checkbox"/>
III.	Linked Long Term	<input type="checkbox"/>
IV.	Permanent Health	<input type="checkbox"/>
V.	Tontines	<input type="checkbox"/>
VI.	Capital Redemption	<input type="checkbox"/>
VII.	Pensions Fund Management	<input type="checkbox"/>
VIII.	Collective Insurance	<input type="checkbox"/>
IX.	Social Insurance	<input type="checkbox"/>

4.2 Please give details of the nature of the commitments to be covered in the *EEA State(s)* concerned.



5. Solvency II Directive – General Insurance Business

5.1 Please tick the appropriate boxes to show the classes of business to be provided (if the answer to question 3.2 was 'Yes', please complete on a separate matrix for each *EEA State*).

EEA State:

Note to question 5.1

If you are looking to add classes of business to an existing passport tick the class/classes of business you wish to add only

If you are looking to remove classes of business tick the class/classes of business you wish to remove

Classes of Business		
1	Accident	<input type="checkbox"/>
2	Sickness	<input type="checkbox"/>
3	Land Vehicles	<input type="checkbox"/>
4	Railway Rolling Stock	<input type="checkbox"/>
5	Aircraft	<input type="checkbox"/>
6	Ships	<input type="checkbox"/>
7	Goods in Transit	<input type="checkbox"/>
8	Fire and Natural Forces	<input type="checkbox"/>
9	Damage to Property	<input type="checkbox"/>
10	Motor Vehicle Liability (refer to note 5.2.1)	<input type="checkbox"/>
11	Aircraft Liability	<input type="checkbox"/>
12	Liability for Ships	<input type="checkbox"/>
13	General Liability	<input type="checkbox"/>
14	Credit	<input type="checkbox"/>
15	Suretyship	<input type="checkbox"/>
16	Miscellaneous Financial Loss	<input type="checkbox"/>
17	Legal Expenses (refer to note 5.2.3)	<input type="checkbox"/>
18	Assistance	<input type="checkbox"/>



5.2

You must provide details of the nature of the risks to be covered in the *EEA State(s)* concerned.

Note to question 5.2

1. If the *firm* covers, or intends to cover, relevant **motor vehicle risks**, please provide the following additional information in this section (if required by the *EEA State* concerned as part of the *consent* notice):

The name and address of the claims representative; and

Details of the *firm's* membership of the national bureau and the national guarantee fund in the *EEA State* concerned.

Note: 'Relevant motor risks' has the meaning given to *motor vehicle liability* in Schedule 1 to the *Regulated Activities Order*. 'Claims representative' has the meaning given to it in the *EEA Passport Rights Regulations*.

2. If the *firm* covers (or intends to cover) **health insurance**, please provide technical bases used, or to be used, for calculating premiums in respect of such risks in this section.

3. If the *firm* covers (or intends to cover) risks relating to **legal expenses insurance**, please state in section 4.2 the option chosen from those described in Article 200 of the Solvency II Directive.

Empty response box for providing details of risks.



6. Insurance Mediation Directive (IMD)

6.1 You must confirm that the *UK firm* wishes to passport under the IMD by ticking the box below.

The <i>firm</i> intends to carry on <i>insurance mediation</i> in the EEA State(s) identified in section 3 by providing <i>cross border services</i> .	<input type="checkbox"/>
--	--------------------------

6.2 If this form is in respect of one or more Appointed Representative(s) of the firm then please list below the name(s) and firm reference number(s) of those Appointed Representatives:

Firm Reference Number	
Name of Company	
Address Line 1	
Address Line 2	
Address Line 3	
Address Line 4	
County	
Town	
Postcode/ZIP	
EEA State	
Phone Number (incl STD code)	
Email Address	
Mobile Number	
Fax Number	



7. Declaration

Warning

Knowingly or recklessly giving the FCA and or the PRA information which is false or misleading in a material particular may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000). The Notifications Part of the *PRA Rulebook* and the FCA's SUP 15.6.1R and SUP 15.6.4R require an authorised person to take reasonable steps to ensure the accuracy and completeness of information given to the FCA/PRA and to notify the FCA/PRA immediately if materially inaccurate information has been provided.

If any information is inaccurate or incomplete this application may take longer to be processed.

You must notify us immediately of any significant change to the information provided. If you do not, it may take longer to be processed. It could also call into question the applicant firm's suitability to be authorised.

Data Protection

For the purpose of complying with the Data Protection Act 1998, the personal information in this Form may be used by the FCA/PRA to discharge its statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation and will not be disclosed for any other purpose without the permission of the applicant.

Declaration

I confirm that a permanent copy of this application, signed by the firm will be retained for an appropriate period, for inspection at the FCA's/PRA's request.

I am authorised to make this application for authorisation on behalf of the applicant firm named on the front of this form.

I have attached the relevant documents where requested or where marked as 'to follow' I have them fully ready and I have taken all reasonable steps to ensure they are correct.

I confirm that the information in this application is accurate and complete to the best of my knowledge and belief.

I authorise the FCA and/or PRA to make sure enquires and to seek such further information as it thinks appropriate to verify the information given on this form.

I understand that the FCA and/or PRA may require the applicant firm to provide further information or documents at any time after I have sent this application.

Name	
Position	
IRN (if applicable)	
Signature	
Date	



Annex 1 – Tied Agent Notification Form

This form should be used to notify the PRA when a *UK firm* intends to use a *tied agent established* in the territory of another *EEA state*.

Tied Agent Details

1. Name of Tied Agent

2. Address of Tied Agent

--

3. Trading name(s) of Tied Agent, if different to name given in question 1 above

--

4. Telephone number of Tied Agent

--

5. Fax number of Tied Agent

--

6. Email of Tied Agent

--

7. Website of Tied Agent

--

8. Legal Status of Tied Agent

- | | |
|--|--|
| <input type="checkbox"/> Private Limited Company | <input type="checkbox"/> Public Limited Company |
| <input type="checkbox"/> Partnership | <input type="checkbox"/> Limited Partnership |
| <input type="checkbox"/> Limited Liability | <input type="checkbox"/> Unincorporated Association |
| <input type="checkbox"/> Sole Trader | <input type="checkbox"/> Other, please specify below |

--

9. Date of commencement of agreement with your firm

--



Declaration

This declaration should be signed by a *UK firm* exercising an *EEA right* derived from the *CRD* or *MiFID II*.

Warning

Knowingly or recklessly giving the FCA or the PRA information which is false or misleading in a material particular may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000). The Notifications Part of the *PRA* Rulebook and SUP 15.6.1R and SUP 15.6.4R require an authorised person to take reasonable steps to ensure the accuracy and completeness of information given to the FCA/PRA and to notify the FCA/PRA immediately if materially inaccurate information has been provided.

If any information is inaccurate or incomplete this application may take longer to be processed.

You must notify us immediately of any significant change to the information provided. If you do not, it may take longer to be processed. It could also call into question the applicant firm's suitability to be authorised.

Data Protection

For the purpose of complying with the Data Protection Act, the personal information in this Form may be used by the FCA/PRA to discharge its statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation and will not be disclosed for any other purpose without the permission of the applicant

Declaration

I confirm that a permanent copy of this application, signed by the firm will be retained for an appropriate period, for inspection at the FCA's/PRA's request.

I am authorised to make this application for authorisation on behalf of the applicant firm named on the front of this form

I have attached the relevant documents where requested or where marked as 'to follow' I have them fully ready and I have taken all reasonable steps to ensure they are correct.

I confirm that the information in this application is accurate and complete to the best of my knowledge and belief.

I authorise the FCA/PRA to make such enquiries and to seek such further information as it thinks appropriate to verify the information given on this form.

I understand that the FCA/PRA may require the applicant firm to provide further information or documents at any time after I have sent this application.

Name	
Position	
IRN (if applicable)	
Signature	
Date	dd/mm/yy

PRA RULEBOOK: CRR FIRMS: REGULATORY REPORTING AMENDMENT INSTRUMENT 2016

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 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: Regulatory Reporting Amendment Instrument 2016

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

Commencement

- E. This instrument comes into force on 1 October 2017.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Regulatory Reporting Amendment Instrument 2016.

By order of the Board of the Prudential Regulation Authority

10 November 2016

Annex

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

...

Capital+ changeover date

means any Capital+ reference date following the initial Capital+ reference date applicable to a firm where a firm satisfies a Capital+ condition which is different to the Capital+ condition it satisfied on the Capital+ reference date immediately preceding it.

Capital+ condition

means any of Capital+ condition 1, Capital+ condition 2, Capital+ condition 3, Capital+ condition 4, Capital+ condition 5, Capital+ condition 6, Capital+ condition 7 and Capital+ condition 8.

Capital+ condition 1

has the meaning given in 20.6.

Capital+ condition 2

has the meaning given in 20.7.

Capital+ condition 3

has the meaning given in 20.8.

Capital+ condition 4

has the meaning given in 20.9.

Capital+ condition 5

has the meaning given in 20.10.

Capital+ condition 6

has the meaning given in 20.11.

Capital+ condition 7

has the meaning given in 20.12.

Capital+ condition 8

has the meaning given in 20.13.

Capital+ reference date

means:

- (1) a firm's accounting reference date; and
- (2) the date falling six months after a firm's accounting reference date.

Capital+ reporting table

has the meaning given in 20.21.

...

initial Capital+ reference date

means:

- (1) for a firm which is a PRA-authorized person on 1 October 2017, the first of the firm's Capital+ reference dates after 1 October 2017; or
- (2) for any other firm, the first of the firm's Capital+ reference dates after it became a PRA-authorized person.

...

new Capital+ condition

means, in respect of any Capital+ changeover date, the new Capital+ condition which a firm satisfies on that date.

...

old Capital+ condition

means, in respect of any Capital+ changeover date, the Capital+ condition which a firm no longer satisfies on that date.

...

retail deposits

means "deposits" within the meaning given in paragraph 30, Part 1 of Annex V to the Supervisory Reporting ITS, from "households" within the meaning of paragraph 35(f) of Part 1 of Annex V to the Supervisory Reporting ITS.

...

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 assetsmeans:

- (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.

...

2 REPORTING REQUIREMENTS – DATA ITEMS

...

2.8 A CRR firm must also submit data items as required by Chapter 20.

...

16 DATA ITEMS AND OTHER FORMS

...

16.26 PRA101 can be found [here](#).16.27 PRA102 can be found [here](#).16.28 PRA103 can be found [here](#).

...

20 CAPITAL+ REPORTS

Application and definitions20.1 This Chapter applies to every firm that is a CRR firm.Requirement to submit Capital+ data items20.2 A firm which satisfies any Capital+ condition on the initial Capital+ reference date applicable to it must submit to the PRA on a continuing basis the data item applicable to the relevant Capital+ condition as set out in column (2) of the Capital+ reporting table.20.3 Where a firm is required to submit a data item in accordance with this Chapter, it must submit this information:

- (1) at the frequency specified in column (3) of the Capital+ reporting table;

- (2) by the due date specified in column (4) of the *Capital+ reporting table*; and
- (3) on the basis set out in the rule specified in column (5) of the *Capital+ reporting table*.

20.4 The first frequency period for the purposes of 20.3 is:

- (1) where a *firm* satisfies *Capital+ condition 7* or *Capital+ condition 8* on its *initial Capital+ reference date*, one year ending with:
 - (a) where the *firm's initial Capital+ reference date* is its *accounting reference date*, its *initial Capital+ reference date*; or
 - (b) where 20.4(1)(a) does not apply, the *firm's first accounting reference date* following the *firm's initial Capital+ reference date*; or
- (2) for a *firm* satisfying any other *Capital+ condition* on its *initial Capital+ reference date*, the frequency period specified in column (3) of the *Capital+ reporting table*, ending with the *initial Capital+ reference date*.

20.5 When submitting any required *data item* under this Chapter, a *firm* must use the template for that *data item* set out in Chapter 16.

Capital+ conditions

20.6 A *firm* satisfies *Capital+ condition 1*:

- (1) if the *firm* is a *parent institution in a Member State*, where it has *retail deposits* equal to or greater than £50 billion and *total assets* equal to or greater than £320 billion on the basis of its *consolidated situation*;
- (2) if the *firm* is controlled by a *parent financial holding company in a Member State*, a *parent mixed financial holding company in a Member State* or a *parent institution in a Member State* and the *PRA* is responsible for supervision of that holding company or *parent institution in a Member State* on a *consolidated basis* under Article 111 of the *CRD*, where it has *retail deposits* equal to or greater than £50 billion and *total assets* equal to or greater than £320 billion on the basis of the *consolidated situation* of that holding company or *parent institution in a Member State*; or
- (3) if the *firm* is not part of a *consolidation group*, where it has *retail deposits* equal to or greater than £50 billion and *total assets* equal to or greater than £320 billion on an individual basis.

20.7 A *firm* satisfies *Capital+ condition 2* if it:

- (1) satisfies *Capital+ condition 1* in accordance with 20.6(1) or 20.6(2); and
- (2) has *total assets* equal to or greater than £50 billion on an individual basis.

20.8 A *firm* satisfies *Capital+ condition 3*:

- (1) if the *firm* is a *parent institution in a Member State*, where it has *retail deposits* equal to or greater than £50 billion and *total assets* greater than £5 billion but less than £320 billion on the basis of its *consolidated situation*;
- (2) if the *firm* is controlled by a *parent financial holding company in a Member State*, a *parent mixed financial holding company in a Member State* or a *parent institution in a Member State* and the *PRA* is responsible for supervision of that holding company or

parent institution in a Member State on a consolidated basis under Article 111 of the CRD, where it has retail deposits greater than or equal to £50 billion and total assets greater than £5 billion but less than £320 billion on the basis of the consolidated situation of that holding company or parent institution in a Member State; or

- (3) if the firm is not part of a consolidation group, where it has retail deposits greater than £50 billion and total assets greater than £5 billion but less than £320 billion on an individual basis.

20.9 A firm satisfies Capital+ condition 4 if it:

- (1) satisfies Capital+ condition 3 in accordance with 20.8(1) or 20.8(2); and
 (2) has total assets equal to or greater than £50 billion on an individual basis.

20.10 A firm satisfies Capital+ condition 5 if it:

- (1) is part of a consolidation group;
 (2) has total assets greater than £5 billion:
 (a) if the firm is a parent institution in a Member State, on the basis of its consolidated situation; or
 (b) if the firm is controlled by a parent financial holding company in a Member State, a parent mixed financial holding company in a Member State or a parent institution in a Member State and the PRA is responsible for supervision of that holding company or parent institution in a Member State on a consolidated basis under Article 111 of the CRD, on the basis of the consolidated situation of that holding company or parent institution in a Member State;

and

- (3) does not satisfy Capital+ condition 1 or Capital+ condition 3.

20.11 A firm satisfies Capital+ condition 6 if it has total assets greater than £5 billion on an individual basis and:

- (1) if it is not part of a consolidation group, where it does not satisfy Capital+ condition 1 or Capital+ condition 3; or
 (2) if it is part of a consolidation group, where it does not satisfy Capital+ condition 2 or Capital+ condition 4.

20.12 A firm satisfies Capital+ condition 7 if it is part of a consolidation group and it does not satisfy Capital+ condition 1, Capital+ condition 3 or Capital+ condition 5.

20.13 A firm satisfies Capital+ condition 8:

- (1) where it is not part of a consolidation group, if it does not satisfy Capital+ condition 1, Capital+ condition 3 or Capital+ condition 6; or
 (2) where a firm is part of a consolidation group, if it does not satisfy Capital+ condition 2, Capital+ condition 4 or Capital+ condition 6.

Moving between Capital+ conditions

20.14 A firm must consider which *Capital+ conditions* it satisfies on every *Capital+ reference date* following its *initial Capital+ reference date*, and where a *Capital+ reference date* is a *Capital+ changeover date*:

- (1) 20.16 applies where the new Capital+ condition is higher, and
- (2) 20.18 applies where the new Capital+ condition is lower.

20.15 For the purposes of 20.14 and 20.20, *Capital+ condition 1* is the highest and *Capital+ condition 8* is the lowest.

20.16 Where this rule applies as a result of 20.14(1) or 20.20, the firm must:

- (1) submit to the PRA the data item applicable to the old Capital+ condition in respect of the frequency period ending with that Capital+ changeover date by the due date applicable to the old Capital+ condition;
- (2) after it has complied with 20.16(1), cease submitting the data item applicable to the old Capital+ condition to the PRA; and
- (3) submit to the PRA on a continuing basis the data item applicable to the new Capital+ condition, as set out in column (2) of the Capital+ reporting table.

20.17 The first frequency period for the purposes of 20.16(3) is the frequency period specified in column (3) of the *Capital+ reporting table*, starting with the *Capital+ changeover date* which caused 20.16 to apply.

20.18 Subject to 20.20, where this rule applies as a result of 20.14(2), the firm must:

- (1) continue to submit to the PRA the data item applicable to the old Capital+ condition until the firm's next Capital+ reference date, including the data item due in respect of the frequency period ending with that next Capital+ reference date;
- (2) after it has complied with 20.18(1), cease submitting the data item applicable to the old Capital+ condition to the PRA; and
- (3) submit to the PRA on a continuing basis the data item applicable to the new Capital+ condition, as set out in column (2) of the Capital+ reporting table.

20.19 The first frequency period for the purposes of 20.18(3) is:

- (1) where the data item required to be submitted under 20.18(3) is PRA103, one year starting from:
 - (a) where the Capital+ changeover date which caused 20.18(2) to apply is the same as the firm's accounting reference date, that Capital+ changeover date;
or
 - (b) where 20.19(1)(a) does not apply, the firm's first accounting reference date following the Capital+ changeover date which caused 20.18 to apply; or
- (2) where the data item required to be submitted under 20.18(3) is PRA101 or PRA102, the frequency period specified in column (3) of the Capital+ reporting table, starting with the next Capital+ reference date after the Capital+ changeover date which caused 20.18 to apply.

20.20 Where 20.18 applies as a result of 20.14(2), and where at any *Capital+ reference date* before a *firm* is required to submit its first *data item* under 20.18(3), the *firm* satisfies a higher *Capital+ condition* than the *new Capital+ condition* which caused 20.18 to apply:

- (1) the changes specified in 20.18 cease to take effect; and
- (2) 20.16 applies.

Capital+ reporting table

20.21 The *Capital+ reporting table* below sets out, in respect of the requirements to submit *data items* in this Chapter:

- (1) in column (1), the *Capital+ conditions* to which the obligations to submit *data items* relate;
- (2) in column (2), the *data items* which must be submitted by a *firm* where the *firm* meets any *Capital+ condition* set out in column (1);
- (3) in column (3), the frequency at which a *firm* must submit each *data item*;
- (4) in column (4), the due date for submission of each *data item*, being the last day of the period starting from the end of each frequency period and ending with the number of *business days* set out in column (4); and
- (5) in column (5), the rule which sets out the basis on which each *data item* must be completed.

Capital+ reporting table

<u>Column 1</u> <u>(<i>Capital+ condition</i>)</u>	<u>Column 2</u> <u>(<i>data item</i>)</u>	<u>Column 3</u> <u>(frequency)</u>	<u>Column 4</u> <u>(due date)</u>	<u>Column 5</u> <u>(rule which sets out basis on which <i>data item</i> should be completed)</u>
<u><i>Capital+ condition 1</i></u>	PRA101	Monthly	<u>15 <i>business days</i></u>	20.22
<u><i>Capital+ condition 2</i></u>	PRA101	Monthly	<u>15 <i>business days</i></u>	20.23
<u><i>Capital+ condition 3</i></u>	PRA101	Quarterly	<u>15 <i>business days</i></u>	20.22
<u><i>Capital+ condition 4</i></u>	PRA101	Quarterly	<u>15 <i>business days</i></u>	20.23
<u><i>Capital+ condition 5</i></u>	PRA102	Half yearly	<u>30 <i>business days</i></u>	20.24
<u><i>Capital+ condition 6</i></u>	PRA102	Half yearly	<u>30 <i>business days</i></u>	20.23
<u><i>Capital+ condition 7</i></u>	PRA103	Annually	<u>30 <i>business days</i></u>	20.24
<u><i>Capital+ condition 8</i></u>	PRA103	Annually	<u>30 <i>business days</i></u>	20.23

Basis of application

- 20.22 Where a *firm* is required to submit a *data item* in accordance with this rule, that *data item* should be completed:
- (1) if the a *firm* is not part of a *consolidation group*, on an individual basis;
 - (2) if the *firm* is a *parent institution in a Member State*, on the basis of its *consolidated situation*; or
 - (3) if the *firm* is controlled by a *parent financial holding company in a Member State*, a *parent mixed financial holding company in a Member State* or a *parent institution in a Member State* and the *PRA* is responsible for supervision of that holding company or *parent institution in a Member State* on a *consolidated basis* under Article 111 of the *CRD*, on the basis of the *consolidated situation* of that holding company or *parent institution in a Member State*.
- 20.23 Where a *firm* is required to submit a *data item* in accordance with this rule, as set out in the *Capital+ reporting table*, that *data item* should be completed on an individual basis.
- 20.24 Where a *firm* is required to submit a *data item* in accordance with this rule, as set out in the *Capital+ reporting table*, that *data item* should be completed:
- (1) if the *firm* is a *parent institution in a Member State*, on the basis of its *consolidated situation*; or
 - (2) if the *firm* is controlled by a *parent financial holding company in a Member State*, a *parent mixed financial holding company in a Member State* or a *parent institution in a Member State* and the *PRA* is responsible for supervision of that holding company or *parent institution in a Member State* on a *consolidated basis* under Article 111 of the *CRD*, on the basis of the *consolidated situation* of that holding company or *parent institution in a Member State*.

**PRA RULEBOOK: CRR FIRMS: REGULATORY REPORTING (AMENDMENT) (NO. 2)
INSTRUMENT 2016**

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 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: Regulatory Reporting (Amendment) (No. 2) Instrument 2016

- D. The Regulatory Reporting Part of the PRA Rulebook is amended in accordance with the Annex to this instrument.

Commencement

- E. This instrument comes into force on 14 December 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Regulatory Reporting (Amendment) (No. 2) Instrument 2016

By order of the Board of the Prudential Regulation Authority
6 December 2016

Annex

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</i> that has <i>permission</i> to accept deposits and that has its registered office (or, if it has no registered office, its head office) outside the EU	<i>Credit union</i>	<i>Dormant account fund operator</i> (12)
Description of <i>data item</i>						
<i>Annual report and accounts</i> <u>(20)</u>	No standard format	=	No standard format, but in English	=	=	No standard format
<i>Annual report and accounts of the mixed-activity holding company</i> (7) <u>(20)</u>	No standard format	=	=	=	=	=
Solvency	No standard	=	=	=	=	=

statement (8)	format					
Balance sheet	FSA001(2)	FSA001(2)	=	=	CQ;CY	=
Income statement	FSA002 (2)	FSA002 (2)	FSA002	=	CQ;CY	=
Capital adequacy	=	=	=	=	CQ;CY	=
Market risk	FSA005((2),(3))	FSA005((2),(3))	=	=	=	=
Market risk - supplementary	FSA006 (4)	=	=	=	=	=
Large exposures	=	=	=	=	CQ;CY	=
Exposures between <i>core UK group</i> and <i>non-core large exposures group</i>	FSA018 (10)	FSA018 (10)	=	=	=	=
Liquidity (other than stock)	=	FSA011	=	=	CQ;CY	=
Forecast data	FSA014 (9)	FSA014 (9)	=	=	=	=
Solo consolidation data	FSA016 (5)	FSA016 (5)	=	=	=	=
Interest rate gap report	FSA017 (2)	FSA017(2)	=	=	=	=
Sectoral information, including arrears and impairment	FSA015 (2)	FSA015 (2)	=	=	=	=
IRB portfolio risk	FSA045 (2) (11)	FSA045 (2) (11)	=	=	=	=
Daily Flows	FSA047 ((13), (16) and (18))	FSA047 ((13), (16) and (18))	FSA047 ((13), (15), (16) and (18))	FSA047 ((13), (15), (16) and (18))	=	=

Enhanced Mismatch Report	FSA048 ((13), (16) and (18))	FSA048 ((13), (16) and (18))	FSA048 ((13), (15), (16) and (18))	FSA048 (Notes (13), (15), (16) and (18))	=	=
--------------------------	------------------------------	------------------------------	------------------------------------	--	---	---

(1) When submitting the completed *data item* required, a *firm* must use the format of the *data item* set out in Chapter 4816.

...

(6) ~~This will be applicable to *firms* (other than building societies) that are members of a UK consolidation group on the reporting date. [deleted.]~~

...

(19) ~~This *data item* must be reported only in the currencies named in FSA052, so that liabilities in GBP are reported in GBP in rows 1 to 4, those in USD are reported in USD in rows 5 to 8, and those in Euro are reported in Euro in rows 9 to 12. Liabilities in other currencies are not to be reported. [deleted.]~~

(20) This data item includes all *annual reports and accounts* that a *firm* is required to prepare under the Companies Act 2006 including group accounts, where required under that Act.

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>	Unconsolidated UK banks and building societies (on an <u>unconsolidated or individual consolidated basis</u>) (9)	Individual-consolidated UK banks and building societies [deleted.]	Report on a UK consolidation group or, as applicable, <u>defined liquidity group basis</u> by UK banks and building societies (on a UK consolidation group or, as applicable, <u>defined liquidity group basis</u>)	Other members of RAG 1
<i>Annual report and accounts</i> (10)	Annually		=	Annually
<i>Annual report</i>	Annually		=	<u>Annually</u>

<i>and accounts of the mixed-activity holding company (10)</i>				
Solvency statement	Annually		=	=
CQ	=		=	Quarterly
CY	=		=	Annually (1)
FSA001	Quarterly		Half yearly	=
FSA002	Quarterly		Half yearly	Half yearly
FSA005	Quarterly		Half yearly	=
FSA006	Quarterly		=	=
FSA011	Quarterly		=	=
FSA014	Half yearly		<u>Half yearly</u>	=
FSA015	Quarterly		Half yearly	=
FSA016	<u>Half yearly</u>	Half yearly [deleted.]	=	=
FSA017	Quarterly		Half yearly	=
FSA018	Quarterly		=	=
FSA045	Quarterly		Half yearly	=
...				

...

(9) A firm which has an individual consolidation permission must submit data items FSA001, FSA002, FSA005, FSA011, FSA014, FSA015, FSA017 and FSA045 on an individual consolidated basis, and all other data items in this column on an unconsolidated basis. All other firms must submit all data items in this column on an unconsolidated basis.

(10) The reporting frequency in this row applies to all *annual reports and accounts* that a *firm* is required to submit under 7.1.

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.

RAG 1						
<i>Data item</i>	Daily	Weekly	Monthly	Quarterly	Half yearly	Annually
<i>Annual report and accounts</i>	=	=	=	=	=	80 business days <u>business days</u> (1) 7 months <u>months</u> (2)
<i>Annual report and accounts of the mixed-activity holding company</i> <u><i>mixed-activity holding company</i></u>	=	=	=	=	=	7 months <u>months</u>
Solvency statement	=	=	=	=	=	3 months <u>months</u>
CQ	=	=	=	1 month <u>month</u>	=	=
CY	=	=	=	=	=	6 months <u>months</u>
FSA001	=	=	=	20 <i>business days</i>	45 <i>business</i>	=

					days	
FSA002	=	=	=	20 <i>business days</i>	45 <i>business days</i>	=
FSA005	=	=	=	20 <i>business days</i>	45 <i>business days</i>	=
FSA006	=	=	=	20 <i>business days</i>	<u>45 <i>business days</i></u>	=
FSA011	=	=	=	15 <i>business days</i>	=	=
FSA014	=	=	=	=	30 <i>business days</i> (3); 45 <i>business days</i> (4)	=
FSA015	=	=	=	30 <i>business days</i>	45 <i>business days</i>	=
FSA016	=	=	=	=	30 <i>business days</i>	=
FSA017	=	=	=	20 <i>business days</i>	45 <i>business days</i>	=
FSA018	=	=	=	45 <i>business days</i>	=	=
FSA045	=	=	=	20 <i>business days</i>	45 <i>business days</i>	=
FSA047	22.00 hours (London time) on the business day <u><i>business day</i></u>	22.00 hours (London time) on the business day <u><i>business day</i></u>	15 business days <u><i>business days</i></u>	15 business days <u><i>business days</i></u> or one Month <u><i>month</i></u> (5)	=	=

	immediately following the 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				
FSA048	22.00 hours (London time) on the business day <u>business day</u> immediately following the last day of the reporting period for the item in question	22.00 hours (London time) on the business day <u>business day</u> immediately following the last day of the reporting period for the item in question	15 <i>business days</i>	15 <i>business days</i> or one Month <u>month</u> (5)	=	=

...

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:

RAG 3	
Description of <i>data item</i>	Applicable <i>data items</i> (1)
<i>Annual report and accounts</i> (17)	No standard format
<i>Annual report and accounts of the mixed-activity holding company</i> (17)	No standard format
...	

...

(17) This data item includes all annual reports and accounts that a firm is required to prepare under the Companies Act 2006 including group accounts, where required under that Act.

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.

RAG 3	
<i>Data item</i>	Reporting frequency
<i>Annual report and accounts (5)</i>	Annually
<i>Annual report and accounts of the mixed-activity holding company (5)</i>	Annually
...	

...

(5) The reporting frequency in this row applies to all annual reports and accounts that a firm is required to submit under 7.1.

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>	Daily	Weekly	Monthly	Quarterly	Half yearly	Annually
<i>Annual report and accounts</i>	=	=	=	=	=	80 business days
<i>Annual report and accounts of the mixed-activity</i>	=	=	=	=	=	7 months <u>months</u>

<i>holding company</i>						
Solvency statement	=	=	=	=	=	3 months <u>months</u>
FSA001	=	=	=	20 <i>business days</i>	30 <i>business days</i> (1); 45 <i>business days</i> (2)	=
FSA002	=	=	=	20 <i>business days</i>	30 <i>business days</i> (1); 45 <i>business days</i> (2)	=
FSA005	=	=	=	20 <i>business days</i>	30 <i>business days</i> (1); 45 <i>business days</i> (2)	=
FSA006	=	=	=	20 <i>business days</i>	=	=
FSA016	=	=	=	=	30 <i>business days</i>	=
FSA018	=	=	=	45 <i>business days</i>	=	=
FSA019	=	=	=	=	=	2 months <u>months</u>
FSA045	=	=	=	20 <i>business days</i>	30 <i>business days</i> (1); 45 <i>business</i>	=

					<i>days (2)</i>	
FSA047	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>	15 <i>business days</i> or one <i>month</i> (3)	=	=
FSA048	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>	15 <i>business days</i> or one <i>month</i> (3)	=	=

...

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

10 REGULATED ACTIVITY GROUP 4

...

10.4 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 10.3, unless indicated otherwise.

RAG 4						
Data item	Daily	Weekly	Monthly	Quarterly	Half yearly	Annually

FSA-038					30 <i>business days</i>	
FSA042				20 <i>business days</i>		

...

16 DATA ITEMS AND OTHER FORMS

16.1 FSA001 can be found ~~here~~ [here](#).

16.2 FSA002 can be found ~~here~~ [here](#).

16.3 FSA005 can be found ~~here~~ [here](#).

16.4 FSA006 can be found ~~here~~ [here](#).

16.5 FSA011 can be found ~~here~~ [here](#).

16.6 FSA014 can be found ~~here~~ [here](#).

16.7 FSA015 can be found ~~here~~ [here](#).

16.8 FSA016 can be found ~~here~~ [here](#).

16.9 FSA017 can be found ~~here~~ [here](#).

16.10 FSA018 can be found ~~here~~ [here](#).

16.11 FSA019 can be found ~~here~~ [here](#).

16.12 FSA038 can be found ~~here~~ [here](#).

16.13 FSA042 can be found ~~here~~ [here](#).

16.14 FSA045 can be found ~~here~~ [here](#).

16.15 FSA047 can be found ~~here~~ [here](#).

16.16 FSA048 can be found ~~here~~ [here](#).

...

16.21 MLAR can be found ~~here~~ [here](#).

16.22 CQ can be found ~~here~~ [here](#).

16.23 CY can be found ~~here~~ [here](#).

16.24 Prudent Valuation Return can be found ~~here~~ [here](#).

**PRA RULEBOOK: CRR FIRMS: CAPITAL BUFFERS AND LEVERAGE (AMENDMENT)
INSTRUMENT 2016**

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 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: Capital Buffers and Leverage (Amendment) Instrument 2016

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

(1)	(2)
Capital Buffers	A
Leverage Ratio	B
Glossary	C

Commencement

- E. This instrument comes into force on 14 December 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR firms: Capital Buffers and Leverage (Amendment) Instrument 2016.

By order of the Board of the Prudential Regulation Authority

6 December 2016

Annex A

Amendments to the Capital Buffers Part

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

...

3 COUNTERCYCLICAL CAPITAL BUFFER

Calculation of the countercyclical capital buffer

- 3.1 (1) A *firm* must calculate a *countercyclical capital buffer* of common equity tier 1 capital equal to its *total risk exposure amount* multiplied by ~~the weighted average of the countercyclical buffer rates that apply to exposures in the jurisdictions where the firm's relevant credit exposures are located~~ its institution-specific countercyclical capital buffer rate.

[Note: Art 130(1) (part) of the *CRD*]

(1A) A firm's institution-specific countercyclical capital buffer rate consists of the weighted average of the countercyclical buffer rates that apply to exposures in the jurisdictions where the firm's relevant credit exposures are located, calculated in accordance with (2).

(2) In order to calculate the weighted average referred to in (1A), a *firm* must apply to each applicable *countercyclical buffer rate* its total *own funds* requirements for credit risk, specific risk, incremental default and migration risk that relates to the *relevant credit exposures* in the jurisdiction in question, divided by its total *own funds* requirements for credit risk, specific risk, incremental default and migration risk that relates to all of its *relevant credit exposures*.

...

Annex B

Amendments to 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:

...

~~countercyclical capital buffer rate~~

~~means the countercyclical buffer rate, as defined in Capital Buffers 1.2.~~

...

...

4 COUNTERCYCLICAL LEVERAGE RATIO BUFFER

4.1 A firm must calculate a *countercyclical leverage ratio buffer* of common equity tier 1 capital equal to:

(1) the firm's ~~countercyclical capital buffer rate~~ institution-specific countercyclical capital buffer rate multiplied by 35% with the product expressed as a percentage rounded to the nearest tenth of a percentage; multiplied by

(2) the firm's *total exposure measure*.

...

Annex C

Amendments to Glossary Part

In the Glossary Part of the PRA Rulebook insert the following new definition:

...

institution-specific countercyclical capital buffer rate

has the meaning given in Capital Buffers 3.1(1A).

...

**PRA RULEBOOK: CRR FIRMS: INTERNAL LIQUIDITY ADEQUACY ASSESSMENT
(AMENDMENT) INSTRUMENT 2016**

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 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 Liquidity Adequacy Assessment (Amendment) Instrument 2016

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

Commencement

- E. This instrument comes into force on 14 December 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Internal Liquidity Adequacy Assessment (Amendment) Instrument 2016.

By order of the Board of the Prudential Regulation Authority

6 December 2016

Annex

Amendments to the Internal Liquidity Adequacy Assessment 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:

...

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.

...

14 APPLICATION OF THIS PART ON AN INDIVIDUAL OR DOMESTIC LIQUIDITY SUB-GROUP BASIS AND A CONSOLIDATED BASIS

14.1 ~~This Part applies to a firm on an individual basis whether or not it also applies to the firm on a consolidated basis.~~

(1) This Part applies to a firm on an individual basis unless (2) applies.

(2) Where the PRA has waived in full the application of Part Six of the CRR to a firm and to all or some of its subsidiaries pursuant to a permission granted under Article 8(2) of the CRR, a firm must comply with this Part at the level of its domestic liquidity sub-group.

(3) (1) and (2) apply to a firm whether or not this Part applies to the firm on a consolidated basis.

Additional Notes

[Note: Art 8(5) of the CRR and Art 109(1) of the CRD]

...

14.5 [blank]

...

**PRA RULEBOOK: SOLVENCY II FIRMS: CONDITIONS GOVERNING BUSINESS (NO. 2)
INSTRUMENT 2016**

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 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 (No. 2) Instrument 2016

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

Commencement

- E. This instrument comes into force on 14 December 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: Solvency II Firms: Conditions Governing Business (No. 2) Instrument 2016.

By order of the Board of the Prudential Regulation Authority

6 December 2016

Annex A

Amendments to the Conditions Governing Business Part

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

...

12 LLOYD'S

...

- 12.5 ~~The actuarial *function* of a *managing agent* must, in respect of each *syndicate* managed by the *managing agent*, carrying out *general insurance business*;~~
- ~~(1) review the *technical provisions* of each *syndicate year* (other than a *closed year*); and~~
- ~~(2) provide an opinion to the *managing agent* and the *Society* confirming that the *technical provisions* (before addition of the *risk margin*) for each *syndicate year* are no less prudent than the *best estimate* of the amounts required to be held (before addition of the *risk margin*) in accordance with Technical Provisions 2 to 12.[deleted]~~
- 12.6 The *PRA* and the *Society* must be informed promptly by the *managing agent* promptly of any concerns about the adequacy of the *technical provisions*, and any material deficiencies, identified in the annual written report to be submitted by the *actuarial function* to the *governing body* of that if the *managing agent* becomes aware that the *actuarial function* of the *managing agent* will or may be unable to produce an unqualified opinion under 12.5(2).

**PRA RULEBOOK: CRR FIRMS: REGULATORY REPORTING (AMENDMENT) (NO. 3)
INSTRUMENT 2016**

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 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: Regulatory Reporting Amendment (No. 3) Instrument 2016

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

Commencement

- E. The Annex of this instrument comes into force on 1 January 2018.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Regulatory Reporting Amendment (No. 3) Instrument 2016.

By order of the Board of the Prudential Regulation Authority
6 December 2016

Annex

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

...

IFRS firm

means a firm applying international accounting standards as applicable under Regulation (EC) No 1606/2002.

...

2 REPORTING REQUIREMENTS – DATA ITEMS

...

2.2A Where, in accordance with 2.1, a firm is required to submit the data item in respect of statement of profit or loss under any RAG, that firm is not required to submit the data item in respect of income statement under any RAG.

...

6 REGULATED ACTIVITY GROUPS

6.1 Unless otherwise indicated, ~~firms~~ firms must comply with the rules specified in the following table (which set out the *data items*, frequency and submission periods as applicable to each RAG) in accordance with Chapters 2, 3 and 4.

(1)	(2)	(3)	(4)	
RAG number	<i>Regulated Activities</i>	Rules containing:		
		<u>applicable data items</u>	reporting frequency / period	due date
RAG 1	<ul style="list-style-type: none"> • <i>accepting deposits</i> • <i>meeting of repayment claims</i> • <i>managing dormant</i> 	<p>7.1, except that the requirements to:</p> <p><u>(1) submit data items FSA001 and FSA002 templates 1.1, 1.2, 1.3, 2 and 3 of Annexes III or IV of the Supervisory Reporting</u></p>	7.2	7.3

	<i>account funds (including the investment of such funds)</i>	<u>ITS</u> on a consolidated basis; and <u>(2) submit PRA108 on a consolidated basis</u> does not apply to a <u>firm</u> which is required to report financial information under Article 99(2) of <u>CRR.FINREP firms</u>		
...				
RAG 3	• <i>dealing in investments as principal</i>	9.1 9.2 for UK designated investment firms, except that the requirements to: <u>(1) submit data items FSA001 and FSA002 templates 1.1, 1.2, 1.3, 2 and 3 of Annexes III or IV of the Supervisory Reporting ITS on a consolidated basis;</u> and <u>(2) submit PRA108 on a consolidated basis</u> does not apply to a <u>firm</u> which is required to report financial information under Article 99(2) of <u>CRR.FINREP firms</u>	9.1 9.3 for UK designated investment firms	9.1 9.4
RAG 4	• <i>managing investments</i> • <i>establishing, operating or winding-up a collective investment scheme</i>	10.2 for UK designated investment firms, except that the requirement to submit <u>data items FSA001 and FSA002 on a consolidated basis</u> does not apply to <u>FINREP firms</u>	10.3 for UK designated investment firms	10.4
...				

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 firm, applicable data items and reporting format (1)					
	UK bank	Building society	Non-EEA bank	EEA bank that has	[deleted.]	Dormant account fund

				<i>permissi on to accept deposits and that has its register ed office (or, if it has no register ed office, its head office) outside the EU</i>		<i>operator (12)</i>
Description of data item						
...						
Balance sheet	FSA001 (2) <u>Either:</u> (1) <u>Templates</u> <u>1.1, 1.2, 1.3</u> <u>at Annex III</u> <u>of the</u> <u>Supervisory</u> <u>Reporting</u> <u>ITS; or</u> (2) <u>Templates</u> <u>1.1, 1.2, 1.3</u> <u>at Annex IV</u> <u>of the</u> <u>Supervisory</u> <u>Reporting</u> <u>ITS</u> <u>((2),(21))</u>	FSA001 (2) <u>Either:</u> (1) <u>Templates</u> <u>1.1, 1.2,</u> <u>1.3 at</u> <u>Annex III of</u> <u>the</u> <u>Supervisor</u> <u>∨</u> <u>Reporting</u> <u>ITS; or</u> (2) <u>Templates</u> <u>1.1, 1.2,</u> <u>1.3 at</u> <u>Annex IV</u> <u>of the</u> <u>Supervisor</u> <u>∨</u> <u>Reporting</u> <u>ITS</u> <u>((2),(21))</u>	-	-	[deleted.]	-
Income statement	FSA002 (2)	FSA002 (2)	FSA002	-	[deleted.]	-

[deleted.]						
<u>Statement of profit or loss</u>	<p><u>Either:</u></p> <p>(1) <u>Template 2 at Annex III of the Supervisory Reporting ITS; or</u></p> <p>(2) <u>Template 2 at Annex IV of the Supervisory Reporting ITS</u></p> <p><u>((2),(21))</u></p>	<p><u>Either:</u></p> <p>(1) <u>Template 2 at Annex III of the Supervisor y Reporting ITS; or</u></p> <p>(2) <u>Template 2 at Annex IV of the Supervisor y Reporting ITS</u></p> <p><u>((2),(21))</u></p>	<p><u>Either:</u></p> <p>(1) <u>Template 2 at Annex III of the Supervisor y Reporting ITS; or</u></p> <p>(2) <u>Template 2 at Annex IV of the Supervisor y Reporting ITS</u></p> <p><u>(21)</u></p>	=	=	=
<u>Statement of comprehensive income</u>	<p><u>Either:</u></p> <p>(1) <u>Template 3 at Annex III of the Supervisory Reporting ITS; or</u></p> <p>(2) <u>Template 3 at Annex IV of the Supervisory Reporting ITS</u></p> <p><u>((2),(21))</u></p>	<p><u>Either:</u></p> <p>(1) <u>Template 3 at Annex III of the Supervisor y Reporting ITS; or</u></p> <p>(2) <u>Template 3 at Annex IV of the Supervisor y Reporting ITS</u></p> <p><u>((2),(21))</u></p>	=	=	=	=
...						
Forecast data	<p><u>FSA014 (9)</u></p> <p><u>PRA104 (9)</u></p> <p><u>PRA105 (9)</u></p> <p><u>PRA106 (9)</u></p> <p><u>PRA107 (9)</u></p>	<p><u>FSA014 (9)</u></p> <p><u>PRA104 (9)</u></p> <p><u>PRA105 (9)</u></p> <p><u>PRA106 (9)</u></p> <p><u>PRA107 (9)</u></p>	-	-	-	-
...						
<u>Memorandum</u>	<u>PRA108 (2)</u>	<u>PRA108 (2)</u>	=	=	=	=

items						
-------	--	--	--	--	--	--

...

(21) A firm which is a IFRS firm must use the templates at Annex III of the Supervisory Reporting ITS. Any other firm must use the templates at Annex IV of the Supervisory Reporting ITS.

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.

<i>Data item</i>	UK banks and building societies (on an unconsolidated or individual consolidated basis) (9)	[deleted.]	UK banks and building societies (on a UK consolidation group or, as applicable, defined liquidity group basis)	Other members of RAG 1
...				
FSA004 [deleted.]	Quarterly [deleted.]		Half yearly [deleted.]	-
FSA002 [deleted.]	Quarterly [deleted.]		Half yearly [deleted.]	Half yearly [deleted.]
...				
FSA014	Half yearly [deleted.]		Half yearly [deleted.]	-
...				
Templates 1.1, 1.2, 1.3 at Annex III or IV of the <i>Supervisory Reporting ITS</i>	Quarterly (11)		Quarterly (11)	=
Template 2 at Annex III or IV of the <i>Supervisory Reporting</i>	Quarterly (11)		Quarterly (11)	Half-yearly (11)

<u>ITS</u>				
<u>Template 3 at Annex III or IV of the Supervisory Reporting ITS</u>	<u>Quarterly (11)</u>		<u>Quarterly (11)</u>	=
<u>PRA104</u>	<u>Half-yearly (11)</u>		<u>Half-yearly (11)</u>	=
<u>PRA105</u>	<u>Half-yearly (11)</u>		<u>Half-yearly (11)</u>	=
<u>PRA106</u>	<u>Half-yearly (11)</u>		<u>Half-yearly (11)</u>	=
<u>PRA107</u>	<u>Half-yearly (11)</u>		<u>Half-yearly (11)</u>	=
<u>PRA108</u>	<u>Quarterly</u>		<u>Half-yearly</u>	=

...

- (9) A firm which has an individual consolidation permission must submit data items FSA001, FSA002, FSA005, FSA011, FSA014, FSA015, FSA017, and FSA045, Templates 1.1, 1.2, 1.3, 2 and 3 at Annex III or IV of the Supervisory Reporting ITS, PRA104, PRA105, PRA106, PRA107 and PRA108 on an individual consolidated basis, and all other data items in this column on an unconsolidated basis. All other firms must submit all data items in this column on an unconsolidated basis.

...

- (11) Reporting frequencies and reporting periods for these data items are calculated on a calendar year basis and not from a firm's accounting reference date unless the firm notifies the PRA that it intends to adjust its reporting reference date for submission of the data item from the calendar year to its accounting year-end in accordance with 19.3A. Where a firm reports on a calendar year basis:
- (a) a month begins on the first day of the calendar month and ends on the last day of that month;
 - (b) quarters end on 31 March, 30 June, 30 September and 31 December; and
 - (c) half years end on 30 June and 31 December.

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.

RAG 1						
<i>Data item</i>	Daily	Weekly	Monthly	Quarterly	Half yearly	Annually
...						
FSA004 <u>[deleted.]</u>	-	-	-	20 <i>business days</i> <u>[deleted.]</u>	45 <i>business days</i> <u>[deleted.]</u>	-
FSA002 <u>[deleted.]</u>	-	-	-	20 <i>business days</i> <u>[deleted.]</u>	45 <i>business days</i> <u>[deleted.]</u>	-
...						
FSA014 <u>[deleted.]</u>	-	-	-	-	30 <i>business days</i> (3); 45 <i>business days</i> (4) <u>[deleted.]</u>	-
...						
<u>Templates 1.1, 1.2, 1.3 at Annex III or IV of the Supervisory Reporting ITS</u>	=	=	=	30 <i>business days</i>	=	=
<u>Template 2 at Annex III or IV of the Supervisory Reporting ITS</u>	=	=	=	30 <i>business days</i>	30 <i>business days</i>	=
<u>Template 3 at Annex III or IV of the Supervisory Reporting ITS</u>	=	=	=	30 <i>business days</i>	=	=
<u>PRA104</u>	=	=	=	=	45 <i>business days</i>	=
<u>PRA105</u>	=	=	=	=	45 <i>business days</i>	=
<u>PRA106</u>	=	=	=	=	45 <i>business</i>	=

					<u>days</u>	
<u>PRA107</u>	=	=	=	=	<u>45 business days</u>	=
<u>PRA108</u>	=	=	=	<u>20 business days (3)</u>	<u>45 business days (4)</u>	=

...

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:

RAG 3	
Description of <i>data item</i>	Applicable <i>data items</i> (1)
...	
Balance sheet	FSA001 (2) <u>Either:</u> (1) <u>Templates 1.1, 1.2, 1.3 at Annex III of the Supervisory Reporting ITS; or</u> (2) <u>Templates 1.1, 1.2, 1.3 at Annex IV of the Supervisory Reporting ITS</u> <u>((2), (18))</u>
Income statement <u>Statement of profit or loss</u>	FSA002 (2) <u>Either:</u> (1) <u>Template 2 at Annex III of the Supervisory Reporting ITS; or</u> (2) <u>Template 2 at Annex IV of the Supervisory Reporting ITS</u> <u>((2), (18))</u>
<u>Statement of comprehensive income</u>	<u>Either:</u> (1) <u>Template 3 at Annex III of the Supervisory Reporting ITS; or</u> (2) <u>Template 3 at Annex IV of the Supervisory Reporting ITS</u>

	<u>((2), (18))</u>
...	
<u>Memorandum items</u>	<u>PRA108 (2)</u>

...

(18) A firm which is a IFRS firm must use the templates at Annex III of the Supervisory Reporting ITS. Any other firm must use the templates at Annex IV of the Supervisory Reporting ITS.

...

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.

RAG 3	
<i>Data item</i>	Reporting frequency
...	
FSA004	Quarterly
FSA002	Quarterly
...	
<u>Templates 1.1, 1.2, 1.3 at Annex III or IV of the Supervisory Reporting ITS</u>	<u>Quarterly (6)</u>
<u>Template 2 at Annex III or IV of the Supervisory Reporting ITS</u>	<u>Quarterly (6)</u>
<u>Template 3 at Annex III or IV of the Supervisory Reporting ITS</u>	<u>Quarterly (6)</u>
<u>PRA108</u>	<u>Quarterly or half yearly ((6) and (7))</u>

...

(6) Reporting frequencies and reporting periods for these *data items* are calculated on a calendar year basis and not from a firm's *accounting reference date* unless the *firm* notifies the *PRA* that it intends to adjust its reporting reference date for submission of the *data item* from the calendar year to its accounting year-end in accordance with 19.3A. Where a *firm* reports on a calendar year basis:

(a) a month begins on the first day of the calendar month and ends on the last day of that month;

(b) quarters end on 31 March, 30 June, 30 September and 31 December;
and

(c) half years end on 30 June and 31 December.

(7) If the report is on an individual basis the reporting is quarterly. If the report is on a consolidated basis, the reporting frequency is half yearly.

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>	Daily	Weekly	Monthly	Quarterly	Half yearly	Annually
...						
FSA004	-	-	-	20 <i>business days</i>	30 <i>business days (1);</i> 45 <i>business days (2)</i>	
FSA002				20 <i>business days</i>	30 <i>business days (1);</i> 45 <i>business days (2)</i>	
...						
<u>Templates 1.1, 1.2, 1.3 at Annex III or IV of the Supervisory Reporting ITS</u>	=	=	=	30 <i>business days</i>	=	=
<u>Template 2 at Annex III or IV of the Supervisory Reporting ITS</u>	=	=	=	30 <i>business days</i>	=	=
<u>Template 3 at Annex III or IV of the Supervisory Reporting ITS</u>	=	=	=	30 <i>business days</i>	=	=
<u>PRA108</u>	=	=	=	20 <i>business</i>	45 <i>business</i>	=

				<u>days</u>	<u>days</u>	
--	--	--	--	-------------	-------------	--

...

16 DATA ITEMS AND OTHER FORMS

16.1 ~~FSA001 can be found here.~~[deleted.]

16.2 ~~FSA002 can be found here.~~[deleted.]

...

16.6 ~~FSA014 can be found here.~~[deleted.]

...

16.26 PRA104 can be found [here](#).

16.27 PRA105 can be found [here](#).

16.28 PRA106 can be found [here](#).

16.29 PRA107 can be found [here](#).

16.30 PRA108 can be found [here](#).

16.31 Templates 1.1 ,1.2, 1.3, 2 and 3 at Annexes III and IV of the *Supervisory Reporting ITS* can be found [here](#).

19 NOTIFICATIONS REGARDING FINANCIAL INFORMATION REPORTING UNDER THE CRR

...

19.3A A firm which is required to complete any of the following *data items* must notify the PRA if it adjusts its reporting reference dates for the *data item* from the calendar year to its accounting year-end:

(1) Any of templates 1.1 ,1.2, 1.3, 2 and 3 at Annexes III and IV of the *Supervisory Reporting ITS*;

(2) PRA104;

(3) PRA105;

(4) PRA106; or

(5) PRA107.

19.3B A firm which is notifying the PRA under 19.3A must do so using the form that can be found [here](#).

PRA RULEBOOK: SOLVENCY II FIRMS, NON SOLVENCY II FIRMS, NON-AUTHORISED PERSONS: POLICYHOLDER PROTECTION INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in The Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules) of the Act;
 - (2) section 137T (General supplementary powers) of the Act;
 - (3) section 213 (The compensation scheme) of the Act;
 - (4) section 214 (General) of the Act;
 - (5) section 218A (Regulators power to require information) of the Act.
- B. The rule-making powers referred to above and related provisions 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, Non-Authorised Persons: Policyholder Protection Instrument 2016

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

Commencement

- E. This instrument comes into force on 19 December 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: Solvency II Firms, Non-Solvency II Firms, Non-Authorised Persons: Policyholder Protection Instrument 2016.

By order of the Board of the Prudential Regulation Authority

6 December 2016

Annex

In this Annex, the new text is underlined.

Part

POLICYHOLDER PROTECTION

Chapter content

1. APPLICATION AND DEFINITIONS
2. FSCS
3. QUALIFYING CONDITIONS FOR PAYING COMPENSATION
4. SECURING CONTINUITY OF LONG-TERM INSURANCE COVER
5. RELEVANT PERSONS IN FINANCIAL DIFFICULTIES
6. LIMITS WHEN SECURING CONTINUITY AND TAKING MEASURES IN RELATION TO RELEVANT PERSONS IN FINANCIAL DIFFICULTIES
7. ELIGIBLE CLAIMANTS
8. EXCEPTIONS
9. PROTECTED CLAIMS
10. RELEVANT PERSONS IN DEFAULT
11. SUCCESSORS IN DEFAULT
12. ASSIGNMENT (AUTOMATIC, ELECTRONIC AND IN WRITING)
13. AUTOMATIC SUBROGATION
14. RECOVERIES
15. REJECTION OF APPLICATION FOR, AND WITHDRAWAL OF OFFER OF, COMPENSATION
16. TIME LIMITS ON PAYMENT AND POSTPONING PAYMENT
17. LIMITS ON COMPENSATION PAYABLE
18. PAYMENT OF COMPENSATION
19. CALCULATING COMPENSATION – GENERAL
20. THE COMPENSATION CALCULATION
21. FSCS LEVIES
22. TRANSITIONAL ARRANGEMENTS
23. TRANSITIONAL ARRANGEMENTS FOR FSCS LEVY YEAR 2017/18

Links

Annex

In this Annex, the new text is underlined:

23. TRANSITIONAL ARRANGEMENTS FOR FSCS LEVY YEAR 2017/18

23.1 The rules in this Chapter shall apply to the *FSCS, participant firms* (and, where applicable under 21.26, the *Society*), in respect of the *FSCS 2017/18 financial year* which commences on 1 April 2017 and ends on 31 March 2018, and unless otherwise provided, shall supplement all other Part rules relating to a *participant firm's* (and, where applicable under 21.26, the *Society's*) share of the *compensation costs levy* and *management expenses levy* for the *FSCS 2017/18 financial year*.

23.2 Subject to 23.3 and 23.4, and for the purpose of calculating a *participant firm's* share of the *compensation costs levy* and *management expenses levy* for the *FSCS 2017/18 financial year*:

- (1) subject to 23.2(2), the FSCS shall use the total amount of business (measured in accordance with the appropriate tariff base or tariff bases as specified in Annex 2) of a participant firm which it conducted and provided to the FSCS in its statement in respect of the valuation period which ended in the calendar year to 31 December 2015, and not the calendar year to 31 December prior to commencement of the FSCS 2017/18 financial year and 21.42, 21.43 and 21.44 shall not apply;
- (2) where 21.34 applied in respect of the calculation of a participant firm's specific costs levy and compensation costs levy for the FSCS 2016/17 financial year, which commenced on 1 April 2016 and ends on 31 March 2017, the FSCS shall use the information and tariff base that was used for the purposes of the calculation of the participant firm's specific costs levy and compensation costs levy for the FSCS 2016/17 financial year and accordingly, 21.34 shall not apply to a participant firm which had its permission extended in the FSCS 2016/17 financial year and 21.42, 21.43 and 21.44 shall also not apply; and
- (3) references in 21.32 and 21.38 to "the statement of business most recently supplied under 21.42" shall be replaced by a reference to the tariff data applicable under 23.2(1) or 23.2(2) (as the case may be) and 21.32 and 21.38 shall be construed so as to give effect to the rules in this Chapter.

23.3 For the purpose of calculating a *participant firm's* share of the *compensation costs levy* and *management expenses levy* for the *FSCS 2017/18 financial year*:

- (1) 21.24 shall not apply to the calculation of the levies of a firm (A) for the FSCS 2017/2018 financial year, where A falls within 21.24(1)(a)(i);
- (2) for participant firms who have acquired or disposed of insurance business by way of an insurance business transfer scheme under Part VII of FSMA (or other such transfers under Part VIII of the Friendly Societies Act 1992), during the period referred to in 23.5:
 - (a) on or before 28 February 2017, participant firms must:
 - i. notify the FSCS if they have acquired or disposed of any insurance business by way of an insurance business transfer scheme under Part

VII of FSMA (or other such transfers under Part VIII of the Friendly Societies Act 1992); and

- ii. provide to the FSCS such information as the FSCS may require to establish the extent to which the tariff data referred to in 23.2(1) or 23.2(2) (as the case may be) shall be adjusted in order to reflect any increase or decrease as a result of the acquisition or disposal. The amount of any adjustment shall be based on the tariff data referred to in 23.2(1) or 23.2(2) (as the case may be); and

(b) the tariff data so adjusted under 23.3(2) shall form the basis for the calculation of the *participant firm's* share of the *compensation costs levy* and *management expenses levy* for the FSCS 2017/2018 financial year;

- (3) 21.24 shall continue to apply to the calculation of the levies of a *firm* (A), where A falls within 21.24(1)(a)(ii) and references to the “most recent statement of business under 21.42”, the “most recent information supplied by B under 21.42” and the “statement of business under 21.42” shall be read as references to the relevant *firm's* tariff data referred to in 23.2(1) or 23.2(2) (as the case may be) and 21.24 shall be construed so as to give effect to the rules in this Chapter.

23.4 For *participant firms* that have gone into run-off (referred to in 22.8(3)) during the period stated at 23.5:

- (1) 22.8 applies for the purpose of calculating the *participant firm's* share of the *compensation costs levy* and *management expenses levy* for the FSCS 2017/2018 financial year; and
- (2) the tariff data referred to in 23.2(1) or 23.2(2) (as the case may be) shall be used for the purposes of 22.8; unless, on or before 28 February 2017 a *participant firm* voluntarily submits updated tariff data to reflect the changes to its tariff data referred to in 23.2(1) or 23.2(2) (as the case may be) as a result of run-off.

23.5 The period referred to in this Chapter runs from:

- (1) such date in the 2015 calendar year, that was the last day of the *participant firm's* valuation period for the tariff data that formed the basis for the calculation of a the *participant firm's* share of the *compensation costs levy* and *management expenses levy* for the FSCS financial year commencing on 1 April 2016;
- (2) until 31 December 2016.

23.6 To assist with the formulation of FSCS levies policy for the FSCS financial year commencing on 1 April 2018 and subsequent financial years, *participant firms* will comply with the requests of the PRA or the FSCS for data in respect of their financial years ending in the calendar years to 31 December 2016 and 31 December 2017.

PRA RULEBOOK: FEES (INSURANCE FIRMS TRANSITIONAL RULES) INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (the PRA’s general rules);
 - (2) section 137T (General supplementary powers); and
 - (3) paragraph 31 of Schedule 1ZB (Fees);
- 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: Fees (Insurance Firms Transitional Rules) Instrument 2016

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

Commencement

- E. This instrument comes into force on 19 December 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: Fees (Insurance Firms Transitional Rules) Instrument 2016.

By order of the Board of the Prudential Regulation Authority

6 December 2016

Annex

Amendments to the Fees 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:

...

directive friendly society

means a friendly society that is a UK Solvency II firm.

...

gone into run-off

means that an insurer has acquired the following characteristics:

(1) it has ceased to effect new contracts of insurance;

(2) its permission for effecting contracts of insurance has been cancelled;

(3) its exclusive remaining business is administering its remaining insurance liabilities;

and

(4) if required to do so, it has submitted a run-off plan to the PRA.

...

3 PERIODIC FEES

...

Transitional rules (A3 and A4 fee payers) for the 2017/18 fee year

3.19 The transitional rule at 3.20 applies only to fee payers liable to pay periodic fees in the A3 general insurance fee block or the A4 life insurance fee block. Unless otherwise provided, it supplements all other Part rules relating to the calculation of periodic fees.

3.20 The following shall apply to the calculation of periodic fees for the fee year commencing on 1 March 2017:

(1) Except as provided in 3.20(5)(a), for the purposes of calculating periodic fees payable under 3.3(3) in the fee year commencing on 1 March 2017 the following adjusted tariff base shall be used:

(a) for firms in the general insurance fee block (A3):

(i) if the firm is an insurer, the sum of its annual gross premium income for, and gross technical liabilities at the end of, the firm's financial year which

ended in the calendar year to 31 December 2015 and not the calendar year to 31 December prior to commencement of the *fee year*.

(ii) if the *firm* is a *non-directive friendly society* the value of *contributions as income* receivable in respect of *United Kingdom* business included in its income and expenditure account at the end of the *firm's* financial year which ends in the calendar year to 31 December 2015 and not the calendar year to 31 December prior to commencement of the *fee year*.

(iii) if the *firm* is a *directive friendly society* the value of *gross premiums written* in respect of *UK* business included in its income and expenditure account at the end of the *firm's* financial year which ends in the calendar year to 31 December 2015 and not the calendar year to 31 December prior to commencement of the *fee year*.

and

(b) for *firms* in the *life insurance fee block* (A4), the sum of *adjusted gross premium income* for, and *mathematical reserves for fees purposes* valued at the end of, the *firm's* financial year ending in the calendar year to 31 December 2015 and not the calendar year to 31 December prior to commencement of the *fee year*.

(2) *Firms* subject to this rule must on or before 28 February 2017:

(a) notify the *PRA's collection agent* of any insurance business transfer, either to or from the *firm*, that has taken place using the procedure under Part VII *FSMA* or Part VIII of the *Friendly Societies Act 1992* during the period specified in 3.20(4);

and

(b) provide such information as the *PRA* acting through its *collection agent* may require to establish the extent to which the *tariff data* referred to in 3.20(4) has increased or decreased as a result of the transfer and the amended data so provided will form the basis of the *periodic fees* calculation for the *fee year* commencing on 1 March 2017.

(3) *Firms* may on or before 28 February 2017 voluntarily submit amended *tariff data* to reflect the fact that the *firm* has *gone into run-off* during the period specified in 3.20(4).

(4) The period referred to in 3.20(2) and 3.20(3) is from:

(a) the date in the 2015 calendar year that, under Fees 3.4, was the last day of the *firm's valuation point* for the *tariff data* that would form the basis of *periodic fees* calculations in the *fee year* commencing on 1 March 2016;

to

(b) 31 December 2016.

(5) The following rules relating to *periodic fees* will not apply so long as the transitional rule remains in force:

(a) 3.9 and 3.10. The *periodic fees* calculation based on projected valuations in 3.7 will instead be applied to all *firms* (whether in their *first fee year*, *second fee year* or a subsequent *fee year*) that did not submit, or submitted insufficient, *tariff data* as at the December 2015 *valuation point* to enable 3.20(1) to be given effect, subject to the modification that, for *firms* in their second and subsequent *fee years*, the formula in 3.7(2) is A+B and not (A+B) x C;

and

(b) 3.12.

(6) To assist with the formulation of fees policy for the *fee year* commencing on 1 March 2018 and subsequent *fee years*, *firms* will comply with the requests of the *PRA* or its *collection agent* for *tariff data* in respect of their financial years ending 31 December 2016 and 31 December 2017.

PRA RULEBOOK: SOLVENCY II FIRMS: REPORTING INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in The Financial Services and Markets Act 2000 (“the Act”):
 - (1) section 137G (The PRA’s general rules) of the Act;
 - (2) section 137T (General supplementary powers) of the Act.
- B. The rule-making powers referred to above and related provisions 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: Reporting Instrument 2016

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

Commencement

- E. This instrument comes into force on 19 December 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: Solvency II Firms: Reporting Instrument 2016.

By order of the Board of the Prudential Regulation Authority

16 December 2016

Annex

Amendments to the Reporting Part

In this Annex, the new text is underlined.

Part

REPORTING

Chapter content

...

8. NATIONAL SPECIFIC TEMPLATES

...

8. NATIONAL SPECIFIC TEMPLATES

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](#).