



## **Regulatory references: update**

On 7 October 2015, the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) jointly published consultation paper [CP36/15 \*Strengthening accountability in banking and insurance: regulatory references\*](#), which proposed requirements relating to the content and format of employment references for individuals subject to the Senior Managers and Certification regimes (SM&CR); Senior Insurance Managers Regime (SIMR); key function holders (KFHs) and notified non-executive directors (NEDs) (collectively 'in-scope individuals').

The proposals in CP36/15 covered banks, building societies, credit unions, PRA-designated investment firms, Solvency II and large non-directive insurance firms (NDFs).

CP36/15 closed on 7 December 2015. The PRA and FCA received 30 responses, most of which supported the CP's underlying objective of ensuring that employment references that pass between firms when individuals move roles ('regulatory references') are an effective tool for employers to assure themselves that they are hiring the right people.

However, respondents raised several issues which the PRA wish to consider further before finalising specific rules, including:

- how best to update regulatory references;
- how to obtain regulatory references from certain overseas employers; and
- the timeline for implementation of the full regime.

The PRA and FCA are fully committed to ensuring that the rules are effective and sound in what is a very important area of the new regime. There must be no gaps.

Consequently, the PRA intends to:

- Issue a first tranche of rules in mid-February 2016, which will apply from 7 March 2016.
- Issue as soon as possible with the FCA a second tranche of rules that will cover areas where consultation feedback indicated that there may be possible gaps.

The PRA and FCA are committed to implementing a comprehensive framework for regulatory references. The PRA will consider whether there would be merit on consulting further on these specific issues but will only do so in the event of a major change.

The PRA's mid-February rules will need to be read and applied in conjunction with the FCA's equivalent requirements. It is intended that the regulators' combined rules should provide an appropriate regime for regulatory references which will be supplemented where necessary in order to deal with any potential gaps.

4 February 2016