

PRA RULEBOOK: SOLVENCY II FIRMS: THIRD COUNTRY BRANCHES INSTRUMENT [2026]

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.

PRA Rulebook: Solvency II Firms: Third Country Branches Instrument [2026]

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

Part	Annex
Glossary	A
Reporting	B
Third Country Branches	C

Commencement

- D. This instrument comes into force on [31 December 2026].

Citation

- E. This instrument may be cited as the PRA Rulebook: Solvency II Firms: Third Country Branches Instrument [2026].

By order of the Prudential Regulation Committee

[DATE]

Annex A

Amendments to the Glossary Part

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

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branch scheme of operations

means a scheme containing the information required in Third Country Branches 5.1.

...

Annex B

Amendments to the Reporting Part

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

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2A REPORTING TO THE PRA: REPORTS AND TEMPLATES

...

IV. REPORTING TEMPLATES FOR THIRD COUNTRY BRANCH UNDERTAKINGS

ARTICLE 37: QUARTERLY QUANTITATIVE TEMPLATES FOR THIRD COUNTRY BRANCH UNDERTAKINGS

1. *Third country branch undertakings* must, subject to Article 42B, submit information to the PRA quarterly using the following templates (as applicable) in respect of the operations of ~~the third country branch~~ (other than a ~~third country pure reinsurance branch~~) a third country insurance branch:

...

ARTICLE 38: ANNUAL QUANTITATIVE TEMPLATES FOR THIRD COUNTRY BRANCH UNDERTAKINGS - BASIC INFORMATION AND CONTENT OF SUBMISSION

1. *Third country branch undertakings* must submit information to the PRA annually using the following templates (as applicable) in respect of the operations of ~~the third country branch~~ (other than a ~~third country pure reinsurance branch~~) a third country insurance branch:

...

ARTICLE 39: ANNUAL QUANTITATIVE TEMPLATES FOR THIRD COUNTRY BRANCH UNDERTAKINGS - BALANCE SHEET AND OTHER GENERAL INFORMATION

1. *Third country branch undertakings* must, subject to Article 42B, submit information to the PRA annually using the following templates (as applicable) in respect of the operations of ~~the third country branch~~ (other than a ~~third country pure reinsurance branch~~) a third country insurance branch:

...

ARTICLE 40: ANNUAL QUANTITATIVE TEMPLATES FOR THIRD COUNTRY BRANCH UNDERTAKINGS - BRANCH PROVISIONS INFORMATION

1. *Third country branch undertakings* must, subject to Article 42B, submit information to the PRA annually using the following templates (as applicable) in respect of the operations of ~~the third country branch~~ (other than a ~~third country pure reinsurance branch~~) a third country insurance branch:

...

ARTICLE 41: ANNUAL QUANTITATIVE TEMPLATES FOR THIRD COUNTRY BRANCH UNDERTAKINGS - REINSURANCE AND SPECIAL PURPOSE VEHICLES INFORMATION

1. *Third country branch undertakings* must, subject to Article 42B, submit information to the *PRA* annually using the following templates (as applicable) in respect of the operations of ~~the third country branch (other than a third country pure reinsurance branch)~~ a third country insurance branch:

...

ARTICLE 42: ANNUAL QUANTITATIVE TEMPLATES FOR THIRD COUNTRY BRANCH UNDERTAKINGS - RING-FENCED FUNDS, MATCHING ADJUSTMENT PORTFOLIOS AND REMAINING PART INFORMATION

1. *Third country branch undertakings* must, subject to Article 42B, submit information in relation to each ring-fenced fund, each *matching adjustment portfolio* and the remaining part to the *PRA* annually using the following templates (as applicable) in respect of the operations of ~~the third country branch (other than a third country pure reinsurance branch)~~ a third country insurance branch:

...

ARTICLE 42A: ANNUAL TEMPLATES FOR THIRD COUNTRY BRANCH UNDERTAKINGS - MATCHING ADJUSTMENT ASSET AND LIABILITY INFORMATION

Third country branch undertakings with a *matching adjustment permission* must submit to the *PRA* annually templates MALIR 1 - MALIR 7 of Chapter 9, setting out, in respect of the operations of each ~~third country branch (other than a third country pure reinsurance branch)~~ third country insurance branch, portfolio metrics and detailed information on the assets and liabilities held in their *matching adjustment portfolios* in accordance with the instructions set out in section MALIR of Chapter 10.

ARTICLE 42B: QUARTERLY AND ANNUAL TEMPLATES FOR THIRD COUNTRY BRANCH UNDERTAKINGS - REPORTING EXEMPTIONS

1. *Third country branch undertakings* are not required to submit information to the *PRA* using the templates described in paragraph 4 of this Article in respect of the operations of a *third country insurance branch* in relation to a financial year if:
- (a) the *third country insurance branch* has been established for at least two full financial years; and
 - (b) information submitted to the *PRA* under this Part in relation to the previous financial year demonstrates that:
 - (i) the *third country branch undertaking* established an amount of less than £2 billion for the provisions referred to in Third Country Branches 6.1 as at the end of that previous financial year; and
 - (ii) the *third country branch undertaking's gross written premiums* in respect of the operations of the *third country insurance branch* were less than £1 billion in that previous financial year.

2. Third country branch undertakings are not required to submit information to the *PRA* using the templates described in paragraph 4 of this Article in relation to:
- (a) the first financial year of operations of a *third country insurance branch*; or
 - (b) where the *third country insurance branch* was not established until after the start of that first financial year, the second financial year of operations of the *third country insurance branch*
- provided that (in either case) the requirements of paragraph 3 of this Article are met.
3. The requirements of this paragraph are that the *branch scheme of operations* sets out in relation to the first full financial year of operations of the *third country insurance branch*:
- (a) an estimate of less than £2 billion for the provisions referred to in Third Country Branches 6.1 detailed in the forecast balance sheet; and
 - (b) an estimate of less than £1 billion for:
 - (i) *premiums* or contributions under any *contract of insurance* for *general insurance business*; and
 - (ii) income in respect of direct business and *reinsurance* acceptances for *long-term insurance business*.
4. The templates described in this paragraph are those referred to in:
- (a) paragraph 1 of Article 37;
 - (b) point (c) of paragraph 1 of Article 39;
 - (c) points (b), (e), (g), (h) and (k) of paragraph 1 of Article 40;
 - (d) points (a) and (b) of paragraph 1 of Article 41; and
 - (e) point (b) of paragraph 1 of Article 42.

Annex C

Amendments to the Third Country Branches Part

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

1 APPLICATION AND DEFINITIONS

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1.2 In this Part, the following definitions shall apply:

branch assets

means, in respect of a *third country branch*, the assets that the *third country branch undertaking* has allocated to the operations of that *third country branch*.

~~branch scheme of operations~~

~~means a scheme containing the information required in 5.1.~~

...

location of the claim

means, in respect of *third country insurance branch obligations*, the location of:

- (1) the policyholder;
- (2) the insured risk; or
- (3) the place where the contract was signed with the *third country branch undertaking* (including whether the business was transacted through the *third country branch* or the head office of the *third country branch undertaking*).

preferred claims

means the following categories of claim:

- (1) claims by employees arising from employment contracts and employment relationships (including in respect of contributions to occupational pension schemes);
- (2) claims by public bodies on taxes;
- (3) claims by social security systems; and
- (4) claims on assets subject to rights in rem.

third country branch insurance obligations

means the insurance (but not *reinsurance*) obligations assumed by a *third country branch*.

2 ACCOUNTING AND OTHER RECORDS IN THE UK

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2.2 A *third country branch undertaking* must maintain records including the following information:

- (1) the location of all *branch assets*; and
- (2) sufficient information to enable any *person* charged with the winding up of the *third country branch undertaking* or *third country branch* to take control of those *branch assets*.

2.3 A *third country branch undertaking* must produce and keep management accounts relating to the whole balance sheet of the *third country branch*, including:

- (a) all *branch assets* that are available for the purposes of 6.1H;
- (b) any other *branch assets*; and
- (c) all liabilities in respect of the *third country branch's* operations.

3 LOCALISATION AND DEPOSIT OF ASSETS

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3.1A The requirements in 3.3 and 3.4 do not apply to a *third country branch undertaking* that has a *third country pure reinsurance branch*.

...

3.3 ~~A *third country branch undertaking* (except a *third country branch undertaking* that has a *third country pure reinsurance branch*)~~ must hold on deposit as security in the UK with a CRD credit institution assets of an amount equal to at least:

...

3.4 A *third country branch undertaking* must ensure that the assets held on deposit as security in accordance with 3.3 are of low volatility and are not subject to significant fluctuations in price or value as a result of changing market conditions.

...

6 PROVISIONS FOR INSURANCE AND REINSURANCE OBLIGATIONS

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6.1D The *branch best estimate* must be calculated in accordance with:

- (1) Technical Provisions 3;
- (2) Technical Provisions 5 ~~and 8~~;
- (3) the Matching Adjustment Part;
- (4) Technical Provisions – Further Requirements 6 to 9 (other than 7.2);
- (5) Technical Provisions – Further Requirements 13 to 21; and
- (6) Technical Provisions – Further Requirements 25,

where a reference to '*best estimate*' is to be interpreted as *branch best estimate* and a reference to '*technical provisions*' is to be interpreted as the provisions referred to in 6.1.

...

6.1G A *third country branch undertaking* must hold *branch assets* in respect of the provisions referred to in 6.1.

6.1H In addition to complying with 6.1G, a *third country branch undertaking* must, in respect of any *third country branch insurance obligations*, hold *branch assets* that are available, as set out in 6.1I.

6.1I Subject to 6.1J, a *branch asset* is only available for the purposes of 6.1H if, in the event of a winding up of the *third country branch undertaking* or *third country branch*, as the case may be:

- (1) either:
 - (a) all of the *third country branch undertaking's* assets are available to meet its insurance obligations (including its *third country branch insurance obligations*) in priority to other creditors (other than creditors with *preferred claims*); or

(b) it is an asset representing 'technical provisions' (or the equivalent concept) and is available to meet the insurance obligations of the *third country branch undertaking* (including its *third country branch insurance obligations*) in priority to any other creditors

and, in either case, distribution of the asset would be made on a basis that does not differentiate according to the *location of the claim*; or

(2) it is an asset that the *third country branch undertaking* has made exclusively available to meet its *third country branch insurance obligations*.

6.1J An asset is not prevented from being available for the purposes of 6.1I(1) if the whole or part of the expenses arising from the applicable winding up procedure would take priority over insurance obligations.

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8 INVESTMENTS

8.1 A *third country branch undertaking* that has a *third country insurance branch* must fulfil the requirements laid down in the Investments Part of the ~~PRA Rulebook~~, as modified by 8.2 and 8.3.

...

8.3 A *third country branch undertaking* must fulfil the requirements in the Investments Part of the ~~PRA Rulebook~~ comply with 8.1 taking account only of the operations effected by the ~~*third country branch*~~ *third country insurance branch*.

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