

PRA RULEBOOK: CRR FIRMS, NON CRR FIRMS, SOLVENCY II FIRMS AND NON SOLVENCY II FIRMS: SENIOR MANAGERS REGIME AND SENIOR INSURANCE MANAGERS REGIME (AMENDMENT) (NO 2) INSTRUMENT 2018

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 60 (Applications for approval);
 - (2) section 60A (Vetting of candidates by authorised persons);
 - (3) section 61 (Determination of applications);
 - (4) section 63F (Issuing of certificates);
 - (5) section 64A (Rules of conduct);
 - (6) section 137G (The PRA’s general rules); and
 - (7) section 137T (General supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

Pre-conditions to making

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

PRA Rulebook: CRR Firms, Non CRR Firms, Solvency II Firms and Non Solvency II Firms: Senior Managers Regime and Senior Insurance Managers Regime (Amendment) (No 2) Instrument 2018

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

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Commencement

- E. Annexes G, M and T of this instrument come into force on 10 December 2019.
- F. All other Annexes come into force on 10 December 2018, immediately after the PRA Rulebook: CRR Firms, Non-CRR Firms, Solvency II Firms and Non Solvency II Firms: Senior Managers Regime and Senior Insurance Managers Regime (Amendment) (No 1) Instrument 2018 comes into force.

Citation

- G. This instrument may be cited as the PRA Rulebook: CRR Firms, Non CRR Firms, Solvency II Firms and Non Solvency II Firms: Senior Managers Regime and Senior Insurance Managers Regime (Amendment) (No 2) Instrument 2018.

By order of the Prudential Regulation Committee

17 October 2018

Annex A

Amendments to the Allocation of Responsibilities Part

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

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part the following definitions shall apply:

certification regime

~~means the requirements of the regulatory system which apply to relevant authorised persons insofar as they relate to persons performing certification functions including those set out in Certification and Fitness and Propriety and the corresponding FCA requirements in SYSC 5.2 and FIT of the FCA Handbook.~~

...

FCA Chair of nomination committee function

means an *FCA controlled function* specified in ~~SUP 10C.5.2R~~ SUP 10C.5A.3R of the *FCA Handbook*.

...

FCA responsibilities

~~means any of:~~

- ~~(1) the functions set out in SYSC 4.7.7R (Table of senior management responsibilities) of the FCA Handbook;~~
- ~~(2) the responsibilities allocated under SYSC 4.7.8R of the FCA Handbook;~~
- ~~(3) the functions set out in SYSC 4.8.9R (Table: the FCA prescribed senior management responsibilities for third country relevant authorised persons) of the FCA Handbook;~~ and
- ~~(4) the responsibilities allocated under SYSC 4.8.10R of the FCA Handbook.~~

...

management responsibilities map

has the meaning given in ~~€7~~.

...

4 PRESCRIBED RESPONSIBILITIES

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

- (1) responsibility for the *firm's* performance of its obligations under the *senior management regime* (PR A);
- (2) responsibility for the *firm's* performance of its obligations under the *certification regime* (PR B);
- (3) responsibility for compliance with the *firm's* obligations in relation to its *management responsibilities map* (PR C);
- (4) responsibility for the *firm's* performance of its obligations under Fitness and Propriety in respect of its *notified non-executive directors* (PR U);

- (5) responsibility for monitoring effective implementation of policies and procedures for the induction, training and professional development of *senior management*, other than members of the *governing body* (PR G);
- (6) responsibility for overseeing the adoption of the *firm's* culture in the day-to-day management of the *firm* (PR H);
- (7) responsibility for managing the allocation and maintenance of the *firm's* capital, funding and liquidity (PR O);
- (8) responsibility for the *firm's* treasury management functions (PR P);
- (9) responsibility for the production and integrity of the *firm's* financial information and its regulatory reporting under the *regulatory system* (PR Q);
- (10) responsibility for developing and managing the *firm's recovery plan* and *resolution pack* and for overseeing the internal processes regarding their governance (PR R);
- (11) responsibility for managing the *firm's* internal stress-tests and ensuring the accuracy and timeliness of information provided to the *PRA* and other regulatory bodies for the purpose of stress-testing (PR S);
- (12) responsibility for the development and maintenance of the *firm's* business model by the *governing body* (PR T);
- (13) responsibility for leading the development and monitoring effective implementation of policies and procedures for the induction, training and professional development of all member of the *firm's governing body* (PR F);
- (14) responsibility for leading the development of the *firm's* culture by the *governing body* as a whole (PR I);
- (15) responsibility for safeguarding the independence of, and overseeing the performance of, the internal audit function, including the performance of a *person* approved to perform the *Head of Internal Audit function* on behalf of the *firm*, in accordance with Compliance and Internal Audit 3 (PR J) ;
- (16) responsibility for safeguarding the independence of, and overseeing the performance of, the compliance function, including the performance of a *person* approved by the *FCA* to perform the *compliance oversight function* on behalf of the *firm*, in accordance with Compliance and Internal Audit 2 (PR K);
- (17) responsibility for safeguarding the independence of , and overseeing the performance of, the risk function, including the performance of a *person* approved to perform the *Chief Risk function* on behalf of the *firm*, in accordance with Risk Control 3.4 and 3.5 (PR L);
- (18) responsibility for overseeing the development of, and implementation of the *firm's* remuneration policies and practices in accordance with Remuneration (PR M);
- (19) responsibility for the independence, autonomy and effectiveness of the *firm's* policies and procedures on whistleblowing, including the procedures for protection of staff who raise concerns from detrimental treatment (PR N);
- (20) responsibility for the allocation of all *prescribed responsibilities* in accordance with 3.1 (PR E);
- (21) responsibility for the *firm's* performance of its obligations under Outsourcing (PR X).

4.2 Each of the responsibilities set out in this rule is a *prescribed responsibility* in the circumstances specified:

- (1) if the ~~firm~~ *firm* carries out *proprietary trading*, responsibility for the *firm's proprietary trading activities* (PR V);
- (2) if the *firm* does not have a *person* who performs the *Chief Risk function*, responsibility for the compliance of the ~~firm's~~ *firm's* risk management systems, policies and procedures with the requirements of Risk Control 2.1 to 2.4 (PR W);
- (3) if the *firm* outsources its internal audit function, responsibility for taking reasonable steps to ensure that every *person* involved in the performance of that function is independent from the *persons* who perform external audit, including:
 - (a) supervision and management of the work of outsourced internal auditors; and
 - (b) management of potential conflicts of interest between the provision of external audit and internal audit services (PR J1);
- (4) if the *firm* is a *ring-fenced body*, responsibility for ensuring that those aspects of the *firm's* affairs for which a ~~person~~ *person* is responsible for managing are in compliance with the *ring-fencing obligations* (PR Y).

5 PRESCRIBED RESPONSIBILITIES: SMALL FIRMS

...

5.2 Each of the responsibilities listed in this rule is a *small firm prescribed responsibility*.

- ...
- (2) responsibility for allocation of all *small firm prescribed responsibilities* in accordance with 3.3(1) or (2), as the case may be (PR E);
- (3) responsibility for implementing and managing the *firm's* risk management policies and procedures (PR AA);
- (4) responsibility for managing the systems and controls of the *firm* (PR BB);
- (5) responsibility for managing the *firm's* financial resources (PR CC);
- (6) responsibility for ensuring the *governing body* is informed of its legal and regulatory obligations (PR DD).

6 PRESCRIBED RESPONSIBILITIES: UK BRANCHES

...

6.2 Each of the responsibilities set out in this rule is a *UK branch prescribed responsibility*:

- (1) responsibility for the *firm's* performance of its obligations under the *senior management regime*, including implementation and oversight (PR A);
- (2) responsibility for the *firm's* performance of its obligations under the *certification regime* (PR B);
- (3) responsibility for compliance with the *firm's* obligations in relation to its *management responsibilities map* (PR C);
- (4) responsibility for management of the *firm's* risk management processes in the ~~UK~~ *UK* (PR AA);
- (5) responsibility for the *firm's* compliance with the *UK regulatory system* applicable to the *firm* (PR FF);
- (6) responsibility for the escalation of correspondence from the *PRA, FCA* and other ~~regulators~~ *regulators* in respect of the *firm* to the *governing body* and/or the

management body of the *firm*, or, where appropriate, of the *parent undertaking* or *holding company* of the *firm's group* (PR EE);

- (7) responsibility for management of the *firm's* systems and controls in the ~~UK~~UK (PR BB);
- (8) responsibility for the allocation of all *UK branch prescribed responsibilities* in accordance with 3.5 (PR E);
- (9) responsibility for management of the *firm's* liquidity or, where a liquidity waiver is in place, the submission of information to the *PRA* on the *firm's* liquidity position (PR HH);
- (10) responsibility for the production and integrity of the *firm's* financial information and its regulatory reporting in respect of its *regulated activities* (PR Q);
- (11) responsibility for the *firm's* performance of its obligations under Internal Governance of Third Country Branches 7 (PR X1).

...

Annex B

Amendments to the Senior Management Functions Part

In this Annex deleted text is struck through.

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

FCA governing function

~~means a controlled function specified by the FCA in SUP 10C.5 of the FCA Handbook.~~

...

Annex C

Amendments to the Insurance General Application Part

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

...

2 UK SOLVENCY II FIRM

...

2.2 The conditions referred to in 2.1(1) are, subject to the exclusions in 2.3 to 2.6:

...

- (4) if the firm is a Solvency I firm, ~~that it~~ is not excluded pursuant to 2.6;
- (5) if the firm is a non-Solvency I firm, ~~that it~~ is not excluded pursuant to:
 - (a) 2.3 on the *Solvency II implementation date*; or
 - (b) 2.6;

...

Annex D

Amendments to the Actuaries Part

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

1 APPLICATION AND DEFINITIONS

...

1.3 In this Part, the following definitions shall apply:

Chief Executive function

has the meaning given in Insurance – Senior Management Functions 3.1~~means the *PRA-controlled function* CF3 in the table of *PRA-controlled functions* in SUP 10B.4.3 R of the *PRA Handbook*, described more fully in SUP 10B.6.7 R of the *PRA Handbook*.~~

With-Profits Actuary function

has the meaning given in Insurance – Senior Management Functions 8.2~~means the *PRA-controlled function* CF12A in the table of *PRA-controlled functions*, described more fully in SUP 10B.8.2 R of the *PRA Handbook* and Actuaries 5.1.~~

...

Annex E

Amendments to the Group Supervision Part

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

...

17 RISK MANAGEMENT AND INTERNAL CONTROL

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

~~(1) grandfathering key function holder~~

~~means a key function holder at the level of the group who is seeking continuing approval in relation to a PRA-authorised person in that group.~~

~~(2) new SIMF applicant~~

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

~~(3) transitional key function holder~~

~~means a person who is a key function holder at the level of the group as at the commencement date.~~

~~(4) transitional notified non-executive director~~

~~means a key function holder at the level of the group who, in relation to a PRA-authorised person in that group, is approved to perform controlled function CF2 or CF5 on 6 March 2016 and who will be a notified non-executive director at that PRA-authorised person on the commencement date.~~

Annex F

Amendments to the Insurance – Allocation of Responsibilities Part

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

...

2 ALLOCATION OF RESPONSIBILITIES

...

- 2.5 A UK ISPV must allocate each of the *prescribed responsibilities* set out in 3.1(4A)(A1) to 3.1(4C)(A3) to one or more *persons* who, in relation to that *firm*, are approved under section 59 of FSMA by:

...

3 PRESCRIBED RESPONSIBILITIES

- 3.1 Each of the responsibilities set out in this rule is a *prescribed responsibility*:
- (A1) responsibility for the *firm's* performance of its obligations under the *senior management regime* (PR A);
 - (A2) responsibility for the *firm's* performance of its obligations under the *certification regime* (PR B);
 - (A3) responsibility for compliance with the *firm's* obligations in relation to its *management responsibilities map* (PR C);
 - (1) responsibility for ensuring that the *firm* has complied with its obligations in Insurance - Fitness and Propriety to:
 - (a) ensure that every *person* who performs a *key function* but does not also perform a *PRA senior management function* or a *certification function* is a fit and proper *person*; and
 - (b) provide and obtain regulatory references (PR U);
 - (2) responsibility for leading the development of the *firm's* culture by the *governing body* as a whole (PR I);
 - (3) responsibility for overseeing the adoption of the *firm's* culture in the day-to-day management of the *firm* (PR H);
 - (4) responsibility for the production and integrity of the *firm's* financial information and its regulatory reporting (PR Q);
 - (5) responsibility for management of the allocation and maintenance of the *firm's*:
 - (a) capital; and
 - (b) liquidity (PR O);
 - (6) responsibility for the development and maintenance of the *firm's* business model by the *governing body* (PR T);
 - (7) responsibility for performance of the *firm's* ORSA (PR T2);
 - (8) responsibility for leading the development and monitoring effective implementation of policies and procedures for the induction, training and professional development of all members of the *firm's* *governing body* (PR F);

- (9) responsibility for monitoring effective implementation of policies and procedures for the induction, training and development of all of the *firm's key function holders* (other than members of the *firm's governing body*) (PR G);
 - (10) responsibility for oversight of the independence, autonomy and effectiveness of the *firm's* policies and procedures on whistleblowing including the procedures for protection of staff who raise concerns from detrimental treatment (PR N);
 - (11) responsibility for overseeing the development and implementation of the *firm's* remuneration policies and practices (PR M);
 - (12) responsibility for the *firm's* performance of its obligations in respect of outsourced operational functions and activities under Conditions Governing Business 7 (PR X).
- 3.2 Each of the following responsibilities is a *prescribed responsibility* in respect of a *small run-off firm*:
- (1) responsibility for providing the *governing body* with an up-to-date business plan and all relevant management information (PR T1);
 - (2) responsibility for managing the *small run-off firm's* financial resources (PR CC);
 - (3) responsibility for ensuring the *governing body* is kept informed of its legal and regulatory obligations (PR DD);
 - (4) responsibility for the oversight of systems and controls, along with risk management policies and procedures, that are proportionate to the nature, scale, and complexity of the risks inherent in the *small run-off firm's* business model (PR GG).
- 3.3 The responsibility set out in rule 3.3(1) is a *prescribed responsibility* in the circumstances specified:
- (1) if a *firm* is not significant and outsources its internal audit *function* to an external third party service provider (that is, a service provider outside the *firm* or the *firm's group*), responsibility for providing for an effective internal audit *function* in accordance with Conditions Governing Business 5 and for overseeing the performance of the internal audit *function* (PR J2).

3A PRESCRIBED RESPONSIBILITIES: UK BRANCHES

...

- 3A.2 Each of these responsibilities is a *third country branch prescribed responsibility*:
- (1) responsibility for management of the *firm's* risk management processes in the *UK* (PR AA);
 - (2) responsibility for the *firm's* compliance with the *UK regulatory system* applicable to the *firm* (PR FF);
 - (3) responsibility for the escalation of correspondence from the *PRA, FCA* and other regulators in respect of the *firm* to each of the *governing body* or the *management body* of the *firm* and, as appropriate, the *firm's parent undertaking* and the ultimate *parent undertaking* of the *firm's group* (PR EE); and
 - (4) responsibility for management of the *firm's* systems and controls in the *UK* (PR BB).

...

Annex G

Amendments to the Insurance – Fitness and Propriety Part

In this Annex new text is underlined.

6 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

...

6.5 The requirement to obtain *regulatory references* in accordance with 2.5 does not apply to a *firm* in respect of any *person* to the extent that:

(1) the *firm* is deciding whether the *person* is fit and proper for the purpose of issuing a *certificate to perform a certification function*; and

(2) immediately prior to 10 December 2019 the *person* performed the same *certification function* for the *firm*.

6.6 Item (F) in the *regulatory reference template* does not require disclosure of *disciplinary action* that took place in respect of a *certification employee* (other than a *key function holder*) prior to 10 December 2019 if the *firm's* records do not show whether the conduct that was subject to *disciplinary action* amounted to a breach of the *individual conduct requirements* referred to in item (F) in the *regulatory reference template*.

Annex H

Amendments to the Insurance – Senior Management Functions Part

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

1 APPLICATION AND DEFINITIONS

....

1.2 In this Part, the following definitions shall apply:

....

~~FCA activities~~

~~means a function which would, except for SUP10A.11.12R of the FCA Handbook, be an FCA governing function.~~

....

2 GENERAL

....

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

....

(c) ~~the firm made an FCA activities notification~~the notification required by SUP10A.11.12 R (4) of the *FCA Handbook*; and

....

2.6A If a PRA approved person:

(1) (other than in the circumstances set out in 2.5 or 2.6) performs one or more FCA responsibilities;

(2) ceases to perform any PRA senior management function; and

(3) does not have an FCA approval to perform an FCA controlled function in relation to that firm,

the functions in (1) will continue to be part of the PRA senior management function that the person most recently performed for that firm until the earlier of:

(a) approval by the FCA in respect of the performance by that person of an FCA controlled function in relation to the firm; or

(b) three months from the time that the person ceased to perform that PRA senior management function.

...

Annex I

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

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

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

candidate

means a ~~person~~ in respect of whom a ~~firm~~ has made a ~~pending application~~.

...

continued approval

means approval to perform a PRA senior insurance management function under section 59 of *FSMA*, granted pursuant to a ~~grandfathering notification~~ conversion notification.

...

equivalent function

means a ~~senior insurance management function~~ or an ~~FCA function~~ that, in either case, is specified in 6 as equivalent, for the purposes of articles 2(3)(b) and 11(c) of the ~~Transitional Order~~, to a ~~pre-implementation controlled function~~.

...

FCA controlled function

means a ~~controlled function~~ specified by the ~~FCA~~ under section 59 of *FSMA*.

FCA function

means any of the functions specified in column 3 (FCA controlled functions) of the table set out in 6.

grandfathering notification

means a ~~notice~~ required to be sent to the ~~PRA~~ under article 2(1) or 11(b) of the ~~Transitional Order~~, including any update to such a notice.

pending application

means an application for approval under section 60 of *FSMA* which:

- (1) ~~has been received by the FCA or PRA from the firm on or before the commencement date, and~~
- (2) ~~has not been determined or withdrawn.~~

pre-implementation controlled function

means ~~any of the controlled functions~~ listed in column 1 of the table in 6.

...

senior insurance management function

means a function specified as a *controlled function* in Insurance – Senior Insurance Management Functions 2 in relation to the carrying on of a *regulated activity* by a *firm*.

Transitional Order

means the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015 (SI 2015/492).

2 GENERAL

- 2.1 ~~[Deleted.]The PRA directs that a firm must make a grandfathering notification using Form K before 8 February 2016.~~
- 2.2 ~~[Deleted.]The PRA directs that the notice required by article 6(1) of the Transitional Order must be provided to the PRA using Form K.~~
- 2.3 ~~[Deleted.]The PRA directs that the notice required by article 11(b) of the Transitional Order in respect of a candidate for whom continued approval is sought must be provided to the PRA in Form K as part of a grandfathering notification.~~

3 GRANDFATHERING NOTIFICATION REQUIREMENTS

- 3.1 ~~[Deleted.]Where a grandfathering notification is required pursuant to 2.1, a firm must ensure that it sets out the following details in respect of each approved person or candidate:~~
- ~~(1) each of the pre-implementation controlled functions for which the person is approved, or (in the case of a candidate) has a pending application, in relation to the firm;~~
 - ~~(2) each senior insurance management function to be performed by the person on and after the commencement date in relation to the firm; and~~
 - ~~(3) each FCA function (if any) to be performed by the person on and after the commencement date in relation to the firm.~~
- 3.2 ~~[Deleted.]The PRA directs that a firm must not specify in a grandfathering notification a senior insurance management function or FCA function for a person which is not an equivalent function in the table in 6 or the table in SUP TP 7.2.3R in the FCA Handbook in relation to:~~
- ~~(1) (for an approved person) any pre-implementation controlled functions for which the person has approval in relation to the firm; or~~
 - ~~(2) (for a candidate) any pre-implementation controlled functions in respect of which there is a pending application.~~
- 3.3 ~~[Deleted.]The PRA directs that a firm must list in the grandfathering notification each approved person or candidate who, on the commencement date, will be acting in the capacity of a non-executive director but who will not be performing a senior insurance management function or FCA function.~~

4 PROCEDURE FOR MAKING GRANDFATHERING NOTIFICATIONS

- 4.1 ~~[Deleted.]The PRA directs that, save as required by 4.2 and 8.2, a firm must make any applications, notifications or submissions required by this Part using the ONA system.~~
- 4.2 ~~[Deleted.]If, under any direction or rule in this Part:~~
- ~~(1) a firm is required to make an application, notification or submission online; and~~

~~(2) the information technology systems used by the PRA fail and online submission is unavailable for 24 hours or more,~~

~~until such time as facilities for online submission are restored a firm may submit the specified form in accordance with Notifications 7.~~

5 WITHDRAWING OR UPDATING A GRANDFATHERING NOTIFICATION

5.1 ~~[Deleted.]The PRA directs that if, before the commencement date, there has been a significant change to the matters covered by the grandfathering notification, the firm must provide a revised version of it to the PRA.~~

6 TABLE OF EQUIVALENT FUNCTIONS FOR GRANDFATHERING CONVERSION

6.1 ~~[Deleted.]The senior insurance management functions set out in column 2 of the table are specified as equivalent functions, in each case in relation to the pre-implementation controlled functions set out in the corresponding row in column 1 of the table below.~~

6.2 ~~[Deleted.]The FCA functions set out in column 3 of the table are specified as equivalent functions, in each case in relation to the pre-implementation controlled functions set out in the corresponding row of column 1 of the table below.~~

Column 1	Column 2	Column 3
PRA or FCA Controlled Function	PRA Senior Insurance Management Function	FCA Function
All firms apart from third country branch undertakings and UK ISPVs		
Director (CF1)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5) Group Entity Senior Insurance Manager function (SIMF7) Chief Actuary function (SIMF20) Chief Underwriting Officer function (SIMF22) Underwriting Risk Oversight function (SIMF23)	FCA Director function (CF1) (see Note)
Non-executive director (CF2)	Group Entity Senior Insurance Manager function (SIMF7) Chairman function (SIMF9) Chair of the Risk Committee function (SIMF10) Chair of the Audit Committee function (SIMF11) Chair of the Remuneration Committee function (SIMF12) Senior Independent Director function (SIMF14)	Chair of the Nomination Committee function (CF2a) Chair of the With-Profits Committee function (CF2b) (see Note)
Chief executive (CF3)	Chief Executive function (SIMF1)	-
Director of unincorporated association (CF5)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5) Group Entity Senior Insurance Manager function (SIMF7)	FCA Director of an unincorporated association function (CF5) Chair of the Nomination Committee function (CF2a) Chair of the With-Profits committee function (CF2b)

	Chief Actuary function (SIMF20) Chief Underwriting Officer function (SIMF22) Chairman function (SIMF9) Chair of the Risk Committee function (SIMF10) Chair of the Audit Committee function (SIMF11) Chair of the Remuneration Committee function (SIMF12) Senior Independent Director function (SIMF14)	(See Note)
Actuary (CF12)	Chief Actuary function (SIMF20)	-
With-Profits Actuary (CF12A)	With-Profits Actuary function (SIMF21)	-
Lloyd's Actuary (CF12B)	Chief Actuary function (SIMF20) Underwriting Risk Oversight function (SIMF23)	-
Systems and Controls (CF28)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5)	-
Significant management (CF29)	Group Entity Senior Insurance Manager function (SIMF7) Chief Actuary function (SIMF20) (general insurance firms only) Chief Underwriting Officer function (SIMF22) Underwriting Risk Oversight function (SIMF23)	-

UK ISPVs

PRA or FCA Controlled Function	PRA Senior Insurance Management Function	FCA Function
Director (CF1)	Chief Finance function (SIMF2) Chief Actuary function (SIMF20) Group Entity Senior Insurance Manager function (SIMF7)	FCA Director function (CF1) (see Note)
Non-executive director (CF2)	Chairman function (SIMF9)	Chair of the Nomination Committee function (CF2a) Chair of the With-Profits Committee function (CF2b) (see Note)
Chief executive (CF3)	Chief Executive function (SIMF1)	-
Actuary (CF12)	Chief Actuary function (SIMF20)	-
Systems and Controls (CF28)	Chief Finance function (SIMF2)	FCA Systems and Controls function (CF28) (see Note)
Significant management (CF29)	Group Entity Senior Insurance Manager function (SIMF7) Chief Actuary function (SIMF20) (general insurance firms only)	-

Third country branch undertakings

PRA or FCA Controlled Function	PRA Senior Insurance Management Function	FCA Function
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Director (CF1)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5) Group Entity Senior Manager (SIMF7) Head of Third Country Branch function (SIMF19) Chief Actuary function (SIMF20) Chief Underwriting Officer function (SIMF22)	FCA Director function (CF1) (see Note)
Non-executive director (CF2)	Group Entity Senior Manager (SIMF7) Chairman function (SIMF 9) Senior Independent Director function (SIMF 14) Chair of the Risk Committee function (SIMF 10) Chair of the Audit Committee function (SIMF 11) Chair of the Remuneration Committee function (SIMF 12)	-
Chief executive (CF3)	Head of Third Country Branch function (SIMF19)	-
Actuarial (CF 12)	Chief Actuary function (SIMF20)	Actuarial conduct function (third country) (CF 51) (conduct perspective only)
With-profits actuary (CF12A)	With-Profits Actuary function (SIMF21)	-
Systems and controls (CF28)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5)	FCA Systems and Controls function (CF28) (see Note)
FCA Significant management (CF 29)	Chief Underwriting Officer function (SIMF22) Group Entity Senior Insurance Manager function (SIMF7)	-

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

6.3

- (1) If, in relation to a *firm*, a PRA senior insurance-management function holder with *continued approval* also performs *FCA activities* on and from the *commencement date*, performance of the PRA senior insurance-management function will include the performance of those *FCA activities* provided that the *firm* has included details of the *FCA activities* in a *scope of responsibilities form* for that PRA senior insurance-management function holder which is provided to the *PRA* by 7 September 2016 in accordance with Key Function Holder – Notifications 6.3.
- (2) If, in relation to a *firm*, a PRA senior insurance-management function holder with *continued approval* has been performing *FCA activities* in the circumstances set out in (1), and that *person*:
 - (a) ceases to perform the PRA senior insurance-management function;
 - (b) within three *months* of ceasing performance, is approved to perform a new PRA senior insurance-management function at the *firm*; and

- (c) continues to perform the *FCA activities*,
- performance of the new *PRA senior insurance-management function* will include the performance of those *FCA activities*, provided:
- (d) the *PRA*'s approval to perform that ~~*PRA's PRA senior management function*~~ continues in force;
- (e) the *firm* makes the notification required by ~~SUP10A.11.12 R (4)~~ SUP 10C.9.8R(4) of the *FCA Handbook*; and
- (f) that *person* performs and is continuing to perform the *FCA activities*.
- 6.4 If a *PRA senior insurance-management function holder* to whom 6.3 applies ceases to perform a *PRA senior insurance-management function* but continues to perform the *FCA activities*, 6.3(1) will continue to apply in respect of the performance of the *FCA activities* until the earlier of:
- ...
- (2) three months from the time that the *person* ceased to perform that *PRA senior insurance management function*.
- 6.5 ~~[Deleted.]The PRA directs that a firm must not specify in the grandfathering notification that any person shall perform any combination of senior insurance management functions which is prohibited by any other provision of the PRA Rulebook or the FCA Handbook.~~

7 FORMS

- 7.1 ~~[Deleted.]The grandfathering notification form, Form K, may be found here.~~

8 TRANSITIONAL ARRANGEMENTS FOR NEW SENIOR INSURANCE MANAGEMENT FUNCTIONS

- 8.1 ~~[Deleted.]This Chapter applies only before the commencement date.~~
- 8.2 ~~[Deleted.]Where an approved person or a candidate is intended to perform a senior insurance management function with effect from the commencement date but:~~
- (1) ~~in the case of an approved person, is not prior to the commencement date approved; or~~
- (2) ~~in the case of a candidate, is not to be approved~~
- ~~to perform a controlled function that is equivalent to the proposed senior insurance management function in accordance with 6, the PRA directs that the firm must not submit a grandfathering notification in respect of that approved person or candidate (as the case may be) but must instead submit a senior insurance management approval application for the proposed senior insurance management function in accordance with Key Function Holder – Notifications 6.4.~~
- ...

Annex J

Amendments to the Key Function Holder - Notifications Part

In this Annex deleted text is struck through.

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

~~commencement date~~

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

~~continuing approval~~

has the meaning given in the *Transitional Order*.

~~grandfathering key function holder~~

means, in relation to a *firm*, a *key function holder* who is seeking ~~continuing approval~~.

~~grandfathering notification~~

has the meaning given in Senior Insurance Managers Regime—Transitional Provisions

...

~~new SMF applicant~~

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

~~notified non-executive director~~

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

~~transitional key function holder~~

means, in relation to a *firm*, a person who is a *key function holder* as at 1 January 2016

~~transitional notified non-executive director~~

means, in relation to a *firm*, a person who is approved to perform *controlled function* CF2 or CF5 on 6 March 2016 and who will be a *notified non-executive director* at that *firm* on the ~~commencement date~~.

~~Transitional Order~~

has the meaning given in Senior Insurance Managers Regime—Transitional Provisions

2 KEY FUNCTION HOLDER NOTIFICATION

2.1 ~~[Deleted.]~~ This Chapter does not apply in relation to a:

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

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

~~(3) — new SMF applicant; or~~

~~(4) — transitional notified non-executive director.~~

...

3 PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS

...

3.3 The notifications required under 2.3 and ~~6.5~~ should be submitted in accordance with Notifications 7.

...

Annex K

Amendments to the Third Country Branches Part

In this Annex new text is underlined.

...

7 CONDITIONS GOVERNING BUSINESS

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

...

Annex L

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

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

...

2 ALLOCATION OF RESPONSIBILITIES

...

- 2.3 A Swiss general insurer must allocate each of the *prescribed responsibilities* set out in 3.1(4A)(A1) to 3.1(1) and each of the *Swiss general insurer prescribed responsibilities* to one or more *persons* who, in relation to that *firm*, are approved under section 59 of FSMA by:

...

3 PRESCRIBED RESPONSIBILITIES

- 3.1 Each of the responsibilities set out in this rule is a prescribed responsibility:
- (A1) responsibility for the *firm's* performance of its obligations under the *senior management regime* (PR A);
 - (A2) responsibility for the *firm's* performance of its obligations under the *certification regime* (PR B);
 - (A3) responsibility for compliance with the *firm's* obligations in relation to its *management responsibilities map* (PR C);
 - (1) responsibility for ensuring that the *firm* has complied with its obligations in Large Non-Solvency II Firms – Fitness and Propriety to:
 - (a) ensure that every *person* who performs a *key function* but does not also perform a *PRA senior management function* or a *certification function* is a fit and proper *person*; and
 - (b) provide and obtain regulatory references (PR U);
 - (2) responsibility for leading the development of the *firm's* culture by the *governing body* as a whole (PR I);
 - (3) responsibility for overseeing the adoption of the *firm's* culture in the day-to-day management of the *firm* (PR H);
 - (4) responsibility for the production and integrity of the *firm's* financial information and its regulatory reporting (PR Q);
 - (5) responsibility for management of the allocation and maintenance of the *firm's*:
 - (a) capital; and
 - (b) liquidity (PR O);
 - (6) responsibility for the development and maintenance of the *firm's* business model by the *governing body* (PR T);
 - (7) responsibility for leading the development and monitoring effective implementation of policies and procedures for the induction, training and professional development of all members of the *firm's governing body* (PR F);
 - (8) responsibility for monitoring effective implementation of policies and procedures for the induction, training and development of all of the *firm's key function holders* (other than members of the *firm's governing body*) (PR G);

- (9) responsibility for oversight of the independence, autonomy and effectiveness of the *firm's* policies and procedures on whistleblowing including the procedures for protection of staff who raise concerns from detrimental treatment (PR N);
 - (10) responsibility for overseeing the development and implementation of the *firm's* remuneration policies and practices (PR M);
 - (11) responsibility for the *firm's* performance of its obligations in respect of outsourced operational functions under Non-Solvency II Firms – Governance 5 (PR X).
- 3.2 The responsibility set out in rule 3.2(1) is a *prescribed responsibility* in the circumstances specified:
- (1) if a *firm* outsources its internal audit *function* to an external third party service provider (that is, a service provider outside the *firm* or the *firm's group*), responsibility for providing for an effective internal audit *function* in accordance with Non-Solvency II Firms – Governance 9.2 and for overseeing the performance of the internal audit *function* (PR J2).

3A PRESCRIBED RESPONSIBILITIES: SWISS GENERAL INSURERS

...

- 3A.2 Each of the responsibilities set out in this rule is a *Swiss general insurer prescribed responsibility*:
- (1) responsibility for management of the *firm's* risk management processes in the *UK* (PR AA);
 - (2) responsibility for the *firm's* compliance with the *UK regulatory system* applicable to the *firm* (PR FF);
 - (3) responsibility for the escalation of correspondence from the *PRA, FCA* and other regulators in respect of the *firm* to each of the *governing body* or the *management body* of the *firm* and, as appropriate, the *firm's parent undertaking* and the ultimate *parent undertaking* of the *firm's group* (PR EE); and
 - (4) responsibility for management of the *firm's* systems and controls in the *UK* (PR BB).

...

Annex M

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

In this Annex new text is underlined.

...

5 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

...

5.5 The requirement to obtain regulatory references in accordance with 2.5 does not apply to a *firm* in respect of any *person* to the extent that:

- (1) the firm is deciding whether the *person* is fit and proper for the purpose of issuing a *certificate to perform a certification function*; and
- (2) immediately prior to 10 December 2019 the *person* performed the same *certification function for the firm*.

5.6 Item (F) in the *regulatory reference template* does not require disclosure of *disciplinary action* that took place in respect of a *certification employee (other than a key function holder)* prior to 10 December 2019 if the *firm's* records do not show whether the conduct that was subject to *disciplinary action* amounted to a breach of the *individual conduct requirements* referred to in item (F) in the *regulatory reference template*.

...

Annex N

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

In this Annex deleted text is struck through.

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

commencement date

has the meaning given in Large Non-Solvency II Firms — Senior Insurance Managers Regime — Transitional Provisions.

continuing approval

has the meaning given in the *Transitional Order*.

grandfathering key function holder

means, in relation to a *firm*, a *key function holder* who is seeking *continuing approval*.

grandfathering notification

has the meaning given in Large Non-Solvency II Firms — Senior Insurance Managers Regime — Transitional Provisions.

...

new SMF applicant

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

notified non-executive director

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

transitional key function holder

means, in relation to a *firm*, a person who is a *key function holder* as at 7 March 2016.

transitional notified non-executive director

means, in relation to a *firm*, a *person* who is approved to perform *controlled function* CF2 or CF5 on 6 March 2016 and who will be a *notified non-executive director* at that *firm* on the *commencement date*.

Transitional Order

has the meaning given in Large Non-Solvency II Firms — Senior Insurance Managers Regime — Transitional Provisions.

2 KEY FUNCTION HOLDER NOTIFICATION

2.1 ~~[Deleted.]~~ This Chapter does not apply in relation to a:

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

- (2) ~~grandfathering key function holder, in relation to key functions held as at the commencement date;~~
- (3) ~~new SMF applicant; or~~
- (4) ~~transitional notified non-executive director.~~

...

3 PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS

...

- 3.3 The notifications required under 2.3 and ~~5.5~~ should be submitted in accordance with Notifications 7.

...

Annex O

Amendments to the Large Non-Solvency II Firms - Senior Management Functions Part

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

1 APPLICATIONS AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

FCA activities

~~means a function which would, except for SUP10A.11.12R of the *FCA Handbook*, be an *FCA governing function*.~~

...

2 GENERAL

...

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

...

(c) the *firm* made an *FCA activities notification*~~the notification required by SUP10A.11.12 R (4) of the *FCA Handbook*~~; and

...

2.6A If a *PRA approved person*:

(1) (other than in the circumstances set out in 2.5 or 2.6) performs one or more *FCA responsibilities*;

(2) ceases to perform any *PRA senior management function*; and

(3) does not have an *FCA approval* to perform an *FCA controlled function* in relation to that *firm*,

the functions in (1) will continue to be part of the *PRA senior management function* that the *person* most recently performed for that *firm* until the earlier of:

(a) approval by the *FCA* in respect of the performance by that *person* of an *FCA controlled function* in relation to the *firm*; or

(b) three *months* from the time that the *person* ceased to perform that *PRA senior management function*.

...

10 COMBINATION OF SENIOR MANAGEMENT FUNCTIONS

...

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

...

- (4) the *Chair of Remuneration Committee function* (SMF12); or
- (5) the *Senior Independent Director function* (SMF14).

Annex P

Amendments to the Large Non-Solvency II Firms – Senior Managers Regime – Transitional Provisions Part

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

1 APPLICATIONS AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

candidate

means a ~~person~~ in respect of whom a ~~firm~~ has made a ~~pending application~~.

commencement date

means ~~7 March 2016~~.

continued approval

means approval to perform a PRA senior insurance management function under section 59 of *FSMA*, granted pursuant to a ~~grandfathering notification~~ conversion notification.

...

equivalent function

means a ~~senior insurance management function~~ or an ~~FCA function~~ that, in either case, is specified in 6 as equivalent, for the purposes of articles 2(3)(b) and 11(c) of the ~~Transitional Order~~, to a ~~pre-implementation controlled function~~.

...

FCA controlled function

means a ~~controlled function~~ specified by the ~~FCA~~ under section 59 of *FSMA*.

FCA function

means any of the functions specified in column 3 (FCA controlled functions) of the table set out in 6.

grandfathering notification

means a ~~notice~~ required to be sent to the ~~PRA~~ under article 2(1) or 11(b) of the ~~Transitional Order~~, including any update to such a notice.

pending application

means an application for approval under section 60 of *FSMA* which:

- (1) ~~has been received by the FCA or PRA from the firm on or before the commencement date, and~~
- (2) ~~has not been determined or withdrawn.~~

pre-implementation controlled function

means any of the ~~controlled functions~~ listed in column 1 of the table in 6.

...

senior insurance management function

~~means a function specified as a *controlled function* in Large Non-Solvency II Firms – Senior Insurance Management Functions 2 in relation to the carrying on of a *regulated activity* by a *firm*.~~

Transitional Order

~~means the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015 (SI 2015/492) as amended by Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) (Amendment) Order 2015 (SI 2015/1660).~~

2 GENERAL

- 2.1 ~~[Deleted.]The PRA directs that a *firm* must make a *grandfathering notification* using Form K before 8 February 2016.~~
- 2.2 ~~[Deleted.]The PRA directs that the notice required by article 6(1) of the *Transitional Order* must be provided to the PRA using Form K.~~
- 2.3 ~~[Deleted.]The PRA directs that the notice required by article 11(b) of the *Transitional Order* in respect of a *candidate* for whom *continued approval* is sought must be provided to the PRA in Form K as part of a *grandfathering notification*.~~

3 GRANDFATHERING NOTIFICATION REQUIREMENTS

- 3.1 ~~[Deleted.]Where a *grandfathering notification* is required pursuant to 2.1, a *firm* must ensure that it sets out the following details in respect of each *approved person* or *candidate*:~~
- ~~(1) each of the *pre-implementation controlled functions* for which the *person* is approved, or (in the case of a *candidate*) has a *pending application*, in relation to the *firm*;~~
 - ~~(2) each *senior insurance management function* to be performed by the *person* on and after the *commencement date* in relation to the *firm*; and~~
 - ~~(3) each *FCA function* (if any) to be performed by the *person* on and after the *commencement date* in relation to the *firm*.~~
- 3.2 ~~[Deleted.]The PRA directs that a *firm* must not specify in a *grandfathering notification* a *senior insurance management function* or *FCA function* for a *person* which is not an *equivalent function* in the table in 6 or the table in SUP TP 7.2.3R in the *FCA Handbook* in relation to:~~
- ~~(1) (for an *approved person*) any *pre-implementation controlled functions* for which the *person* has approval in relation to the *firm*; or~~
 - ~~(2) (for a *candidate*) any *pre-implementation controlled functions* in respect of which there is a *pending application*.~~
- 3.3 ~~[Deleted.]The PRA directs that a *firm* must list in the *grandfathering notification* each *approved person* or *candidate* who, on the *commencement date*, will be acting in the capacity of a *non-executive director* but who will not be performing a *senior insurance management function* or *FCA function*.~~

4 PROCEDURE FOR MAKING GRANDFATHERING NOTIFICATIONS

- 4.1 ~~[Deleted.]The PRA directs that a *firm* must make any applications, notifications or submissions required by this Part by submitting the specified form to PRA-ApprovedPersons@bankofengland.co.uk.~~

5 WITHDRAWING OR UPDATING A GRANDFATHERING NOTIFICATION

- 5.1 ~~[Deleted.]The PRA directs that if, before the commencement date, there has been a significant change to the matters covered by the grandfathering notification, the firm must provide a revised version of it to the PRA.~~

6 TABLE OF EQUIVALENT FUNCTIONS FOR GRANDFATHERING CONVERSION

- 6.1 ~~[Deleted.]The senior insurance management functions set out in column 2 of the table are specified as equivalent functions, in each case in relation to the pre-implementation controlled functions set out in the corresponding row in column 1 of the table below.~~
- 6.2 ~~[Deleted.]The FCA functions set out in column 3 of the table are specified as equivalent functions, in each case in relation to the pre-implementation controlled functions set out in the corresponding row of column 1 of the table below.~~

Column 1	Column 2	Column 3
PRA or FCA Controlled Function	PRA Senior Insurance Management Function	FCA Function
Director (CF1)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5) Group Entity Senior Insurance Manager function (SIMF7) Chief Actuary function (SIMF20) Chief Underwriting Officer function (SIMF22)	FCA Director function (CF1) (see Note)
Non-executive director (CF2)	Group Entity Senior Insurance Manager function (SIMF7) Chairman function (SIMF9) Chair of the Risk Committee function (SIMF10) Chair of the Audit Committee function (SIMF11) Chair of the Remuneration Committee function (SIMF12) Senior Independent Director function (SIMF14)	Chair of the Nomination Committee function (CF2a) Chair of the With-Profits Committee function (CF2b) (see Note)
Chief executive (CF3)	Chief Executive function (SIMF1)	-
Director of unincorporated association (CF5)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5) Group Entity Senior Insurance Manager function (SIMF7) Chief Actuary function (SIMF20) Chief Underwriting Officer function (SIMF22) Chairman function (SIMF9)	FCA Director of unincorporated association function (CF5) Chair of the Nomination Committee function (CF2a) Chair of the With-Profits Committee function (CF2b) (See Note)

	<p>Chair of the Risk Committee function (SIMF10)</p> <p>Chair of the Audit Committee function (SIMF11)</p> <p>Chair of the Remuneration Committee function (SIMF12)</p> <p>Senior Independent Director function (SIMF14)</p>	
Small friendly society (CF6)	<p>Chief Finance function (SIMF2)</p> <p>Chief Risk function (SIMF4)</p> <p>Head of Internal Audit function (SIMF5)</p> <p>Group Entity Senior Insurance Manager function (SIMF7)</p> <p>Chief Actuary function (SIMF20)</p> <p>Chief Underwriting Officer function (SIMF22)</p> <p>Chairman function (SIMF9)</p> <p>Chair of the Risk Committee function (SIMF10)</p> <p>Chair of the Audit Committee function (SIMF11)</p> <p>Chair of the Remuneration Committee function (SIMF12)</p> <p>Senior Independent Director function (SIMF14)</p>	<p>FCA Small friendly society function (CF6)</p> <p>Chair of the Nomination Committee function (CF2a)</p> <p>Chair of the With-Profits Committee function (CF2b) (see Note)</p>
Actuary (CF12)	Chief Actuary function (SIMF20)	-
With-Profits Actuary (CF12A)	With-Profits Actuary function (SIMF21)	-
Systems and Controls (CF28)	<p>Chief Finance function (SIMF2)</p> <p>Chief Risk function (SIMF4)</p> <p>Head of Internal Audit function (SIMF5)</p>	-
Significant management (CF29)	<p>Group Entity Senior Insurance Manager function (SIMF7)</p> <p>Chief Actuary function (SIMF20) (general insurance firms only)</p> <p>Chief Underwriting Officer function (SIMF22)</p>	-
Swiss General Insurers		
PRA or FCA Controlled Function	PRA Senior Insurance Management Function	FCA Function
Director (CF1)	<p>Chief Finance function (SIMF2)</p> <p>Chief Risk function (SIMF4)</p> <p>Head of Internal Audit function (SIMF5)</p> <p>Group Entity Senior Insurance Manager function (SIMF7)</p> <p>Head of Third Country Branch</p>	<p>FCA Director function (CF1) (see Note)</p>

	function (SIMF19) Chief Actuary function (SIMF20) Chief Underwriting Officer function (SIMF22)	
Non-executive director (CF2)	Group Entity Senior Insurance Manager function (SIMF7) Chairman function (SIMF 9) Senior Independent Director function (SIMF 14) Chair of the Risk Committee function (SIMF 10) Chair of the Audit Committee function (SIMF 11) Chair of the Remuneration Committee function (SIMF 12)	-
Chief executive (CF3)	Head of Third Country Branch function (SIMF19)	-
Systems and controls (CF28)	Chief Finance function (SIMF2) Chief Risk function (SIMF4) Head of Internal Audit function (SIMF5)	FCA Systems and Controls (CF28) (see Note)
FCA Significant management (CF29)	Chief Underwriting Officer function (SIMF22) Group Entity Senior Insurance Manager (SIMF7)	-

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

6.3 (1) If, in relation to a *firm*, a PRA senior insurance-management function holder with *continued approval* also performs *FCA activities* on and from the *commencement date*, performance of the PRA senior insurance-management function will include the performance of those *FCA activities* provided that the *firm* has included details of the *FCA activities* in a *scope of responsibilities form* for that PRA senior insurance-management function holder which is provided to the *PRA* by 7 September 2016 in accordance with Large Non-Solvency II Firms – Key Function Holder – Notifications 5.3.

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

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

performance of the new PRA senior insurance-management function will include the performance of those *FCA activities*, provided:

- (d) the *PRA*'s approval to perform that PRA senior insurance-management function continues in force;
- (e) the *firm* makes the notification required by SUP10A.11.12 R (4) SUP 10C.9.8R (4) of the *FCA Handbook*; and

(f) that *person* performs and is continuing to perform the *FCA activities*.

6.4 If a *PRA senior insurance management function holder* to whom 6.3 applies ceases to perform a *PRA senior insurance management function* but continues to perform the *FCA activities*, 6.3(1) will continue to apply in respect of the performance of the *FCA activities* until the earlier of:

- (1) approval by the *FCA* in respect of the performance by that *person* of those *FCA activities* as an *FCA governing function* in relation to the *firm*; or
- (2) three *months* from the time that the *person* ceased to perform that *PRA senior insurance management function*.

6.5 ~~[Deleted.]The *PRA* directs that a *firm* must not specify in the *grandfathering notification* that any *person* shall perform any combination of *senior insurance management functions* which is prohibited by any other provision of the *PRA Rulebook* or the *FCA Handbook*.~~

7 FORMS

7.1 ~~[Deleted.]The *grandfathering notification* form, Form K, may be found here.~~

8 TRANSITIONAL ARRANGEMENTS FOR NEW SENIOR INSURANCE MANAGEMENT FUNCTIONS

8.1 ~~[Deleted.]This Chapter applies only before the *commencement date*.~~

8.2 ~~[Deleted.]Where an *approved person* or a *candidate* is intended to perform a *senior insurance management function* with effect from the *commencement date* but:~~

- (1) in the case of an *approved person*, is not prior to the *commencement date* approved; or
- (2) in the case of a *candidate*, is not to be approved

~~to perform a *controlled function* that is equivalent to the proposed *senior insurance management function* in accordance with 6, the *PRA* directs that the *firm* must not submit a *grandfathering notification* in respect of that *approved person* or *candidate* (as the case may be) but must instead submit a *senior insurance management approval application* for the proposed *senior insurance management function* in accordance with Large Non-Solvency II Firms – Key Function Holder – Notifications 5.4.~~

Annex Q

Amendments to the Non-Solvency II Firms – Actuarial Requirements Part

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

1 APPLICATION AND DEFINITIONS

...

1.5 In this Part, the following definitions shall apply:

...

Chief Executive function

for a large non-directive insurer has the meaning given in Large Non-Solvency II Firms – Senior Management Functions 3.1 ~~means the PRA-controlled function CF3 in the table of PRA-controlled functions in SUP 10B.4.3 R of the PRA Handbook, described more fully in SUP 10B.6.7 R of the PRA Handbook.~~

With-Profits Actuary function

for a large non-directive insurer has the meaning given in Large Non-Solvency II Firms - Senior Management Functions 8.2 and for a small non-directive insurer has the meaning given in Non-solvency II Firms – Senior Management Functions 5.1 ~~means the function of acting in the capacity of an actuary appointed by a firm under 2.1(2) to perform the duties set out in 6.~~

...

Annex R

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

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

...

3 PRESCRIBED RESPONSIBILITIES

- 3.1 Each of the responsibilities set out in this rule is a *small non-directive insurer prescribed responsibility*:
- (A1) responsibility for the *firm's* performance of its obligations under the *senior management regime* (PR A);
 - (A2) responsibility for the *firm's* performance of its obligations under the *certification regime* (PR B);
 - (1) responsibility for providing the *governing body* with an up-to-date business plan and all relevant management information (PR T1);
 - (2) responsibility for management of the *firm's* financial resources (PR CC);
 - (3) responsibility for ensuring the *governing body* is kept informed of its legal and regulatory obligations (PR DD);
 - (4) responsibility for the oversight of systems and controls, along with risk management policies and procedures, that are proportionate to the nature, scale, and complexity of the risks inherent in the *firm's* business model (PR GG).

Annex S

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

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

...

5 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

...

5.2 Item (F) in the *regulatory reference template* does not require disclosure of the following information if the *firm's* records do not show whether the conduct that was subject to *disciplinary action* amounted to a breach of the *individual conduct requirements* referred to in item (F) in the *regulatory reference template*:

(1) *disciplinary action* that took place prior to 10 December 2018.

(2) [not used]

6 TEMPLATE

6.1 The *regulatory reference template* is the template found ~~here~~here.

Annex T

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

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

...

5 FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

...

5.2 Item (F) in the *regulatory reference template* does not require disclosure of the following information if the *firm's* records do not show whether the conduct that was subject to *disciplinary action* amounted to a breach of the *individual conduct requirements* referred to in item (F) in the *regulatory reference template*:

- (1) *disciplinary action* (other than disciplinary action in (2)) that took place prior to 10 December 2018; and
- (2) ~~{not used}~~*disciplinary action* in respect of a *certification employee* that took place prior to 10 December 2019.

5.3 The requirement to obtain regulatory references in accordance with 2.4A does not apply to a *firm* in respect of any *person* to the extent that:

- (1) the *firm* is deciding whether the *person* is fit and proper for the purpose of issuing a *certificate* to perform a *certification function*; and
- (2) immediately prior to 10 December 2019 the *person* performed the same *certification function* for the *firm*.

...

Annex U

Amendments to the Non-Solvency II Firms – Senior Management Functions Part

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

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

~~*FCA activities*~~

~~means a function which would, except for SUP10A.11.12R of the *FCA Handbook*, be an *FCA governing function*.~~

...

2 GENERAL

...

2.4 If, in relation to a *firm*:

(1) a *PRA senior management function holder* also performs *FCA activities*, performance of the *PRA senior management function* will include the performance of those *FCA activities*, provided the following conditions are met:

...

(c) the *firm* made an *FCA activities notification*~~the notification required by SUP10A.11.12R (4) of the *FCA Handbook*~~; and

...

Annex V

Amendments to the Non-Solvency II Firms – Senior Managers Regime – Transitional Provisions Part

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

1 APPLICATIONS AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

candidate

means ~~a person~~ in respect of whom a firm has made a pending application.

...

equivalent function

means ~~a senior insurance management function or an FCA function~~ that, in either case, is specified in 6 as equivalent for the purposes of articles 2(3)(b) and 11(c) of the ~~Transitional Order~~, to a ~~pre-implementation controlled function~~.

...

FCA controlled function

means ~~a controlled function~~ specified by the FCA under section 59 of FSMA.

FCA function

means ~~any of the functions specified in column 3 (FCA controlled functions) of the table set out in 6.~~

FCA governing function

has the meaning given in SUP 10A.4.4R of the *FCA Handbook*

grandfathering notification

means ~~a notice required to be sent to the PRA under article 2(1) or 11(b) of the Transitional Order~~, including any update to such a notice.

non-executive director

means ~~a director of a firm who does not perform an executive function in relation to that firm.~~

pending application

means an application for approval under section 60 of FSMA which:

(1) ~~has been received by the FCA or PRA from the firm on or before the commencement date, and~~

(2) ~~has not been determined or withdrawn.~~

pre-implementation controlled function

means ~~any of the controlled functions listed in column 1 of the table in 6.~~

...

senior insurance management function

means a function specified as a *controlled function* in Non-Solvency II Firms – Senior Insurance Management Functions 2 in relation to the carrying on of a regulated activity by a *firm*.

Transitional Order

means the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015 (SI 2015/492), as amended by the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) (Amendment) Order 2015 (SI 2015/1660).

2 GENERAL

- 2.1 ~~[Deleted.]The PRA directs that a firm must make a *grandfathering notification* using Form K before 8 February 2016.~~
- 2.2 ~~[Deleted.]The PRA directs that the notice required by article 6(1) of the *Transitional Order* must be provided to the PRA using Form K.~~
- 2.3 ~~[Deleted.]The PRA directs that the notice required by article 11(b) of the *Transitional Order* in respect of a *candidate* for whom *continued approval* is sought must be provided to the PRA in Form K as part of a *grandfathering notification*.~~

3 GRANDFATHERING NOTIFICATION REQUIREMENTS

- 3.1 ~~[Deleted.]Where a *grandfathering notification* is required pursuant to 2.1, a firm must ensure that it sets out the following details in respect of each *approved person* or *candidate*:~~
- ~~(1) each of the *pre-implementation controlled functions* for which the *person* is approved, or (in the case of a *candidate*) has a *pending application*, in relation to the *firm*;~~
 - ~~(2) each *senior insurance management function* to be performed by the *person* on and after the *commencement date* in relation to the *firm*; and~~
 - ~~(3) each *FCA function* (if any) to be performed by the *person* on and after the *commencement date* in relation to the *firm*.~~
- 3.2 ~~[Deleted.]The PRA directs that a firm must not specify in a *grandfathering notification* a *senior insurance management function* or *FCA function* for a *person* which is not an *equivalent function* in the table in 6 or the table in FCA SUP TP 8.2.3R in relation to:~~
- ~~(1) (for an *approved person*) any *pre-implementation controlled functions* for which the *person* has approval in relation to the *firm*; or~~
 - ~~(2) (for a *candidate*) any *pre-implementation controlled functions* in respect of which there is a *pending application*.~~
- 3.3 ~~[Deleted.]The PRA directs that a firm must list in the *grandfathering notification* each *approved person* or *candidate* who, on the *commencement date*, will be acting in the capacity of a *non-executive director* but who will not be performing a *senior insurance management function* or *FCA function*.~~

4 PROCEDURE FOR MAKING GRANDFATHERING NOTIFICATIONS

- 4.1 ~~[Deleted.]The PRA directs that a firm must make any applications, notifications or submissions required by this Part by submitting the specified form to PRA-ApprovedPersons@bankofengland.co.uk.~~

5 WITHDRAWING OR UPDATING A GRANDFATHERING NOTIFICATION

- 5.1 ~~[Deleted.]The PRA directs that if, before the commencement date, there has been a significant change to the matters covered by the grandfathering notification, the firm must provide a revised version of it to the PRA.~~

6 TABLE OF EQUIVALENT FUNCTIONS FOR GRANDFATHERING CONVERSION

- 6.1 ~~[Deleted.]The senior insurance management functions set out in column 2 of the table are specified as equivalent functions, in each case in relation to the pre-implementation controlled functions set out in the corresponding row in column 1 of the table below.~~
- 6.2 ~~[Deleted.]The FCA functions set out in column 3 of the table are specified as equivalent functions, in each case in relation to the pre-implementation controlled functions set out in the corresponding row of column 1 of the table below.~~

Column 1	Column 2	Column 3
PRA or FCA Controlled Function	PRA Senior Insurance Management Function	FCA Function
Director (CF1)	Small Insurer Senior Management function (SIMF25)	FCA Director function (CF1) (See Note)
Non-executive director (CF2)	Small Insurer Senior Management function (SIMF25)	-
Chief executive (CF3)	Small Insurer Senior Management function (SIMF25)	FCA Chief executive function (CF3) (See Note)
Director of unincorporated association (CF5)	Small Insurer Senior Management function (SIMF25)	FCA Director of unincorporated association function (CF5) (See Note)
Small friendly society (CF6)	Small Insurer Senior Management function (SIMF25)	FCA Small friendly society function (CF6) (See Note)
Actuary (CF12)	Small Insurer Chief Actuary function (SIMF20)	-
With-Profits Actuary (CF12A)	Small Insurer With-Profits Actuary function (SIMF21)	-
Systems and Controls (CF28)	Small Insurer Senior Management function (SIMF25)	-

Note: See SUP TP 8.2.3R in the *FCA Handbook*.

- 6.3 ~~[Deleted.]A firm must submit a scope of responsibilities form to the PRA by 7 March 2017 in respect of any senior insurance management function holder with continued approval in relation to that firm.~~
- 6.4 (1) If, in relation to a firm, a PRA senior insurance management function holder with continued approval also performs FCA activities on and from the commencement date, performance of the PRA senior insurance management function will include the performance of those FCA activities provided that the firm has included details of the FCA activities in a scope of responsibilities form for that PRA senior insurance management function holder which is provided to the PRA by 7 March 2017.

- (2) If, in relation to a *firm*, a PRA senior insurance-management function holder with *continued approval* has been performing *FCA activities* in the circumstances set out in (1), and that *person*:
- (a) ceases to perform the PRA senior insurance-management function;
 - (b) within three *months* of ceasing performance, is approved to perform a new PRA senior insurance-management function at the *firm*; and
 - (c) continues to perform the *FCA activities*,
- performance of the new PRA senior insurance-management function will include the performance of those *FCA activities*, provided:
- (d) the *PRA*'s approval to perform that PRA senior insurance-management function continues in force;
 - (e) the *firm* makes the notification required by ~~SUP10A.11.12R(4)~~SUP 10C.9.8R (4) of the *FCA Handbook*; and
 - (f) that *person* performs and is continuing to perform the *FCA activities*.
- 6.5 If a PRA senior insurance-management function holder to whom 6.4 applies ceases to perform a PRA senior insurance-management function but continues to perform the *FCA activities*, 6.4(1) will continue to apply in respect of the performance of the *FCA activities* until the earlier of:
- (1) approval by the *FCA* in respect of the performance by a *person* of those *FCA activities* as an *FCA governing function* in relation to the *firm*; or
 - (2) three *months* from the time that the *person* ceased to perform that PRA senior insurance-management function.
- 6.6 ~~[Deleted.]The PRA directs that a *firm* must not specify in the *grandfathering notification* that any *person* shall perform any combination of *senior insurance-management functions* which is prohibited by any other provision of the *PRA Rulebook* or the *FCA Handbook*.~~

7 FORMS

- 7.1 ~~[Deleted.]The *grandfathering notification* form, Form K, may be found here.~~
- 7.2 ~~[Deleted.]The *scope of responsibilities* form may be found here.~~

Annex W

Amendments to the Non-Solvency II Firms — Transitional Measures Part

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

1 APPLICATIONS AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

Solvency II rules

means the *PRA* rules in the Valuation, Technical Provisions, Own Funds, Solvency Capital Requirement – General Provisions, Solvency Capital Requirement – Standard Formula, Solvency Capital Requirement – Internal Models, Minimum Capital Requirement, Undertakings in Difficulty, Investments, Composites, Conditions Governing Business, Insurance Special Purpose Vehicles, Group Supervision, Reporting, Surplus Funds, With-Profits, Insurance - Certification, Insurance – Conduct Standards, Insurance – Senior ~~Insurance~~-Management Functions, Insurance – Allocation of Responsibilities and Insurance – Fitness and Propriety Parts of the *Solvency II Firms Sector* of the *PRA* Rulebook.

...

Annex X

Amendments to the Glossary

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

...

certification employee

means an employee (within the meaning in section 63E(9) of *FSMA* (certification of employees by ~~relevant~~ authorised persons)) of a *firm* who has a valid *certificate* issued by that *firm*.

...

certification regime

means the requirements of the *regulatory system* which apply to *authorised persons* insofar as they relate to *persons* performing *certification functions* including those set out in Certification, Fitness and Propriety, Insurance – Certification, Insurance – Fitness and Propriety, Large Non-Solvency II Firms – Certification, Large Non-Solvency II Firms – Fitness and Propriety, Non-Solvency II Firms – Certification and Non-Solvency II Firms – Fitness and Propriety and the corresponding *FCA* requirements in SYSC ~~5.227~~ and FIT of the *FCA Handbook*.

...

FCA activities

means a function which would, except for SUP 10C.9.8R or SUP TP 11.2.11R of the *FCA Handbook*, be an *FCA governing function*.

FCA activities notification

means:

- (1) in respect of a *PRA senior management approval application* that was made prior to 10 December 2018, the notification required by SUP 10A.11.12R(4) of the *FCA Handbook*;
- (2) in respect of a *PRA senior management approval application* made on or after 10 December 2018, the notification required by SUP 10C.9.8R(4) of the *FCA Handbook*.

...

FCA governing function

~~has the meaning given in SUP 10A.4.4R~~ means any of the *FCA controlled functions* labelled as *FCA governing functions* in the table of *FCA-designated senior management functions* in SUP 10C.4.3R of the *FCA Handbook*

...

FCA responsibilities

means any of:

- (1) the responsibilities set out in SYSC ~~4.7.7R~~24.2.6R (Table of *FCA-prescribed* senior management responsibilities) of the *FCA Handbook*; and
- (2) the responsibilities allocated under SYSC ~~4.7.8R~~26.3 of the *FCA Handbook*;

- (3) ~~[Deleted.]the responsibilities set out in SYSC 4.8.9R (Table: the FCA prescribed senior management responsibilities for third country relevant authorised persons) of the *FCA Handbook*); and~~
- (4) ~~[Deleted.]the responsibilities allocated under SYSC 4.8.10R of the *FCA Handbook*.~~

...

individual conduct requirements

means:

...

(3A) the Individual Conduct Standards in Non-Solvency II Firms – Conduct Standards 2;

...

large firm

means:

...

(2) the *Society*, or

(3) a *managing agent*

...

relevant senior management function

means, for the purposes of section 64A of *FSMA* and to the extent applicable, pursuant to the *FCA Handbook*, to a *UK Solvency II firm*, the *Society*, a *managing agent*, a *third country branch undertaking* (other than a *Swiss general insurer*), an *ISPV*, a *large non-directive insurer* or a *small non directive insurer*:

1. ~~CF1 Director function~~ an *FCA governing function*; and
2. ~~[Deleted.]CF2A Chair of the Nomination committee function;~~
3. ~~[Deleted.]CF2B Chair of the With-Profits committee function;~~
4. ~~[Deleted.]CF3 Chief executive function;~~
5. ~~[Deleted.]CF5 Director of unincorporated association function;~~
6. ~~[Deleted.]CF6 Small friendly society function;~~
7. ~~CF10 Compliance oversight function~~ (*FCA controlled function SMF 16*).

...