

PRA RULEBOOK: SOLVENCY II FIRMS REPORTING REFORM (MATCHING ADJUSTMENT) INSTRUMENT [2024]

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
 - (2) section 137T (General supplementary powers);
 - (3) section 192J (Rules requiring the provision of information by parent undertakings); and
 - (4) paragraph 31 (Fees) of Part 3 (Penalties and Fees) of Schedule 1ZB (The Prudential Regulation Authority) of the Act.
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

PRA Rulebook: Solvency II Firms Reporting Reform (Matching Adjustment) Instrument [2024]

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

Commencement

- D. This instrument comes into force on [31 December 2024].

Citation

- E. This instrument may be cited as the PRA Rulebook: Solvency II Firms Reporting Reform (Matching Adjustment) Instrument [2024].

By order of the Prudential Regulation Committee

[DATE]

Annex

Amendments to the Reporting Part

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

In PS3/24 - Review of Solvency II: Reporting and disclosure phase 2 near-final, the PRA published a near-final rule instrument that reflects policy which will not take effect until 31st December 2024. However, the PRA has stated that it does not intend to change that policy or make substantive changes to that instrument before making it final.

This instrument therefore shows new and deleted text against a version of the PRA Rulebook which already incorporates the amendments that are intended to be introduced by PS3/24, with effect from 31 December 2024, as contained in the PRA Rulebook: Solvency II Reporting Reform Instrument 2024.

The amendments shown in this instrument, are to be introduced with effect from 31 December 2024, and accompany the amendments made by the PRA Rulebook: Solvency II Firms: Matching Adjustment Instrument 2024.

Where this instrument will amend or supplement any of the near-final rules included in PS 3/24, the relevant text from PS 3/24 has been re-stated, but with the changes introduced by this instrument highlighted in yellow. Where this instrument will amend or supplement rules that are not within scope of PS 3/24, these changes are shown as unhighlighted new or deleted text.

This instrument also includes some provisions (Reporting 1.1, 1.3 and 2.2) that appear in the instrument accompanying PS 3/24 even though they are not being amended by this instrument - this is merely to provide context and this instrument indicates where this is the case.

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

- (1) a *UK Solvency II firm*;
- (2) in accordance with General Application 3 and Group Supervision 1.1(2), the *Society*;
- (3) in accordance with General Application 3, *managing agents*, for the purposes of 7-;
- (4) a *UK holding company*; and
- (5) a *third country branch undertaking* (other than a *Swiss general insurer*), in accordance with 1.3.

...

1.3

- (1) Unless otherwise stated, in this Part, 2.1 to 2.5B, 2.13 and Articles 1 to 4A and 37 to 50 of Chapter 2A apply to *third country branch undertakings* (other than *Swiss general insurers*).
- (2) Except in respect of 2.2(2)(f) and Articles 48 and 49 of Chapter 2A, a *third country branch undertaking* must fulfil the applicable requirements in this Part taking account only of matters relevant to the operations effected by the *third country branch*.
- (3) In relation to *third country branch undertakings*, 2.2(2)(f) is to be read as referring only to the adequacy of the financial resources of the *firm*.

2 REPORTING TO THE PRA

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2.2 The information referred to in 2.1 must:

- (1) be submitted in the applicable format or template (if any) provided in the Reporting Part; and

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2.5A As part of the information referred to in 2.1, a *firm* is required to submit to the *PRA* on a regular basis:

...

- (2) the following reports:

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- (c) for *firms* using an *internal model*, the qualitative information supporting template QMC.01 in accordance with Article 6(3) of Chapter 2A; ~~and~~
- (d) for *firms* using an *internal model*, the qualitative analysis supporting template AOC.01 in accordance with Articles 19 and 35 of Chapter 2A; ~~and~~
- (e) for *firms* with a *matching adjustment permission*, the *matching adjustment asset and liability information templates MALIR 1 - MALIR 7* in accordance with Articles 18A, 42A and 47A of Chapter 2A;

...

2.5B

...

- (11) A *firm* must submit the *matching adjustment asset and liability information templates MALIR 1 - MALIR 7* referred to in Articles 18A, 42A and 47A of Chapter 2A no later than 130 *business days*, after the *firm's* financial year end commencing with (i) the *firm's* first financial year end on or after 31 December 2024; or (ii) if later, the *firm's* first financial year end after the date that the *firm's* *matching adjustment permission* took effect.

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2A REPORTING TO THE PRA: REPORTS AND TEMPLATES

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II: REPORTING TEMPLATES FOR INDIVIDUAL FIRMS

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ARTICLE 18A: ANNUAL TEMPLATES FOR INDIVIDUAL FIRMS – MATCHING ADJUSTMENT ASSET AND LIABILITY INFORMATION

Firms with a *matching adjustment permission* must submit to the *PRA* annually templates MALIR 1 - MALIR 7 of Chapter 9, setting out 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.

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IV: REPORTING TEMPLATES FOR THIRD COUNTRY BRANCH UNDERTAKINGS FIRMS

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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*), 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.

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ARTICLE 47A: ANNUAL TEMPLATES IN RESPECT OF THIRD COUNTRY PURE REINSURANCE BRANCHES - 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 pure reinsurance 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.

3 PUBLIC DISCLOSURE: SOLVENCY AND FINANCIAL CONDITION REPORT

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3.4 For the purposes of 3.3(4), where a *firm* applies:

- (1) a *matching adjustment* in accordance with ~~Technical Provisions 6~~ the Matching Adjustment Part, the ~~firm~~ *firm* must include in the description:
 - (a) a description of the ~~matching adjustment~~ *matching adjustment*, and of the *relevant portfolio of assets* ~~portfolio of obligations and assigned assets~~ *the relevant portfolio of insurance or reinsurance obligations* to which the *matching adjustment* is applied; ~~and~~
 - (b) a quantification of the impact of a change to zero of the *matching adjustment* on the *firm's* financial position; and
 - (c) the disclosure in respect of the *firm's* attestation required by Chapter 11 of the Matching Adjustment Part.

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9 REPORTING AND DISCLOSURE TEMPLATES

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9.83 The following MALIR templates can be found here:

- (a) template MALIR 1, specifying *firm* information; and
- (b) template MALIR 2, specifying asset cash-flows; and
- (c) template MALIR 3, specifying liability cash-flows; and
- (d) template MALIR 4, specifying *matching adjustment portfolio* output; and
- (e) template MALIR 5, specifying matching tests; and
- (f) template MALIR 6, specifying further information on assets; and
- (g) template MALIR 7, specifying the reconciliation with IR.06.02.

10 REPORTING AND DISCLOSURE TEMPLATES DATA ITEM INSTRUCTIONS

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10.83 Section MALIR instructions can be found here.

Near-final