

**Bank of England PRA**

# Solvency II: Matching Adjustment Permissions

**Statement of policy**

June 2024



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# 1: Introduction

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1.1 This statement of policy (SoP) sets out the PRA's approach to granting regulatory permissions in relation to the matching adjustment (MA), as well as variations to those permissions, and the circumstances in which the PRA may take the decision to revoke a firm's MA permission. It also sets out how the PRA will assess the ongoing performance of the MA permissions framework.

1.2 When granting MA permissions, the PRA would exercise its powers under section 138BA (s138BA) of the Financial Services and Markets Act 2000 (FSMA), which would have the effect of waiving or modifying the PRA's rules on the calculation of technical provisions to allow a firm to apply the MA in accordance with regulation 4(1) of The Insurance and Reinsurance Undertakings (Prudential Requirements) Regulations 2023 (referred to here as the 'IRPR regulations'). Using the same powers under FSMA, the PRA may also vary a firm's permission to use the MA, such as to allow assets with new features into an MA portfolio. The PRA may also use these powers to revoke a firm's MA permission(s).

1.3 This statement is relevant to:

- all UK Solvency II firms;
- the Society of Lloyd's and its members and managing agents; and
- insurance and reinsurance undertakings that have a UK branch (third country branch undertakings),

where they are applying, or are seeking permission to apply, the MA. This SoP will refer to these collectively as 'firms'.

1.4 This SoP should be read in conjunction with the IRPR regulations, the Matching Adjustment Part of the PRA Rulebook, the Investments Part of the PRA Rulebook, the relevant rules in the rest of the Solvency II Sector of the PRA Rulebook, supervisory statement (SS) 7/18 – Solvency II: Matching adjustment<sup>1</sup>, SS1/20 – Solvency II: Prudent Person Principle<sup>2</sup>, SS8/18 – Solvency II: Internal models – modelling of the matching

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1 'Solvency II: Matching adjustment', June 2024: [www.bankofengland.co.uk/prudential-regulation/publication/2018/solvency-2-matching-adjustment-ss](https://www.bankofengland.co.uk/prudential-regulation/publication/2018/solvency-2-matching-adjustment-ss).

2 'Solvency II: Prudent Person Principle', June 2024: [www.bankofengland.co.uk/prudential-regulation/publication/2020/solvency-ii-prudent-person-principle-ss](https://www.bankofengland.co.uk/prudential-regulation/publication/2020/solvency-ii-prudent-person-principle-ss).

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adjustment<sup>3</sup>, SS3/17 – Solvency II: Illiquid unrated assets<sup>4</sup> and the PRA’s insurance approach document.<sup>5</sup> For information about making an application, see the [Authorisations page](#) of the PRA’s website.

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- 3 ‘Solvency II: Internal models – modelling of the matching adjustment’, June 2024: [www.bankofengland.co.uk/prudential-regulation/publication/2018/solvency-2-internal-models-modelling-of-the-matching-adjustment-ss](http://www.bankofengland.co.uk/prudential-regulation/publication/2018/solvency-2-internal-models-modelling-of-the-matching-adjustment-ss).
- 4 ‘Solvency II: Illiquid unrated assets’ June 2024: [www.bankofengland.co.uk/prudential-regulation/publication/2017/solvency-2-matching-adjustment-illiquid-unrated-assets-and-equity-release-mortgages-ss](http://www.bankofengland.co.uk/prudential-regulation/publication/2017/solvency-2-matching-adjustment-illiquid-unrated-assets-and-equity-release-mortgages-ss).
- 5 ‘PRA’s approach to supervision of the banking and insurance sectors’, July 2023: [www.bankofengland.co.uk/prudential-regulation/publication/pras-approach-to-supervision-of-the-banking-and-insurance-sectors](http://www.bankofengland.co.uk/prudential-regulation/publication/pras-approach-to-supervision-of-the-banking-and-insurance-sectors).

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## 2: The procedure for considering MA permissions

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2.1 This chapter outlines the PRA's approach to considering, granting and varying permission for a firm to apply the MA to the relevant risk-free rate term structure for calculating its best estimate liabilities. Chapter 3 goes on to discuss how this approach could be applied in a more flexible, streamlined manner in certain circumstances.

2.2 This chapter covers both initial MA applications by firms that do not already have permission to apply the MA and applications to vary MA permissions, where firms are seeking to change the scope of an existing MA permission. It also covers possible revocation of MA permissions by the PRA.

### Interaction between the PRA and firms before an application

2.3 The PRA welcomes early engagement with a firm that is considering submitting an MA application. The nature of this engagement will depend on the complexity and scale of the proposed application, and the firm's readiness to submit a formal application. To assist with this assessment, and to help the PRA determine resourcing needs and the likely level of review required, firms are strongly encouraged to participate in the PRA's application readiness assessment process (ARAP) that has been specifically designed for the MA.

2.4 The PRA has developed an ARAP form, which firms would be expected to complete. For changes to an MA portfolio, this should cover details of what is changing and why the firm considers that a new MA application is required. For example, where a firm proposes to add new assets or liabilities to its MA portfolio, the ARAP form should cover the new features the firm considers to be introduced by the assets or liabilities in question and the work that it has done to assess the eligibility of those features.

### Initial application for permission to apply the MA

2.5 A firm should submit a written application to the PRA for initial permission to apply the MA. Firms making an MA application should make use of the s138BA permission application form on the PRA website, and they are also expected to make use of the supplementary information form that is published by the PRA in relation to MA applications.<sup>6</sup> The application should incorporate all relevant documentary evidence.

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<sup>6</sup> 'Solvency II approvals': [www.bankofengland.co.uk/prudential-regulation/authorisations/solvency-ii-approvals](http://www.bankofengland.co.uk/prudential-regulation/authorisations/solvency-ii-approvals).

2.6 The application should include confirmation that it contains all information that the firm considers necessary for the PRA to reach a decision. The application should be signed off by the board or by the relevant persons responsible for the submission of MA applications (in line with the expectations set out in paragraph 9.6A of SS7/18).

2.7 In order for a firm to apply an MA under the IRPR regulations, the PRA must be satisfied that the firm meets the MA eligibility conditions as set out in regulation 4 of the IRPR regulations and Chapter 2 of the Matching Adjustment Part. As required by Matching Adjustment 3.1, a firm's initial MA application must contain written confirmation of its compliance with the MA eligibility conditions. For regulation 4(4) of the IRPR regulations and Matching Adjustment 2.2(6), firms are expected to provide this written confirmation. For other MA eligibility conditions, firms are expected to provide documentary evidence to support their written confirmation, including:

- i. evidence that the relevant portfolio of assets meets the applicable requirements set out in regulation 4 of the IRPR regulations (except for regulation 4(4) as noted above);
- ii. evidence that, in relation to any asset with cash flows that are not fixed, the asset cash flows are highly predictable (regulations 4(9)(a) and 4(10) of the IRPR regulations and Matching Adjustment 5) and that the risks to the quality of matching are not material;
- iii. evidence that the relevant portfolio of insurance or reinsurance obligations meets the applicable requirements set out in Matching Adjustment 2.2(1) to (4), 2.3 and 2.4;
- iv. evidence that the criteria of regulations 4(7) and 4(8) of the IRPR regulations are met. This should include an assessment of whether any mismatch gives rise to risks that are material in relation to the risks inherent in the insurance business to which the MA is intended to be applied. Accompanying this should be an explanation of how a quantitative assessment of matching will be made on an ongoing basis; and
- v. evidence that adequate processes will be in place to properly identify, organise and manage the relevant portfolio of insurance or reinsurance obligations and relevant portfolio of assets separately from other activities of the firm (as per regulation 4(6) of the IRPR regulations), and to ensure that the assigned assets will not be used to cover losses arising from other activities of the firm (as per Matching Adjustment 2.2(5)).

2.8 Assets with highly predictable (HP) cash flows<sup>7</sup> pose additional risks to the quality of matching. Where a firm is seeking an MA permission to include assets with HP cash flows in its MA portfolio, the firm should set out in its MA application how it proposes to mitigate these risks. As well as the required addition to the fundamental spread (FS) (referred to as the 'FS

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<sup>7</sup> Matching Adjustment 5.3.

addition')<sup>8</sup> for these assets, firms may choose to apply other mitigants/safeguards such as exposure limits or close monitoring of matching. Like the approach to determining the FS addition, these other mitigants would then form part of a firm's MA permission if the application is approved. Therefore, in addition to the evidence mentioned in paragraph 2.7(ii) above, the application should contain information covering:

- i. the proposed methodology for determining the best estimate cash flows, if the firm is not proposing to use a standard approach to calculate the FS addition (ie is not proposing to use an approach set out in either paragraph 5.23 or paragraphs 5.24 to 5.24A of SS7/18, as applicable);<sup>9</sup>
- ii. the proposed methodology for calculating the FS additions or confirmation that a standard approach will be used (as set out in either paragraph 5.23 or paragraphs 5.24 to 5.24A of SS7/18, as applicable); and
- iii. any other proposed mitigants/safeguards that the firm considers should form part of its MA permission.

2.9 The PRA will also consider the extent to which the firm meets the relevant expectations set out in SS7/18. The firm should therefore assess its proposals against these expectations and provide sufficient documentary evidence of this assessment within its application. It should be noted that firms are not expected to provide the results of applying the PRA Matching Tests as part of their MA applications.

2.10 In addition to the above, a firm should ensure (in line with paragraph 2.6 above) that the application includes any other information (not explicitly mentioned in paragraphs 2.7 to 2.9 above) that it considers necessary for the assessment and decision by the PRA. Where a firm is seeking to include any guaranteed elements of with-profits annuities in its MA portfolio(s), the PRA would expect the application to include confirmation that the firm has satisfied itself that any implications for its with-profits business (including points around fairness, investment strategy and wider management) have been considered and, if necessary, discussed with the FCA.

2.11 As part of its assessment, the PRA may also request additional evidence relevant to the operation of the MA portfolio.<sup>10</sup> A firm should be able to provide, on request:

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<sup>8</sup> Matching Adjustment 8.2.

<sup>9</sup> Matching Adjustment 5.4.

<sup>10</sup> In addition to the items set out in this paragraph, when considering more complex MA applications the PRA reserves the right (as set out in paragraph 2.25 below) to ask for further information around other relevant factors and evidence as part of its review process.



- i. evidence of compliance with Matching Adjustment 2.2(6), including an assessment against the associated expectations set out in SS1/20;
- ii. evidence of compliance with regulation 4(4) of the IRPR regulations;
- iii. results of the PRA Matching Tests;
- iv. confirmation that the firm will meet the requirements of Matching Adjustment 13.3 if permission to apply an MA is granted;
- v. a copy of the liquidity plan referred to in Conditions Governing Business 3.1(3);
- vi. an explanation of the calculation process that is used (or that will be used) to determine the MA in accordance with the requirements of Chapter 4 of the Matching Adjustment Part;
- vii. an assessment of the impact of a reduction in the MA to zero (Conditions Governing Business 3.2(2)(c)); and
- viii. details of any limits such as investment limits (not already covered in the firm's application) that the firm intends to apply to specific assets or asset types in line with the expectations around the Prudent Person Principle as set out in chapter 3 of SS1/20.

2.12 Where an application is submitted in respect of more than one portfolio of insurance or reinsurance obligations, the application shall set out the evidence required separately for each portfolio that is covered by the application.

2.13 The application should include a list of any other applications, submitted by the firm or currently anticipated, that may be relevant to the regulatory balance sheet or capital requirements of the firm or group.

## Change in scope MA application

2.14 The PRA recognises that a firm may wish to alter the scope of an existing MA permission via a variation of its existing MA permission. A firm should submit a written application to the PRA to vary its MA permission. As is the case with a new MA application, firms should apply using the s138BA permission application form published on the PRA website and they are also expected to make use of the supplementary information form

published by the PRA for MA applications.<sup>11</sup> The application should incorporate all relevant documentary evidence as set out in paragraph 2.16 below.

2.15 The application should include confirmation that it contains all information that the firm considers necessary for the PRA to reach a decision, and the application should be signed off by the board or by the relevant persons responsible for the submission of MA applications (in line with the expectations set out in paragraph 9.6A of SS7/18).

2.16 A firm's application should as a minimum contain:

- i. a description of the proposed change(s) in scope;
- ii. written confirmation of compliance with the MA eligibility conditions, including documentary evidence to support this (as per paragraph 2.7 above); and
- iii. to the extent relevant, the information described in paragraphs 2.8, 2.9, 2.10, 2.12, and 2.13 above.

2.17 The PRA may also request the additional items set out in paragraph 2.11 above as part of its assessment. It may also ask the firm to explain the likely impact on the MA of the proposed change(s).

2.18 To ease the administrative and operational burden on both firms and the PRA, the PRA expects a firm to update the suite of documentary evidence covering its initial MA permission, for each subsequent variation of that permission. Applications for a variation of MA permission should cover a short description of the proposed changes together with an updated suite of documentary evidence, where the changes to this evidence from that previously submitted to the PRA to support the existing permission are clearly signposted using 'track changes'. The firm should clearly confirm, in its short description of the changes, that all changes to its application have been displayed as 'track changes' and that no other changes have been made.

2.19 The PRA considers that effective use of its resources to grant future variations of the MA permission would be contingent on the firm developing a consolidated package of MA documentation based on its current MA permission, and against which it can track any changes for the purpose of any future applications to vary its MA permission.

2.20 The PRA expects firms to avoid making speculative applications to vary an MA permission in order to cover a range of potential future eventualities. For example, the PRA will consider MA applications to add new asset types or features to an MA permission where a firm has yet to invest in those new assets. However, the PRA expects the firm to confirm

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<sup>11</sup> 'Solvency II approvals': [www.bankofengland.co.uk/prudential-regulation/authorisations/solvency-ii-approvals](http://www.bankofengland.co.uk/prudential-regulation/authorisations/solvency-ii-approvals).

that it has credible plans to invest in these new asset types or assets with new features within 12 months of the PRA reaching a decision on the MA application. The PRA does not consider that this expectation should require firms to apply strict deadlines to investments to maintain an existing MA permission, particularly where this may be contrary to good risk management. However, where a firm does not have credible investment plans as referred to above, the firm should provide an explanation, and justification, of why it is appropriate to seek to vary a permission to include these assets in the MA portfolio. This justification could include an explanation of the firm's future investment strategy and how such investments fit into it. After MA permission has been given, the PRA expects a firm's MA portfolio to evolve over time to reflect its MA permission, or for the firm to seek a variation of its MA permission if this is not the case (eg if a firm has been unable to invest in assets with certain features and a material amount of time has passed since it received the associated MA permission).

2.21 As set out in Matching Adjustment 3.2, once a firm applies the MA to a relevant portfolio of insurance or reinsurance obligations, it may not revert to an approach that does not include the MA. Therefore, the PRA expects a firm to obtain approval for a variation of its MA permission from the PRA before reducing the scope of the relevant portfolio of insurance or reinsurance obligations to which the MA applies.

## **Assessment of an initial or change in scope application**

2.22 The PRA will confirm receipt of the application to the firm. The PRA will also confirm whether the application will be allocated to a streamlined review process (see chapter 3 of this SoP for more detail on the streamlined approach).

2.23 The PRA's approach to assessing the application will be proportionate and appropriate to the circumstances. In particular, for applications to vary an MA permission, the PRA does not expect to routinely seek additional information in respect of areas outside the proposed variation.

2.24 Where the PRA considers that the application does not include sufficient information to allow it to make a decision, the PRA will request the additional information necessary for carrying out its assessment. This information would then be treated as part of the documentary evidence supporting the application.

2.25 In respect of more complex MA applications (for example, those that include new or complex internal securitisations), the PRA may also consider other factors and evidence that are relevant when reaching a decision as to whether the MA eligibility conditions have been met. Evidence that the PRA may request in these more complex cases includes a firm's approach to obtaining a credit rating for a given asset or assets and how the MA portfolio (or changes to the MA portfolio) will be reflected in the SCR calculation. Firms may find it helpful to refer to the PRA's expectations regarding these areas as set out in SS3/17 and SS8/18.

2.26 The PRA will co-ordinate with the FCA if a firm proposes to include any guaranteed elements of with-profits annuities in the MA portfolio, in line with the agreed processes under the PRA-FCA Memoranda of Understanding (MoUs) (both the main MoU<sup>12</sup> and the With-Profits MoU).<sup>13</sup>

2.27 The PRA does not consider that a firm should necessarily wait for the determination of one MA application before submitting another. However, a firm that intends to submit a further MA application before a determination of a previous MA application should engage with the PRA as early as possible, particularly to clarify any potential interaction between the applications and to set out how the firm will ensure that the documents supporting the MA permission at any time are up-to-date. Should the PRA consider that the content of a further MA application interconnects with an already submitted application, the PRA will advise the firm of any impact on the application already submitted or the likely review timescales.

2.28 The assessment of the application will involve ongoing communication with the firm and may include discussions regarding adjustments to the content and/or changes to the scope of the application.

2.29 Assuming that the firm has provided a sufficient quality of evidence to allow the PRA to make a decision, and that the need for additional information and/or clarification has been limited, the PRA expects to determine the outcome of an application no later than six months from the date of receipt. Where insufficient evidence is provided and/or there is need for material iterative dialogue between the PRA and the firm, this is likely to extend the time needed for the PRA to reach a decision.

## Right of a firm to withdraw its application

2.30 A firm that has applied for permission to apply the MA, or to vary an existing permission, may withdraw that application by notifying the PRA in writing at any time before the PRA reaches a decision on the application.

## Decision on the application

2.31 When the PRA has reached a decision on an application, it will notify the firm in writing of its decision. Where the PRA grants permission, the written notice will specify the scope of the permission and the starting date from which the permission can be used.

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<sup>12</sup> 'Memorandum of understanding between the FCA and Bank of England': [www.bankofengland.co.uk/-/media/boe/files/memoranda-of-understanding/mou-fca-and-boe.pdf](http://www.bankofengland.co.uk/-/media/boe/files/memoranda-of-understanding/mou-fca-and-boe.pdf).

<sup>13</sup> 'With-profits, memorandum of understanding': [www.bankofengland.co.uk/-/media/boe/files/memoranda-of-understanding/fca-and-pra-supervision-of-with-profits-policies.pdf](http://www.bankofengland.co.uk/-/media/boe/files/memoranda-of-understanding/fca-and-pra-supervision-of-with-profits-policies.pdf).

2.32 Where a single application covers multiple portfolios, the PRA may grant the MA permission for some portfolios but not for others.

2.33 A decision by the PRA to permit a firm to apply the MA is made on a going concern basis. This means that the permission shall be considered to cover future insurance and reinsurance obligations and assets that are added to the MA portfolio, provided that these obligations and assets have the same features for which the MA permission was granted. The MA portfolio also needs to continue to meet the relevant MA eligibility conditions.

2.34 Where the PRA decides to refuse an application for permission to apply an MA, or an application to vary a permission, it will communicate the reasons for this decision to the firm along with notification of its decision. This is in line with the requirements of The Financial Services and Markets Act 2000 (Disapplication or Modification of Financial Regulator Rules in Individual Cases) Regulations 2024.

## **The PRA's powers to vary or revoke permission to apply the MA**

2.35 The PRA's power to grant permission to apply the MA under s138BA of FSMA, exercised in accordance with regulations 4(1) and 4(2) of the IRPR regulations, also permits the PRA to vary and/or revoke an MA permission.

2.36 As set out in Matching Adjustment 13.5, where a firm is unable to restore compliance with MA eligibility conditions within two months of the date of non-compliance, the firm will be required to reduce the MA proportionately by 10% for each further month or part-month of non-compliance. It is also possible that in some circumstances the MA could be reduced by more than that set out in Matching Adjustment 13.5 or that a firm's permission to apply the MA could be revoked by the PRA.<sup>14</sup>

2.37 Where a firm has been required to reduce the MA, due to non-compliance for a period of greater than two months, the PRA will monitor the firm's efforts to return to compliance with MA eligibility conditions and inform the firm of any further actions that may need to be taken (eg obtaining approval to vary its MA permission) before the firm may apply the full MA.

2.38 The PRA will exercise its power to vary or revoke MA permissions in a proportionate manner. The PRA expects that it might use its revocation power in cases where a firm has significantly breached the MA eligibility conditions, where the firm has been (or will be) unable to restore compliance in a reasonable period of time after the initial two-month window, where the firm's MA is zero, or when a firm has repeatedly breached the MA eligibility conditions. The PRA does not expect to make use of this power routinely.

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<sup>14</sup> Paragraphs 8.1B and 8.1C of SS7/18.

2.39 Once permission to apply the MA is revoked, a firm will need permission from the PRA to apply the MA again. Under these circumstances, a firm would need to submit an MA application to the PRA for decision. This MA application would be treated as an initial MA application.

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## 3: Flexible approach to MA permissions

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3.1 This chapter outlines specific areas where the PRA considers that its approach to assessing MA applications can be more flexible/streamlined. It covers what is meant by a streamlined approach and also explains how such an approach would work in practice.

### A streamlined approach to assessing MA applications

3.2 The PRA is committed to assessing and providing decisions on all MA applications as quickly as possible, and expects to give its decision no later than six months from its receipt of a firm's application (subject to the points made in paragraph 2.29 of this SoP). If a streamlined approach is considered suitable, then the PRA would expect to reach a decision more quickly.

3.3 When a firm engages with the PRA regarding a proposed MA application, the PRA will indicate whether such an application is likely to be suitable for a streamlined approach. However, an application will only be formally allocated to a streamlined review process once received by the PRA and after it has been assessed via the PRA's triage process. The purpose of the triage process is to make an initial assessment of the scope and completeness of the application. It is also intended to facilitate a risk-based assessment of whether the application is suitable for a streamlined review, taking account of the extent, nature and complexity of the application, including the specific points covered in paragraphs 3.6 to 3.12 below.

3.4 Under a streamlined approach, the PRA would limit its review to a consideration of whether the proposed assets and/or liabilities are eligible for inclusion in the firm's MA portfolio. The PRA may decide to review items not covered by the streamlined MA application review later, as part of its ongoing supervisory activity, as appropriate.

### A streamlined approach in practice

3.5 The PRA will still require firms to submit a written application as set out in Chapter 2 of this SoP, including accompanying documentary evidence and, for a change in scope application, changes signposted as described in paragraph 2.18 of this SoP.

3.6 The PRA will endeavour to undertake a streamlined review of an application where it is clearly in line with the MA eligibility conditions or proposes straightforward changes.

3.7 A firm may also propose safeguards to enable a streamlined review of its application in certain circumstances. For example, a firm may propose exposure limits that reduce the prudential risks associated with the proposed asset(s). Inclusion of safeguards within an



application may enable the PRA to consider a wider range of applications as appropriate for a streamlined approach. Such safeguards will form part of the MA permission. Firms are encouraged to set out any proposed safeguards in the ARAP form and the PRA would be likely to discuss these with the firm during the ARAP.

3.8 Where a firm is only seeking to make changes to the asset types included in its MA portfolio, a streamlined approach is most likely to be suitable for:

- introducing an asset type that the firm already has permission to include in its MA portfolio, but where new features are present;
- introducing an asset that includes a new combination of features, but where the firm already has MA permission for other asset types containing subsets or different combinations of these features (covering between them all the features); or
- amending any safeguards that have formed part of an existing MA permission.

3.9 A streamlined approach may also be suitable for certain more novel assets, including assets that are more complex in nature or assets with HP cash flows. However, as a streamlined approach increases the risks to the PRA's statutory objectives, including where risks to the quality of matching may be material, safeguards or mitigants to limit the materiality of these risks will be an important factor in determining whether an application is suitable for a streamlined approach. Nevertheless, even allowing for safeguards, the risks and complexities associated with some assets may mean that it is not possible to apply a streamlined approach for those assets.

3.10 Where a firm is seeking to make changes only to the types of liabilities included in its MA portfolio, a streamlined approach is most likely to be suitable for:

- introducing a type of liability that the firm already has permission to include in its MA portfolio but where new features are present; and
- introducing a liability that includes a new combination of features, but where the firm already has MA permission for other liability types containing subsets or different combinations of these features (covering between them all the features).

3.11 For other changes to MA portfolios, the ability for the PRA to apply a streamlined approach, and the review approach taken by the PRA, will depend on the extent, nature and complexity of the change(s) proposed. Due to the number of areas covered, initial MA permissions, and variations of permission that include many proposed changes to the scope of the MA permission, are less likely to be able to benefit from a streamlined approach. The same applies to applications that include a number of changes in one area (eg a number of proposed changes to the relevant portfolio of assets).



3.12 The PRA notes that its ability to undertake a streamlined review will critically depend on whether all relevant information is included in the application, the quality of the information provided by the firm and how straightforward it is for the firm to demonstrate compliance with the relevant requirements. If it proves necessary to request additional information or clarification from a firm then this is likely to increase the review time needed.

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## 4: Monitoring of the MA permissions framework

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4.1 In order to promote transparency in the regulatory regime, and to implement the outcome of HMT's Solvency II Review<sup>15</sup>, the PRA will publish regular reports on the MA framework alongside the PRA Annual Report, covering application review timelines and decision rates, with the first report to be published in 2025.

4.2 The PRA has set a target of six months for a decision on an MA application as set out in paragraph 2.29 of this SoP. Streamlined reviews are generally expected to be completed over a shorter timeframe, subject to the points made in paragraph 3.12 of this SoP.

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<sup>15</sup> Paragraph 1.17 of 'Review of Solvency II: Consultation - Response':  
[www.gov.uk/government/consultations/solvency-ii-review-consultation](https://www.gov.uk/government/consultations/solvency-ii-review-consultation).