

PRA RULEBOOK: ADMINISTRATION INSTRUMENT (No. 2) 2017**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 142H (Ring-fencing rules);
 - (4) section 192J (Rules requiring provision of information by parent undertakings);
 - (5) section 192JA (Rules applying to parent undertakings of ring-fenced bodies);
 - (6) section 60 (applications for approval);
 - (7) section 60A (vetting of candidate by relevant authorised person); and
 - (8) section 63F (issuing of certificates).
- 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: Amendment Instrument (No. 2) 2017

- D. The rules in the Parts of the PRA Rulebook listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
REGULATORY REPORTING	A, B, C, D
FITNESS AND PROPRIETY	E
GROUP SUPERVISION	F
CONDITIONS GOVERNING BUSINESS	G
INSURANCE – FITNESS AND PROPRIETY	H
LARGE NON-SOLVENCY II FIRMS – FITNESS AND PROPRIETY	I
NON-SOLVENCY II FIRMS – FITNESS AND PROPRIETY	J
THIRD COUNTRY BRANCHES	K
OWN FUNDS	L
GLOSSARY	M

Commencement

- E. Annexes A, B, E, F, G, H, I, J, K, L and M of this instrument come into force on 2 May 2017. Annex C of this instrument will come into force on 1 January 2018. Annex D of this instrument will come into force on 1 January 2019.

Expiry

F. The amendments made in Annex B will cease to have effect and be deleted on 31 December 2018.

Citation

G. This instrument may be cited as the PRA Rulebook: Administration Instrument (No. 2) 2017.

By order of the Prudential Regulation Committee

25 April 2017

Annex A

Amendments to the Regulatory Reporting Part

In this Annex new text is underlined>.

...

7 REGULATED ACTIVITY GROUP 1

7.1 The applicable *data items* referred to in the table in 6.1 are set out according to *firm* type in the table below:

RAG 1	Prudential category of <i>firm</i> , applicable <i>data items</i> and reporting format (1)					
	<i>UK bank</i>	<i>Building society</i>	<i>Non-EEA bank</i>	EEA bank that has permission to accept deposits and that has its registered office (or, if it has no registered office, its head office) outside the EU	[deleted.]	<i>Dormant account fund operator (12)</i>
Description of <i>data item</i>						
...						
Balance sheet	FSA001_(2)	FSA001_(2) -	-	-	[deleted.] -	
...						

...

9 REGULATED ACTIVITY GROUP 3

...

- 9.2 The applicable *data items* referred to in the table in 6.1 for a *UK designated investment firm* are set out in the table below:

RAG 3	
Description of <i>data item</i>	Applicable <i>data items</i> (1)
...	
<i>Annual report and accounts of the mixed-activity holding company</i> <u>((5) and (17))</u>	No standard format
...	

Annex B

Amendments to the Regulatory Reporting Part

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

...

7 REGULATED ACTIVITY GROUP 1

7.1 The applicable *data items* referred to in the table in 6.1 are set out according to *firm* type in the table below:

RAG 1	Prudential category of <i>firm</i> , applicable <i>data items</i> and reporting format (1)					
	<i>UK bank</i>	<i>Building society</i>	<i>Non-EEA bank</i>	<i>EEA bank that has permission to accept deposits and that has its registered office (or, if it has no registered office, its head office) outside the EU</i>	[deleted.]	<i>Dormant account fund operator (12)</i>
Description of data item						
<i>Annual report and accounts_(20)</i>	No standard format	-	No standard format, but in English	-	-	No standard format
<i>Annual report and accounts of the mixed-activity holding company ((7) and (20))</i>	No standard format	-	-	-	-	-

...						
Market risk	FSA005 ((2), <u>and (3)</u>)	FSA005 ((2), <u>and</u> (3))	-	-	-	-
...						
IRB portfolio risk	FSA045 ((2) <u>and (11)</u>)	FSA045 ((2) <u>and</u> (11))	-	-	-	-
...						

Annex C

Amendments to the Regulatory Reporting Part

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

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16 DATA ITEMS AND OTHER FORMS

...

~~16.26~~16.29 PRA104 can be found **here**.

~~16.27~~16.30 PRA105 can be found **here**.

~~16.28~~16.31 PRA106 can be found **here**.

~~16.29~~16.32 PRA107 can be found **here**.

~~16.30~~16.33 PRA108 can be found **here**.

~~16.34~~16.34 Templates 1.1 ,1.2, 1.3, 2 and 3 at Annexes III and IV of the *Supervisory Reporting ITS* can be found **here**.

Annex D

Amendments to the Regulatory Reporting Part

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

...

7 REGULATED ACTIVITY GROUP 1

7.1 The applicable *data items* referred to in the table in 6.1 are set out according to *firm* type in the table below:

RAG 1	Prudential category of <i>firm</i> , applicable <i>data items</i> and reporting format (1)						
	<i>UK bank other than a ring-fenced body</i>	<i>Ring-fenced body</i>	<i>Building society</i>	<i>Non-EEA bank</i>	<i>EEA bank that has permission to accept deposits and that has its registered office (or, if it has no registered office, its head office) outside the EU</i>	[deleted.]	<i>Dormant account fund operator (12)</i>
Description of data item							
...							
<i>Annual report and accounts of the mixed-activity holding company ((7) and (20))</i>	No standard format	No standard format	-	-	-	-	-
...							

Market risk	FSA005 ((2), <u>and (3)</u>)	FSA005 ((2),(3), <u>and (22)</u>)	FSA005 ((2), <u>and (3)</u>)	-	-	-	-
...							
IRB portfolio risk	FSA045 ((2), <u>and (11)</u>)	FSA045 ((2),(11), <u>and (22)</u>)	FSA045 ((2), <u>and (11)</u>)	-	-	-	-
...							

...

16 DATA ITEMS AND OTHER FORMS

...

- ~~46.32~~16.35 RFB001 can be found **here**.
- ~~46.33~~16.36 RFB002 can be found **here**.
- ~~46.34~~16.37 RFB003 can be found **here**.
- ~~46.35~~16.38 RFB004 can be found **here**.
- ~~46.36~~16.39 RFB005 can be found **here**.
- ~~46.37~~16.40 RFB006 can be found **here**.
- ~~46.38~~16.41 RFB007 can be found **here**.
- ~~46.39~~16.42 RFB008 can be found **here**.

Annex E

Amendments to the Fitness and Propriety Part

In this Annex deleted text is struck through.

1 APPLICATION AND DEFINITIONS

...

1.3 In this Part, the following definitions shall apply:

...

individual conduct requirements

means

(1) the Individual Conduct Rules and Senior Manager Conduct Rules in Conduct Rules 2 and 3;

(2) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Insurance – Conduct Standards 3;

(3) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Large Non-Solvency II Firms – Conduct Standards 3;

(4) ~~COCON~~, FIT and APER in the *PRA Handbook*;

(5) COCON in the *FCA Handbook*; and

(6) APER in the *FCA Handbook*.

...

Annex F

Amendments to the Group Supervision Part

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

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6 GROUP SOLVENCY: NOTIFICATION OF ISSUANCE OF OWN FUNDS ITEMS BY GROUP MEMBER

...

6.5 ...

(2) debt instruments issued from a debt securities programme established by an *undertaking* in the *group*, provided that:

...

(~~b~~c) any instrument issued pursuant to the programme must, under the terms of the programme, constitute *basic own funds*; and

...

Annex G

Amendments to the Conditions Governing Business Part

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

Part

CONDITIONS GOVERNING BUSINESS

...

12 LLOYD'S

...

- 12.6 The *PRA* and the *Society* must be informed promptly by the *managing agent* of any concerns about the adequacy of the *technical provisions*, and any material deficiencies, identified in the annual written report to be submitted by the ~~actuarial~~actuarial function to the *governing body* of that *managing agent*.

Annex H

Amendments to the Insurance – Fitness and Propriety 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:

...

individual conduct requirements

means:

- (1) the Individual Conduct Rules and Senior Manager Conduct Rules in Conduct Rules 2 and 3;
- (2) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Insurance – Conduct Standards 3;
- (3) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Large Non-Solvency II Firms - Conduct Standards 3;
- (4) ~~COCON~~, FIT and APER in the *PRA Handbook*;
- (5) COCON in the *FCA Handbook*; and
- (6) APER in the *FCA Handbook*.

...

4 DISCLOSURE AND REPLACEMENTS

- 4.1 (1) A *firm* (other than a *UK ISPV*) shall notify the *PRA* of any changes to the identity of *key function holders* and shall provide the *PRA* with:
- (a) all the information needed to assess whether such *person* is fit and proper pursuant to 2.2; and
 - (b) the information referred to in Insurance - Allocation of Responsibilities 5.1(3) in respect of that *person*.
- (2) A *UK ISPV* shall notify the *PRA* of any changes to the identity of *key function holders* who are effectively running the *firm* and shall provide the *PRA* with all the information needed to assess whether such *person* is fit and proper pursuant to 2.2.
- [Note: Art. 42(2) of the *Solvency II Directive*]**
- (3) Where a *firm* has complied with 4.1(1) in connection with the appointment of a *person* as a *key function holder*, and such *person* transfers from that *key function* to a different *key function* or is appointed to an additional *key function*, in either case within the same *firm*, for the purposes of 4.1(1) the *firm* need only supply, in connection with such subsequent appointment:
- (a) updates to the information previously provided; and

- (b) if the *key function holder* is also to perform a *senior insurance management function* or an *FCA controlled function*, the information required in connection with an application for approval to do so.

...

Annex I

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

...

individual conduct requirements

means:

- (1) the Individual Conduct ~~Rules~~ and Senior Manager Conduct Rules in Conduct Rules 2 and 3;
- (2) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Insurance – Conduct Standards 3;
- (3) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Large Non-Solvency II Firms - Conduct Standards 3;
- (4) ~~COCON~~, FIT and APER in the *PRA Handbook*;
- (5) COCON in the *FCA Handbook*; and
- (6) APER in the *FCA Handbook*.

...

3 REGULATORY REFERENCES

3.1 (1) If any *PRA-authorised person* (A):

- (a) is considering issuing a *certificate* to, making a *senior management application* in respect of, or appointing as a *senior insurance management function holder*, a *key function holder*, a *non-executive director*, a *notified non-executive director* or a *credit union non-executive director*, a *person* (P);
- (b) makes a request for a reference or other information in respect of P from a *firm* to which this Part applies (B), in B's capacity as:
 - (i) P's current or former employer; or
 - (ii) an organisation (not falling within (i)) at which P is ~~is~~ currently serving, or has served, as a *key function holder* or other *approved person*; and
- (c) indicates to B the purpose of the request;

B must, as soon as reasonably practicable, provide a reference and disclose to A in the reference all information of which B is aware that B reasonably considers to be relevant to A's assessment of whether P is fit and proper.

...

Annex J

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

In this Annex, striking through indicates deleted text.

1 APPLICATIONS AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to a *small non-directive insurer*.

1.2 In this Part, the following definitions shall apply:

continued approval

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

...

3 REGULATORY REFERENCES

3.1 (1) If any *PRA-authorised person* (A):

(a) is considering issuing a *certificate* to, making a *senior management application* in respect of, or appointing as a *senior insurance management function holder*, a *key function holder*, a *non-executive director*, a *notified non-executive director* or a *credit union non-executive director*, a *person* (P);

(b) makes a request for a reference or other information in respect of P from a *firm* to which this Part applies (B), in B's capacity as:

(i) P's current or former employer; or

(ii) an organisation (not falling within (i)) at which P is currently serving, or has served, as a *senior insurance management function holder*, other *approved person* or *non-executive director*; and

(c) indicates to B the purpose of the request;

B must, as soon as reasonably practicable, provide a reference and disclose to A in the reference all information of which B is aware that B reasonably considers to be relevant to A's assessment of whether P is fit and proper.

...

Annex K

Amendments to the Third Country Branches Part

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

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9 REPORTING

9.1 A *third country branch undertaking* must fulfil the requirements laid down in ~~Reporting 2.1-5~~
Reporting 2.1 to 2.5 as modified by 9.2 and 9.3.

...

Annex L

Amendments to the Own Funds Part

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

1 APPLICATION AND DEFINITION

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5 NOTIFICATION OF ISSUANCE OF OWN FUNDS ITEMS

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5.8 ...

(2) a finalised copy of the draft accounting opinion referred to in 5.2-(2)(e) if applicable;

...

Annex M

Amendments to the Glossary

Underlining indicates new text and striking through indicates deleted text.

relevant insurance group undertaking

means, in relation to a *group* falling within Group Supervision 2.1(1) or 2.1(2)~~2.1(1)(a) or 2.1(1)(b)~~, each *UK Solvency II undertaking* within that *group*.

senior insurance management function

means

1. (for a *UK Solvency II firm*, the *Society*, a *managing agent*, a *third country branch undertaking* (other than a *Swiss general insurer*) and a *UK ISPV*) that aspect of any *key function* relating to the carrying on of a *regulated activity* by the *firm*, which is specified by the *PRA* in Insurance – Senior Insurance Management Functions 3 to 10 pursuant to section 59 of *FSMA*.
2. (for a *small non-directive insurer*) any function which is specified by the *PRA* in Non-Solvency II Firms – Senior Insurance Management Functions 3 to 52.2 pursuant to section 59 of *FSMA*.
3. (for a *large non-directive insurer* and a *Swiss general insurer*) any function which is specified by the *PRA* in Large Non-Solvency II Firms – Senior Insurance Management Functions 3 to 8 pursuant to section 59 of *FSMA*.