FCA FINANCIAL CONDUCT AUTHORITY **BANK OF ENGLAND PRUDENTIAL REGULATION AUTHORITY**

Multi-arrangement Insurance Special Purpose Vehicle (MISPV) New Risk Assumption Notification Form

Full name of MISPV/PCC

PCC registered number

Arrangement code for this risk/cell

Important information you should read before completing this form

Please keep a copy of the forms you complete and the supporting documents that you include with this notification pack for your future reference.

For the purposes of complying with the Data Protection Act 1998, please note that any personal information provided to us will be used to discharge our statutory functions under the Financial Services and Markets Act 2000 (FSMA) and other relevant legislation and may be disclosed to third parties for those purposes.

Consistent with Part 4A of FSMA, the MISPV may not act outside its Scope of Permission (SOP). This means that in the case of an MISPV, future arrangements must fall within the scope of the SOP. As such this arrangement as described in this notification form must be consistent with the SOP.

Terms in this notification pack

In this notification form we use the following terms:
- 'you' refers to the person(s) signing the form on behalf of the applicant firm;
- 'we', 'us' or 'our' refers to the appropriate regulator;
- 'PCC' refers to Protected Cell Company;
- 'applicant firm' refers to the firm applying for authorisation, except where an applicant is applying to become a PCC, in which case the term "applicant firm" refers to the proposed PCC and/or the applicant on behalf of the proposed PCC (as applicable);
- 'FCA' refers to the Financial Conduct Authority;
- 'PRA' refers to the Prudential Regulation Authority;
- 'FSMA' refers to the Financial Services and Markets Act 2000;
- 'Delegated Regulation' refers to Commission Delegated Regulation (EU) 2015/35;
- 'Implementing Regulation' refers to Commission Implementing Regulation (EU) 2015/462;
- 'RTR' refers to the Risk Transformation Regulations 2017 (SI 2017/1212);
- 'AMRE' refers to Aggregate Maximum Risk Exposure as defined in Article 1(44) of the Commission Delegated Regulation (EU) 2015/35;
- 'Cell' can refer to an individual cell or group of cells of the MISPV, where risk is being transferred to a group of cells; and
- 'Arrangement code' is the MISPVs identifier (allocated by the MISPV) to the risk transfer arrangement assumed by the associated cell.

Purpose of this form

Pursuant to Rule 4.3 of the Insurance Special Purpose Vehicles Part of the PRA Rulebook, this form is to be sent to the PRA when an MISPV assumes a new risk.

Filling in the form

1. Please fill in the requested information where reference and text boxes are provided, and submit supporting information and documentation with a table of contents that includes any PRA/FCA forms that are attached. Where text boxes are not large enough, provide the information in your supporting documentation, and include a reference to this information. Please indicate in the reference boxes at the end of questions where the requested information for each part can be found in your supporting documentation (i.e. the sections or page numbers in your supporting documentation that address that information request). Also, clearly mark supporting documentation with the relevant question numbers from the application form.

2. If you think an information request is not relevant to you, write 'N/A' in the relevant reference box and explain in your supporting documentation why you consider it not applicable.

3. If you leave an information request blank, do not sign the declaration or do not attach the required supporting information without telling us why, it may lead us to challenge the legitimacy of the assumption of risk.

4. If you are using your computer to complete the form print out all the parts of the form you have completed and sign the declaration.

5. If you are filling in the form by hand:

   - use black ink;

   - write clearly; and

   - sign the declaration.

6. Submit this notification to ISPVMailbox@bankofengland.co.uk and send two copies in hard copy consisting of:

   - the standard form (which includes the checklist and declaration form); and

   - supporting documents to the PRA at:

     Authorisations, The Prudential Regulation Authority
     20 Moorgate
     London
     EC2R 6DA

1 Details of the transaction

All MISPVs must meet the applicable requirements concerning the transfer of risk and funding of the vehicle.

This notification should describe the specific details of the assumption of risk.

Summary

1.1 Provide a summary of the risk transfer. This should include details of the following:

i.   the nature, scale and scope of the risk to be transferred to the MISPV (e.g. location, type of cover, class of business, peril, risk period etc.);

ii. the risks that will be retained by the cedant and those that will be transferred to the MISPV;

iii. whether a group of cells is being used (if so, Pursuant to Rule 4.4 of the Insurance Special Purpose Vehicles Part of the PRA Rulebook. please attach a Group of Cells Notification Form); and

iv. the length of time for which this specific arrangement is intended to operate.

Reference	(i)	
	(ii)	
	(iii)	
	(iv)	

Contractual provisions and mechanisms between the cedant and MISPV

1.2 Provide a copy of the contractual arrangement relating to the risk transfer between the MISPV and the cedant, including:

i.   specific contractual provisions relied upon for the MISPV to meet the fully funded requirement (e.g capital release/noteholder withdrawal clauses, withheld premium arrangements);

ii. any relevant loss event triggers or mechanisms to be relied upon under the contract (e.g. parametric, index-linked triggers, etc.); and

iii. where applicable, details of triggering, timing and determination or calculation of any changes to the amount of risk transfer and the AMRE throughout the life of the contract, including any contractual provisions that will be relied upon to meet the fully funded requirements (e.g. the approach, terms and conditions for ramp-ups).

Reference	(i)	
	(ii)	
	(iii)	

Effective risk transfer approach

1.3 **Provide:**

i. details of the parties to the contractual arrangement, including those relating to the transfer of risk from the cedant to the MISPV. This includes the roles of the MISPV and the cedants, as well as the roles and identities of other participants, including, but not limited to, noteholders, shareholders, account managers and account servicing managers, custodians and trusts, asset managers, underwriters and sponsors to the transaction. Provide a diagram that links how these parties are involved in the proposed transaction including material cashflows;

ii. an assessment of any material residual risks, including basis risk;

iii. an actuarial assessment of the insurance risks assumed;

iv. details of any custodian or asset trustee arrangement, including the qualifications of the custodian or trustee, any due diligence undertaken, and any draft contracts of these arrangements; and

v. a financial projection of the cell over its expected life.

Reference	(i)	
	(ii)	
	(iii)	
	(iv)	
	(v)	

Transaction documentation

1.4 **Provide transaction documentation regarding the issue of debt or financing mechanisms, and risk transfer to providers of such debt or financing mechanisms. This documentation should include, where applicable:**

i. prospectus or offering circular or private placement memorandum;

ii. rating assessment or credit rating agency's report;

iii. details of any connected transaction that may undermine the fully funded or effectiveness of the risk transfer requirements, including transaction documentation, or drafts thereof. Where applicable this may include contracts with other participants to the transaction, as well as outsourcing and service contracts; and

iv. details relating to the potential use of financial guarantors on any of the 'tranches' of notes to be issued.

Reference	(i)	
	(ii)	
	(iii)	
	(iv)	

Fully funded approach

1.5 **Provide:**

i. relevant tests, such as stress and scenario tests, to determine if the fully funded requirement is being complied with on an ongoing basis (e.g. where the cell is relying on investment income to fund future fees and expenses then stress and scenario tests should be included

in the notification to demonstrate that these future fees and expenses can be met out of future investment income);

ii. specific contractual provisions or mechanisms relied upon for the cell to meet the Solvency II requirements, excluding those requested in section 1.2 (e.g. subordination clauses, insolvency clauses, etc.);

iii. details of all expense arrangements, both those included within the AMRE and those eligible for exclusion from the AMRE (and details of how they will be satisfied);

iv. an explanation of how the investment strategy is intended to support the fully funded requirement;

v. details of how the fully funded requirement will continue to be met where particular mechanisms such as renewals, ramp-ups, withheld premiums, etc are included in the arrangement; and

vi. any off-balance sheet commitments to support the cell, including guarantees or any other form of credit risk mitigation sold to or otherwise provided to the cell (e.g. contingent assets, or top-up arrangements the cell may activate upon a breach occurring).

Reference	(i)	
	(ii)	
	(iii)	
	(iv)	
	(v)	
	(vi)	

Investment policy

1.6 Provide an investment policy outlining the cell's investment strategy/strategies. This should include the following:

i. where applicable, any hedging instruments used, such as interest rate swaps or currency contracts (including the relevant contracts, or drafts thereof);

ii. the quantifiable risks of the cell (e.g. details of the cell's liquidity risk and liquidity strategy);

iii. with regard to the debt or other financing mechanism, details of the cell's liquidity strategy for the issued financial instruments, including the structure and tiering, types of positions, and any noteholder withdrawal rules;

iv. information on the risk implications of the cell's proposed investment strategy; and

Reference	(i)	
	(ii)	
	(iii)	
	(iv)	

Communication with the supervisory authority of the cedant

1.7 Where the cedant is domiciled in the EEA, provide details of the relevant contact at the supervisory authority responsible for the cedant, and a copy of any correspondence that notifies the

supervisory authority of the cedant concerning the intention to
transfer risk to a cell.

Reference	

Significant influence

1.8 **Could this arrangement enable shareholders in the cell to exercise
significant influence over the MISPV?**

☐ No

☐ Yes ▸ Please provide details below.

Conflicts of interest

1.9 **Are there any associations that exist between a director or a
member or shareholder with a qualifying holding in the MISPV and
any person that has undertaken this contractual arrangement?**

☐ No

☐ Yes ▸ Please provide details clarifying the relationship below.

Consistent with Scope of Permission

1.10 **Please confirm that this transaction is in line with the SOP and that
all other aspects of the running of the MISPV remain in line with the
SOP.**

☐ Yes

☐ No ▸ Please provide details below.

2 Summary of the new risk assumption

You must complete the table outlining the new and current risks assumed by the MISPV.

Notification Table

2.1 Please include details of all 'live' cells. If more columns are required please continue on a separate sheet.

	Arrangement code[1]	Inter-cell arrangement code (if applicable)	Date of issuance	Name of cedant	AMRE per arrangement	Assets held per arrangement	Duration
Total							
Risk 1							
Risk 2							
Risk 3							
…							

[1] As per SPV.03.01 R0020/C0010, Annex II of the Implementing Regulations

3 Documents submitted with this notification

You must list which documents you have attached.

Supporting documents you are sending with this form

3.1 **Please list below all the documents you are sending with this notification form.**

3.1 **Please provide any comments on supporting documents if necessary.**

Other information

3.3   **If there is anything else you would like to tell us about this notification please provide details below.**

4 Declaration

Declaration

It is a criminal offence to – knowingly or recklessly – give us information that is false, misleading or deceptive.

You must notify us immediately of any significant change to the information provided.

D1 I am authorised to make this notification on behalf of the MISPV named on the front of this form.

D2 I attach the documents listed in Section 3.1 and I have taken all reasonable steps to ensure they are correct.

D3 I confirm that the documents listed in Section 3.1 have been prepared to an appropriate standard and are available for immediate inspection by the regulators.

D4 I confirm that the information in this application is accurate and complete to the best of my knowledge and belief.

D5 I authorise the regulators to make such enquiries and to seek such further information as it thinks appropriate to verify the information given on this form.

D6 I understand that the regulators may require the MISPV to provide further information or documents at any time after I have sent this form

Who must sign the declaration?

This declaration must be signed by the people who are responsible for making this notification on behalf of the applicant firm.

	Signature one	**Signature two**
Name		
Position		
Signature		
Date	(dd/mm/yy)	(dd/mm/yy)