

**PRA RULEBOOK: NON-SOLVENCY II FIRMS: LARGE NON-SOLVENCY II FIRMS - SENIOR INSURANCE MANAGERS REGIME (NO. 2) INSTRUMENT 2016**

**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 59 (approval for particular arrangements);
  - (2) section 60 (applications for approval);
  - (3) section 61 (determination of applications);
  - (4) section 64A (rules of conduct);
  - (5) section 137G (the PRA’s general rules); and
  - (6) 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: Non-Solvency II Firms: Large Non-Solvency II Firms - Senior Insurance Managers Regime (No. 2) Instrument 2016**

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

**Commencement**

- E. This instrument comes into force on 7 March 2016.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: Non-Solvency II Firms: Large Non-Solvency II Firms - Senior Insurance Managers Regime (No. 2) Instrument 2016.

**By order of the Board of the Prudential Regulation Authority**

10 February 2016

## Annex A

This Annex amends the rules made in PS26/15 (PRA Rulebook: Non-Solvency II Firms: Large Non-Solvency II Firms - Senior Insurance Managers Regime Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

# LARGE NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGEMENT FUNCTIONS

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## Chapter content

1. APPLICATION AND DEFINITIONS
2. GENERAL
3. EXECUTIVE
4. OVERSIGHT
5. GROUP ENTITIES
6. HEAD OF THIRD COUNTRY BRANCH
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- ~~7.8.~~ WITH-PROFITS ACTUARY
- ~~8.9.~~ CHIEF UNDERWRITING OFFICER

Links

## 1 APPLICATION AND DEFINITIONS

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1.1 Unless otherwise stated, this Part applies to: a

(1) a large non-directive insurer; and

(2) a Swiss general insurer.

1.2 In this Part, the following definitions shall apply:

...

*Chief Actuary function*

has the meaning given in ~~6~~7.1.

...

*Chief Underwriting Officer function*

has the meaning given in ~~8~~9.2.

...

*Head of Third Country Branch function*

has the meaning given in 6.2.

...

*With-Profits Actuary function*

has the meaning given in ~~7~~8.2.

## 2 GENERAL

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2.1 Each of the functions in 3 - ~~8~~9 is a *controlled function* and a *senior insurance management function*.

...

2.3 (1) A firm (other than a Swiss general insurer) must ensure that one or more persons performs each of the following *senior insurance management functions* on its behalf:

(a) the *Chief Executive function*;

(b) the *Chief Finance function*; and

(c) the *Chairman function*.

...

## 6 HEAD OF THIRD COUNTRY BRANCH

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6.1 This Chapter applies only to a *Swiss general insurer*.

6.2 The *Head of Third Country Branch function* (SIMF19) is the function of having responsibility for the conduct of all activities of the *Swiss general insurer* that are subject to the *regulatory system*.

6.3 (1) A Swiss general insurer must have at least one person approved to perform the Head of Third Country Branch function.

(2) If a vacancy arises in respect of the Head of Third Country Branch function, a Swiss general insurer must ensure that it appoints a person to fill that vacancy as soon as possible.

6.4 A Swiss general insurer is not required to have any person(s) approved to perform any of the other senior insurance management functions.

## **67 CHIEF ACTUARY**

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67.1 The *Chief Actuary function* (SIMF20) is the function of having responsibility for the actuarial function specified in Non-Solvency II Firms – Governance 10.

## **78 WITH-PROFITS ACTUARY**

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78.1 This Chapter applies only to *firms* that carry on *with-profits insurance business*.

78.2 The *With-Profits Actuary function* (SIMF21) is the function of having responsibility for advising the *governing body* of a *firm* transacting *with-profits insurance business* on the exercise of discretion affecting part or all of that business, as described more fully in Non-Solvency II Firms – Actuarial Requirements 6.1.

## **89 CHIEF UNDERWRITING OFFICER**

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89.1 This Chapter applies only to *firms* that carry on *general insurance business*.

89.2 The *Chief Underwriting Officer function* (SIMF22) is the function of having responsibility, in respect of the *firm's general insurance business*, for the underwriting decisions in respect of material insurance risks that are borne by the *firm*.

**Annex B**

This Annex amends the rules made in PS26/15 (PRA Rulebook: Non-Solvency II Firms: Large Non-Solvency II Firms - Senior Insurance Managers Regime Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

## **LARGE NON-SOLVENCY II FIRMS – FITNESS AND PROPRIETY**

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### **1 APPLICATION AND DEFINITIONS**

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1.1 Unless otherwise stated, this Part applies to: a

(1) a large non-directive insurer; and

(2) a Swiss general insurer.

...

## Annex C

This Annex amends the rules made in PS26/15 (PRA Rulebook: Non-Solvency II Firms: Large Non-Solvency II Firms - Senior Insurance Managers Regime Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

## LARGE NON-SOLVENCY II FIRMS – ALLOCATION OF RESPONSIBILITIES

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### 1 APPLICATION AND DEFINITIONS

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1.1 Unless otherwise stated, this Part applies to: a

(1) a large non-directive insurer; and

(2) a Swiss general insurer.

...

### 2 ALLOCATION OF RESPONSIBILITIES

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2.1 A firm (other than a Swiss general insurer) must allocate each of the *SIMR prescribed responsibilities* set out in 3.1 (other than 3.1(9) and (10)) to one or more persons who, in relation to that firm, are approved under section 59 of *FSMA* by:

(1) the *PRA* to perform a *senior insurance management function*; or

(2) in relation to *relevant senior management functions* only, the *FCA*.

2.2 A firm (other than a Swiss general insurer) must allocate each of the *SIMR prescribed responsibilities* set out in 3.1(9) and (10) to one or more *non-executive directors* who perform a *senior insurance management function* set out in Large Non-Solvency II Firms – Senior Insurance Management Functions 4 or an *FCA governing function* at that firm.

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## Annex D

This Annex amends the rules made in PS26/15 (PRA Rulebook: Non-Solvency II Firms: Large Non-Solvency II Firms - Senior Insurance Managers Regime Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

## LARGE NON-SOLVENCY II FIRMS – CONDUCT STANDARDS

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### 1 APPLICATION

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1.1 Unless otherwise stated, this Part applies to:

- (1) a *large non-directive insurer*, ~~and~~
- (2) a Swiss general insurer, and
- (23) in relation to ~~a large non-directive insurer~~ any of the foregoing firms, any person who is approved under section 59 of *FSMA* by either:
  - (a) the *PRA*; or
  - (b) the *FCA*, in relation to a *relevant senior management function*.

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## Annex E

This Annex proposes updates to the rules made in PS26/15 (Non-Solvency II Firms – Governance Part). Strikethrough text is deleted and new text is underlined.

### 1 APPLICATION AND DEFINITION

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1.1 Unless otherwise stated, this Part applies to:

- (1) a *non-directive insurer*, and
- (2) subject to 1.2, a *Swiss general insurer*.

1.2 Only Chapters ~~2, 5, 6 and 7~~ 3 and 5 to 10 apply to a *Swiss general insurer* and only in respect of the activities of the *firm* carried on from a *branch* in the *UK*.

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### 2 GENERAL GOVERNANCE FOR SMALL NON-DIRECTIVE INSURERS

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2.1 This Chapter only applies to a *small non-directive insurer* and a ~~*Swiss general insurer*~~.

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### 3 GENERAL GOVERNANCE FOR LARGE NON-DIRECTIVE INSURERS

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3.1 This Chapter only applies to a *large non-directive insurer* and a *Swiss general insurer*.

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### 8 INTERNAL CONTROL

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8.1 This Chapter only applies to a *large non-directive insurer* and a *Swiss general insurer*.

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### 9 INTERNAL AUDIT

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9.1 This Chapter only applies to a *large non-directive insurer* and a *Swiss general insurer*.

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### 10 ACTUARIAL FUNCTION

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10.1 This Chapter only applies to a *large non-directive insurer* and a *Swiss general insurer*.

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## Annex F

Amend the Glossary Part as follows in the appropriate alphabetical positions. Underlining indicates new text and deleted text is struck through.

## Part

## GLOSSARY

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### *conduct standards*

- (1) for a *UK Solvency II firm*, the *Society*, a *managing agent* and a *UK ISPV*, means the standards of expected conduct specified in Insurance - Conduct Standards 3;
- (2) for a *third country branch undertaking* (other than a *UK-deposit insurer* or a *Swiss general insurer*), means the standards of expected conduct specified in Insurance - Conduct Standards 3.1 to 3.3 and, taking account only of matters relevant to the operations of the *third country branch*, Insurance – Conduct Standards 3.4 to 3.8;
- (3) for a *UK-deposit insurer*, means the standards of expected conduct specified in Insurance - Conduct Standards 3.1 to 3.3 and, taking account only of matters relevant to the operations of the *third country branch* and all the *third country undertaking EEA branches*, Insurance – Conduct Standards 3.4 to 3.8;
- (4) for a *small non-directive insurer*, means the standards of expected conduct specified in Non-Solvency II Firms - Conduct Standards 2; ~~and~~
- (5) for a *large non-directive insurer*, means the standards of expected conduct specified in Large Non-Solvency II Firms - Conduct Standards 3; and
- (6) for a *Swiss general insurer*, means the standards of expected conduct specified in Large Non-Solvency II Firms - Conduct Standards 3 taking account only of matters relevant to the operations of the *third country branch*.

...

### *key function*

- (1) in relation to a *UK Solvency II firm*, the *Society*, a *managing agent*, a *UK ISPV* and a *large non-directive insurer*, means each of the following in relation to the carrying on of a *regulated activity* by the *firm*:
  - (a) the risk-management *function*;
  - (b) the compliance *function*;
  - (c) the internal audit *function*;
  - (d) the actuarial *function*;
  - (e) the *function* of effectively running the *firm*; and
  - (f) any other *function* which is of specific importance to the sound and prudent management of the *firm*;
- (2) in relation to a *third country branch undertaking* ~~(other than a *Swiss general*~~

~~insurer~~ means, in relation to the carrying on of a *regulated activity* by the *third country branch undertaking*, each of the following *functions* performed in relation to the operations effected by the *third country branch* or, for a *UK deposit insurer*, in relation to the operations effected by the *third country branch* and all the *third country undertaking EEA branches*:

- (a) the risk-management *function*;
- (b) the compliance *function*;
- (c) the internal audit *function*;
- (d) the actuarial *function*;
- (e) the *function* of effectively running the operations effected by the *third country branch* or, for a *UK-deposit insurer*, the operations effected by the *third country branch* and all the *third country undertaking EEA branches*;
- (f) the *function* of being the *authorised UK representative*; and
- (g) any other *function* which is of specific importance to the sound and prudent management of the *third country branch* or, for a *UK-deposit insurer*, the operations effected by the *third country branch* and all the *third country undertaking EEA branches*.

...

*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 2.2 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 89 pursuant to section 59 of *FSMA*.

...

**PRA RULEBOOK: NON-SOLVENCY II FIRMS: LARGE NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGERS REGIME – TECHNICAL RULES (NO. 2) INSTRUMENT 2016**

**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 59 (approval for particular arrangements);
  - (2) section 60 (applications for approvals);
  - (3) section 61 (determination of applications);
  - (4) section 137G (the PRA’s general rules);
  - (5) section 137T (general supplementary powers); and
- in the exercise of powers and related provisions in Articles 2, 5, 6, 13, 17, 19 and 20 of 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).
- 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), and Articles 5, 13 and 22 of the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015, 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: Non-Solvency II Firms: Large Non-Solvency II Firms – Senior Insurance Managers Regime – Technical Rules (No. 2) Instrument 2016**

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

**Commencement**

- E. Annex A comes into force on 7 March 2016.  
F. Annex B comes into force on 7 March 2016.  
G. Annex C comes into force on 15 February 2016.

**Citation**

- H. This instrument may be cited as the PRA Rulebook: Non-Solvency II Firms: Large Non-Solvency II Firms – Senior Insurance Managers Regime – Technical Rules (No. 2) Instrument 2016.

**By order of the Board of the Prudential Regulation Authority**

10 February 2016.

**Annex A**

This Annex contains amends the rules made in PS26/15 (Large Non-Solvency II Firms – Senior Insurance Managers Regime – Technical Rules Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

# **LARGE NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGERS REGIME – APPLICATIONS AND NOTIFICATIONS**

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...

## **1 APPLICATION AND DEFINITIONS**

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1.1 Unless otherwise stated, this Part applies to: a

(1) a large non-directive insurer; and

(2) a Swiss general insurer.

...

## Annex B

This Annex amends the rules made in PS26/15 (Large Non-Solvency II Firms – Senior Insurance Managers Regime – Technical Rules Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

## LARGE NON-SOLVENCY II FIRMS – KEY FUNCTION HOLDER – NOTIFICATIONS

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### 1 APPLICATION AND DEFINITIONS

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1.1 Unless otherwise stated, this Part applies to: ~~a~~

(1) ~~a large non-directive insurer;~~ and

(2) ~~a Swiss general insurer.~~

1.2 In this Part, the following definitions shall apply:

...

notified non-executive director

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

...

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.

...

### 2 KEY FUNCTION HOLDER NOTIFICATION

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2.1 This Chapter does not apply in relation to a:

(1) ~~transitional key function holders~~, in relation to ~~key functions held as at 7 March 2016~~ the commencement date;

(2) ~~grandfathering key function holders~~, in relation to ~~key functions held as at 7 March 2016~~ the commencement date; ~~or~~

(3) ~~new SIMF applicants;~~ or

(4) transitional notified non-executive director.

...

...

## 5 TRANSITIONAL ARRANGEMENTS FOR KEY FUNCTION HOLDERS

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- 5.1 This Chapter applies only in relation to a:
- (1) *transitional key function holders*, in relation to *key functions* held as at ~~7 March 2016~~ the commencement date;
  - (2) *grandfathering key function holders*, in relation to *key functions* held as at ~~7 March 2016~~ the commencement date; and
  - (3) *new SIMF applicants*; and
  - (4) *transitional notified non-executive director*, in relation to his or her position as a notified non-executive director as at the commencement date.
- 5.2 A *firm* must provide the information required by Large Non-Solvency II Firms – Fitness and Propriety 4.1 for each *transitional key function holder*, *grandfathering key function holder*, ~~and new SIMF applicant~~ and transitional notified non-executive director in accordance with 5.3 to 5.5~~6~~.
- ...
- 5.5 In respect of a transitional notified non-executive director, the requirement in 5.2 will be satisfied where the *firm* records the *transitional notified non-executive director* in the *firm's governance map* on or before the *commencement date*.
- 5.6 In respect of a transitional key function holder who is not a *grandfathering key function holder*, ~~or a new SIMF applicant~~, or a transitional notified non-executive director, the PRA directs that a *firm* must provide the information referred to in 5.2 to the PRA by sending the *key function holder notification form* to the PRA in accordance with 3.3 by 7 September 2016.

## Annex C

This Annex amends the rules made in PS26/15 (Large Non-Solvency II Firms – Senior Insurance Managers Regime – Technical Rules Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

## LARGE NON-SOLVENCY II FIRMS – SENIOR INSURANCE MANAGERS REGIME –TRANSITIONAL PROVISIONS

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### 1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to a *firm* that, on the *effective date*, has a *Part 4A permission* for *effecting contracts of insurance* or *carrying out contracts of insurance* and which will with effect from 1 January 2016 be:

(1) a large non-directive insurer; or

(2) a Swiss general insurer.

...

### 6 TABLE OF EQUIVALENT FUNCTIONS FOR GRANDFATHERING

...

Column 1	Column 2	Column 3
<b>Large Non-Directive Insurers</b>		
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 Nomination Committee function (CF2a) Chair of the With-Profits

Column 1	Column 2	Column 3
	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)	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) 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)	FCA Director of unincorporated association function (CF5) Chair of the Nomination Committee function (CF2a) Chair of the With-Profits Committee function (CF2b) (See Note)
Small friendly society (CF6)	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) Chair of the Risk Committee function (SIMF10) Chair of the Audit Committee function (SIMF11) Chair of the Remuneration	FCA Small friendly society function (CF6) Chair of the Nomination Committee function (CF2a) Chair of the With-Profits Committee function (CF2b) (See Note)



Column 1	Column 2	Column 3
	Committee function (SIMF12) Senior Independent Director function (SIMF14)	
Actuary (CF12)	Chief Actuary function (SIMF20)	
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)	
Significant management (CF29)	Group Entity Senior Insurance Manager function (SIMF7) Chief Actuary function (SIMF20) (general insurance firms only) Chief Underwriting Officer function (SIMF22)	
<b><u>Swiss General Insurers</u></b>		
<b><u>PRA or FCA Controlled Function</u></b>	<b><u>PRA Senior Insurance Management Function</u></b>	<b><u>FCA Function</u></b>
<u>Director (CF1)</u>	<u>Chief Finance function (SIMF2)</u> <u>Chief Risk function (SIMF4)</u> <u>Head of Internal Audit function (SIMF5)</u> <u>Group Entity Senior Insurance Manager function (SIMF7)</u> <u>Head of Third Country Branch function (SIMF19)</u> <u>Chief Actuary function (SIMF20)</u> <u>Chief Underwriting Officer function (SIMF22)</u>	<u>FCA Director function (CF1)</u> <u>(see Note)</u>

Column 1	Column 2	Column 3
<u>Non-executive director (CF2)</u>	<u>Group Entity Senior Insurance Manager function (SIMF7)</u> <u>Chairman function (SIMF 9)</u> <u>Senior Independent Director function (SIMF 14)</u> <u>Chair of the Risk Committee function (SIMF 10)</u> <u>Chair of the Audit Committee function (SIMF 11)</u> <u>Chair of the Remuneration Committee function (SIMF 12)</u>	
<u>Chief executive (CF3)</u>	<u>Head of Third Country Branch function (SIMF19)</u>	
<u>Systems and controls (CF28)</u>	<u>Chief Finance function (SIMF2)</u> <u>Chief Risk function (SIMF4)</u> <u>Head of Internal Audit function (SIMF5)</u>	<u>FCA Systems and Controls (CF28)</u> <u>(see Note)</u>
<u>FCA Significant management (CF 29)</u>	<u>Chief Underwriting Officer function (SIMF22)</u> <u>Group Entity Senior Insurance Manager (SIMF7)</u>	

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

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**PRA RULEBOOK: SOLVENCY II FIRMS: SENIOR INSURANCE MANAGERS REGIME –  
TECHNICAL RULES (NO. 2) INSTRUMENT 2016**

**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); and
  - (2) 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: Solvency II Firms: Senior Insurance Managers Regime – Technical Rules (No. 2) Instrument 2016**

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

**Commencement**

- E. This instrument comes into force on 15 February 2016.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: Solvency II Firms: Senior Insurance Managers Regime – Technical Rules (No. 2) Instrument 2016.

**By order of the Board of the Prudential Regulation Authority**

10 February 2016.

## Annex A

This Annex amends the rules made in PS22/15 Appendix 3 (PRA Rulebook: Solvency II Firms: Senior Insurance Managers Regime – Technical Rules Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

# KEY FUNCTION HOLDER – NOTIFICATIONS

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## 1 APPLICATION AND DEFINITIONS

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...

1.2 In this Part, the following definitions shall apply:

...

*notified non-executive director*

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

...

*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.

...

## 2 KEY FUNCTION HOLDER NOTIFICATION

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2.1 This Chapter does not apply in relation to a:

- (1) *transitional key function holders*, in relation to *key functions* held as at 1 January 2016;
- (2) *grandfathering key function holders*, in relation to *key functions* held as at ~~7 March 2016~~ the commencement date; ~~or~~
- (3) *new SIMF applicants*; or
- (4) *transitional notified non-executive director*.

...

## 6 TRANSITIONAL ARRANGEMENTS FOR KEY FUNCTION HOLDERS

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6.1 This Chapter applies only in relation to a:

- (1) *transitional key function holders*, in relation to *key functions* held as at 1 January 2016;
- (2) *grandfathering key function holders*, in relation to *key functions* held as at the commencement date ~~7 March 2016~~; and
- (3) *new SIMF applicants*; and
- (4) *transitional notified non-executive director*, in relation to his or her position as a notified non-executive director as at the commencement date.

6.2 A firm must provide the information required by Insurance – Fitness and Propriety 4.1 for each *transitional key function holder*, *grandfathering key function holder*, ~~and~~ *new SIMF applicant* and transitional notified non-executive director in accordance with 6.3 ~~to 6.5~~.

...

6.5 In respect of a *transitional notified non-executive director*, the requirement in 6.2 will be satisfied where the firm records the transitional notified non-executive director in the firm's governance map on or before the commencement date.

6.6 In respect of a *transitional key function holder* who is not a *grandfathering key function holder*, ~~or a new SIMF applicant or a transitional notified non-executive director~~, the PRA directs that a firm must provide the information referred to in 6.2 to the PRA by sending the *key function holder notification form* to the PRA in accordance with 3.3 by 7 September 2016.

## Annex B

This Annex amends the rules made in PS2/15 Appendix 2.9 (PRA Rulebook: Solvency II Firms: Group Supervision Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

## GROUP SUPERVISION

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### 17 RISK MANAGEMENT AND INTERNAL CONTROL

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- 17.1 (1) Where 2.1(1) or 2.1(2) applies, the following requirements apply with any necessary changes at the level of the *group*:
- (a) Conditions Governing Business 2.2 to 2.6;
  - (b) Conditions Governing Business 3;
  - (c) Conditions Governing Business 4.1 to 4.2;
  - (d) Conditions Governing Business 5;
  - (e) Conditions Governing Business 6;
  - (f) Conditions Governing Business 7.1 to 7.3;
  - (g) Fitness and Propriety 2.1 to 2.3, 4.1, 4.3 and 4.4; ~~and~~
  - (h) Allocation of Responsibilities 4; and
  - (i) Key Function Holder – Notifications 2 to 6, in accordance with 17.4.

...

17.4 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.

...

**PRA RULEBOOK: SOLVENCY II FIRMS, NON-SOLVENCY II FIRMS: FITNESS AND PROPRIETY  
AMENDMENT INSTRUMENT 2016**

**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 60 (applications for approval);
  - (2) section 137G (the PRA’s general rules); and
  - (3) section 137T (general supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (rule-making instruments) 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: Solvency II Firms, Non-Solvency II Firms: Fitness and Propriety Amendment Instrument 2016**

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

**Commencement**

- E. This instrument comes into force on 7 March 2016.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: Solvency II Firms: Non-Solvency II Firms: Fitness and Propriety Amendment Instrument 2016.

**By order of the Board of the Prudential Regulation Authority**

10 February 2016.



## Annex A

This Annex amends the rules made in PS22/15 Appendix 1 (PRA Rulebook: Solvency II Firms: Senior Insurance Managers Regime (No.2) Instrument 2015).

In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

## **INSURANCE – ALLOCATION OF RESPONSIBILITIES**

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...

### **5 RECORDS**

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...

5.4 A firm must keep an up-to-date record of the scope of responsibilities of each *key function holder*.

5.5 A *scope of responsibilities form*, where it is kept and maintained on behalf of a *key function holder*, will satisfy the requirement in 5.4.

5.6 The record in 5.4, and each updated version, must be signed by the *key function holder* and an appropriate representative of the *firm*.

5.7 Where a *firm* amends its *governance map* to show changes in a *person's* responsibilities it must also ensure that:

(1) the *person* concerned is informed in writing of the changes; and

(2) the record in 5.4 is amended to show the changes.

5.8 Each version of both the *governance map* and the record in 5.4 must be retained for a period of ten years from the date on which it was superseded by a more up-to-date record, and must be provided to the *PRA* on request.

5.9 [Not currently used.]

5.10 A *firm* must comply with 5.8 in relation to any record created in accordance with SYSC 2.2.1R of the *PRA Handbook* as at 31 December 2015.

...

## Annex B

This Annex amends the rules made in PS 26/15 (PRA Rulebook: Non-Solvency II Firms: Large Non-Solvency II Firms – Senior Insurance Managers Regime Instrument 2015).

In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

## LARGE NON-SOLVENCY II FIRMS – ALLOCATION OF RESPONSIBILITIES

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...

### 5 RECORDS

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...

- 5.4 ~~A firm must retain each version of the governance map for six years from the date on which it was superseded by a more up-to-date version.~~
- 5.5 ~~A firm must retain any records created in accordance with SYSC 2.2.1R of the PRA Handbook as at 31 December 2015 for six years from the date on which they were superseded by more up-to-date records.~~
- 5.4 A firm must keep an up-to-date record of the scope of responsibilities of each key function holder.
- 5.5 A scope of responsibilities form, where it is kept and maintained on behalf of a key function holder, will satisfy the requirement in 5.4.
- 5.6 The record in 5.4, and each updated version, must be signed by the key function holder and an appropriate representative of the firm.
- 5.7 Where a firm amends its governance map to show changes in a person's responsibilities it must also ensure that:
- (1) the person concerned is informed in writing of the changes; and
  - (2) the record in 5.4 is amended to show the changes.
- 5.8 Each version of both the governance map and the record in 5.4 must be retained for a period of six years from the date on which it was superseded by a more up-to-date record, and must be provided to the PRA on request.
- 5.9 [Not currently used.]
- 5.10 A firm must comply with 5.8 in relation to any record created in accordance with SYSC 2.2.1R of the PRA Handbook as at 31 December 2015.

**PRA RULEBOOK: CRR FIRMS, NON-CRR FIRMS, SOLVENCY II FIRMS, NON-SOLVENCY II FIRMS: SENIOR MANAGERS REGIME AND SENIOR INSURANCE MANAGERS REGIME AND INDIVIDUAL ACCOUNTABILITY (CONSEQUENTIALS) INSTRUMENT 2016**

**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 59 (approval for particular arrangements);
  - (2) section 60 (applications for approvals);
  - (3) section 61 (determination of applications);
  - (4) section 137G (the PRA’s general rules); and
  - (5) 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, Non-Solvency II firms: Senior Managers Regime and Senior Insurance Managers Regime and Individual Accountability (Consequential) Instrument 2016**

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

**Commencement**

- E. This instrument comes into force on 7 March 2016.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: CRR firms, Non-CRR firms, Solvency II Firms, Non-Solvency II Firms: Senior Managers Regime and Senior Insurance Managers Regime and Individual Accountability (Consequential) Instrument 2016

**By order of the Board of the Prudential Regulation Authority**

10 February 2016.

## Annex A

## Amendments to the Glossary Part

Insert the following new definitions into the Glossary Part of the PRA Rulebook.

*Credit Union Senior Manager function*

has the meaning given in Senior Management Functions 6.2.

*FCA-authorised person*

means (in accordance with section 31 of *FSMA* (Authorised persons)) an *authorised person* who is not a *PRA-authorised person*.

*FCA-designated senior management function*

means an *FCA controlled function* specified in SUP 10C.4.3R of the *FCA Handbook*.

*FCA responsibilities*

means any of:

- (1) the responsibilities 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 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) the responsibilities allocated under SYSC 4.8.10R of the *FCA Handbook*.

*management responsibilities map*

has the meaning given in Allocation of Responsibilities 6.

In the Glossary Part of the PRA Rulebook, make the following amendments. New text is underlined and deleted text is struck through.

~~*notified non-executive director*~~

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

*regulatory system*

means the arrangements for regulating a *firm* or other *person* in or under *FSMA*, the Bank of England Act 1998, the Banking Act 2009, the Friendly Societies Act 1974, the Friendly Societies Act 1992, the Credit Unions Act 1979, including the *threshold conditions*, the *Fundamental Rules* and other ~~rules~~ rules, the *Statements of Principle*, codes and ~~guidance~~ guidance given by the *PRA*, the Bank of England or the FCA and including any relevant directly applicable provisions of an *EU Directive* or *Regulation* including those specified under section 204A(2) of *FSMA*.

## Annex B

**Amendments to the Senior Insurance Managers Regime – Applications and Notifications Part**

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

...

**2 APPLICATION TO PERFORM A SENIOR INSURANCE MANAGEMENT FUNCTION**

---

...

~~2.8~~ A firm must (as part of its assessment of whether a person is a fit and proper person to perform a senior insurance management function and in order to verify the information contained in the application to carry out the senior insurance management function) obtain the fullest information that it is lawfully able to obtain about the person under Part V of the Police Act 1997 (Certificates of Criminal records, etc.) and related subordinated legislation of the UK or any part of the UK before making the application.

...

**7 FORMS**

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- 7.1 (1) Form A (long form) may be found [here](#).
- (2) Form A (shortened form) may be found [here](#).
- (32) Form B may be found [here](#).
- (43) Form C may be found [here](#).
- (54) Form D may be found [here](#).
- (65) Form E may be found [here](#).
- (76) The *scope of responsibilities form* may be found [here](#).

...

**Annex C**

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

In this Annex, new text is underlined.

**1. APPLICATION AND DEFINITIONS**

...

**6. TABLE OF EQUIVALENT FUNCTIONS FOR GRANDFATHERING**

...

**6 TABLE OF EQUIVALENT FUNCTIONS FOR GRANDFATHERING**

---

...

**Annex D**

**Amendments to the Conduct Rules Part**

In this Annex, underlining indicates new text and deleted text is struck through.

**1 APPLICATIONS AND DEFINITIONS**

---

...

1.2 In this Part, the following definitions shall apply:

...

~~*FCA-designated senior management function*~~

means an *FCA controlled function* specified in SUP 10C.4.3R of the *FCA Handbook*.

...

## Annex E

## Amendments to the General Organisational Requirements Part

In this Annex, underlining indicates new text and deleted text is struck through.

## 1 APPLICATIONS AND DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

*chief executive function*

means ~~PRA controlled function CF3 in the table of PRA controlled functions, described more fully in SUP10B.6.7R of the PRA Handbook.~~

*PRA controlled function*

means a function, relating to the carrying on of a *regulated activity* by a *firm*, which is specified by the *PRA* (in the *table of PRA controlled functions*), under section 59 of *FSMA*.

...

*table of PRA controlled functions*

means the table of *PRA* controlled functions in ~~SUP 10B.4.3R of the *PRA Handbook*.~~

...

## 5 MANAGEMENT BODY

---

...

5.7 ~~A firm must ensure that the chairman of the firm's management body does not exercise simultaneously the chief executive function within the same firm, unless justified by the firm and authorised by the PRA.~~

### Additional Notes

**[Note: Art. 88(1)(e) CRD]**

5.8 A firm that maintains a website must explain on the website how it complies with the requirements of this Chapter and Senior Management Functions 8.2.

### Additional Notes

**[Note: Art. 96 of the CRD]**

...



**Annex F**

**Amendments to the Notifications Part**

In this Annex, underlining indicates new text and deleted text is struck through.

...

**2 GENERAL NOTIFICATION REQUIREMENTS**

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...

2.4 (1) A *firm* must notify the *PRA* of:

(a) a significant breach of a *rule* or ~~*Statement of Principle*~~;

...

## Annex G

## Amendments to the Senior Management Functions Part

In this Annex, underlining indicates new text and deleted text is struck through.

## 1 APPLICATIONS AND DEFINITIONS

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...

1.2 In this Part, the following definitions shall apply:

...

*Head of Internal Audit function*

has the meaning given in 3.5

...

*Credit Union Senior Manager function*

has the meaning given in Senior Management Functions 6.2.

...

*FCA responsibilities*

means any of:

- (1) ~~the responsibilities 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.~~

Head of Internal Audit function

has the meaning given in 3.5

...

Head of Overseas Branch function

has the meaning given in Senior Management Functions 7.2.

...

## Annex H

**Amendments to the Senior Management Regime – Applications and Notifications Part**

In this Annex, underlining indicates new text and deleted text is struck through.

**1 APPLICATIONS AND DEFINITIONS**

....

1.2 In this Part, the following definitions shall apply:

...

*~~FCA designated senior management function~~*

~~means an FCA controlled function specified in SUP 10C.4.3R of the FCA Handbook.~~

...

*~~management responsibilities map~~*

~~has the meaning given in Allocation of Responsibilities 6.~~

...

**2 APPLICATION TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION**

....

~~2.8 A firm must (as part of its assessment of whether a person is a fit and proper person to perform a PRA senior management function and in order to verify the information contained in the application to carry out the PRA senior management function obtain the fullest information that it is lawfully able to obtain about the person under Part V of the Police Act 1997 (Certificates of Criminal records, etc.) and related subordinated legislation of the UK or any part of the UK before making the application.~~

**HANDBOOK (RULEBOOK CONSEQUENTIALS) INSTRUMENT 2016****Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules); and
  - (2) section 137T (General supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instruments) 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.

**Commencement**

- D. This instrument comes into force on 7 March 2016.

**Amendments**

- E. Each of the following modules and chapters of the PRA’s Handbook are deleted:

APER
FIT
SUP10B
SUP TP3

**Citation**

- F. This instrument may be cited as the Handbook (Rulebook Consequentials) Instrument 2016.

**By order of the Board of the Prudential Regulation Authority**

10 February 2016.