Bank of England PRA

Life Insurance Stress Test 2025
Scenario Specification, Guidelines and Instructions

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Contents

Introduction

This document provides instructions for completing the PRA's Life Insurance Stress Test (LIST) 2025.

The previous exercise (LIST 2022) was conducted in 2022, with the industry feedback published in January 2023.[1]

For the 2025 exercise,[2] the PRA has made some notable changes to extend it to include two exploratory scenario sections as set out below:

- Section A is the core scenario to assess sector and firm resilience to a three-stage evolving financial market stress scenario.
- Section B is an exploratory scenario to assess firm resilience to an additional downgrade stress to the asset type most material to their matching adjustment.
- Section C is an exploratory scenario to assess firm resilience to an additional stress of recapture of their most material FundedRe arrangement.

The financial stresses applied in the core scenario calibration are different from LIST 2022 and reflect changes in financial conditions since then. In addition, there are some further changes to the specification.

The most material new requirement is in Section A Stage 3 with the introduction of a prescribed minimum cost of credit quality rebalancing of the matching adjustment portfolio after the credit rating downgrade stress. In Stage 3 firms are also permitted to recognise management actions to further rebalance the assets of their matching adjustment portfolio but without trading illiquid asset holdings.

1 www.bankofengland.co.uk/prudential-regulation/letter/2022/may/insurance-stress-test-2022.
2 LIST 2025 will stress the 31 December 2024 Solvency UK balance sheet.

LIST scenario executive summary

This exercise consists of three sections.

Figure 1: LIST 2025 structure

Section A: Core scenario Resilience to evolving market stress	Section B: Exploratory scenario 1 Asset type concentration stress	Section C: Exploratory scenario 2 Funded reinsurance recapture
• To assess sector and firm resilience to a three-stage evolving financial market stress scenario. • Builds on the proven concept of LIST 2022 design.	• To assess firm resilience to an additional downgrade stress to the asset type most material to their matching adjustment. • Tests capabilities for future stress testing exercises.	• To assess firm resilience to addition of recapture of their most material FundedRe arrangement. • Tests capabilities for future stress testing exercises.
Sector and individual firm publication	**No individual firm publication**	

The LIST 2025 scenarios represent plausible, severe shocks. The impact of the scenario will differ across insurers due to risk profile differences. The scenarios do not have specific starting trigger events. The scenario calibrations take into consideration previous market shocks for events over the last 20 years and the recent annual concurrent stress test scenarios for banks and building societies.

The PRA has designed these scenarios, including all parameters and calibrations, for the purpose of this stress testing exercise only. Firms should not interpret them as indicators of a PRA position on risk calibrations.

The PRA will also run a Question and Answer (Q&A) process enabling firms to ask questions as they complete their submissions.

Across all sections it is envisaged that firms will continue to have their matching adjustment (MA) permissions and comply with the MA eligibility conditions.

Section A: Core scenario

Section A, the core scenario, examines the impact of a severe financial market shock over three stages. This captures the evolution of the shock and subsequent management actions. The stresses for all stages are to be applied as instantaneous shocks as of 31 December 2024.

Figure 2: LIST 2025 Section A: Core scenario

Stage 1: Initial market shock	Stage 2: Developing market shock	Stage 3: Markets stabilise
No trading post stress	No trading post stress except swaps (MA tests can be met)	Trading post stress: swaps and current liquid secondary markets
Stress • nom. interest rates: -150bps • real interest rates: -75bps • implied inflation: -75bps (UK long-term CPI target remains: 2.0%) • equities: -30% • equity option volatilities: +700bps • credit rating downgrades incl. reinsurance: None • credit spreads: eg BBB: +270bps	**Stress** • nom. interest rates: -150bps • real interest rates: -75bps • implied inflation: -75bps (UK long-term CPI target remains: 2.0%) • residential property: -28% • equities, commercial property: -30% • equity option volatilities: +700bps • credit rating downgrades excl. reinsurance: 20% 1CQS • Defaults: eg BBB: 1% / Recovery rate:40% • credit spreads: eg BBB: +200bps, BBB downgraded to BB: +560bps • ERM securitisations re-rated	**Stress** as per Stage 2 except credit spreads **plus** • ERM securitisations can be restructured • Required credit rating rebalancing • credit spreads: eg BBB: +100bps, BBB downgraded to BB: +360bps
Post TMTP recalculation impact	Post TMTP recalculation impact	Post TMTP recalculation impact

Stage 1, the ‘initial market shock’, is a rapid financial market shock. The stresses develop further to a peak of severity in Stage 2. After this peak, in Stage 3, markets stabilise and liquidity improves. In Stage 3 firms are required to recognise the cost of partially restoring the credit risk profile of their MA portfolios. The scenario permits recognition of a limited range of management actions.

Section B: Asset type concentration stress scenario

The exploratory scenario, Section B, tests firms’ vulnerability to and the impact of an additional credit rating downgrade to exposures of one asset type within their MA portfolios. This is applied as an additional stress to Section A Stage 3.

Firms are permitted to vary the limited management actions compared to those they recognised in Section A Stage 3. The PRA has agreed with each firm bilaterally the asset type to stress. For all firms it is one of the largest exposures for the MA portfolio other than corporate and sovereign bonds.

Figure 3: LIST 2025 Section B: Asset type concentration stress scenario

Stage 1: Initial market shock	Stage 2: Developing market shock	Stage 3: Markets stabilise
As per Section A Stage 1	As per Section A Stage 2	Trading post stress: swaps and current liquid secondary markets
		Stress as per Section A Stage 3 **plus** **additional credit downgrades for an asset type: 20% 1CQS**
		Post TMTP recalculation impact

Section C: Funded reinsurance recapture stress scenario

This exploratory scenario, Section C, tests firms' vulnerability to and capability to measure the impact from recapturing all liabilities and associated collateral for their funded annuity reinsurance (FundedRe) treaties with the individual participant's most financially significant counterparty. The PRA has agreed bilaterally with each participating firm its recapture FundedRe counterparty. This is applied as an additional stress to Section A Stage 3. Firms are permitted to vary the limited management actions from those they recognised in Section A Stage 3.

Figure 4: LIST 2025 Section C: Funded reinsurance recapture scenario

Stage 1: Initial market shock	Stage 2: Developing market shock	Stage 3: Markets stabilise
As per Section A Stage 1	As per Section A Stage 2	Trading post stress: swaps and current liquid secondary markets
		Stress as per Section A Stage 3 **plus recapture of FundedRe exposures for most financially material FundedRe counterparty**
		Post TMTP recalculation impact

Section A – Core scenario specification

A.1. Event definition and assumptions

Section A, the core scenario, examines the impact of a severe financial market shock over three stages. The scenario stresses and calibration are broadly consistent with a market shock developing against a backdrop of a severe global recession. Given the global nature of the shocks in the scenario and an assumption that monetary policy responses are common across advanced economies, the sterling-dollar and sterling-euro exchange rates are assumed to be flat. The stresses for all stages are to be applied as instantaneous shocks as of 31 December 2024. Across all stages it is envisaged that firms will continue to have their MA permissions and comply with MA eligibility conditions.

Stage 1, the 'initial market shock', is a rapid financial market shock. Policy makers reduce base rates in response to a contraction in global and domestic demand. Consistent with the macroeconomic stress, uncertainty and risk sentiment in financial markets increases sharply. There are falls in long-term yields, inflation expectations, equity prices and credit spreads widen. The stresses develop further to a financial market shock severity peak in Stage 2 with lower demand leading to falls in both residential and commercial property prices. Bonds are downgraded and defaults occur. After this peak, in Stage 3, markets start to stabilise and liquidity improves resulting in some narrowing of credit spreads. The recovery in global GDP takes time which delays the recovery in equity and property prices. In Stage 3 firms are required to recognise the cost of partially restoring the credit risk profile of their MA portfolios. The scenario permits recognition of a limited range of management actions.

Figure 5: LIST 2025 Section A: Core scenario

Stage 1: Initial market shock	Stage 2: Developing market shock	Stage 3: Markets stabilise
No trading post stress	No trading post stress except swaps (MA tests can be met)	Trading post stress: swaps and current liquid secondary markets
Stress • nom. interest rates: -150bps • real interest rates: -75bps • implied inflation: -75bps (UK long-term CPI target remains: 2.0%) • equities: -30% • equity option volatilities: +700bps • credit rating downgrades incl. reinsurance: None • credit spreads: eg BBB: +270bps	**Stress** • nom. interest rates: -150bps • real interest rates: -75bps • implied inflation: -75bps (UK long-term CPI target remains: 2.0%) • residential property: -28% • equities, commercial property: -30% • equity option volatilities: +700bps • credit rating downgrades excl. reinsurance: 20% 1CQS • Defaults: eg BBB: 1% / Recovery rate:40% • credit spreads: eg BBB: +200bps, BBB downgraded to BB: +560bps • ERM securitisations re-rated	**Stress** as per Stage 2 except credit spreads **plus** • ERM securitisations can be restructured • Required credit rating rebalancing • credit spreads: eg BBB: +100bps, BBB downgraded to BB: +360bps
Post TMTP recalculation impact	Post TMTP recalculation impact	Post TMTP recalculation impact

Table 1 below provides a summary of the calibration for the scenario stages with all shocks applied as of 31 December 2024, with the same shocks applying to all currencies.

The subsequent sections provide further details on the assumptions and conditions for management actions that firms can take at each stage of the scenario.

Table 1: LIST scenario calibration summary

Risk factor	LIST 2025		
	Initial market shock (Stage 1)	Developing market shock onwards (Stage 2)	Markets Stabilise (Stage 3)
Interest rates (nominal)	-150bps	-150bps	-150bps
Interest rates (real)	-75bps	-75bps	-75bps
Implied inflation	-75bps	-75bps	-75bps
UK long-term CPI target	No change	No change	No change
Interest rates – Ultimate Forward Rate	No change	No change	No change
Interest and inflation rate option implied volatilities	No change	No change	No change
Equities	-30%	-30%	-30%
Equities option implied volatilities	+700bps[3]	+700bps[3]	+700bps[3]
Property commercial	No change	-30%	-30%
Property residential	No change	-28%	-28%
Property option implied volatilities	No change	No change	No change
Corporate and other non-sovereign downgrades Downgrades[4] and defaults (excluding internal ERM securitisations)	No downgrades or defaults		No further downgrades or defaults
AAA		20% 1CQS plus 0.0% defaults	
AA		20% 1CQS plus 0.5% defaults	
A		20% 1CQS plus 0.5% defaults	
BBB		20% 1CQS plus 1.0% defaults	
BB		20% 1CQS plus 2.5% defaults	
B		20% 1CQS plus 7.5% defaults	
CCC and lower		20% 1CQS plus 12.5% defaults	
Default Recovery Rate	N/A	40% of nominal value[5]	N/A

3 Increase in log-normal implied volatilities for equities; firms can convert this to an equivalent increase in implied volatilities for derivatives priced relative to another volatility distribution.

4 Assets being downgraded should be downgraded one full CQS. As a result, notches used in the base balance sheet should be preserved after stresses are applied, eg AA+ 1CQS downgrade to A+.

5 Recoveries should be assumed to be received immediately in cash. If an asset does not have a nominal value, then a firm should use an appropriate equivalent value that they normally use in their own modelling.

Risk factor	LIST 2025		
	Initial market shock (Stage 1)	Developing market shock onwards (Stage 2)	Markets Stabilise (Stage 3)
Credit spread stress relative to 31 December 2024 spreads;			
AAA	+80bps	Non-downgraded assets: +70bps Downgraded to AA assets: +130bps	Non-downgraded assets: +35bps Downgraded to AA assets: +75bps
AA	+125bps	Non-downgraded assets: +110bps Downgraded to A assets: +170bps	Non-downgraded assets: +55bps Downgraded to A assets: +100bps
A	+165bps	Non-downgraded assets: +140bps Downgraded to BBB assets: +260bps	Non-downgraded assets: +70bps Downgraded to BBB assets: +160bps
BBB	+270bps	Non-downgraded assets: +200bps Downgraded to BB assets: +560bps	Non-downgraded assets: +100bps Downgraded to BB assets: +360bps
BB	+470bps	Non-downgraded assets: +400bps Downgraded to B assets: +760bps	Non-downgraded assets: +200bps Downgraded to B assets: +460bps
B and lower	+630bps	Non-downgraded assets: +600bps Downgraded by 1CQS assets: +760bps	Non-downgraded assets: +300bps Downgraded by 1CQS assets: +460bps
Sovereign[6] credit ratings and credit spread stress	No downgrades and no change to spreads		
Reinsurance	No downgrades		
ERM mortgages	Revalued based on shock and firm’s own SII valuation approach agreed with auditors. Credit ratings of internal ERM securitisations should be reassessed in Stage 2 and if restructured in Stage 3.		
Fundamental spread	No change to fundamental spread		
Volatility Adjustment	Increased – no change to standard calculations	Reduced from Stage 1 – no change to standard calculations	Reduced from Stage 2 – no change to standard calculations

6 Bonds mapped to Sovereign Fundamental Spreads

Risk factor	LIST 2025		
	Initial market shock (Stage 1)	Developing market shock onwards (Stage 2)	Markets Stabilise (Stage 3)
Symmetric adjustment to the equity capital charge	-10%		
Minimum deferment rate for Effective Value Test	No Change from 3.5% per annum rate	Reduced to 3.0% per annum, ie by 0.5%	
Trading costs assumptions – interest rate and inflation swaps	N/A	2.5bps	
Trading costs assumptions – cross-currency swaps	N/A	-10bps[7]	
Trading costs assumptions – liquid sovereign bonds	N/A		None
Trading costs assumptions – liquid bonds other than sovereign bonds	N/A		3% asset value for purchases[8]

A.2. Stage 1 – initial market shock

This is an initial severe economic and financial market shock where the impact is assessed without any management actions in relation to new reinsurance agreements or external trading in financial investments including derivatives.

A.2.1. Assumptions

Firms have been provided with the following assumptions:

1. A parallel shift to real and nominal risk-free interest yield curves.
2. A parallel shift to implied inflation curves.
3. UK long-term CPI target.[9]
4. A parallel increase in corporate bond spreads according to credit rating (with no credit rating downgrades or defaults for this stage).
5. A fall in equity values.
6. An increase in option-implied volatilities for equities (specified as an increase in log-normal implied volatilities).

7 Cross-currency basis spread change for receive GBP, pay another currency, ie the cross-currency swap becoming more expensive to receive GBP.

8 Liquid bonds can be assumed to be sold at the value they are held in the SII balance sheet. The purchase of liquid bonds other than sovereign bonds has a cost of 3% of the purchase value.

9 The UK long-term CPI target can be used as a basis to determine other assumptions, for example long-term national average earnings, where a firm does not set assumptions relative to implied inflation curves.

7. Solvency UK technical information and symmetric adjustment to the equity capital charge (SAECC) for the eight relevant currencies (The Risk-free Fundamental Spreads, Probability of Default and Cost of Downgrade are unchanged from 31 December and so are not republished).

A.2.2. Requirements and restrictions

In assessing the financial consequences of this scenario stage firms should take into account the following:

1. Firms are required to provide the change in Eligible Own Funds and Solvency Coverage Requirements (SCR) for the following ordered incremental movement steps (note we only expect a full balance sheet recalculation for the stage as a whole):
    a. equity shock (including option-implied volatilities for equities and symmetric adjustment to the equity capital charge change);
    b. interest rate shock (nominal interest rate stress also applied to real interest rates);
    c. inflation shock (applying the implied inflation stress, real interest rate stress and UK long-term CPI rate);
    d. credit spread widening (including volatility adjustment increase); and
    e. other.
2. Firms are to assume that no external trading of financial investments (including derivatives) or establishment of new reinsurance agreements takes place during or after the shock.
3. Firms are to assume that only exposures with daily collateralisation are re-collateralised following the shock. Firms are to assess on the same basis whether they have adequate eligible collateral to satisfy their collateralisation calls following the shock and management actions.
4. Firms are permitted to assume that they can draw on pre-arranged external liquidity facilities. If a firm has insufficient amount and quality of assets to meet its daily margin or collateral calls then it may also assume that it can make additional drawing of cash to avoid the failure of those arrangements, but should assess this shortfall and report it in the Results and Basis of Preparation (RBP) report.
5. In all incremental movement steps firms are permitted to assume that they can move financial investments within a ring-fenced fund but not between ring-fenced funds or between main and ring-fenced funds. For this purpose an MA portfolio is not considered to be a ring-fenced fund. Firms may assume that they can add cash to an MA portfolio by drawing on pre-arranged external liquidity facilities. If necessary, to comply with MA eligibility conditions, firms may after that assume that they can make additional drawings of cash but should assess this shortfall and report it in the RBP. In this stage it is accepted that breach of the MA matching tests of the MA eligibility conditions may occur.

6. Firms are expected not to change any voluntary Fundamental Spread (FS) additions. However, the voluntary FS addition for an MA portfolio may change where this is a result of different assets being attributed to component A.

A.2.3. Solvency UK technical information and symmetric adjustment to the equity capital charge information (SAECC)

The PRA has provided Solvency UK technical information and the SAECC for the eight relevant currencies assuming that the LIST scenario occurred immediately before the technical information was calculated. Note, Fundamental Spread, Probability of Default, Cost of Downgrade and Long-term Average spreads as of 31 December 2024 should be used in all sections of the stress test, ie there are no changes to these assumptions. The following parts of the LIST scenario affect the technical information:

- the change in nominal interest rates affects the yield on the instruments underlying the basic risk-free rates. The consequential changes in the basic risk-free rates affect the Volatility Adjustment (VA);
- the combination of the change in nominal interest rates and the corporate and other non-sovereign credit spread stresses affect the yields on corporate bonds used in the VA. As an approximation the durations and long-term average spreads are not changed; and
- the government bond yields are decreased, as applicable by the same amount as the decrease in the nominal interest rates or real interest rates so that government bond spreads are unaffected.

All other parameters, including the credit transition matrices, the VA reference portfolios and the Ultimate Forward Rates, are unchanged.

The SAECC is -10%.

A.3. Stage 2 – developing market shock

The ‘developing market shock’ follows on from the ‘initial market shock’ to capture a lagging shock to credit ratings and commercial and residential property values. As for the ‘initial market shock’, the impact is to be assessed without any management actions in relation to new reinsurance agreements or external trading of financial investments (including derivatives except interest rate, inflation, and cross-currency swaps).

A.3.1. Assumptions

Firms have been provided with the following additional (or adjusted) assumptions relative to Stage 1:

1. A parallel change in corporate bond spreads where the stress is set out based on credit rating prior to any downgrades.
2. A proportionate credit ratings downgrade and default for each exposure (including other counterparties but excluding Equity Release Mortgage (ERM) securitisations and reinsurance) by 1 CQS with an additional parallel increase in corporate bond spreads (set based on the credit rating prior to downgrade) for the downgrading proportion.
3. A fall in commercial and residential property values.
4. A reduced minimum deferment rate for the Effective Value Test (EVT).
5. Solvency UK technical information: VA for the eight relevant currencies.
6. Trading cost assumptions for swaps.

A.3.2. Requirements and restrictions

In assessing the financial consequences of this scenario stage firms should take into account all the following:

1. Firms are required to provide the change in Eligible Own Funds and SCR for the following ordered incremental movement steps (note we only expect a full balance sheet recalculation for the stage as a whole):
    a. credit rating downgrades, defaults and associated credit spread changes (including volatility adjustment change);
    b. residential and commercial property value shocks (including ERM securitisation note credit rating changes and minimum deferment rate for EVT change); and
    c. other.
2. Firms are to assume that no external trading of financial investments (including derivatives) or establishment of new reinsurance agreements takes place after the shock, except for the use of swaps as outlined below for MA portfolios.
3. Firms are expected to re-assess the credit ratings of their internal ERM securitisation notes post-shock.
4. Firms are to assume that only exposures where settlement of collateralisation is required within three months are re-collateralised following the shock. Firms are to assess on the same basis whether they have adequate eligible collateral to satisfy their collateralisation calls following the shock and management actions and whether they have adequate expected liquidity without trading to meet collateral calls due within three months (excluding those within unit-linked funds).
5. Firms are permitted to assume that they can draw on pre-arranged external liquidity facilities. If a firm has insufficient amount and quality of capital to meet its own daily margin calls, then it may also assume that it can make additional drawing of cash to avoid the failure of those arrangements but should assess this shortfall and report it in the RBP.
6. In all incremental movement steps firms are permitted to assume that they can internally move financial investments within a ring-fenced fund but not between ring-

fenced funds or between main and ring-fenced funds. For this purpose, an MA portfolio is not considered to be a ring-fenced fund. Firms may assume that they can add cash to the MA portfolio by drawing on pre-arranged external liquidity facilities. If necessary to comply with MA eligibility conditions, it may after that assume that it can make additional drawing of cash, but should assess this shortfall and report it in the RBP. A firm may additionally use interest rate, inflation, and cross-currency swaps to restore the MA tests to within normal operational tolerances post-stress.

7. Firms are expected not to change any voluntary FS additions. However, the voluntary FS addition for a MA portfolio may change where this is a result of different assets being attributed to component A.

A.3.3. Solvency UK technical information and symmetric adjustment to the equity capital charge information

The technical information has been calculated for Stage 2 in the same way as described in section A.2.3 above, but with the replacement of the non-downgraded credit spread widening stresses.

The SAECC remains at -10%.

A.4. Stage 3 – markets stabilise

The ‘markets stabilise’ stage follows on from the ‘developing market shock’ stage. In this stage firms can reflect the orderly implementation of external trading of financial investments, including derivatives where liquid secondary markets already exist allowing for the trading costs specified. Firms should not assume any additional reinsurance is purchased.

A.4.1. Assumptions

Firms have been provided with the following additional (or adjusted) assumptions relative to Stage 2:

1. A parallel reduction in corporate bond spreads (set based on the credit rating prior to downgrade) for the non-downgraded proportion from Stage 2.
2. A parallel reduction in corporate bond spreads (set based on the credit rating prior to downgrade) for the downgraded proportion from Stage 2.
3. Solvency UK technical information: VA for the eight relevant currencies.
4. Trading cost assumptions.

A.4.2. Requirements and restrictions

In assessing the financial consequences of this scenario stage firms should take into account all the following:

1. Firms are required to provide the change in Eligible Own Funds and SCR for the following ordered incremental movement steps (note we only expect a full balance sheet recalculation for the stage as a whole):
    a. credit spread narrowing;
    b. prescribed notional MA portfolio rebalancing;
    c. management actions; and
    d. other.
2. Firms are permitted for the movement steps a. and b. above to trade interest rate, inflation, and cross-currency swaps, but not other financial investments.
3. In incremental movement step c. external trading management action of financial investments is permitted, including derivatives where liquid secondary markets already exist. However, no additional reinsurance may be assumed to be established.
4. Firms are permitted in incremental movement step c., to restructure and revise the credit rating of internal ERM securitisation notes.
5. Firms are permitted to assume that they can continue to draw on pre-arranged external liquidity facilities if required but not beyond this in incremental movement steps a. and b. only.
6. In all incremental movement steps firms are permitted to assume that they can internally move financial investments within a ring-fenced fund but not between ring-fenced funds or between main and ring-fenced funds. For this purpose, an MA portfolio is not considered to be a ring-fenced fund.
7. Firms are expected not to change any voluntary FS additions. However, the voluntary FS addition for a MA portfolio may change where this is a result of different assets being attributed to component A.
8. In incremental step b. firms should rebalance the credit quality so that 25% of the Section A Stage 2 downgraded part of each MA portfolio asset is traded back to the original CQS, ie of the 20% downgraded 1CQS, 15% is retained downgraded 1CQS and 5% sold with the proceeds used for the repurchase of identical assets of the original CQS reflecting the following spread differentials. For example, if the total spread on AA (CQS 1) bond downgraded to A (CQS 2) is 210bps (initial spread of 110 + 100) the bond repurchases should assume a spread of 175bps (210bps – 45bps, the CQS 2 back to 1 differential). The cashflows repurchased will be lower than the cash flows sold. ERM securitisations are excluded from the compulsory rebalancing, as they were treated separately under the downgrade stress.

Table 2: Trading costs – credit spread differentials for Section A

CQS	Credit spread differential to be applied as a cost for trading back to the original CQS
0	N/A
1 back to 0	40bps
2 back to 1	45bps
3 back to 2	90bps
4 back to 3	260bps
5 back to 4	260bps
6 back to 5	160bps

A.4.3. Solvency UK technical information and symmetric adjustment to the equity capital charge information

The technical information has been calculated for Stage 3 in the same way as described in section A.2.3 above, but with the replacement of the credit spread stresses.

The SAECC remains at -10%.

A.4.4. Other information on the scenario

For ERM securitisations notes firms are expected to recalculate the EVT in the stress stages of the scenario and satisfy the EVT test. The PRA is only setting the instantaneous residential property value shock to be applied by firms within their ERM revaluation for the Solvency UK balance sheet. The UK long-term CPI rate, if needed by firms in deriving other ERM long-term assumptions, is also provided.

For their own defined benefit pension funds, firms should calculate the impact from the scenario stages consistently with how they would normally do so for Solvency UK reporting. Firms should explain in the RBP report how they have applied the scenario stages to defined benefit pension funds.

Section B – Asset type concentration stress scenario specification

B.1. Event definition and assumptions

Section B, the asset type concentration stress scenario, alters Section A Stage 3 ('markets stabilise') to apply an additional credit rating downgrade shock to one of the largest asset type exposures within the MA portfolio. The 20% 1CQS asset type shock is to be applied to one of the MA portfolio's largest exposures other than corporate bonds and bonds mapped to sovereign FS. The asset type for each individual firm has been subject to PRA agreement. Section B follows on from the Section A Stage 2 ('developing market shock').

B.2. Stage 3 – markets stabilise with asset type concentration stress

This stage follows on from the 'developing market shock' stage. In this stage, firms can reflect the orderly implementation of external trading of financial investments including derivatives where liquid secondary markets already exist allowing for the trading costs specified. Firms should not assume any additional reinsurance is purchased.

B.2.1. Assumptions

There are no additional assumptions compared with Section A beyond the 20% 1CQS additional credit rating downgrade shock to apply to an asset type exposure within the MA portfolio. An illustration of this stress, starting with 100 units of a BBB bond, 20 units will be downgraded 1CQS in Section B. This is in addition to the 20 units downgraded 1CQS and the 1 unit defaulted in Section A Stage 2.

Where the asset type shock is applied to ERM securitisations a firm may assume the credit rating downgrade occurs due to an ERM securitisation risk crystalising. For example, a downgrade could potentially occur due to credit rating methodology change, assumption change, or change to scoring of a risk factor, rather than an additional residential property shock. Details of how to apply the shock to ERM securitisations are set out in B.2.2 paragraphs 8 and 9 below. There is no additional change to the EVT parameters compared with Section A.

B.2.2. Requirements and restrictions

In assessing the financial consequences of this scenario stage firms should take into account all the following:

1. Firms are required to provide the change in Eligible Own Funds and SCR for the following ordered incremental movement steps (note we only expect a full balance sheet recalculation for the stage as a whole):
    a. credit spread narrowing;
    b. Section B credit rating downgrades;
    c. prescribed notional MA portfolio rebalancing;
    d. management actions;
    e. other.
2. Firms are permitted for the movement steps a. to c. to trade interest rate, inflation, and cross-currency swaps, but not other financial investments.
3. External trading management action of financial investments is permitted, including derivatives where liquid secondary markets already exist. However, no additional reinsurance may be assumed to be established.
4. Firms are permitted to assume that they can continue to draw on pre-arranged external liquidity facilities if required but not beyond this in incremental movement steps a., b. and c. only.
5. In all incremental movement steps firms are permitted to assume that they can internally move financial investments within a ring-fenced fund but not between ring-fenced funds or between main and ring-fenced funds. For this purpose, an MA portfolio is not considered to be a ring-fenced fund.
6. Firms are expected not to change any voluntary FS additions. However, the voluntary FS addition for a MA portfolio may change where this is a result of different assets being attributed to component A.
7. In incremental step c. firms should rebalance the credit quality so that 25% of the Section A Stage 2 downgraded part of each MA portfolio asset is traded back to the original CQS, ie of the 20% downgraded 1CQS, 15% is retained downgraded 1CQS. and 5% sold with the proceeds used for the repurchase of identical assets of the original CQS reflecting the following spread differentials. This rebalancing should not be applied to the additional Section B asset type concentration downgrades. ERM securitisations are excluded from the compulsory rebalancing.

Table 3: Trading costs – credit spread differentials for Section B

CQS	Credit spread differential to be applied as a cost for trading back to the original CQS
0	N/A
1 back to 0	40bps
2 back to 1	45bps
3 back to 2	90bps
4 back to 3	260bps
5 back to 4	260bps
6 back to 5	160bps

8. In incremental movement step b. where the asset type shock is applied to ERM securitisations the underlying ERMs do not need to be revalued, ie this is an ERM securitisation notes rating shock.
9. The downgrade stress should be applied either separately to the split downgraded and non-downgraded parts of the ERM securitisation note or alternatively by increasing the fundamental spread for the whole of each ERM securitisation note. Both approaches should result in a similar increase in fundamental spread. For the alternative approach the fundamental spread, probability of default, cost of downgrade assumptions and long-term average spread should be increased to reflect a 20% of 1CQS change in rating. For example, if a note's fundamental spread would be 0.5% pa higher with a 1CQS change in rating, the note's fundamental spread should be increased by 0.1% pa.
10. In incremental movement step d. firms are not expected to further restructure ERM securitisations compared with Section A Stage 3. To avoid this, where firms have restructured ERM securitisations in Section A Stage 3, they should either apply the downgrade stress to these restructured notes, or apply a 20% of 1CQS increase to fundamental spread, probability of default and cost of downgrade of those ERM securitisation notes. This replaces the ERM stress applied in incremental movement steps b. and c.

B.2.3. Solvency UK technical information and symmetric adjustment to the equity capital charge information

The technical information and SAECC is unchanged from Section A Stage 3 (described in section A.4.3 above).

B.2.4. Other information on the scenario

For ERM securitisations notes, firms are expected to recalculate the EVT in the scenario and satisfy the EVT test.

For their own defined benefit pension funds firms should calculate the impact from the scenario stages consistently with how they would normally do so for Solvency UK reporting. Firms should explain in the RBP report how they have applied the scenario stages to defined benefit pension funds.

Section C – Funded reinsurance recapture scenario specification

C.1. Event definition and assumptions

Section C, the FundedRe recapture scenario, alters Section A Stage 3 (‘markets stabilise’) to apply a recapture of one of the largest FundedRe counterparty exposures. The FundedRe recaptured will be the post Solvency II implementation date (1 January 2016) FundedRe exposure(s) for the counterparty expected to have the largest adverse impact on solvency ratio at the immediate point of recapture. The counterparty of the FundedRe recaptured for each firm in scope of this exercise has been subject to PRA agreement. Section C follows on from the Section A Stage 2 (‘developing market shock’).

C.1.1. Assumptions

There are no additional assumptions compared with Section A other than FundedRe recapture counterparty. Only the FundedRe with the relevant counterparty should be recaptured.

C.1.2. Requirements and restrictions

In assessing the financial consequences of this scenario stage firms should take into account all the following:

1. Firms are required to provide the change in Eligible Own Funds and SCR for the following ordered incremental movement steps (note we only expect a full balance sheet recalculation for the stage as a whole):
   a. immediate FundedRe recapture;
   b. recognition of risk-mitigating impact from existing internal-to-group reinsurances (if any);
   c. credit spread narrowing;
   d. prescribed notional MA portfolio rebalancing;
   e. management actions;
   f. other.
2. Firms are permitted for movement steps a. to d. to trade interest rate, inflation, and cross-currency swaps, but not other financial investments.
3. If a firm has other existing reinsurances, such as internal-to-group reinsurances, that will ordinarily provide the firm with protection from losses (ie without additional reinsurance premiums paid) on FundedRe recapture, then it should not recognise this benefit until movement step b.

4. For the FundedRe exposure recapture no credit should be taken for FundedRe collateral held as of 31 December 2024 in excess of the minimum required collateral for the arrangement. If the collateral held is more than the minimum, collateral holdings should be reduced pro-rata.
5. The FundedRe exposure is recaptured based on breach of a reinsurer solvency condition. The collateral recaptured is the minimum collateral held as of 31 December 2024 with Section A Stage 2 stresses applied to this minimum collateral.
6. If the FundedRe collateral includes derivatives, these should be assumed to be settled after the Section A Stage 2 stresses immediately before recapture (and not novated). Firms should explain in their RBP the derivatives in FundedRe eligible collateral and if there are any collateral risks arising from these, for example counterparty derivative netting agreements.
7. Firms should assess whether a collateral adjustment should be applied for the risks of the collateral arrangement(s) including the risks from counterparties or any other stakeholder such as the reinsurer's regulator. Firms should only take credit for collateral where, allowing for these risks, beneficial ownership would be obtained from day 1 of the recapture and legal ownership within 6 months.
8. FundedRe collateral recaptured must not be added to the MA portfolio unless it satisfies the firm's existing MA permissions. Firms cannot assume they can internally credit rate recaptured assets where they do not currently maintain an internal rating meeting the expectations of SS3/17.[10]
9. Firms shall not recognise an asset for potential further recoveries beyond the minimum collateral held as of 31 December 2024 with Section A Stage 2 stresses applied.
10. External trading of financial investments is a permitted management action, including derivatives where liquid secondary markets already exist, and they have control of legal ownership. However, no additional reinsurance may be assumed.
11. Firms are permitted, in incremental step e., to restructure and revise the credit rating of internal ERM securitisation notes.
12. Firms are permitted to assume that they can continue to draw on pre-arranged external liquidity facilities if required, but not beyond this in incremental movement steps a., b., c., and d. only.
13. In all incremental movement steps firms are permitted to assume that they can internally move financial investments within a ring-fenced fund but not between ring-fenced funds or between main and ring-fenced funds. For this purpose, an MA Portfolio is not considered to be a ring-fenced fund.
14. Firms are expected not to change any voluntary FS additions. However, the voluntary FS addition for a MA portfolio may change where this is a result of different assets being attributed to component A. For example, if recaptured assets attributed to component A require voluntary FS additions.

10 https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/supervisory-statement/2024/ss317-june-2024-update.pdf.

15. In incremental step d. firms should rebalance the credit quality of 25% of the Section A Stage 2 downgraded part of each MA portfolio asset traded back to the original CQS. This excludes the recaptured collateral. This rebalancing involves the sale and repurchase of identical assets of the original CQS reflecting the following spread differentials. This compulsory rebalancing should not be applied to collateral recaptured from the FundedRe counterparty.

Table 4: Trading costs – credit spread differentials for Section C

CQS	Credit spread differential to be applied as a cost for trading back to the original CQS
0	N/A
1 back to 0	40bps
2 back to 1	45bps
3 back to 2	90bps
4 back to 3	260bps
5 back to 4	260bps
6 back to 5	160bps

C.1.3. Solvency UK technical information and symmetric adjustment to the equity capital charge information

The technical information and SAECC is unchanged from Section A Stage 3 (described in section A.4.3 above).

C.1.4. Other information on the scenario

For ERM securitisations notes, firms are expected to recalculate the EVT in the scenario and satisfy the EVT test.

For their own defined benefit pension funds, firms should calculate the impact from the scenario stages consistently with how they would normally do so for Solvency UK reporting. Firms should explain in the RBP report how they have applied the scenario stages to defined benefit pension funds.

Section D – Overall LIST requirements

Firms are requested to provide a separate quantitative submission, on a Solvency UK basis, for each UK solo legal entity within the scope of the exercise. Where a firm is uncertain as to the scope of its submission, it should consult with, and obtain the agreement of, its PRA supervisor.

D.1. Publication of data

Structured data within scope for publication, including derived data as part of LIST 2025 are:

- actual 31 December 2024 public IR forms;
- DMT_BS – actual 31 December 2024 Solvency UK Balance Sheet;
- DMT_Risks – solvency ratio movement information for LIST 2024 for the movement steps within Actual 31 December 2024, Section A Stage 1, Section A Stage 2, Section A Stage 3, Section B, Section C;
- DMT_MAP_Assets – summary of actual 31 December 2024 MA portfolio assets using Matching Adjustment Asset and Liability Information Return (MALIR) asset type categories (Please refer to Annex 2 for guidance on assigning assets to each category);
- DMT_Capital – SCR and MCR information for actual 31 December 2024, Section A Stage 1, Section A Stage 2, Section A Stage 3, Section B, Section C;
- DMT_MOF – modelled basic own fund information for actual 31 December 2024, Section A Stage 1, Section A Stage 2, Section A Stage 3, Section B, Section C; and
- DMT_MA – matching adjustment information for actual 31 December 2024, Section A Stage 1, Section A Stage 2, Section A Stage 3, Section B, Section C.

D.2. Production of the balance sheet, capital requirements and own funds following each scenario stage

Firms are asked to stress their year-end 2024 balance sheet by applying the instantaneous shocks set out for each section and stage of the exercise. Firms may then apply management actions as permitted for each section and stage before recalculating their balance sheet, own funds (basic, ancillary, and eligible), SCR and MCR. The balance sheet following each stage of the scenario should reflect the recalculated transitional measure on technical provisions (TMTP) using an approach already agreed with the PRA. The TMTP recalculation should be consistent with the Solvency UK reforms effective on 31 December 2024.

The opening balance sheet including TMTP, own funds (basic, ancillary, and eligible), SCR and MCR and MA calculation should be consistent with the year-end 2024 annual reporting templates. Each calculation of a stressed balance sheet, own funds (basic, ancillary, and eligible), SCR and MCR should be of a standard equivalent to that which is sufficient for external unaudited publication, for example capital market forward-looking financial statements or presentations on the business model.

D.3. Solvency ratio movement

Firms should provide Eligible Own Funds and SCR for the ordered movement steps within Section A Stage 1, Section A Stage 2, Section A Stage 3, Section B and Section C. This provides a consistent analysis of change in SCR ratio for all firms and provides the basis for publishing this as a solvency ratio movement.

D.4. Management actions

Firms should disclose in the RBP report for each section of the exercise what management actions they have assumed at each stage of the scenario and how this would impact their own funds and SCR.

Any assumed discretionary management actions must be consistent with those that can be taken given the scenario narrative. A summary of the permitted and not permitted management actions by scenario section and stage is set out in Annex 1. In determining what is realistic, sufficient time should be allowed for development, governance and orderly implementation allowing for market illiquidity. The discretionary management actions must meet the no arbitrage requirements set out below. For the purposes of deciding which management actions to recognise, the following time horizons provide a guide:

- Section A: Stage 1 – one day
- Section A: Stage 2 – within 1 month
- Section A: Stage 3, Section B and Section C – within 12 months

Firms should set out in the RBP report the management actions that they have assumed, including lead time to deliver the implementation. Firms should also provide a narrative on the time needed for development, governance, and orderly implementation. Separately, each firm is requested to outline in the RBP report information on further management actions not included within the results that the firm could consider following the scenario.

Some firms may find that they have insufficient management actions to restore compliance with MA requirements post-stress, notwithstanding that Section A Stage 1 permits MA matching tests not to be met without loss of MA. In any other section and stage where this occurs, firms should seek to remove liabilities from the MA portfolio so that an MA compliant position can be achieved prior to determining the post-stress SCR. The balance sheet position should be shown following this action, but where this action is taken, firms should clearly state this and provide details, including quantitative information as to the impact of the action, in the RBP report. The post-stress SCR should be based on the MA compliant position.

Where a firm anticipates re-capitalisation plans, the firm should provide this information, but should not assume that new capital will be in place for the LIST scenarios, unless existing contractual arrangements allow for this. Details of any such contractual arrangements should be included in the RBP report.

D.5. No management action arbitrage requirement

The scenarios set out a simplified representation of a deterioration in the economic environment, broken down into stages. In practice, all stages and levels of stress of a deterioration in the economic environment would not be known in advance. Furthermore, the PRA has set out its expectations for firms in accordance with the requirements under the Prudent Person Principle (PPP) and this includes management actions and setting objective standards for prudent investment.

There is the potential for arbitrage by applying management actions at the stages of the scenario on the basis that they would be advantageous in the known subsequent stages. Examples of such arbitrage could include:

- buying assets with greater MA benefits for the purpose of reducing the impact of the stress. Such as materially altering exposures to access higher spreads, trading to lower credit ratings for additional MA benefit, or trading the same credit rating to above average credit spread for credit rating;
- entering derivative or other arrangements prior to year-end 2024, which are expected to reduce the impact of the stress;
- applying management actions for with-profit funds that go beyond the with-profits fund principles and practices of financial management set out by the firm.

Firms are expected to maintain their risk appetite throughout the scenarios and in a manner consistent with their solvency position. Firms should not use management actions to increase the level of risk they take. Notwithstanding this, where a firm applies a management action to internally transfer low risk assets into their MA portfolio, they can then apply a further management action to reinvest those assets aligned with their MA portfolio risk appetite.

A holder of a Senior Management Function (SMF) is required to provide a written confirmation that they have adhered to the no management action arbitrage requirement.

D.6. Internal models (IMs)

Firms with permission to use full or partial internal models need only provide the IM SCR view based on their IM as of year-end 2024. Firms in the application for permission to use full or partial internal models process, or undertaking major model changes during 2025, should discuss with the PRA on what additional alternative basis/bases they may be able to provide results and whether this would significantly impact the results, management actions and conclusions. There is no requirement for firms to provide additional alternative basis/bases results. For all other firms on the Standard Formula, including firms intending to make an IM application after 2025, the SCR should be based on the Standard Formula.

Firms with permission to use full or partial internal models may not make changes to their IM, including calibrations for the purposes of the LIST 2025 exercise, except the regular changes required to reflect the stressed initial financial conditions.

D.7. Reporting of ring-fenced funds

The LIST quantitative template has been designed to enable the PRA to understand the impact on firm level solvency ratio (with and without the recalculation of TMTP), SCR, MCR, the amount and quality of own funds, and the amount and quality of Eligible Own Funds under each section and stage of the scenario.

The balance sheet information should be split between: a) the main fund (including any MA portfolio(s) that are part of that fund); and b) the ring-fenced funds (including any MA portfolio(s) that are part of those funds). This split is requested due to restrictions on the transferability of the own funds within ring-fenced funds. The RBP report is intended to be used by firms to provide more detail where firms have one or more ring-fenced funds so that the PRA can understand how these have impacted the firm-level view and the anticipated strength of the ring-fenced funds in stress.

D.8. Liquidity

To avoid the liquidity stress unduly affecting capital impacts when trading management actions are most restricted for Section A Stage 1 and Stage 2, firms may assume an unlimited liquidity line. This should ensure firms continue to have their MA permissions, avoid the need to remove liabilities from an MA portfolio or an inability to meet margin and collateral calls.

D.9. Queries

All queries should be submitted to **LIST2025@bankofengland.co.uk**, copying in the firm's PRA supervisor. Please ensure that the firm name and FRN is included in the subject of the email.

D.10. Enclosures

Files containing Solvency UK technical information for use in the scenario stages to be provided at launch are:

- Risk-free curves as of 31 December 2024 – LIST Section A Stage 1
- Risk-free curves as of 31 December 2024 – LIST Section A Stage 2
- Risk-free curves as of 31 December 2024 – LIST Section A Stage 3, Section B and Section C

Note: fundamental spread, probability of default, cost of downgrade, long-term average spread and Volatility Adjustment Reference Portfolios as of 31 December 2024 should be used in all sections of the stress test, ie there are no change to these assumptions.

Section E – Data submission process

E.1. Introduction

This section sets out the data submissions process.

The deadline for submission for this exercise is the 16th June 2025.

Participating firms are required to submit the LIST Excel quantitative template(s) (referred to as 'structured data') as well as responses to the RBP report and any supporting documentation (referred to as 'unstructured data') via the Bank of England Electronic Data Submission (BEEDS) portal.[11]

Firms should ensure that the quantitative and qualitative information provided is clear and sufficient. Where this is not the case, the PRA will ask for a resubmission in order to enable it to make an adequate assessment. Firms will need to provide a resubmission within 5-10 working days of a request (per communication from the PRA at the time of the resubmission request).

Firms are required to provide, as of year-end 2024, data on their balance sheet, SCR and MCR, available own funds to meet the SCR and MCR, MA calculation, MA portfolio asset type concentration, assets traded, ERM securitisations and FundedRe exposure information. Please note that the MA calculation information template should be provided on a net of reinsurance in each LIST scenario. However, it should also be reported gross of reinsurance (as per MALIR) in base.

The stress testing data templates have been developed in Excel. The LIST template provides the necessary new Solvency UK reporting template (IR and IRR) references for the pre-stress amounts where relevant.

In the template provided with these instructions, the following data requests are included:

- basic information about the firm;
- SCR and Eligible Own Funds for each scenario section, stage and movement step;
- balance sheet, Solvency Capital Requirement (SCR), Minimum Capital Requirement (MCR), own funds, reconciliation reserve, MA calculation and ERM securitisation information for actual and each scenario section and stage;
- MA portfolio asset type concentration information for the actual balance sheet;

11 Available at: **https://beeds.bankofengland.co.uk**.

- reinsurer information for the actual balance sheet of FundedRe entered since 1 January 2016; and
- assets traded for each scenario section and stage.

The required input sheets and columns are clearly labelled within the workbook. Do not add any columns or new worksheets to the workbook.

E.2. Template population

The PRA is collecting data from the tabs within the templates which begin with the title 'DMT' and therefore need to be completed by firms. The other tabs use Excel formulas to reformat these into more familiar QRT-style templates and contain the reconciliation checks needed for the data to be loaded successfully by our systems. These QRT-style templates are for the benefit of firms and will be discarded by the PRA after loading the data. When filling out the sheets, please provide comments to explain any failures of the reconciliation checks.

The PRA have provided an example of the completed template (bar actual data points) within the templates. Firms may choose to adhere to the existing structure or complete the template rows in a different order. However, it is important that columns are not rearranged. In addition, firms should complete rows starting at row 4 and not leave any empty lines between data points.

Alongside the reconciliation checks, the back-end templates should also produce '#N/A' errors if rows are not present to help firms identify any missed data points.

Firms with more than one Matching Adjustment Portfolio are expected to provide data on each portfolio for the sheets 'DMT_MAPAssets', 'DMT_MA' and 'DMT_TradedAssets'. The column 'Matching Portfolio Number' should indicate which portfolio the data belongs to and the same convention should be used throughout the data submission. Similarly, data on each ERM note should be given on the sheet 'DMT_ERMnotes' and each ERM asset pool should be given on the sheet 'DMT_ERMassets'.

E.3. Data submission process

E.3.1. Submission procedure, standard and conventions

Please follow the instructions in this section exactly and completely.

Firms are expected to submit LIST stress testing files via the BEEDS portal. More detailed information, including the required set-up processes and example error handling, is also available via the BEEDS user guide[12] published on the Bank of England website. If firms have any specific technical issues preventing submission, they should contact the PRA as

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12 Available at: **https://www.bankofengland.co.uk/statistics/data-collection/beeds/beeds-resources.**

soon as possible to discuss suitable alternatives (see the next section for detailed information on the available support structures).

There may be occasions where BEEDS is unavailable due to maintenance, in which case a firm attempting to submit data at weekends may be unable to access the portal until the following Monday. Scheduled maintenance will not take place around key stress test submission dates and firms will also receive relevant communications as to when such maintenance will occur.

To complement this guidance, submission details will also be scheduled within the BEEDS system.

E.3.2. Summary of stress testing key support structures

There are two key support mechanisms for stress testing data submissions.

Firstly, for technical questions specifically regarding the BEEDS portal, please contact **BEEDSQueries@bankofengland.co.uk**. Standard support hours for these questions are 9am-5pm, Mon-Fri with further details in the BEEDS user guide.

As part of the creation of firm profiles within the BEEDS portal, named individuals in each firm are either BEEDS ‘principal users’ or ‘additional users’. The creation of these users forms part of the BEEDS security profile with the differences between these roles relating mainly to different available functionality. Once a submission is made by any of these users via BEEDS, all users will then receive relevant progress notifications.

Secondly, all other communication between the PRA and the firms involved in this exercise is via the Q&A process via the **LIST2025@bankofengland.co.uk** mailbox.

For example, if any part of a firm’s submission is likely to be delayed, the firm should contact the PRA as soon as possible to discuss alternative arrangements. In such a case, the firm may be asked to submit a partially completed template and then resubmit the template including the missing data as relevant (NB: the Submission ID should then be increased).

E.3.3. File conventions and identifiers

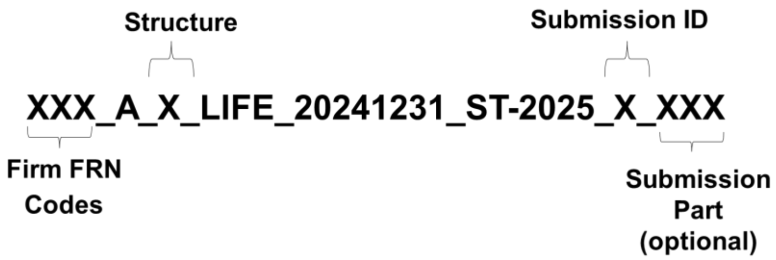
For the .zip files submitted a filename consists of a number of identifiers de-limited by an underscore ‘_’and should not contain any of the following invalid characters: # % & * : < > ? / { \ " |. If this guidance is not followed, the firm could be asked to correct and re-submit its files.

The following outlines how each .zip file name should be structured (in order of appearance in the filename):

- Firm Codes: For Insurers, firms should use their FRN codes.

- Submission Frequency: This should be ‘A’ in all cases. Firms are reminded to use the BEEDS User Acceptance Testing (UAT) environment (and will be informed when this is open) for testing purposes.
- Structure: Data is either Structured (S) or Unstructured (U).
- Content/Category Code: To be referenced as ‘LIST.’
- Reporting Date: The date for which the data are applicable, which is 31 December 2024 for most LIST templates. For unstructured files, this is the reporting date of the associated structured data.
- Analysis Period: This should be ST-2025 in all cases.
- Submission ID: This should be ‘1’ for the first submission of a file. For example, for a first re-submission, this should be increased to ‘2’ and so on.
- Submission Part (optional): This is for use with large unstructured data submissions where it is necessary to send more than one email each containing one .zip file. The first part of the submission is suffixed by ‘A’, the second part by ‘B’ and so on. Firms are reminded that this part of the filename should not be used to identify different versions of submissions.

Figure 6: Structure of the .zip file name



E.3.4. Number of files in a submission

Firms should send their LIST data within .zip files. Firms are reminded that:

- for unstructured data (responses to RBP report), BEEDS will currently accept zipped submissions up to a maximum zipped file size of 30MB per upload option and BEEDS offers up to 10 of these upload options/buttons per unstructured submission;
- for structured data (quantitative templates), if firms wish to upload particularly large files, they are encouraged to consider any timing-out risks and/or possible system performance risks within their own IT environments before attempting submissions. Firms are also encouraged to contact the PRA for further guidance ahead of attempting submissions above 60MB in size;
- structured and unstructured data must be submitted in separate .zip files;

- all structured or unstructured data within each individual .zip file must relate to one specific content/category code and must be the same one as noted within the .zip file name;
- all .zip file names must include a content/category code equating to the one scheduled to each firm via BEEDS or that the firm creates itself (for other unstructured submission purposes);
- no folder structures should be embedded within .zip files. Data submissions should be at the root of the .zip file; and
- firms are reminded not to put zipped files within other .zip files.

Note that firms may be able to submit earlier than the deadline if they wish. BEEDS will have scheduled a deadline for each submission but will be available to accept early if needed.

E.3.5. Structured data

Structured data files relating to a single LIST Excel template must not be split (the PRA expects the total file size to be less than 30MB). The relevant template(s) should be submitted as a separate file within its own zip file (ie firms should submit one file per zip file for structured data). The structured file within a zip file must follow the same naming convention as the zip file and should enable the file to be distinguished from any other submission or re-submission.

The first submission should set 'Submission ID' equal to '1' on the 'Submission Header' sheet. If any re-submissions are required the 'Submission ID' should be incremented.

All data should be provided in base units (unless otherwise stated). Data in any particular unit currency may be rounded to the nearest unit, without the need to include any decimal points. Ratios and all percentages should be expressed in decimals (maximum of 4 decimal places).

The sign convention to follow is the Solvency UK reporting convention.

There are data validation sheets following each Data Management Tool (DMT) data entry sheet (sheets with names starting 'DMT'). The validation sheets include validation tests within the green shaded area. The 'Validation Summary' sheet consolidates all these validations. The validation tests have been set up to ensure that data is internally consistent with the aim that this will reduce the risk of re-submission being required.

The PRA has set a simplified balance sheet for LIST with a defined level of granularity. The PRA recognises that some firms' models or approaches may be unable to provide this level of granularity. To improve clarity, a number of lines ending 'not split' have been included for use where a firm has less granularity. Firms are requested to use the 'DMT_Comments' sheet to set out its differences between the simplified balance sheet derived from the balance sheet reporting template and the balance sheet used for LIST.

E.3.6. Unstructured data

Unstructured data refers to either the information that firms are requested to provide in response to the questions in the RBP report, or any other unstructured documents (ie firms can choose the format, structure, and number of these documents themselves) that firms proactively choose to submit to aid understanding of their structured submissions.

For the former, firms will receive schedules for the relevant returns within BEEDS.

For other unstructured LIST documents that firms may choose to submit, firms should follow relevant steps in the BEEDS user guide on how to create their own unscheduled unstructured returns within BEEDS. For these unscheduled unstructured returns created by firms, firms must add an effective date of 31 December 2024 in BEEDS when creating them.

Firms are reminded that if they wish to submit more than one unstructured submission with the same category code and the same effective date, then there are ten upload options within each unstructured submission. Additionally, if they then wish to submit additional files at a later point for the same code and same effective date as before, they should do this via requesting a resubmission in BEEDS (see section E.3.8 of this document for more details).

If a firm wishes to submit more than one unstructured return, with different category codes but with the same effective date, it may receive an error message stating there is already a return with the same effective date. If this occurs, please see page 30 of the BEEDS user guide on how this can be resolved.

Acceptable formats specifically for unstructured data files are .XLSX, .DOCX, .PDF, .PPTX, .CSV and .TXT. If a firm needs to report in other formats, it should contact the PRA to discuss next steps.

The files within the zip file should all relate to the same content code and, while they do not need to follow specific naming conventions, they should have an understandable, distinguishable, and descriptive name.

Until then BEEDS will reject these submissions if they are submitted as structured returns.

E.3.7. Data encryption

The BEEDS portal is a secure interface through which firms will submit templates in a number of other exercises. Firms should refer to the information available via the BEEDS user guide (and associated links) for further guidance on this connection and associated processes (eg usage of security questions).

E.3.8. Resubmissions

Firms must log on to BEEDS to request a resubmission of any information via the relevant functionality. As per the Submission ID noted above, the revision number in BEEDS should increase for every resubmission completed. Please see the BEEDS user guide for further details on resubmissions.

When sending these resubmissions via BEEDS the following guidance for firms remains:

- ensure that all templates still reconcile as expected after any changes made;
- submit only one final version of the template incorporating all changes; and
- ensure that re-submitted data templates are accompanied by a supporting (unstructured) document to provide detail of the changes made since the previous document, specifically the reason for resubmission, eg data quality issues addressed.

Firms are also reminded that, if they wish to submit more than one unstructured submission with the same category code and the same effective date, then there are ten upload options within each unstructured submission. Additionally, if they then wish to submit additional files at a later point for the same code and same effective date as before, they should do this by requesting a resubmission in BEEDS.

E.3.9. Key submission header and other templates guidance

All firms must include both the legal firm name and relevant Firm Registered Number (FRN) in the appropriately labelled cells in all submission headers. The firm name should be exactly the same as the entry in the firm profile on BEEDS for the corresponding FRN.

Firms are asked:

- To complete the following sheets in the LIST structured Data Management Tool (DMT) template:
    - Submission_Header – DMT template header sheet;
    - DMT_Comments – a firm can make comments on their completion of the DMT template;
    - DMT_Risks – solvency ratio movement information for LIST 2024 for the movement steps within actual 31 December 2024, Section A Stage 1, Section A Stage 2, Section A Stage 3, Section B, Section C;
    - DMT_MAP_Assets – summary of actual 31 December 2024 MA Portfolio assets using MALIR asset type categories (See Annex 2);
    - DMT_Reinsurance – FundedRe 1/1/2016 and later information;
    - DMT_BS – actual 31 December 2024 Solvency UK Balance Sheet;
    - DMT_MBS – modelled Solvency UK balance sheet for actual 31 December 2024, Section A Stage 1, Section A Stage 2, Section A Stage 3, Section B, Section C;

  - DMT_Capital - SCR and MCR information for actual 31 December 2024, Section A Stage 1, Section A Stage 2, Section A Stage 3, Section B, Section C;
  - DMT_BOF – basic own fund information for actual 31 December 2024;
  - DMT_MOF – modelled basic own fund information for actual 31 December 2024, Section A Stage 1, Section A Stage 2, Section A Stage 3, Section B, Section C;
  - DMT_MA – matching adjustment information for actual 31 December 2024, Section A Stage 1, Section A Stage 2, Section A Stage 3, Section B, Section C;
  - DMT_TradedAssets - to quantify the assets traded for each MA portfolio for Section A Stage 1, Section A Stage 2, Section A Stage 3, Section B, Section C;
  - DMT_ERM – ERM securitisation note information for actual 31 December 2024, Section A Stage 1, Section A Stage 2, Section A Stage 3, Section B, Section C; and
  - DMT_ERMassets – ERM securitisation pool level valuation information for actual 31 December 2024, Section A Stage 1, Section A Stage 2, Section A Stage 3, Section B, Section C.
- The LIST Data Dictionary sets out the specification for the structured data.
- It is vital that firms fill in this name and FRN information correctly for every submission. Also, if firms amend their FRNs for any reason, they should inform their PRA Supervision contacts through the standard Q&A process.
- For the Submission ID, for the first submission, please report 1; each subsequent resubmission should increase the Submission ID by 1 so that the Submission ID for the second submission would be 2, and so on.
- The Reporting Date in each template will be 31/12/2024, for many participating firms.
- The PRA Analysis Period in each template will be “Annual” in all templates.
- Please ensure that the Risk Type in the submission header remains as per the template when it was published. Firms should not change this information.
- The Submission content type, Submission period type, Version or any of the tab headers should not be amended from what was provided in the templates when they were published.
- In relation to worksheet names, column names and enumerations, please do not replace or delete any of the worksheet names from what was published. For example, please do not replace underscores ‘_’ in worksheet names with dashes ‘-’ and do not amend the case of any letters in the worksheet names (eg Submission_header not Submission_Header). Also, please do not change the spelling or order of any column names from the templates provided and do not add any columns or change the order of columns in the templates provided.

E.4. Data quality and validation

E.4.1. Data quality

LIST uses validations and plausibility checks to ensure the quality of stress testing data. These three types of checks are key tools at various stages within the overall stress testing workflow but, together, form the key data quality assurance process. The PRA applies judgements on materiality before raising any issue to ensure the PRA is proportionate in its queries.

E.4.2. Validation – overview and categories

In a LIST context, validation rules are checks on a submission's data structure and consistency that evaluate to a result that can be interpreted as either pass or fail. In addition, the BEEDS data ingestion system used for stress testing data submissions performs additional metadata focussed checks. Further details are available via the BEEDS user guide.

Failing a data validation rule does not necessarily imply the rejection of a submission at this point, this will be confirmed to firms on a case-by-case basis. Firms should also be aware that the PRA also conducts plausibility analysis of firm submissions and, the passing of rules does not automatically imply the complete acceptance of a submission.

For data submissions the table below summarises the key features of each of the rule categories used within LIST. All validation breaks should be accompanied by an explanation in the 'DMT_comments' worksheet (see section E.3.5 for more details).

Table 5: Categories of data validation rules

Category	Description
Enumeration rule	Enumeration checks compare (individual or patterns/combinations of) data entries to LIST Data Dictionary pre-defined lists. The check will fail if a data item differs from those in the list in any way. This is not a check to ensure that all combinations from the reference list are present only that the submitted value is a valid one. Apart from a small number of enumerations that are (at least partially) firm-defined, checks do indicate if entries within them are mandatory or non-mandatory. However, other dimensions/enumerations outside of the pattern but within the same worksheet and template can still also be mandatory. All mandatory dimensions are described in the LIST Data Dictionary – patterns may only show the relevant subset of this wider 'mandatory' picture.
Pattern rule	Patterns show a contingent relationship between different columns in the same template. Firms should only report relationships between columns that are in the pattern rule provided.

Category	Description
Range rule	For some numeric fields an acceptable submission range has been pre-defined. A justification must be provided for values outside this range. On a case-by-case basis, these checks either include or exclude data exactly on the boundaries of the range as appropriate. In many cases submission values outside the boundaries will result in the rejection of a submission. However, for some checks, unlikely but possible values have been explicitly excluded from the boundaries to elicit a firm justification. The PRA will discuss these with firms and apply pragmatic solutions, if necessary.
Type rule	Type checks ensure that data are in the correct format, eg no text items in numeric fields (or vice versa). These are fundamental constraints of the data request and failures result in the rejection of a submission.
Unique rule	Duplicate data are identified by the dimension fields in a sheet. If all the relevant dimensions are duplicated across more than one row when that is not permitted, an error will be flagged and cause a rejection.
Mandatory rule	Mandatory rules flag if a data item that is expected to be filled in is left blank. They do not perform any mathematical checks, these are done by other checks. Apart from a very small number of exceptions, for example, ‘Internal credit rating’ and ‘Credit rating scale name’, where cells are mandatory to be filled in but are at least in part firm-defined, enumeration options are defined within the LIST Data Dictionary. For non-enumeration based mandatory fields, please use ‘NA’ (text based) or 0 (numerical) as required. Non-mandatory cells can be left blank if relevant unless noted otherwise in the template section of this manual.

E.4.3. Validation requirements

Validation rules are published in the LIST Data Dictionary (within the worksheet validations) with each rule summarised on a separate row as follows:

- Template: the name of the template to which the rule applies;
- Version: version of the template;
- Tab name: the worksheet for the relevant published rule ID;
- Field name: a one-line map of the required key fields for evaluation;
- Rule type: the rule category;
- Published Rule ID: a unique rule ID; and
- Description: an articulation of rule-specific guidance.

E.4.4. Plausibility checks

Once the data has been successfully validated and reconciled to within materiality thresholds, a subject matter expert at the PRA will also check the plausibility the data. Plausibility checks may be in many forms and are intended to identify potential data errors using expert judgement.

E.4.5. Validation data exceptions

All validation rule breaks will be evaluated for materiality on a case-by-case basis. If the PRA deems that these rule breaks are legitimate, the PRA will inform firms and confirm these are data exceptions and further rule breaks are allowed. Otherwise for any validation or reconciliation rule breaks that do not result in resubmission but are not accepted, the PRA will ask firms to correct these in future submissions.

Annex 1 – Management actions summary

The following table summarises the permitted and not permitted management actions by section and stage.

Table 6: Management actions by section and stage

Stage	Permitted	Not permitted
Section A Stage 1	• Drawing on liquidity facility (unlimited); • With-profit fund management actions consistent with PPFM that don't involve external trading of financial investments, including all derivatives.	• External trading of financial investments, including all derivatives.
Section A Stage 2	• Re-rating / revaluation of ERM notes; • Trading in interest rate, inflation, and cross-currency derivatives; • Drawing on liquidity facility (unlimited); • With-profit fund management actions consistent with PPFM that don't involve external trading of financial investments, including all derivatives other than interest rate, inflation, and cross-currency derivatives. Where the matching tests are still not met, after all other actions are exhausted, liabilities must be removed from MA portfolios.	• Trading in underlying financial investments including other types of derivatives than interest rate, inflation, and cross-currency derivatives.
Section A Stage 3, Section B and Section C	• External trading of liquid financial instruments, including derivatives; • Restructuring ERM securitisations both ERM notes and the pool of ERM assets; • Drawing on liquidity facility (limited to existing facility);	• Management actions that move the insurer beyond its initial risk/reward position; • Management actions that don't satisfy the 'no management action arbitrage requirement.' Firms should not use management actions to increase the level of risk they take. Notwithstanding this, where a

Stage	Permitted	Not permitted
	• With-profit fund management actions consistent with PPFM that don't involve external trading illiquid financial investments; • Where the matching tests are still not met, after all other actions are exhausted, liabilities must be removed from MA portfolios.	firm applies a management action to internally transfer low risk assets into their MA portfolio, they can then apply a further management action to reinvest those assets aligned with their MA portfolio risk appetite.
Every stage	• TMTP recalculation; • Transfer of assets between the MA portfolio and non-MA portfolio (subject to existing MA eligibility constraints); • Operation of existing internal / external reinsurance contracts or capital arrangements within an insurer (for example with a with-profit fund).	• New reinsurance arrangements; • New capital; neither equity nor debt issuance is allowed, including from group companies; • Changes to the calibration of internal models; • Transfer of financial investments or resources between ring-fenced and other funds.

The restrictions set out above do not apply to future management actions a firm normally reflects within their liability and capital calculations.

Annex 2 – Asset category hierarchy

In order to improve consistency, we set out the MALIR sequentially ordered hierarchy below to apply when deciding the asset type of an individual asset.

1. Cash / Liquidity Funds
2. Sovereigns - UK
3. Sovereigns – Other than UK
4. Quasi Government Exposures / Supranationals
5. Other Sovereign, Sub-sovereign, Quasi Government / Supernational
6. Social Housing
7. Equity Release Mortgages (ERM)
8. Agricultural Mortgages
9. Ground Rent
10. Student Accommodation
11. Education Lending
12. Other Securitisations (eg RMBS / CMBS / ABS)
13. Covered Bonds
14. Corporate Bonds
15. Financing lease on Commercial Properties
16. Income Producing Real Estate (IPRE)
17. Other Commercial Real Estate Lending (CREL)
18. Trade Receivable / Supply Chain Financing
19. Object Finance
20. Infrastructure Loans
21. Other Loans
22. Secured Financing Transactions
23. Derivatives / Swaps
24. Reinsurance Assets
25. Other Assets

Annex 3 – Abbreviations

BEEDS	Bank of England Electronic Data Submission
CQS	Credit Quality Step
ERM(s)	Equity Release Mortgage(s)
EUR	Euro
EVT	Effective Value Test
FRN	Firm Reference Number
FundedRe	Funded annuity reinsurance
FS	Fundamental Spread
GBP	Great Britain Pound
IM	Internal Model
IR	Solvency UK regular reporting template prefix
IRR	Solvency UK regular reporting template prefix
LEI	Legal Entity Identifier
LIST	Life Insurance Stress Test
LLP	Last Liquid Point
MA	Matching Adjustment
MCR	Minimum Capital Requirement
OF	Own Funds
PRA	Prudential Regulation Authority
RBP	Results and Basis of Preparation
SCR	Solvency Capital Requirement
SMF	Senior Management Function
TMTP	Transitional Measures on Technical Provisions
TP	Technical Provisions
VA	Volatility Adjustment
USD	United States Dollar