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Consultation Paper | PRA CP18/17  
FCA CP17/34

# Occasional Consultation Paper

October 2017





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Responses are requested for:

- Tuesday 17 October 2017 for the administration instrument (Appendix 15);
- Friday 3 November 2017 for Chapters 7 and 8;
- Tuesday 9 January 2018 for Chapters 2 – 6, 9 and 10.

**Please address any comments or enquiries to:**

Policy Implementation Team  
Prudential Regulation Authority  
20 Moorgate  
London  
EC2R 6DA

Email: [OCP.responses@bankofengland.co.uk](mailto:OCP.responses@bankofengland.co.uk)

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Please address any comments or enquiries on proposals contained in Chapter 7 to the FCA at [Cp17-34@fca.org.uk](mailto:Cp17-34@fca.org.uk) by Friday 3 November 2017.



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## 1 Overview

1.1 This Occasional Consultation Paper (OCP) sets out proposed changes to Prudential Regulation Authority (PRA) Rulebook Parts and supervisory statements (SS). Chapter 7 also contains joint PRA and Financial Conduct Authority (FCA) proposals.

1.2 This consultation is relevant to all PRA-authorized firms. Chapter 7 is also relevant to FCA-regulated Markets in Financial Instruments Directive (MiFID) firms.

1.3 The chapters contained in this OCP, the Rulebook Parts, SSs they propose to change, and the appendices where the draft policy is set out, are listed in the table below.

Chapter	Rulebook Part/Supervisory statement	Appendix
1. Overview	Administration instrument - minor amendments to multiple Rulebook Parts	15
2. Conditions governing business – minor amendment	Conditions Governing Business	1
3. Market risk – Capital Requirements Directive (CRD) IV amendment	Internal Capital Adequacy Assessment (ICAA)	2
4. Transitional measures - references	Transitional Measures	3
5. Application requirements – Capital Requirements Regulation (CRR) and CRD amendments	Amendments to multiple Rulebook Parts	4
6. Whistleblowing – UK branches of non-EEA deposit-takers	General Organisational Requirements	5
7. Joint PRA and FCA form, PRA Rulebook, and FCA Handbook changes - Markets in Financial Instruments Directive II (MiFID II), Insurance Distribution Directive (IDD), and Benchmarking Regulation (BMR) amendments	Amendments to multiple Rulebook Parts and forms and the FCA Handbook	6 - 12
8. Short Form A - consequential amendments	Amendments to Short Form A	9
9. Application of EBA's Guidelines on corrections to modified duration for debt instruments	SS13/13 'Market risk'	13
10. Naming convention for life insurers when reporting data by homogeneous risk group	SS36/15 'Solvency II: life insurance product reporting codes'	14

### The PRA's statutory obligations

1.4 The PRA must comply with a number of statutory and public law obligations when making rules and determining the general policy and principles by which it performs its functions. Each chapter in this OCP will separately address the following obligations:

- The Financial Services and Markets Act 2000 (FSMA)<sup>1</sup> requires the PRA, so far as reasonably possible, to act in a way that advances its objectives:
  - the general objectives to promote the safety and soundness of PRA-authorised persons, and for insurance, to contribute to ensuring that policyholders are appropriately protected; and
  - the secondary objective to facilitate effective competition in the markets for services provided by PRA-authorised persons in carrying on regulated activities.
- Provide an analysis of the costs together with an analysis of the benefits that will arise if the proposed rules are made or if, in the opinion of the PRA the costs or benefits cannot reasonably be estimated or it is not reasonably practicable to produce an estimate, include a statement of the PRA's opinion and an explanation of it.
- To have regard to the Regulatory Principles<sup>2</sup> and certify that the policy proposals accord with these.
- Where the PRA proposes a rule which would apply both to mutual societies, and other authorised persons, prepare a statement setting out its opinion whether or not the impact of the proposed rule on mutual societies will be significantly different.<sup>3</sup>
- The PRA should have regard to aspects of the economic policy of Her Majesty's government as recommended in HM Treasury's recommendations letter.
- The requirement of the Equality Act 2010 to have due regard to the need to eliminate discrimination and to promote equality of opportunity in carrying out its policies, services and functions.

1.5 The PRA has consulted the FCA on the proposals in this OCP.

### Administration instrument

1.6 This OCP also consults on an administration instrument. An administration instrument is used to make minor corrections to PRA Rulebook provisions. The corrections are not substantive and are not intended to change PRA policy. The corrections will result in rule amendments.

1.7 In making this instrument, the PRA aims to ensure that rules are correct, presented clearly and contain up-to-date references. Accurate Rulebook provisions allow the PRA to act in a way that advances the safety and soundness of PRA firms, and regarding insurers, contributes to policyholder protection. For these reasons, the PRA believes that administration instruments are compatible with the requirement on the PRA to act in a way that advances its objectives.

1.8 The PRA consults with the FCA prior to undertaking consultations on administration instruments and ensures that proposed corrections are consistent with the regulatory principles. Such minor corrections are unlikely to impact on competition or on mutual societies or give rise to any equality or diversity issues. Minor proposals are also unlikely to result in costs for firms, who will benefit from a more accurate Rulebook.

### Responses and next steps

1.9 The consultation closes on:

- Tuesday 17 October 2017 for the administration instrument (Appendix 15);

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1 s.138J(2) FSMA  
2 s.2H FSMA  
3 s.138K(2) FSMA

- Friday 3 November 2017 for Chapters 7 and 8;
- Tuesday 9 January 2018 for Chapters 2 – 6, 9 and 10.

1.10 Please address any comments or enquiries to [OCP.responses@bankofengland.co.uk](mailto:OCP.responses@bankofengland.co.uk). For Chapter 7 comments or enquiries can also be sent to the FCA at [Cp17-34@fca.org.uk](mailto:Cp17-34@fca.org.uk).

1.11 The policy contained in this consultation paper (CP) has been designed in the context of the current UK and EU regulatory framework. The PRA will keep the policy under review to assess whether any changes would be required due to changes in the UK regulatory framework, including changes arising once any new arrangements with the European Union take effect.

## **2 Conditions governing business – minor amendment**

2.1 This chapter sets out proposed amendments to the Conditions Governing Business Part of the PRA Rulebook to correct a typographical error. It is relevant to Solvency II firms that apply a volatility adjustment. The proposals do not represent a change in PRA policy.

### **Proposal**

2.2 The PRA proposes to amend the Conditions Governing Business Part to correct rule 3.2(3)(b) by inserting the defined term ‘volatility adjustment’ in exchange for the word ‘volatility’.

2.3 The proposed changes are set out in Appendix 1.

### **Statutory obligations**

2.4 Amendments proposed in this chapter are intended to clarify and remove any ambiguity around existing risk management arrangements for firms applying the volatility adjustment. There are no additional costs introduced by the above mentioned proposals.

2.5 The PRA considers that the proposals in this chapter are compatible with the PRA’s general objective to promote the safety and soundness of firms and to contribute to the securing of an appropriate degree of protection for those who are or may become insurance policyholders, by clarifying the application of PRA rules and the PRA’s policy objectives.

2.6 The PRA considers that the proposed amendments do not have a material impact on effective competition.

2.7 In developing the proposals in this CP, the PRA has had regard to the regulatory principles and considers that the regulatory principle of most relevance to the proposals is that a burden imposed should be proportionate to the benefits expected to result. The PRA considers that correcting the terminology gives effect to a rule which is proportionate for Solvency II firms.

2.8 The PRA considers that the impact of the proposed rule changes on mutuals is expected to be no different from the impact on other firms.

2.9 The PRA has had regard to HM Treasury’s recommendations on aspects of the Government’s economic policy when considering these proposals.

2.10 The PRA has considered the equality and diversity issues that may arise from the proposals in this consultation. The PRA considers that the proposals in this consultation do not raise any concerns with regards to equality and diversity issues.

### **3 Market risk – Capital Requirements Directive (CRD) IV amendment**

3.1 In this chapter, the PRA proposes to amend the Internal Capital Adequacy Assessment (ICAA) Part in the PRA Rulebook with respect to market risk. It is relevant to all firms to which CRD IV<sup>1</sup> applies.

#### **Proposal**

3.2 CRD IV, Article 83(3) clarifies that firms should fund themselves with adequate capital when they hold opposite positions in stock-index futures which are not identical in respect of either maturity, composition, or both. The PRA proposes to amend ICAA 8.4 to reflect the text set out in CRD IV. This builds on the existing ICAA 8.4 rule, which sets out that a firm which has netted off its positions in one or more of the equities constituting a stock-index against one or more positions in the stock-index future or other stock-index product, must have adequate financial resources and internal capital to cover the basis risk of loss caused by the future's or other product's value not moving fully in line with that of its constituent equities.

3.3 The proposed changes are set out in Appendix 2.

#### **Statutory obligations**

3.4 The PRA considers this proposal is compatible with the PRA's statutory objective to promote the safety and soundness of firms by removing any regulatory uncertainty over the PRA's market risk ICAA rules. The PRA does not expect the proposal in this chapter to impose economic costs or benefits.

3.5 The PRA considers that the proposed amendments do not have a material impact on effective competition.

3.6 In developing the proposals in this CP, the PRA has had regard to the regulatory principles. The PRA considers that the regulatory principle of most relevance to this proposal is regulatory transparency. The proposed update to the ICAA Part will better enable firms to understand the PRA's expectations and its implementation of relevant legislation.

3.7 The PRA has also had regard to the Government's economic policy, the most relevant aspect being regulatory transparency and consistency, by explicitly clarifying the PRA's application of CRD IV in the PRA Rulebook.

3.8 The PRA considers that the impact of the proposed rule changes on mutuals is expected to be no different from the impact on other firms.

3.9 The PRA has performed an assessment of the policy proposals and does not consider that the proposals give rise to equality and diversity implications.

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<sup>1</sup> Capital Requirements Directive (2013/36/EU) (CRD) and Capital Requirements Regulation (575/2013) (CRR) – jointly 'CRD IV.'

## **4 Amendments to Transitional Measures Part to correct references**

4.1 This chapter sets out proposed amendments to the Transitional Measures Part of the PRA Rulebook to correct the references to the Reporting Part. It is relevant to all Solvency II Firms.

### **Proposal**

4.2 The PRA proposes to amend rule 13.3 of the Transitional Measures Part. This rule exempts groups from reporting a capital add-on or undertaking specific parameters (USPs) in the Solvency and Financial Condition Report (SFCR) for the first two years of Solvency II. 13.3 will be amended so that it references Reporting 3.6 instead of Reporting 3.7 so that the transitional measure is effective.

4.3 The proposed changes are set out in Appendix 3.

### **Statutory obligations**

4.4 The proposals are compatible with the PRA's statutory objectives to promote the safety and soundness of PRA-authorized firms, and to contribute to ensuring that policyholders of insurers are appropriately protected, by making the rules firms are required to follow clearer and more consistent.

4.5 The proposed changes do not have a material impact on effective competition because the proposed changes are correcting a reference that will align the wording of rules applying to both solo insurance undertakings and insurance groups.

4.6 In developing the proposals in this CP, the PRA has had regard to the regulatory principles and to the Government's economic policy. The PRA considers that transparency is of the most relevance when considering the PRA's regulatory principles and the Government's economic policy: the PRA is amending its rules in order to provide clarity to the users of the SFCR and to the firms it regulates.

4.7 The PRA considers that the impact of the proposed rule changes on mutuals is expected to be no different from the impact on other firms.

4.8 The PRA has performed an assessment of the policy proposals and does not consider that the proposals in this chapter give rise to equality and diversity implications.

## 5 Application requirements – Capital Requirements Regulation (CRR) and CRD amendments

### Overview

5.1 This chapter sets out proposed amendments to the following Parts of the Rulebook:

- Capital Buffers Part;
- General Organisational Requirements Part;
- Internal Capital Adequacy Assessment Part;
- Internal Liquidity Adequacy Assessment Part;
- Leverage Ratio Part;
- Liquidity Coverage Requirement – UK Designated Investment Firms Part;
- Regulatory Reporting Part;
- Reporting Pillar 2 Part;
- Risk Control Part;
- Skills, Knowledge and Expertise Part; and
- the Glossary.

The amendments are to ensure that the calculation bases used in the PRA Rulebook take account of the exercise of any Capital Requirements Regulation (CRR) discretions available to the PRA as Competent Authority ('discretions') that change the scope of application of requirements, whether implemented through PRA rules or granted to firms on a case-by-case basis as a CRR Permission. It is relevant to all CRR firms.

5.2 There are discretions in the CRR which can alter the scope of application of requirements at either individual or consolidated/sub-consolidated level.<sup>1</sup> For example, on an individual basis firms may be permitted to include certain entities in their individual calculations through the *individual consolidation permission*<sup>2</sup> and on a consolidated (or sub-consolidated basis) the scope of a group can be expanded to include entities that are linked together for reasons other than being a parent and subsidiary.<sup>3</sup> Other Discretions permit the individual level of application to be dis-applied entirely for certain requirements, such as Liquidity, and replaced with calculations based on a wider group of entities.<sup>4</sup>

5.3 The use of a discretion will automatically be reflected in any calculation a firm makes under the relevant parts of CRR (Pillar 1). However, the parts of the prudential framework, such as Pillar 2, that are set out in the CRD and implemented through PRA rules have to be separately activated at the relevant levels of application. The provisions that do this also need to reflect any relevant changes to the scope of application made by the exercise of any discretions so that the calculation bases are consistent between different Rulebook Parts and between CRR and CRD derived rules. The majority of firms already assume

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<sup>1</sup> CRR Articles 7 to 10 for individual requirements and in CRR Articles 18 and 19 for consolidated and sub-consolidated requirements

<sup>2</sup> CRR Article 9

<sup>3</sup> CRR Article 18(3)-(6)

<sup>4</sup> A Domestic Liquidity Sub-Group or DoLSub set up under CRR Article 8

that these discretions feed through into all relevant requirement calculations. The PRA proposes to amend existing provisions to ensure this intention is clear to all firms.

## **Proposal**

### **Requirements on an individual basis**

5.4 The PRA proposes to clarify the rules to ensure that the application of requirements on an ‘individual basis’ reflects any CRR Permissions granted by the PRA under CRR Articles 7 to 10. The PRA proposes to amend the Capital Buffers; Internal Capital Adequacy Assessment; Internal Liquidity Adequacy Assessment; Leverage Ratio; Liquidity Coverage Requirement – UK Designated Firms; and Reporting Pillar 2 Rulebook Parts to reflect the clarification.

5.5 In certain cases the PRA would require firms to report some individual requirements on an unmodified basis, ie on the basis of the firm’s balance sheet alone, without the modification by any relevant Permissions or PRA rules. In the submission templates and related rules this is described as ‘unconsolidated basis’. In particular, the accounting framework does not recognise CRR discretions so the requirement for firms to submit their Annual report and accounts to the PRA does not reflect such discretions. Also some discretions do not affect all requirements. In particular the Individual Consolidation Permission does not act on liquidity requirements. This has been set out more clearly in the Regulatory Reporting Part.

### **Requirements on a consolidated or sub-consolidated basis**

5.6 The PRA proposes to clarify the rules to ensure that the application of requirements on a ‘consolidated basis’ or ‘sub-consolidated basis’ reflects any CRR Permissions granted by the PRA under CRR Articles 18 and 19 (for example under CRR 18(3) or 19(2)) and reflects any other discretions on the scope of consolidation that the PRA has implemented through rules (for example 18(4) and 18(5)). The PRA proposes to amend the Capital Buffers; General Organisational Requirements; Internal Capital Adequacy Assessment; Internal Liquidity Adequacy Assessment; Liquidity Coverage Requirement – UK Designated Firms; Reporting Pillar 2; Risk Controls and Skills, Knowledge; and Expertise Rulebook Parts to reflect the clarification. A consequential amendment to the definition of ‘consolidation group’ is also proposed.

5.7 The proposed changes are set out in Appendix 4.

## **Statutory obligations**

5.8 The PRA has a statutory objective to promote the safety and soundness of banks, building societies, credit unions, insurers and PRA-designated investment firms. The proposals in this CP are intended to further that objective by clarifying in rule text that discretions which alter the scope of application of requirements in CRR have effect on the application of CRD-derived rules in the PRA Rulebook as envisaged by CRD Articles 108 and 109. This ensures that all firms are clear about the basis on which requirements calculations should be made, and that the PRA can get an accurate and comparable picture of an institution’s requirements and accurately monitor its safety and soundness.

5.9 In the absence of making this change, there is a possibility that firms will incur costs by misinterpreting the PRA’s application of the rules and prepare information on two different bases (one for CRR and the other for CRD-derived rules). Making these amendments avoids these potential costs by clarifying that the bases of calculation, as adjusted by permissions or PRA rules, and the scope of application of CRR and CRD-derived rules should align.

5.10 In developing the proposals in this CP, the PRA has had regard to the regulatory principles. The two principles with the most relevance are:



- The principle that the PRA should exercise its functions as transparently as possible. In this CP, the PRA sets out the key information relevant to its proposals, and gives respondents the opportunity to comment. Furthermore, the PRA judges that the proposals outlined in this CP bring greater clarity on compliance with existing PRA requirements regarding the calculation of prudential requirements at different levels of application where these have been altered by the use of discretions contained in CRR, including CRR Permissions granted by the PRA.
- In line with the principle that it is desirable, where appropriate, for a regulator to exercise its functions in a way that recognises differences in the nature of, and objectives of, businesses carried on by different persons subject to requirements imposed by or under the Financial Services and Markets Act 2000 (FSMA), the granting of CRR Permissions recognises differences in the nature of business carried on by different persons. These proposals ensure the full effect of any permissions granted are reflected in the calculation of relevant requirements.

5.11 HM Treasury has made recommendations to the Prudential Regulation Committee about aspects of the Government's economic policy to which the Committee should have regard when considering how to advance the objectives of the PRA and apply the regulatory principles as set out in FSMA. In the PRA's opinion the proposals in this chapter do not have implications for the aspects outlined in the HM Treasury recommendations.

5.12 In the PRA's opinion, the impact of the proposed rule changes on mutuals is expected to be no different from the impact on other firms.

5.13 The PRA has performed an assessment of the policy proposals and does not consider that the proposals give rise to equality and diversity implications.

## 6 Whistleblowing in UK branches of non-EEA deposit-takers

6.1 This chapter sets out proposed amendments to the General Organisational Requirements Part of the PRA Rulebook to clarify how UK branches and subsidiaries share details of their whistleblowing channels. It is relevant to UK deposit-takers with non-EEA subsidiaries that branch back into the United Kingdom.

6.2 The Parliamentary Commission on Banking Standards (PCBS) recommended that banks put in place mechanisms to allow their employees to raise concerns of risk and wrongdoing internally ('whistleblowing') in its final report in June 2013.<sup>1</sup> The report noted the lack of whistleblowers coming forward in the run-up to the financial crisis and other banking scandals. In the rules made since then the PRA has sought to provide individuals with the information needed to raise concerns safely, and the opportunities to do so in the way they feel most comfortable.

### Proposal

6.3 The PRA proposes to amend the General Organisational Requirements Part to clarify that the requirement on firms to share details of their whistleblowing channels with UK branches of non-UK entities that are part of the same group, applies to firms which are the UK parent company of the group as well as those which are subsidiaries.

6.4 The proposed changes are set out in Appendix 5.

### Statutory obligations

6.5 The PRA considers that the proposals in this chapter are compatible with the PRA's general objectives to promote the safety and soundness of PRA-authorized persons by assisting firms in meeting the PRA's requirements through clearer rules.

6.6 The PRA considers that the proposals do not have a material impact on effective competition.

6.7 The PRA considers that the regulatory principle of most relevance to the proposals is the need to use resources in the most efficient way. Although the proposal will not affect a large number of firms at the moment, as the organisational structure that the rule covers is rare, it will prevent the PRA from having to continue to monitor firms' operational structures in the future. The PRA has also had regard to the regulatory principle of recognising differences in the nature and objectives of businesses. The existing rules do not place the same regulatory burdens on firms with the organisational structure outlined in paragraph 6.3, so the change will align the treatment of firms with different structures.

6.8 The proposed change aligns with PRA policy on which a cost benefit analysis has already been conducted as stated in CP35/16 '*Whistleblowing in UK branches*'<sup>2</sup> and the PRA does not expect this position to have changed as a result of the clarification on scope. Therefore, a full cost benefit analysis for this chapter has not been provided. Rather, the proposed change helps ensure that the benefits stated in CP35/16 will be realised. In developing the proposals in this CP, the PRA has had regard to the regulatory principles. The regulatory principle of most relevance to this proposal is recognising the differences in the nature of, and objectives of, businesses. In identifying that the rules as drafted applied differently to UK parent companies and UK subsidiaries, this proposal clarifies the intention of the rule and aligns its scope.

6.9 The PRA does not consider that the impact of the proposals on mutual societies will be different from the impact on other firms, as the proposals do not apply to mutual societies.

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1 Changing banking for good, Parliamentary Commission on Banking Standards, June 2013, [publications.parliament.uk/pa/jt201314/jtselect/jtpebs/27/27ii.pdf](https://publications.parliament.uk/pa/jt201314/jtselect/jtpebs/27/27ii.pdf).

2 September 2016: [www.bankofengland.co.uk/pr/Pages/publications/cp/2016/cp3516.aspx](http://www.bankofengland.co.uk/pr/Pages/publications/cp/2016/cp3516.aspx).

6.10 The PRA has considered the equality and diversity issues that may arise from the proposals in this consultation; the PRA does not consider that the proposals in this consultation raise concerns with regards to equality and diversity issues.



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## 7 Joint PRA and FCA form, PRA Rulebook, and FCA Handbook changes – MiFID II, IDD, and BMR amendments

7.1 In this chapter the PRA and the FCA are jointly consulting on proposed amendments to multiple Parts of the PRA Rulebook and the Supervision Manual (SUP) in the FCA Handbook. These changes are necessary to transpose the second Markets in Financial Instruments Directive (MiFID) II.<sup>1</sup> This chapter also makes some minor MiFID II related changes to the PRA Rulebook, and sets out the PRA's proposed amendments to multiple Parts of the PRA Rulebook and multiple PRA forms to transpose the Insurance Distribution Directive (IDD)<sup>2</sup> and the Benchmarking Regulation (BMR).<sup>3</sup> To update the relevant forms as part of the transposition of IDD and BMR, and to collect the required information as part of MiFID II, the PRA proposes making the changes outlined in this chapter. The rule instrument is included in Annexes 6-10 and 12 and further changes to forms that do not appear in the Rulebook are included in Annex 11.

7.2 The changes are relevant to:

- MiFID II: PRA-designated investment firms and FCA-regulated MiFID firms (see paragraph 7.7-7.9), all PRA-regulated firms (see paragraph 7.10) and all common platform firms (see paragraphs (7.11-15));
- IDD: UK Relevant Authorised Persons (RAPs), third country RAPs, Solvency II firms, small non-Directive insurers and large non-Directive insurers. As well as all firms completing the authorisation form for banks, the supplements for insurance companies and Lloyd's managing partners, the controller appendices for corporates and partnerships, the owners and influencers appendix and the Waiver Application Form (see paragraph 7.16-18); and
- BMR: All firms completing the Senior Management Regime: Statements of Responsibilities form (see paragraph 7.19-22).

7.3 The PRA has aligned its proposals closely to those of the FCA, which should contribute to ensuring clarity for firms and a proportionate approach to regulation. Coordination between the PRA and the FCA is required under the Financial Services and Markets Act 2000 (FSMA) when either regulator is making rules.

7.4 The deadline for responses to this chapter is Friday 3 November 2017. While the PRA and the FCA recognise that this is a relatively short period for consultation, the PRA and FCA consider that: (i) the scope of changes being made is relatively minor and/or are administrative in nature; and (ii) as the MiFID II changes have been widely publicised over a considerable period of time, affected firms should have already had sufficient opportunity to be aware of the substance of the changes and have had sufficient time to consider the likely impact of the changes.

### Proposal for MiFID II

7.5 As part of the PRA and FCA work in assessing fitness and propriety, the PRA and the FCA will collect additional information from PRA-designated investment firms and FCA-regulated MiFID firms regarding

1 MiFID II is part of a legislative package, comprising the Directive, MiFID II (2014/65/EU) ([eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0065](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0065)); the Markets in Financial Instruments Regulation (2014/600/EU) ([eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R0600](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R0600)); and the Commission Delegated Regulation on organisational requirements and operating conditions (MODR) (2017/565/EU) ([eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32017R0565](http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A32017R0565)).

2 The IDD comprises the Directive (2016/97/EU) on insurance distribution (recast), [eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A32016L0097](http://eur-lex.europa.eu/legal-content/en/TXT/?uri=CELEX%3A32016L0097).

3 The BMR comprises the Regulation (2016/1011/EU) on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directive 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014, [eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32016R1011](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32016R1011).

members of their management body, as set out in the MiFID II Technical Standards.<sup>1</sup> This chapter sets out proposals to collect additional information in relation to individuals as part of the application process, extend the deadline for submitting Form C and make minor formatting and grammatical changes to certain Parts of the PRA Rulebook.

7.6 MiFID II comprises a considerable package of reforms to the provision of investment services and activities in the European Union. As the United Kingdom's prudential regulator for credit institutions and PRA-designated investment firms, the PRA is responsible for implementing those aspects of the MiFID II package that set out prudential requirements for affected PRA-authorized persons. As the above firms are dual regulated, the FCA is jointly consulting on those changes. MiFID II also affects FCA-regulated MiFID firms and the FCA is required to implement aspects of the MiFID II package that affects these firms. MiFID II aims to enhance governance through management body requirements. The PRA and the FCA set out their approach to transposing the governance aspects of MiFID II in Policy Statement (PS) 9/17 'Implementation of MiFID II: Part 2'<sup>2</sup> and PS17/5<sup>3</sup> respectively.

7.7 The MiFID II Technical Standards require investment firms to submit specific information when there is a change to the membership of its board. To facilitate this, the PRA and the FCA propose to amend the Senior Managers Regime – Applications and Notifications Part, the Fitness and Propriety Part and the Glossary of the PRA Rulebook and SUP in the FCA Handbook to direct relevant firms to submit additional information on individuals taking up management body positions at PRA-designated investment firms and FCA-regulated MiFID firms. The Regulatory Technical Standard (RTS) requires relevant firms to supply additional information about members of the management body including personal details, information on decision-making powers held in roles over the last ten years, and details of any self-administered suitability tests. The Implementing Technical Standard (ITS) requires relevant firms to submit particular additional information in a specific format (the Annex 3 European Securities and Market Authority (ESMA) template). PRA-designated investment firms must submit Long Form A, Form E or Form M, with the additional information and in the form required by the MiFID II Technical Standards. The PRA intends to assist firms to provide all required additional MiFID II information in the required form by providing a link to two additional information templates. In practice firms should submit both templates when submitting those forms.

7.8 The proposed amendment to the Glossary of the PRA Rulebook includes reference to the ITS, which has not yet been published in the Official Journal. The PRA intends to make a final instrument amending the Glossary to include the correct reference to the ITS once it is published in the Official Journal. The PRA considers that this amendment is not significant for the purposes of section 138J(5) FSMA as the editorial change will only insert the number of the directly applicable ITS. The PRA will therefore make that instrument without further consultation.

7.9 FCA solo-regulated MiFID firms must submit the Annex 3 ESMA template and the new additional information template that the FCA is providing when there is a change to the membership of the firm's management body, or to the persons who effectively direct the business. In practice, this means that firms will need to provide those forms when they submit a Long Form A or Form E. Form C must be submitted with the Annex 3 ESMA template as an attachment.

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1 The authorisation Regulatory Technical Standard (RTS) was adopted by the European Commission on 14 July 2016 ([ec.europa.eu/finance/securities/docs/isd/mifid/rts/160714-rts-authorisation\\_en.pdf](http://ec.europa.eu/finance/securities/docs/isd/mifid/rts/160714-rts-authorisation_en.pdf)). The authorisation Implementing Technical Standard (ITS), drafted by ESMA pursuant to Article 7(5) of the Directive, MiFID II (2014/65/EU), has not yet been published in the Official Journal but the draft ITS can be found in the ESMA Final report: MiFID II/MiFIR draft Technical Standards on authorisation, passporting, registration of third country firms and cooperation between competent authorities ([www.esma.europa.eu/document/final-report-mifid-ii-mifir-draft-technical-standards-authorisation-passporting](http://www.esma.europa.eu/document/final-report-mifid-ii-mifir-draft-technical-standards-authorisation-passporting)). The RTS and the ITS, together being the MiFID II Technical Standards.

2 April 2017; [www.bankofengland.co.uk/pr/Pages/publications/ps/2017/ps917.aspx](http://www.bankofengland.co.uk/pr/Pages/publications/ps/2017/ps917.aspx).

3 Markets in Financial Instruments Directive II Implementation – Policy Statement, available at [www.fca.org.uk/publication/policy/ps17-05.pdf](http://www.fca.org.uk/publication/policy/ps17-05.pdf).

7.10 Previous MiFID II requirements have applied across the entire population of common platform firms;<sup>1</sup> the additional information will only be required by PRA-designated investment firms. The PRA recognises that this represents a departure from the common platform approach for this change. However, it could be considered disproportionate to extend these requirements to such a large group of firms when this is not necessary to implement MiFID II.

7.11 MiFID II extends the deadline for firms to notify the PRA and FCA about changes to the membership of their management board. To implement those aspects of the MiFID II package that set out prudential requirements for affected authorised persons, the PRA and FCA propose to extend the deadline for submitting notifications for individuals ceasing to perform controlled functions via Form C from no more than seven days after an individual ceases to perform a controlled function to no more than ten days after an individual ceases to perform a controlled function. However, the PRA and FCA would still expect to be informed through regular supervisory channels of changes as soon as practicable, in accordance with Fundamental Rule 7.<sup>2</sup>

7.12 In addition to the changes for MiFID II in paragraphs 7.5 to 7.10, the instruments in the annexes of this chapter make further amendments to Parts of the PRA Rulebook which were previously amended in light of MiFID II.<sup>3</sup> Many of these amendments relate to minor formatting and grammatical issues and ensure that the correct article of MiFID II or other Part of the Rulebook are correctly referenced. There has also been a deletion of the definition of 'MTF' in General Provisions, due to the movement of the definition of this word to the Glossary. Finally, there are changes to the Passporting Part to update the rules with the correct reference to the directly applicable RTS which has recently been published in the Official Journal of the European Union.<sup>4</sup>

7.13 The PRA intends to make a final instrument amending the Passporting Part to include the correct reference to the directly applicable passporting ITS, which includes the relevant passporting forms, when it is published in the Official Journal. The PRA considers that this amendment is not significant for the purposes of section 138J (5) FSMA as the editorial change will only insert the number of the directly applicable ITS. The PRA will therefore make that instrument without further consultation.

7.14 The PRA is required by the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (the 'MiFID II Regulations')<sup>5</sup> to issue a statement of policy with respect to:

- (a) the imposition of penalties where the PRA considers that a person has contravened a requirement imposed by or under the MiFID II Regulations or by Article 28 of the markets in financial instruments regulation; and
- (b) the amount of any such penalties.

7.15 Article 72(2) of MiFID II (Exercise of supervisory powers and powers to impose sanctions) sets out a non-exhaustive list of factors which Member States are required to ensure that competent authorities take into account, where appropriate, when determining the type and level of an administrative sanction or measure. The MiFID II Regulations provide that the PRA's policy in determining what the amount of a penalty should be must include having regard to:

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1 The common platform was initially devised to ensure that a single set of requirements apply to firms subject to MiFID and CRD, as opposed to separate regulatory requirements arising from these directives being imposed upon the same business functions.

2 A firm must deal with its regulators in an open and co-operative way, and must disclose to the PRA appropriately anything relating to the firm of which the PRA would reasonably expect notice.

3 Following the close of the consultation, the PRA intends to also add effective dates to PRA Rulebook: Passporting Instrument 2016 and PRA Rulebook: CRR Firms: Algorithmic Trading Instrument 2016, which are amended by the instruments in this consultation.

4 [eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L\\_.2017.155.01.0001.01.ENG&toc=OJ:L:2017:155:TOC](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2017.155.01.0001.01.ENG&toc=OJ:L:2017:155:TOC).

5 Paragraph 14(1) of Schedule 1 to the MiFID II Regulations.

- (a) the seriousness of the contravention in question in relation to the nature of the requirement contravened;
- (b) the extent to which that contravention was deliberate or reckless; and
- (c) whether the person against whom action is to be taken is an individual.<sup>1</sup>

7.16 In January 2016 the PRA published an updated version of its statement of policy on its approach to enforcement<sup>2</sup> including its policy on the imposition and amount of financial penalties under the Financial Services and Markets Act 2000. This policy encapsulates the factors referred to above (in both Article 72(2) of MiFID II and the MiFID II Regulations) and therefore the PRA proposes to apply its existing penalties policy as set out in its statement of policy, in relation to the imposition of public censures and financial penalties for the contraventions referred to above. The PRA does not consider that any changes to its current policy are required for the purposes of MiFID II.

### Proposals for IDD

7.17 This section outlines proposals to update the necessary forms and Parts of the PRA Rulebook to take account of the changes to requirements brought about by the IDD.

7.18 IDD aims to strengthen and consolidate requirements set out in the Insurance Mediation Directive (2002/92/EC) (IMD) designed to encourage competition between insurance firms and ensure appropriate levels of protection for consumers across the European Union. The PRA currently requires firms to submit certain information relating to insurance mediation as part of the authorisations process for: (i) individuals taking up certain controlled functions; (ii) applying for permissions to passport services into other EEA member states; or (iii) applying for variations of permission.

7.19 The PRA proposes to amend the following forms to change references to ‘insurance mediation’ or the IMD to refer instead to ‘insurance distribution’ or the IDD. The PRA has identified these references in:

- Long Form A, which is applicable to UK Relevant Authorised Persons (RAPs) and Third Country RAPs, small non-Directive insurers, large non-Directive insurers, and Solvency II firms;
- Short Form A, which is applicable to UK RAPs and Third Country RAPs, small non-Directive insurers, large non-Directive insurers, and Solvency II firms;
- versions of Form E on internal transfer of an approved person applicable to Solvency II firms, small non-Directive firms, and large non-directive firms;
- the Branch Notification Form and the Cross Border Services Notification Form;
- the application for authorisation form for banks, as well as the supplements for insurance companies and Lloyd’s managing partners, the controllers appendices for partnerships and corporates, and the owners and influencers appendix; and
- the Waiver Application Form.

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<sup>1</sup> Paragraph 14(2) of Schedule 1 to the MiFID II Regulations.

<sup>2</sup> [www.bankofengland.co.uk/pr/Pages/publications/sop/2016/approachenforcementupdate.aspx](http://www.bankofengland.co.uk/pr/Pages/publications/sop/2016/approachenforcementupdate.aspx)



## Proposals for BMR

7.20 This section sets out proposals to change Statement of Responsibilities (SoRs) for the BMR. The BMR introduces measures to prevent harm that could affect those who use financial instruments or contracts, or investment funds that reference benchmarks. It introduces new regulated activities, and as a result additional prescribed responsibilities are being introduced by the Financial Conduct Authority (FCA) to ensure responsibility is allocated to the Senior Management Function (SMF) for aspects of these activities.<sup>1</sup>

7.21 To achieve alignment and compliance with BMR, the PRA proposes to amend Senior Management Regime: Statement of Responsibilities forms to replace the description of activities 26 and 27 with the specific benchmarking activities prescribed by the BMR.

7.22 To accommodate the directly applicable provisions of the BMR relating to benchmarking activities, the PRA proposes to make minor amendments to the Compliance and Internal Audit, General Organisational Requirements, Outsourcing, Record Keeping, Risk Control, and Skills, Knowledge and Expertise Parts of the Rulebook and the Glossary.

7.23 The proposed changes are set out in Appendices 6 to 12.

## PRA statutory obligations

7.24 The PRA and FCA have different objectives. While looking to meet their own objectives, each considers the other's obligations and objectives, as outlined in the following chapters.

7.25 The proposals in this chapter will help ensure that relevant PRA-regulated firms comply with the standards set out in MiFID II, IDD and BMR, thereby reducing the risk that their benefits are not fully realised. The PRA does not expect the proposals to impose material incremental compliance costs on affected firms.

7.26 The proposals are compatible with the PRA's statutory objectives to promote the safety and soundness of PRA-authorized firms. By ensuring that relevant PRA-regulated firms comply with the standards set out in MiFID II, IDD and BMR, the PRA is promoting the safety and soundness of regulated firms by ensuring that they meet the associated requirements.

7.27 The PRA considers that the proposals do not have an impact on effective competition.

7.28 In developing the proposals in this CP, the PRA has had regard to the regulatory principles. The regulatory principles of most relevance to these proposals are the responsibilities of the senior management of persons subject to PRA rules to comply with those rules. The forms affected by these changes are largely aimed at the senior management of regulated firms, and the additional information requirements generally relate to their activities or background.

7.29 The PRA does not consider that the impact of the proposals on mutual societies will be different from the impact on other firms.

7.30 The PRA has also had regard to the Government's economic policy. The aspects most relevant to these proposals are in encouraging trade and inward investment to the United Kingdom, by ensuring that PRA-regulated firms are compliant with common European standards.

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<sup>1</sup> Under the Senior Managers Regime, firms must produce and submit a SoRs for each of their SMFs setting out the areas and activities of the firm which they are responsible for managing. SoRs have to be submitted to the PRA and the FCA in the SoR template. Firms have to submit a SoR when they first apply for pre-approval on behalf of an SMF. They must also update and resubmit it if there is a 'significant change' to that individual's responsibilities.



7.31 The PRA has considered the equality and diversity issues that may arise from the proposals in this consultation; the PRA does not consider that the proposals in this consultation raise concerns with regards to equality and diversity issues.

### **Compatibility with the FCA's general duties and regulatory principles**

7.32 The proposals are compatible with the FCA's statutory objectives under FSMA to secure an appropriate degree of protection for consumers, to protect and enhance the integrity of the UK financial system and promote effective competition in the interests of consumers.

7.33 The FCA is legally required, insofar as it is compatible with its strategic and operational objectives, to discharge its general functions (including its rule-making function) in a way which promotes competition. The FCA does not consider that the proposed amendments will either hinder or promote effective competition.

### **Cost Benefit Analysis**

7.34 The proposals in this chapter will help ensure that FCA-regulated firms comply with the standards set out in MiFID II. The additional information requirements are set out in EU Regulation and we have limited discretion in how we apply them to firms.

7.35 Section 138I of FSMA requires the FCA to perform a cost benefit analysis of proposed rules, and to publish the results. However, the FCA is not required to do so where it considers that any increase in costs resulting from the proposed rule will be of minimal significance (section 138L FSMA). The FCA expects that the rule changes proposed in this chapter will impose incremental costs of minimal significance on firms and the FCA has only carried out a high-level cost benefit analysis. The FCA is also consulting on changes to forms (made by direction) and guidance. While FSMA does not require the FCA to perform a cost benefit analysis in relation to those changes, the FCA has considered the impacts below.

7.36 The ITS requires firms to provide the FCA with the form set out in Annex III to the ITS when there is a change to membership of the management body or the persons who effectively direct the business (the Annex III ESMA template). Further, under Article 4 of the RTS, relevant firms are required to provide extra information about members of the management body and persons who effectively direct the business of the firm. Most of this information is already captured when firms submit existing Form A or Form E, however to comply with the FCA's obligations under the RTS, the FCA is providing a further form to ensure that the required information is collected, ie the Additional Information Article 4 RTS Annex. From commencement, both of the above forms (the Annex III ESMA template and the Additional Information Article 4 RTS Annex) must be submitted as attachments by a solo-regulated MiFID investment firms when sending the FCA a Long Form A or Form E. The Annex III ESMA template must also be submitted as an attachment to Form C.

7.37 The Annex III ESMA template has been created by ESMA and the FCA will provide a version of this on the FCA website. When submitting this Annex, firms can cross refer to information that has already been included in the Form A, C, or E. This will avoid unnecessary duplication of the information provided and reduce the time and costs required.

7.38 The Additional Information Article 4 RTS Annex has two versions for firms subject to the Approved Persons Regime and the Senior Managers Regime. Firms must include the appropriate annex when submitting a Long Form A or Form E. As much of the information in this Annex will already be collected in the Long Form A or Form E, the Annex allows firms to leave the sections blank where this is the case. As above, this will avoid unnecessary duplication of information and reduce the time required to complete the annex.

7.39 The FCA recognises that obtaining the additional information required by Article 4 of the RTS through the Additional Information Article 4 RTS Annex rather than through an amendment to existing forms means that firms will be required to submit an additional form. However, the FCA considers that this is a transparent and proportionate approach which avoids the need to make additional changes to existing forms (which many firms are already familiar with). The FCA therefore expects that these changes will impose incremental costs of minimal significance on firms, as much of the required information can be cross referred to in the existing Form A, C or E.

7.40 To comply with MiFID II the FCA is also extending the notification period that firms have to inform the FCA, via Form C, that an individual is ceasing to perform a controlled function or senior management function, from seven to ten days. We do not expect this to impose an additional cost on firms.

7.41 The proposals described in this chapter are in line with the FCA's consumer protection and market integrity objectives by ensuring that prospective applicant firms provide all the relevant information, required under MiFID II to assess the fitness and propriety of members of the management body or who direct the business, with their authorisation application. This will enable the FCA to conduct a full assessment of the application and identify any potential risks to the FCA's statutory objectives.

7.42 The FCA does not consider that the impact of the proposals on mutual societies will be different from the impact on other firms.

7.43 In preparing these proposals, the FCA has had regard to all of the regulatory principles in section 3B of FSMA.

7.44 The FCA has considered the equality and diversity issues that may arise from the proposals. The FCA does not consider that the proposed amendments raise concerns in this regard. The FCA does not consider that the proposals in this consultation result in direct discrimination for any of the groups with protected characteristics: that is, age, disability, gender, pregnancy and maternity, race, religion and belief, sexual orientation and transgender.

## 8 Consequential amendment to Short Form A

8.1 This chapter sets out a proposed consequential amendment to Short Form A to ensure consistency with existing forms.

8.2 It is relevant to banks, building societies, credit unions, PRA-designated investment firms, known as relevant authorised persons (RAPs), and Third Country branches. The proposals do not represent a change in PRA policy.

### Proposal

8.3 The PRA has identified an inconsistency with regard to the criminal records check question. This question is included in Short Form A for insurers and the electronic version of Short Form A for both insurers and RAPs, but was inadvertently omitted from the paper version of Short Form A for RAPs.

8.4 The PRA proposes to include the criminal records check question found in 5.05.4 of Short Form A for insurers and 5.05.3 in Long Form A for RAPs: 'Has the firm undertaken a criminal records check in accordance with the requirements of the FCA or PRA?' in Short Form A for RAPs Section 5 (Fitness and Propriety). This amendment is identical to the change the FCA consulted on in their consultation paper CP16/21 'Quarterly Consultation No.14'.<sup>1</sup>

8.5 The proposed change is set out in the draft rule instrument at Appendix 9. The amendment follows changes to forms published in PS24/17 'Strengthening accountability in banking and insurance: changes to SMR forms'.

### Statutory obligations

8.6 Long Form A for RAPs, Short Form A for insurers, and the electronic version of Short Form A for RAPs already include the criminal reference question we are proposing to add. This proposed change will align the paper version of Short Form A with the electronic version. The majority of firms use the electronic version so the impact is likely to be minimal.

8.7 The PRA considers the proposal would enhance the ongoing safety and soundness of firms by ensuring the individuals managing these firms are fit and proper, and are assessed with a consistent approach across the relevant forms.

8.8 The PRA considers that the proposals do not have an impact on effective competition. In developing the proposals in this CP, the PRA has had regard to the regulatory principles. The regulatory principles of most relevance to the proposals in this CP are the responsibilities of the senior management of persons subject to requirements imposed by or under the Financial Services and Markets Act 2000 (FSMA).

8.9 The PRA has had regard to HM Treasury's recommendations on aspects of the Government's economic policy when considering these proposals.

8.10 The PRA considers that the impact of the proposed rule changes on mutuals is expected to be no different from the impact on other firms.

8.11 The PRA has performed an assessment of the policy proposals and does not consider that the proposals give rise to equality and diversity implications.

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1 CP16/21 'Quarterly Consultation No.14' (September 2016), available here: [www.fca.org.uk/publications/consultation-papers/quarterly-consultation-paper-no-14-cp16-21](http://www.fca.org.uk/publications/consultation-papers/quarterly-consultation-paper-no-14-cp16-21).

## **9 Application of EBA's Guidelines on corrections to modified duration for debt instruments**

9.1 This chapter sets out proposed amendments to SS13/13 'Market risk' to clarify the PRA's expectations on the application of the EBA's Guidelines on corrections to modified duration for debt instruments. It is relevant to all PRA-supervised firms to which CRD IV applies.

### **Proposal**

9.2 Article 340 of the CRR requires firms that apply the duration-based calculation of general risk, to make a correction in the calculation of the modified duration for debt instruments that are subject to prepayment risk. The article also mandates the EBA to issue guidelines on how such corrections should be made. In 2016, the EBA finalised guidelines on how to apply such corrections. The PRA proposes to amend SS13/13 to state that UK firms should comply with the EBA Guidelines when making calculations under Art 340 CRR.

9.3 The proposed changes to SS13/13 are set out in Appendix 13.

### **Statutory obligations**

9.4 The proposal in this chapter confirms the PRA's expectation that UK firms should comply with the EBA Guidelines when making calculations under Article 340 of the CRR. The Guidelines were consulted on by the EBA during development, and one response was received. The proposals have previously been subject to an EBA cost benefit analysis during development of the Guidelines. The EBA estimated that approximately 1% of total positions under the market risk standardised rules fall under the scope of the EBA guidelines. Consequently, the proposals are not expected to materially increase costs, and as a result, the PRA has not produced a full cost benefit analysis.

9.5 The PRA considers this proposal as compatible with the PRA's statutory objective to promote the safety and soundness of firms, by streamlining existing processes and ensuring a more efficient use of PRA resources in its supervision of firms.

9.6 The PRA considers that the proposals do not have a material impact on effective competition.

9.7 The PRA considers that the regulatory principle of most relevance to the proposals is that a burden or restriction should be proportionate to the benefits. This update to the SS will better enable firms to reflect their risks in capital calculations without having to engage with the PRA.

9.8 The PRA considers that the impact of the proposed rule changes on mutuals is expected to be no different from the impact on other firms.

9.9 The PRA has had regard to HM Treasury's recommendations on aspects of the Government's economic policy when considering these proposals.

9.10 The PRA has considered the equality and diversity issues that may arise from the proposals in this consultation. The PRA does not consider that the proposals in this consultation raise concerns with regards to equality and diversity issues.

## **10 Naming convention for life insurers when reporting data by homogeneous risk group**

10.1 This chapter sets out proposed changes to SS36/15 'Solvency II: life insurance product reporting codes' to specify how firms should label their homogeneous risk groups.

10.2 These proposals are relevant to all Solvency II Directive insurers with life insurance business, including general insurers with annuities stemming from non-life business.

10.3 The proposed changes to SS36/15 are set out in Appendix 14.

### **Background**

10.4 Information on the product split of life insurers' best estimate liabilities is only available in annual European Insurance and Occupational Pensions Authority (EIOPA) template S.14.01. The life insurance lines of business in S.12 (with-profits, unit-linked, other, health) are focussed on risk rather than product.

10.5 S.14.01 requires firms to use a product code to apportion written premium and claims paid. Supervisory authorities are permitted to specify the format of this product code and SS36/15 specifies the first three characters. This enables the PRA to apportion premiums and claims between products.

10.6 S.14.01 requires firms to report best estimate liabilities by homogeneous risk group and to give a mapping of product codes to homogeneous risk groups. There is currently no guidance on how homogeneous risk groups should be labelled. Where firms have a one to one mapping from product code to homogeneous risk group the PRA is able to use this data. In other cases the homogeneous risk groups are a combination of product codes which makes the data less valuable and in some cases valueless.

10.7 Guideline 19 in EIOPA-BoS-14/166 (guidelines on the valuation of technical provisions) states that firms should consider underwriting policy, claims settlement pattern, risk profile of policyholders, product features in particular guarantees and future management actions when setting homogeneous risk groups.

10.8 The PRA considers that the product codes in the appendix are a proportionate way in segmenting life insurance business in a way that each product code represents a separate homogeneous risk group. Firms would be permitted to create multiple homogeneous risk groups for a single product code if appropriate for its products.

### **Proposal**

10.9 The PRA proposes to amend SS36/15 to specify that firms should adopt a structured approach when naming homogeneous risk groups when reporting best estimate liabilities in annual Solvency II reporting template S.14.01. Two paragraphs will be deleted where the issue is now covered by the new version of EIOPA's Implementing Technical Standards to take effect from December 2017.

### **Statutory obligations**

10.10 The proposals in this chapter are compatible with the PRA's statutory objectives to promote the safety and soundness of firms, and to contribute to the securing of an appropriate degree of protection for those who are or may become insurance policyholders, by clarifying the application of PRA rules and the PRA's policy objectives.

10.11 The PRA's internal assessment is that the benefits of the change should outweigh the costs. Firms already have a mapping of their products to product code, so this same mapping can be used to label the homogeneous risk groups. The PRA expects that the cost to firms should be modest. There will be significant benefit to the PRA in enabling understanding of the markets in which firms operate and to detailed identification of the exposures at product level. The data will also be of value to Office of

National Statistics (ONS). If the ONS is able to use data from S.14 this will avoid it needing to send surveys to firms which would have an adverse cost implication for the firms.

10.12 The PRA does not consider that there will be an impact on competition as a result of the proposals in this chapter.

10.13 The PRA has had regard to the applicable regulatory principles and considers that the regulatory principle of most relevance to the proposals is that a burden imposed should be proportionate to the benefits expected to result. For savings, investment and pension products best estimate liabilities are a much better measure of exposure than premiums. The ability to analyse best estimate liabilities by product code will enable the PRA to identify firm and market exposures to products exhibiting specific features.

10.14 HM Treasury has made recommendations to the Prudential Regulation Committee about aspects of the Government's economic policy to which the Committee should have regard when considering how to advance the objectives of the PRA and apply the regulatory principles as set out in FSMA. The aspects of the Government's economic policy most relevant to the proposals in this CP are the growth principle and the better outcome for consumers. These align respectively with the PRA's general objectives of promoting the safety and soundness of firms and contributing to the securing of an appropriate degree of protection for policyholders. These have been considered in the compatibility with the PRA objectives and regulatory principles sections above.

10.15 The PRA does not consider that the impact of the proposal on mutual societies will be different from the impact on other firms.

10.16 The PRA has considered the equality and diversity issues that may arise from the proposals in this chapter. Overall, the PRA does not consider that the proposals raise concerns with regards to equality and diversity issues.

## Appendices

<b>1</b>	<b>Draft Conditions Governing Business Instrument</b>
<b>2</b>	<b>Draft Internal Capital Adequacy Assessment Instrument</b>
<b>3</b>	<b>Draft Transitional Measures Instrument</b>
<b>4</b>	<b>Draft Groups (Level of Application) Instrument</b>
<b>5</b>	<b>Draft Whistleblowing Amendment Instrument</b>
<b>6</b>	<b>Draft MiFID II Amendment (No. 1) Instrument</b>
<b>7</b>	<b>Draft MiFID II Amendment Instrument</b>
<b>8</b>	<b>Draft MiFID II Passporting Amendment Instrument</b>
<b>9</b>	<b>Draft MiFID II, IMD, and BMR Consequential Amendment Instrument</b>
<b>10</b>	<b>Draft Benchmarking Regulation Instrument</b>
<b>11</b>	<b>Draft Form changes</b>
<b>12</b>	<b>Draft MiFID II Approved Persons and Senior Managers Forms Amendment Instrument 2017</b>
<b>13</b>	<b>Draft amendments to Supervisory Statement 13/13 'Market risk'</b>
<b>14</b>	<b>Draft amendments to Supervisory Statement 36/15 'Life insurance product reporting codes'</b>
<b>15</b>	<b>Draft Administration Instrument</b>

## **Appendix 1: Draft Conditions Governing Business Instrument**

### **PRA RULEBOOK: SOLVENCY II FIRMS: CONDITIONS GOVERNING BUSINESS INSTRUMENT 2017**

#### **Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
  - (1) section 137G (The PRA’s general rules); 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: Conditions Governing Business Instrument 2017**

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

#### **Commencement**

- E. This instrument comes into force on [DATE].

#### **Citation**

- F. This instrument may be cited as PRA Rulebook: Solvency II Firms: Conditions Governing Business Instrument [DATE].

#### **By order of the Prudential Regulation Committee**

[DATE]



## Annex A

### Amendments to the Conditions Governing Business Part

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

...

#### **3 RISK MANAGEMENT**

---

...

3.2 ...

(3) ...

...

(b) the impact of a reduction of the ~~volatility~~ volatility adjustment to zero.

...

## **Appendix 2: Draft Internal Capital Adequacy Assessment Instrument**

### **PRA RULEBOOK: CRR FIRMS: INTERNAL CAPITAL ADEQUACY ASSESSMENT (AMENDMENT) INSTRUMENT 2017**

#### **Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
  - (1) section 137G (The PRA’s general rules); 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: CRR Firms: Internal Capital Adequacy Assessment (Amendment) Instrument [DATE]**

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

#### **Commencement**

- E. This instrument comes into force on [DATE].

#### **Citation**

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Internal Capital Adequacy Assessment (Amendment) Instrument [DATE].

#### **By order of the Prudential Regulation Committee**

[DATE]

## Annex A

### Amendments to the Internal Capital Adequacy Assessment Part

In this Annex new text is underlined.

...

#### **8 MARKET RISK**

---

...

8.4 *A firm* which has, in calculating *own funds* requirements for position risk in accordance with Part Three, Title IV, Chapter 2 of the *CRR*, netted off its positions in one or more of the equities constituting a stock-index against one or more positions in the stock-index future or other stock-index product, must have adequate financial resources and internal capital to cover the basis risk of loss caused by the future's or other product's value not moving fully in line with that of its constituent equities.

8.4A *A firm* must have such adequate internal capital where it holds opposite positions in stock-index futures which are not identical in respect of either their maturity or their composition or both.

...

## Appendix 3: Draft Transitional Measures Instrument

### PRA RULEBOOK: SOLVENCY II FIRMS: TRANSITIONAL MEASURES: REPORT ON FINANCIAL AND SOLVENCY CONDITIONS INSTRUMENT [DATE]

#### Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
  - (2) section 137T (General supplementary powers); and
- 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: Transitional Measures: Report on Financial and Solvency Conditions Instrument [DATE]

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

#### Commencement

- E. This instrument comes into force on [DATE].

#### Citation

- F. This instrument may be cited as PRA Rulebook: Solvency II Firms: Transitional Measures: Report on Financial and Solvency Conditions Instrument [DATE].

**By order of the Prudential Regulation Committee**  
[DATE]

## Annex A

### Amendments to the Transitional Measures Part

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

#### 13 REPORT ON FINANCIAL AND SOLVENCY CONDITIONS

---

...

13.3 In the disclosure required by Reporting 3.1 as applied to a *group* by Group Supervision 18.1, the *participating Solvency II undertakings* that are *firms* or, if there are none, the *relevant insurance group undertakings* may, unless required under other legal or regulatory requirements (including any *Solvency II EEA implementing measure*), opt not to disclose the following separately when disclosing the amount of the *group SCR* under Reporting 3.76:

(1) the information referred to in Reporting 3.76(2) on any *capital add-on* imposed on the *group*; and

(2) the information referred to in Reporting 3.76(3) on any parameters specific to the *group*.

[Note: Art. 256(1) and 51(2) of the *Solvency II Directive*]

## Appendix 4: Draft Groups (Level of Application) Instrument

### PRA RULEBOOK: CRR FIRMS: GROUPS (LEVEL OF APPLICATION) INSTRUMENT 2017

#### Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
  - (2) section 137T (General supplementary powers)
- 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: Groups (Level of Application) Instrument 2017

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

Part	Annex
Glossary	A
Capital Buffers	B
General Organisational Requirements	C
Internal Capital Adequacy Assessment	D
Internal Liquidity Adequacy Assessment	E
Leverage Ratio	F
Liquidity Coverage Requirement- Designated Investment Firms	G
Regulatory Reporting	H
Reporting Pillar 2	I
Risk Control	J
Skills, Knowledge and Expertise	K

#### Commencement

- E. This instrument comes into force on [DATE].

#### Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Groups (Level of Application) Instrument 2017

**By order of the Prudential Regulation Committee**  
[DATE]

## Annex A

### Amendments to the Glossary

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

*consolidation group*

means the undertakings that a *firm* is required to include ~~included~~ in the scope of consolidation pursuant to Articles ~~18(1), 18(8), 19(1), 19(3)~~ and 23 of the *CRR* and Groups 2.1- 2.3.

## Annex B

### Amendments to the Capital Buffers Part

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

...

#### 5 APPLICATION ON AN INDIVIDUAL AND CONSOLIDATED BASIS

---

Application on an individual basis

5.1 This Part applies to a firm on an individual basis whether or not it also applies to the *firm* on a *consolidated basis* or *sub-consolidated basis*.

5.1A If this Part applies to a *firm* on an individual basis, the *firm* must comply with the rules in this Part to the same extent and in the same manner as it is required to comply with the *firm's* obligations laid down in Parts Two to Four and Part Seven of the *CRR*.

....

Extent and manner of prudential consolidation

5.6 If this Part applies to a *firm* on a *consolidated basis* or on a *sub-consolidated basis*, the *firm* must carry out consolidation to the same extent and in the same manner as it is required to comply with the obligations laid down in Parts Two to Four and Part Seven ~~prescribed in Articles 18(1), 18(8), 19(1), 19(3), 23 and 24(1) of the *CRR* on a *consolidated basis* or *sub-consolidated basis* and Groups 2.1-2.3.~~



## Annex C

### Amendments to the General Organisational Requirements Part

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

...

#### **7 GROUP ARRANGEMENTS**

---

...

7.1A If this Part applies to a *firm* on a *consolidated basis* or on a *sub-consolidated basis*, the *firm* must carry out consolidation to the same extent and in the same manner as it is required to comply with the obligations laid down in Parts Two to Eight of the *CRR* on a *consolidated basis* or *sub-consolidated basis*.

## Annex D

### Amendments to the Internal Capital Adequacy Assessment Part

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

...

#### 13 DOCUMENTATION OF RISK ASSESSMENTS

---

- 13.1 A *firm* must make a written record of the assessments required under this Part. These assessments must include assessments carried out on a ~~consolidated basis~~ consolidated basis and on an individual basis. In particular it must make a written record of:
- (a) the major sources of risk identified in accordance with the overall Pillar 2 rule in 3.1;
  - (b) how it intends to deal with those risks; and
  - (c) details of the stress tests and scenario analyses carried out, including any assumptions made in relation to scenario design, and the resulting financial resources estimated to be required in accordance with the general stress test and scenario analysis rule in 12.1.

...

#### 14 APPLICATION OF THIS PART ON AN INDIVIDUAL BASIS, A CONSOLIDATED BASIS AND A SUB-CONSOLIDATED BASIS

---

- 14.1 A *firm* that is neither a *subsidiary* of a *parent undertaking* incorporated in or formed under the law of any part of the UK nor a *parent undertaking* must comply with the *ICAAP rules* on an individual basis.
- 14.2 A *firm* that is not a member of a *consolidation group* must comply with the *ICAAP rules* on an individual basis.
- 14.2A If the *ICAAP rules* apply to a *firm* on an individual basis, the *firm* must comply with the *ICAAP rules* to the same extent and in the same manner as it is required to comply with the obligations laid down in Parts Two to Four and Part Seven of the *CRR*.

...

- 14.6 If the *ICAAP rules* apply to a *firm* on a *consolidated basis* or on a *sub-consolidated basis* the *firm* must carry out consolidation to the same extent and in the same manner as it is required to comply with the obligations laid down in Parts Two to Four and Part Seven of the *CRR* on a *consolidated basis* or *sub-consolidated basis* ~~prescribed in Articles 18(1), 18(8), 19(1), 19(3), 23 and 24(1) of the *CRR* and Groups 2.1-2.3.~~

— ...

#### 15 REVERSE STRESS TESTING

---

- 15.3 Where the *firm* is a member of:
- (1) a *UK consolidation group*; or
  - (2) a *third country sub-group*;

it must conduct the reverse stress test on an individual basis as well as on a ~~consolidated basis~~ consolidated basis in relation to the *UK consolidation group* or the *third country sub-group*, as the case may be.

## Annex E

### Amendments to Internal Liquidity Adequacy Assessment Part

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

#### 1 APPLICATIONS AND DEFINITIONS

---

...

1.2

...

*consolidation group*

means the undertakings that a firm is required to include ~~included~~ in the scope of consolidation pursuant to Articles 18(1), 19(1), ~~19(3), and~~ 23 ~~and 24(1)~~ of the CRR.

...

#### 14 APPLICATION OF THIS PART ON AN INDIVIDUAL BASIS, A CONSOLIDATED BASIS AND A SUB-CONSOLIDATED BASIS

---

...

14.1A If this Part applies to a firm on an individual basis, the firm must comply with the rules in this Part to the same extent and in the same manner as it is required to comply with the firm's obligations laid down in Part Six of the CRR.

14.8 If this Part applies to a firm on a consolidated basis or on a sub-consolidated basis, the firm must carry out consolidation to the same extent and in the same manner as it is required to comply with the obligations laid down in Part Six of the CRR on a consolidated basis or sub-consolidated basis ~~prescribed in Articles 18(1), 18(8), 19(1), 19(3), 23 and 24(1) of the CRR.]~~

## Annex F

### Amendments to Leverage Ratio Part

In this Annex new text is underlined.

#### 2 BASIS OF APPLICATION

---

...

- 2.1A If this Part applies to a *firm* on an individual basis, the *firm* must comply with the rules in this Part to the same extent and in the same manner as it is required to comply with the *firm's* obligations laid down in Part Seven of the CRR.

## Annex G

### Amendments to the Liquidity Coverage Requirement

#### UK Designated Investment Firms Part

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

...

#### **4 APPLICATION OF THIS PART ON AN INDIVIDUAL BASIS AND A CONSOLIDATED BASIS**

---

...

4.1A If this Part applies to a *firm* on an individual basis, the *firm* must comply with the rules in this Part to the same extent and in the same manner as it is required to comply with the *firm's* obligations laid down in Part Six of the *CRR*.

4.4 If this Part applies to a *firm* on a *consolidated basis* or on a *sub-consolidated basis*, the *firm* must carry out consolidation to the same extent and in the same manner as it is required to comply with the obligations laid down in Part Six ~~prescribed in Articles 18(1), 18(8), 19(1), 19(3), 23 and 24(1)~~ of the *CRR* on a *consolidated basis* or *sub-consolidated basis* and ~~Groups 2.1-2.3~~.

## Annex H

### Amendments to the Regulatory Reporting Part

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

...

#### **7 REGULATED ACTIVITY GROUP 1**

---

7.1

...

- (13) A *firm* must complete this item separately on each of the following bases that are applicable.
- (a) It must complete it on an individual basis, which for the purposes of this item, means that. ~~Therefore~~ even if it has an *individual consolidation permission* it must complete the item on an unconsolidated basis by reference to the *firm* alone.

...

#### **9 REGULATED ACTIVITY GROUP 3**

---

9.2

...

- (9) A *firm* must complete this item separately on each of the following bases that are applicable.
- (a) It must complete it on an individual basis, which for the purposes of this item, means that. ~~Therefore~~ even if it has an *individual consolidation permission* it must complete the item on an unconsolidated basis by reference to the *firm* alone.

## Annex I

### Amendments to the Reporting Pillar 2 Part

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

#### 1 APPLICATIONS AND DEFINITIONS

---

...

1.6

....

~~—~~ *consolidation group*

~~means the undertakings included in the scope of consolidation pursuant to Articles 18(1), 18(8), 19(1), 19(3) and 23 of the CRR and Groups 2.1 to 2.3.~~

## Annex J

### Amendments to the Risk Control Part

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

...

#### 4 GROUP ARRANGEMENTS

---

...

4.1A If this Part applies to a *firm* on a *consolidated basis* or on a *sub-consolidated basis*, the *firm* must carry out consolidation to the same extent and in the same manner as it is required to comply with the obligations laid down in Parts Two to Eight of the *CRR* on a *consolidated basis* or *sub-consolidated basis*.



## Annex K

### Amendments to the Skills, Knowledge and Expertise Part

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

...

#### **6 GROUP ARRANGEMENTS**

---

...

- 6.1A** If this Part applies to a *firm* on a *consolidated basis* or on a *sub-consolidated basis*, the *firm* must carry out consolidation to the same extent and in the same manner as it is required to comply with the obligations laid down in Parts Two to Eight of the *CRR* on a *consolidated basis* or *sub-consolidated basis*.

## Appendix 5: Draft Whistleblowing Amendment Instrument

### PRA RULEBOOK: CRR FIRMS: WHISTLEBLOWING AMENDMENT (No. X) INSTRUMENT 2017

#### Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
  - (1) section 137G (The PRA’s general rules); 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.

### PRA Rulebook: CRR Firms: Whistleblowing Amendment (No. X) Instrument 2017

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

#### Commencement

- E. This instrument comes into force on [DATE].

#### Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Whistleblowing Amendment (No. X) Instrument 2017.

#### By order of the Prudential Regulation Committee

[DATE]

## Annex A

### Amendments to General Organisational Requirements Part

In this Annex, the text is all new and is underlined.

...

#### **2A WHISTLEBLOWING**

---

...

##### 2A.8

If

- (1) the *third country firm* is a *subsidiary* of a *firm* [P]; and
- (2) the *third country firm* also carries on *regulated activities* from an establishment in the *UK*

the *firm* [P] must provide information to the *third country firm* in the *UK* on the channel in 2A.2 and make the channel available to *workers* in the *third country firm's UK* establishment.

## Appendix 6: Draft MiFID II Amendment (No. 1) Instrument

### PRA RULEBOOK: CRR FIRMS: MIFID II AMENDMENT (NO. 1) INSTRUMENT 2017

#### Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
  - (2) section 137T (General supplementary powers).
- 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: MIFID II Amendment (No. 1) Instrument 2017

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

Part	Annex
Algorithmic Trading	A
General Organisational Requirements	B
Compliance and Internal Audit	C
Glossary	D
Outsourcing	E
General Provisions	F
Risk Control	G

#### Commencement

- E. The PRA Rulebook: CRR Firms: Algorithmic Trading Instrument 2016 as made by order of the Board of the Prudential Regulation Authority on 24 October 2016 comes into force on 3 January 2018.
- F. This instrument comes into force on 3 January 2018.

#### Citation

- G. This instrument may be cited as the PRA Rulebook: CRR Firms: MIFID II Amendment (No. 1) Instrument 2017.

#### By order of the Prudential Regulation Committee

[DATE]

## Annex A

### Amendments to the Algorithmic Trading Part

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

...

## 2 ALGORITHMIC TRADING

---

2.3 A *firm* must make and retain the following records:

...

- (6) any further relevant information about the *firm's algorithmic trading* and systems used for that trading.

~~[Note: Art. 17(2) of MiFID II. See Articles 28 and 29 of Commission Delegated Regulation (EU) No .../.. of [date] supplementing MiFID II with regard to regulatory technical standards specifying the organisational requirements of investment firms engaged in algorithmic trading, providing direct electronic access and acting as general clearing members for related provisions.]~~

**[Note: Article 17(2) of MiFID II. See Articles 28 and 29 of Commission Delegated Regulation (EU) No 2017/589 of 19 July 2016 supplementing MiFID II with regard to regulatory technical standards specifying the organisational requirements of investment firms engaged in algorithmic trading, providing direct electronic access and acting as general clearing members for related provisions.]**

## Annex B

### Amendments to the General Organisational Requirements Part

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

...

#### **3 PERSONS WHO EFFECTIVELY DIRECT THE BUSINESS**

---

- 3.1 The senior personnel of a firm must be of sufficiently good repute and sufficiently experienced as to ensure the sound and prudent management of the firm.

**[Note: Art. 9(4) of *MiFID II*, Art. 91(1) of the *CRD*]**

## Annex C

### Amendments to the Compliance and Internal Audit Part

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

#### 1 APPLICATION AND DEFINITIONS

---

1.2 In this Part, the following definitions shall apply:

...

*host Member State*

has the meaning given in Article 4(1)(556) of *MiFID II*.

...

#### 2 COMPLIANCE

---

...

2.2A

...

D. references to “Article 25(2) of this Regulation” are references to General Organisational Requirements 4.~~21~~A.

...

2.2B A *firm* that is not a *MiFID investment firm* must comply with *Article 22 Compliance Requirements* on the basis set out in 2.2A and as if references to “investment firm” refer to a *firm*.

~~2.3~~

2.~~63~~ (1) This rule applies to a *firm* conducting *investment services and activities* from a *branch* in another *EEA State*.

...

3.1A

...

(3) references to “Article 25(2) of this Regulation” are references to General Organisational Requirements 4.~~21~~A.

## Annex D

### Amendments to the Glossary

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

...

*approved counterparty*

...

(3) a *MiFID investment firm* whose authorisation (as referred to in ~~a~~Article 5 of MiFID II) authorises it to carry on activities of the kind referred to in (2);  
8.1

...

*MTF*

has the meaning given in Article 4(1)(~~22~~) *MiFID II*.

...

*transferable securities*

means as defined in ~~a~~Article 4(1)(44) of MiFID II.



## Annex E

### Amendments to the Outsourcing Part

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

## 2 OUTSOURCING

---

2.1 A *firm* must:

- (1) when relying on a third party for the performance of operational functions which are critical for the performance of *relevant services and activities* on a continuous and satisfactory basis, ensure that it takes reasonable steps to avoid undue additional operational risk; and
- (2) not undertake the *outsourcing* of important operational functions in such a way as to impair materially:
  - (a) the quality of its internal control; and
  - (b) the ability of the *PRA* to monitor the *firm's* compliance with all obligations under the *regulatory system* and, if different, of a *competent authority* to monitor the *firm's* compliance with all obligations under *MiFID II*.

**[Note: ~~Art. Article 116(5)~~ first paragraph of *MiFID II*]**

## Annex F

### Amendments to the General Provisions Part

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

#### **1 APPLICATION AND DEFINITIONS**

---

...

1.2

...

*MTF*

~~has the meaning given in Article 4(1)(22) of MiFID II.~~

## Annex G

### Amendments to Risk Control Part

In this Annex new text is underlined.

...

## 2 RISK CONTROL

---

2.2A A MiFID investment firm must extend the arrangements required by the Article 23 Risk Control Requirements so they apply with respect to *other matters* on the following basis:

- (1) references to “relevant persons” are references to *relevant persons*;
- (2) references to “investment services and activities” are references to *regulated activities*;
- (3) references to policies and procedures includes the policies and procedures set out in this Part; and
- (4) references to provision of reports and advice to senior management includes the provision of report and advice to *senior personnel* in accordance with General Organisational Requirements 4.21A.

## Appendix 7: Draft MiFID II Amendment Instrument

### PRA RULEBOOK: NON-CRR FIRMS: MiFID II AMENDMENT INSTRUMENT 2017

#### Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
  - (1) section 137G (The PRA’s general rules); 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: Non-CRR Firms: MiFID II Amendment Instrument 2017

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

#### Commencement

- E. This instrument comes into force on [DATE].

#### Citation

- F. This instrument may be cited as the PRA Rulebook: Non-CRR Firms: MiFID II Amendment Instrument 2017.

#### By order of the Prudential Regulation Committee

[DATE]

## Annex A

### Amendments to the Internal Governance of Third Country Branches Part

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

...

2A.1 A *firm* must inform all *workers*:

...

(4) of the means available to make a *protected disclosure* to the *PRA* or the *FCA*.

**[Note: Article 73(2) of MiFID II]**

2A.2 If the *firm*:

(1) is a member of a *group* which includes a *CRR firm*; and

(2) the *CRR firm* is subject to General Organisations Requirements 2A;

the *firm* must inform all its *workers* in the *UK* of the *CRR firm's staff disclosure channel* and explain that the *staff disclosure channel* is available to them.

**[Note: Article 73(2) of MiFID II]**

## Appendix 8: Draft MiFID II Passporting Amendment Instrument

### PRA RULEBOOK: MIFID II PASSPORTING AMENDMENT INSTRUMENT 2017

#### Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
  - (2) section 137T (General supplementary powers); and
  - (3) Paragraphs 19(10) and 20(4C) of Part III (Exercise of Passport Rights by UK firms) of Schedule 3 (EEA Passport Rights).
- 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: MIFID II Passporting Amendment Instrument 2017

- D. The PRA makes the rules in the Annex.

#### Commencement

- E. PRA Rulebook: Passporting Instrument 2016 as made by order of the Board of the Prudential Regulation Authority on 24 October 2016 (PRA 2016/42) comes into force on [DATE].
- F. This instrument comes into force on [DATE] immediately after PRA Rulebook: Passporting Instrument 2016 comes into force.

#### Citation

- G. This instrument may be cited as the PRA Rulebook: MIFID II Passporting Amendment Instrument 2017.

#### By order of the Prudential Regulation Committee

[DATE]

## Annex A

### Amendments to the Passporting Part as amended by PRA Rulebook: Passporting Instrument 2016

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

...

2.4 This rule applies to a *UK firm* in relation to its *EEA rights* derived from *MiFID II*.

(1) A *UK designated investment firm* wishing to establish a *branch* within the territory of another *EEA State* must comply with the information requirements set out in Article 6 of Commission Delegated Regulation (EU) ~~.../...2017/1018~~ and notify the *PRA* of its intention by submitting the form set out in Annex VI of Commission Implementing Regulation (EU) .../.... The *firm* must also submit the form set out in Annex VII of Commission Implementing Regulation (EU) .../... if it intends to use a *tied agent* in the same territory as the ~~the~~ *branch*.

(2) A *UK firm* wishing to use a *tied agent* established in another *EEA State* in which it has not established a *branch* must comply with the information requirements set out in Article 6 Commission Delegated Regulation (EU) ~~.../...2017/1018~~ and notify the *PRA* of its intention by submitting the form set out in Annex VII of Commission Implementing Regulation (EU) .../....

...

...

4.3 This rule applies to a *UK firm* in relation to its *EEA rights* derived from *MiFID II*.

(1) A *UK designated investment firm* intending to provide *cross border services* within the territory of another *EEA State* for the first time must comply with the information requirements set out in Article 3 (1) of Commission Delegated Regulation (EU) ~~.../...2017/1018~~ and notify the *PRA* of its intention by submitting the form set out in Annex I of Commission Implementing Regulation (EU) .../....

(2) A *credit institution* intending to provide *cross border services* within the territory of another *EEA State* through *tied agents* must comply with the information requirements set out in Article 3 (2) of Commission Delegated Regulation (EU) ~~.../...2017/1018~~ and notify the *PRA* of its intention by submitting the form set out in Annex I of Commission Implementing Regulation (EU) .../....

(3) A *UK firm* operating an *MTF* or *OTF* that intends to provide appropriate arrangements to facilitate access to and trading on those systems by remote users, members or participants in another *EEA State* must comply with the information requirements set out in Article 5 of Commission Delegated Regulation (EU) ~~.../...2017/1018~~ and notify the *PRA* of its intention by submitting the form set out in Annex IV of Commission Implementing Regulation (EU) .../....

...

...

5.4 This rule applies to a *UK firm* in relation to its *EEA rights* under *MiFID II*.

(1) A *UK designated investment firm* that has established a *branch* in another *EEA State* must comply with the information requirements set out in Article 7(1) of Commission Delegated Regulation (EU) ~~.../...2017/1018~~ and notify the *PRA* of a change to the *branch* by submitting the

form in Annex VI of Commission Implementing Regulation (EU) .../... except where the change relates to a planned termination of the operation of the *branch*.

(2) A *UK firm* that uses a *tied agent* established in another *EEA State* must comply with the information requirements set out in Article 7(1) of Commission Delegated Regulation (EU) ~~.../...2017/1018~~ and notify the *PRA* of a change to the particulars of the tied agent by submitting the form in Annex VII of Commission Implementing Regulation (EU) .../... except where the change relates to the cessation of the use of a *tied agent*.

(3) A *UK designated investment firm* that plans to terminate the operation of a *branch* or that plans the cessation of the use of a *tied agent*, and a *credit institution* that plans the cessation of the use of a *tied agent*, must comply with the information requirements set out in Article 7(2) of Commission Delegated Regulation (EU) ~~.../...2017/1018~~ and notify the *PRA* by submitting the form in Annex X of Commission Implementing Regulation (EU) .../...

...

...

6.2 (1) A *UK designated investment firm* providing *cross border services* under *MiFID II* and a *credit institution* providing *cross border services* under *MiFID II* through a *tied agent* and wishing to change the range of services provided or activities performed within the territory of another *EEA State* must comply with the information requirements in Commission Delegated Regulation ~~.../...2017/1018~~ and notify the *PRA* by submitting the form in Annex I of Commission Implementing Regulation .../....

...

...



## **Appendix 9: Draft MiFID II, IMD, and BMR Consequential Amendment Instrument**

### **PRA RULEBOOK: MIFID II, IDD AND BMR CONSEQUENTIAL AMENDMENTS INSTRUMENT (No.[X]) 2017**

#### **Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 60 (Applications for approvals);
  - (2) section 137G (The PRA’s general rules);
  - (3) section 137T (General supplementary powers); and
  - (4) paragraphs 19(10) and 20(4C) of Schedule 3 (EEA Passport Rights) Part III (Exercise of Passport Rights by UK firms).
- 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: MIFID II, IDD AND BMR CONSEQUENTIAL AMENDMENTS INSTRUMENT (No.[X]) 2017**

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

#### **Commencement**

- E. Annexes A, E and F to this instrument come into force on [DATE]
- F. Annexes B, C and Z to this instrument come into force on [DATE]
- G. Annex D and Annexes G to Y to this instrument come into force on [DATE]

#### **Citation**

- H. This instrument may be cited as the PRA Rulebook: MIFID II, IDD and BMR Consequential Amendments Instrument (No.[X]) 2017.

#### **By order of the Prudential Regulation Committee**

[DATE]

## Annex A

### Amendments to the Senior Managers Regime - Applications and Notifications Part

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

...

## 2 APPLICATION TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION

---

...

### 2.7

...

(2) A *statement of responsibilities* must be in the form set out:

- (a) for a *third country CRR firm*, in the form set out ~~here~~ here; and
- (b) for all other *firms*, in the form set out ~~here~~ here.

...

## Annex B

### Amendments to the Senior Managers Regime - Applications and Notifications Part

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

...

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

---

...

2.8 The PRA directs that the form submitted for a PRA senior management application by a designated investment firm must be accompanied by the designated additional information.

...

#### 5 CEASING TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION

---

5.1 (1) A firm must notify the PRA no later than ~~seven~~ ten business days after a person ceases to perform a PRA senior management function, using:

...

## Annex C

### Amendments to the Fitness and Propriety Part

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

...

- 4.2 A firm must notify the PRA when a person becomes a notified non-executive director and shall provide the PRA with all of the information needed to assess whether that person is fit and proper. The PRA directs that when such information is provided by a designated investment firm, it must be accompanied by the designated additional information.

...

## Annex D

### Amendments to the Senior Managers Regime - Applications and Notifications Part

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

...

#### **8 FORMS**

---

- 8.1 (1) Form A (long form) may be found ~~here~~ here.  
(2) Form A (shortened form) may be found ~~here~~ here.

...

- (6) Form E may be found ~~here~~ here.

...

## Annex E

### Amendments to statement of responsibilities for a third country CRR firm

New text is underlined and deleted text is struck through.

#### Senior Management Regime: Statement of Responsibilities (Third Country Relevant Authorised Persons only)

...

ANNEX A

#### SYSC 4            The main business activities and functions of a relevant authorised person Annex 1G

...

<i>(26) <del>Providing information in relation to a specified benchmark</del> <u>Contributing input data to an EEA administrator</u></i>	
<i>(27) Administering a <del>specified-regulated</del> <u>benchmark</u></i>	

...

**Annex F**

**Amendments to statement of responsibilities for all other firms**

New text is underlined and deleted text is struck through.

**Senior Management Regime: Statement of Responsibilities**

...

ANNEX A

**SYSC 4            The main business activities and functions of a relevant authorised person**  
**Annex 1G**

...

(26) <i>Providing information in</i>	
--------------------------------------	--

...

Business areas and management functions	
<del>relation to a specified benchmark</del> <u>Contributing input data to an EEA administrator</u>	
(27) <del>Administering a specified-regulated benchmark</del>	

...

**Annex G**

**Amendments to Form A (long form)**

New text is underlined and deleted text is struck through.

**Long Form A – UK Relevant Authorised Persons and Third Country Relevant Authorised Persons only**

**Application to perform senior management functions**

...

3.03 Job title

**Insurance ~~mediation~~ distribution**

Will the *candidate* be responsible for insurance ~~mediation~~ distribution at the firm? YES  NO

(Note: Yes can only be selected if the individual is applying for a governing function (other than a non-executive director function))

→ I have supplied further information related to this page in Section 6 YES  NO

...



**Annex H**

**Amendments to Form A (shortened form)**

New text is underlined and deleted text is struck through.

**Short Form A – UK Relevant Authorised Persons and Third Country Relevant Authorised Persons only**

...

3.03 Job title

**Insurance ~~mediation~~ distribution**

Will the candidate be responsible for Insurance ~~mediation~~ distribution at the firm? YES  NO

(Note: Yes can only be selected if the individual is applying for a governing function (other than a non-executive director function))

→ I have supplied further information related to this page in Section 6 YES  NO

...

5.2

Has the *firm* undertaken a criminal records check in accordance with the requirements of the *FCA* or *PRA*?

Please note that a *firm* is required to request the fullest information that it is lawfully able to obtain about the *candidate* 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. (SUP 10C.10.16R and *PRA* Rulebook: Fitness and Propriety).

If yes, please enter date the check was undertaken.

YES  NO

Date (dd/mm/yy):

Note: if date is more than 3 months prior to current date or 3 months prior to date of application submission or the check has not been undertaken, please provide details why in section 6.

...

## Annex I

### Amendments to the Change in Control Part

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

...

#### 4 ONGOING NOTIFICATION REQUIREMENTS

---

- 4.1 A firm must notify the PRA as soon as ~~immediately~~ it becomes aware of any of the following matters in respect of one or more of its *controllers*:
- (1) if a *controller*, or any entity subject to ~~his~~ their control, is or has been the subject of any legal action or investigation which might put into question the integrity of the *controller*;
  - (2) if there is a significant deterioration in the financial position of a *controller*;
  - (3) if a corporate *controller* undergoes a substantial change or series of changes in its *governing body*;
  - (4) if a *controller*, who is authorised in another *EEA State* as a MiFID investment firm, *CRD credit institution* or UCITS management company or under the ~~Insurance Directives~~ Solvency II Directive or the ~~Insurance Mediation Directive~~ Insurance Distribution Directive, ceases to be so authorised (registered in the case of an ~~IMD insurance intermediary~~ IDD insurance intermediary).

...

## Annex J

### Amendments to the

### Senior Insurance Managers Regime – Applications and Notifications Part

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

...

#### **7 FORMS**

---

7.1 (1) Form A (long form) may be found ~~here~~ here.

(2) Form A (shortened form) may be found ~~here~~ here.

...

(6) Form E may be found ~~here~~ here.

...

**Annex K**

**Amendments to Long Form A – Solvency II Firms only**

New text is underlined and deleted text is struck through

...

**3.03** Job title

**Insurance ~~mediation~~ distribution**

Will the *candidate* be responsible for ~~mediation~~ distribution at the *firm*?

YES  NO

(Note: Yes can only be selected if the individual is applying for a governing function (other than *controlled functions* CF2a and CF2b) (MIPRU 2.2.2))

→ I have supplied further  
information related to this page  
in Section 6<sup>†</sup>

YES  NO

...

## Annex L

### Amendments to Short Form A – Solvency II Firms only

New text is underlined and deleted text is struck through

...

**3.03** Job title

#### **Insurance ~~mediation~~ distribution**

Will the *candidate* be responsible for ~~mediation~~ distribution at the *firm*? YES  NO

(Note: Yes can only be selected if the individual is applying for a governing function (other than *controlled functions* CF2a and CF2b) (MIPRU 2.2.2)).

→ I have supplied further  
information related to this page YES  NO   
in Section 6<sup>†</sup>

...

**Annex M**

**Amendments to Form E – Internal transfer of an approved person (for Solvency II firms only)**

New text is underlined and deleted text is struck through

...

**4.03** Job title

**Insurance ~~mediation~~ distribution**

Will the *candidate* be responsible for Insurance ~~mediation~~ distribution at the firm? YES  NO

(Note: Yes can only be selected if the individual is applying for a governing function (other than *controlled functions* CF2a and CF2b) (MIPRU 2.2.2))

...

## Annex N

### Amendments to the

### Large Non-Solvency II Firms - Senior Insurance Managers Regime – Applications and Notifications Part

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

...

#### **7 FORMS**

---

7.1 (1) Form A (long form) may be found ~~here~~ here.

(2) Form A (shortened form) may be found ~~here~~ here.

...

(6) Form E may be found ~~here~~ here.

...

## Annex O

### Amendments to Long Form A – Large non-directive insurers only

New text is underlined and deleted text is struck through

...

**3.03** Job title

#### **Insurance ~~mediation~~ distribution**

Will the *candidate* be responsible for Insurance ~~mediation~~ distribution at the *firm*? YES  NO

(Note: Yes can only be selected if the individual is applying for a governing function (other than *controlled functions* CF2a and CF2b) (~~MIPRU~~ MIPRU 2.2.2))

→ I have supplied further information related to this page in Section 6<sup>+</sup> YES  NO

...



### Amendments to Short Form A – Large non-directive insurers

New text is underlined and deleted text is struck through

...

**3.03** Job title

#### **Insurance ~~mediation~~distribution**

Will the *candidate* be responsible for Insurance ~~mediation~~distribution at the *firm*? YES  NO

(Note: Yes can only be selected if the individual is applying for a governing function (other than *controlled functions* CF2a and CF2b) (MIPRU 2.2.2)).

→ I have supplied further information related to this page in Section 6<sup>†</sup> YES  NO

...

**Amendments to Form E – Internal transfer of an approved person (for large non-directive insurers only)**

New text is underlined and deleted text is struck through

...

**4.03** Job title

**Insurance ~~mediation~~distribution**

Will the *candidate* be responsible for Insurance ~~mediation~~distribution at the firm? YES  NO

(Note: Yes can only be selected if the individual is applying for a governing function (other than *controlled functions* CF2a and CF2b) (~~MIPRU~~ MIPRU 2.2.2))

...

## Amendments to the

### Non-Solvency II Firms - Senior Insurance Managers Regime – Applications and Notifications Part

...

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

#### **7 FORMS**

---

7.1 (1) Form A (long form) may be found ~~here~~ here.

(2) Form A (shortened form) may be found ~~here~~ here.

...

(6) Form E may be found ~~here~~ here.

...

**Annex S**

**Amendments to Long Form A – small non-directive insurers only**

New text is underlined and deleted text is struck through

...

**3.03** Job title

**Insurance ~~mediation~~distribution**

Will the *candidate* be responsible for Insurance ~~mediation~~distribution at the *firm*? YES  NO

(Note: Yes can only be selected if the individual is applying for a governing function (MIPRU 2.2.2))

I have supplied further  
→ information related to this page YES  NO   
in Section 6<sup>+</sup>

...

**Annex T**

**Amendments to Short Form A – Small non-directive insurers only**

New text is underlined and deleted text is struck through

...

**3.03** Job title

**Insurance ~~mediation~~ distribution**

Will the *candidate* be responsible for Insurance ~~mediation~~ distribution at the *firm*? YES  NO

(Note: Yes can only be selected if the individual is applying for a governing function (other than *controlled functions* CF2a and CF2b) (MIPRU 2.2.2)).

→ I have supplied further information related to this page in Section 6<sup>†</sup> YES  NO

...

**Annex U**

**Amendments to Form E – Internal Transfer of an approved person (small non-directive insurers only)**

New text is underlined and deleted text is struck through

...

**4.03** Job title

**Insurance ~~mediation~~distribution**

Will the *candidate* be responsible for Insurance ~~mediation~~distribution at the *firm*? YES  NO

(Note: Yes can only be selected if the individual is applying for a governing function (other than *controlled functions* CF2a and CF2b) (~~MIPRU~~ MIPRU 2.2.2))

...

**Annex V**  
**Amendments to the**  
**Passporting Part**

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

...

**10 FORMS**

---

10.1 The Branch Notification Form can be found here ~~here~~ ~~(see Appendix 1a)~~.

10.2 The Cross Border Services Notification Form can be found here ~~here~~ ~~(see Appendix 1b)~~.

10.3 The CRD Declaration can be found here ~~(See Appendix 1c)~~.

...

**Annex W**

**Amendments to the Branch Notification Form**

New text is underlined and deleted text is struck through

...

**3. Insurance ~~Mediation~~ Distribution Directive (IMDD)**

---

3.1 Please confirm that the *UK firm* wishes to passport under the IMDD by ticking the box below

The <i>firm</i> intends to carry on <i>insurance <del>mediation</del> <u>distribution</u></i> in the <i>EEA State</i> identified in section 2 by establishing a <i>branch</i> .	<input type="checkbox"/>
---	--------------------------

3.2 Please indicate the firm's category of intermediary †

<u>Insurance intermediary</u>	<input type="checkbox"/>
<u>Ancillary insurance intermediary</u>	<input type="checkbox"/>

...

---

† These questions should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 of the FCA Handbook or Passporting 7 in the PRA Rulebook.



## Annex X

## Amendments to the Cross Border Services Notification Form

New text is underlined and deleted text is struck through

...

### 6. Insurance ~~Mediation~~ Distribution Directive (IMDD)

6.1 You must confirm that the *UK firm* wishes to passport under the IMDD by ticking the box below.

The <i>firm</i> intends to carry on <i>insurance <del>mediation</del> <u>distribution</u></i> in the EEA State(s) identified in section 3 by providing <i>cross border services</i> .	<input type="checkbox"/>
---	--------------------------

6.2 Please indicate the firm's category of intermediary <sup>†</sup>

<u>Insurance intermediary</u>	
<u>Ancillary insurance intermediary</u>	

6.23 If this form is in respect of one or more Appointed Representative(s) of the firm then please list below the name(s) and firm reference number(s) of those Appointed Representatives:

Firm Reference Number	
Name of Company	
Address Line 1	
Address Line 2	
Address Line 3	
Address Line 4	
County	
Town	
Postcode/ZIP	

<sup>†</sup> These questions should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 of the FCA Handbook or Passporting 7 in the PRA Rulebook.

EEA State	
Phone Number (incl STD code)	
Email Address	
Mobile Number	
Fax Number	

...

**Annex Y**  
**Amendments to the**  
**Glossary**

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

...

*branch*

means

...

(4) (in relation to an ~~IMD insurance intermediary~~ IDD insurance intermediary):

(a) a place of business which is part of an ~~IMD insurance intermediary~~ IDD insurance intermediary, not being the principal place of business, which has no separate legal personality and which provides ~~insurance mediation~~ insurance distribution for which the ~~IMD insurance intermediary~~ IDD insurance intermediary has been registered;

(b) for the purposes of the ~~Insurance Mediation Directive~~ Insurance Distribution Directive, all the places of business set up in the same *EEA State* by an ~~IMD insurance intermediary~~ IDD insurance intermediary with headquarters in another *EEA State* are to be regarded as a single *branch*.

(5) (in relation to an ~~IMD reinsurance intermediary~~ IDD reinsurance intermediary):

(a) a place of business which is part of an ~~IMD reinsurance intermediary~~ IDD reinsurance intermediary, not being the principal place of business, which has no separate legal personality and which provides ~~reinsurance mediation~~ reinsurance distribution for which the ~~IMD reinsurance intermediary~~ IDD reinsurance intermediary has been registered;

(b) for the purposes of the ~~Insurance Mediation Directive~~ Insurance Distribution Directive, all the places of business set up in the same *EEA State* by an ~~IMD reinsurance intermediary~~ IDD reinsurance intermediary with headquarters in another *EEA State* are to be regarded as a single *branch*.

...

IDD insurance intermediary

has the meaning given in article 2(3) of the *Insurance Distribution Directive*.

IDD reinsurance intermediary

has the meaning given in article 2(5) of the *Insurance Distribution Directive*.

...

~~IMD insurance intermediary~~

~~has the meaning given in article 2(5) of the *Insurance Mediation Directive*~~

~~IMD reinsurance intermediary~~

~~has the meaning given in article 2(6) of the *Insurance Mediation Directive*~~

...

insurance distribution

has the meaning given in article 2(1) of the *Insurance Distribution Directive*.

*Insurance Distribution Directive*

means the European Parliament and Council Directive of 20 January 2016 on insurance distribution (No 2016/97/EC).

...

~~*Insurance Mediation Directive*~~

~~means the European Parliament and Council Directive of 9 December 2002 on insurance mediation (No 2002/92/EC).~~

...

reinsurance distribution

has the meaning given in article 2(2) of the *Insurance Distribution Directive*.

...

~~reinsurance mediation~~

~~has the meaning given in article 2(6) of the *Insurance Mediation Directive*.~~

...

**Annex Z**  
**Amendments to the**  
**Glossary**

In this Annex the text is all new and is not underlined.

...

*designated additional information*

means such information in such form as may be required pursuant to Article 4 of the Commission Delegated Regulation (EU) .....<sup>1</sup> of 14 July 2016 supplementing MiFID II of the European Parliament and of the Council with regard to regulatory technical standards on information and requirements for the authorisation of investment firms as amended from time to time.

...

---

<sup>1</sup> Applicable reference to be inserted once published in the Official Journal.

## Appendix 10: Draft Benchmarking Regulation Instrument

### PRA RULEBOOK: CRR FIRMS: BENCHMARKING REGULATION INSTRUMENT 2017

#### Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (3) 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 the proposed rules and had regard to representations made.

#### PRA Rulebook: CRR Firms: Benchmarking Regulation Instrument 2017

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

Part	Annex
Glossary	A
Compliance and Internal Audit	B
General Organisational Requirements	C
Outsourcing	D
Record Keeping	E
Risk Control	F
Skills, Knowledge and Expertise	G

#### Commencement

- E. This instrument comes into force on [DATE].

#### Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Benchmarking Regulation Instrument 2017.

#### By order of the Prudential Regulation Committee

[DATE]

## Annex A

### Amendments to the Glossary

In this Annex, the text is all new and is not underlined.

#### *administering a regulated benchmark*

means the *regulated activity* specified in article [63OX]<sup>1</sup> of the *Regulated Activities Order*.

#### *benchmark activities*

means the following activities:

- (1) the *regulated activity* of *administering a regulated benchmark*; or
- (2) *contribution of input data* to an *EEA administrator*.

#### *benchmarks regulation*

means Regulation (EU) No. 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014.

#### *contribution of input data*

has the meaning given in article 3.1(8) of the *benchmarks regulation*.

#### *EEA administrator*

means a *person* who:

- (1) (1) is an administrator within the meaning of article 3.1(6) of the *benchmarks regulation*; and
- (2) (2) has been authorised or registered in accordance with article 34 of the *benchmarks regulation*.

#### *regulated benchmark administrator*

a *person* who has a *Part 4A permission* to carry on the *regulated activity* of *administering a regulated benchmark*.

---

<sup>1</sup> Reference to be inserted by The Financial Services and Markets Act (2000) (Benchmarks) Regulations 2017 (currently in draft).

## Annex B

### Amendments to the Compliance and Internal Audit Part

In this Annex, new text is underlined.

#### 1 APPLICATION AND DEFINITIONS

---

....

1.1A 2.1 to 2.6 do not apply to a *firm* with respect to the carrying on of *benchmarking activities* except to the extent that they transpose an *EU instrument*.

...



**Part****COMPLIANCE AND INTERNAL AUDIT**

---

Externally defined glossary terms

<b>Term</b>	<b>Definition source</b>
<i>EEA State</i>	Schedule 1 Interpretation Act 1978
<i>EU instrument</i>	Part II of Schedule 1 to the European Communities Act 1972
<i>group</i>	s421 FSMA
<i>regulated activity</i>	s22 FSMA

## Annex C

### Amendments to the General Organisational Requirements Part

In this Annex, new text is underlined.

#### 1 APPLICATION AND DEFINITIONS

---

...

1.1A 2.1 to 2.8 do not apply to a *firm* with respect to the carrying on of *benchmarking activities* except to the extent that they transpose an *EU instrument*.

**Part****GENERAL ORGANISATIONAL REQUIREMENTS**

---

Externally defined glossary terms

<b>Term</b>	<b>Definition source</b>
<i>EEA State</i>	Schedule 1 Interpretation Act 1978
<i>EU instrument</i>	Part II of Schedule 1 to the European Communities Act 1972
<i>group</i>	s421 FSMA
<i>regulated activity</i>	s22 FSMA

## Annex D

### Amendments to the Outsourcing Part

In this Annex, new text is underlined.

#### 1 APPLICATION AND DEFINITIONS

---

...

1.1.A This Part does not apply to a *firm* with respect to the carrying on of *benchmarking activities* except to the extent that they transpose an *EU instrument*.

...

**Part****OUTSOURCING**

---

Externally defined glossary terms

<b>Term</b>	<b>Definition source</b>
<i>EEA State</i>	Schedule 1 Interpretation Act 1978
<i>EU instrument</i>	Part II of Schedule 1 to the European Communities Act 1972
<i>group</i>	s421 FSMA
<i>regulated activity</i>	s22 FSMA

## Annex E

### Amendments to the Record Keeping Part

In this Annex, new text is underlined.

...

#### 1 APPLICATION AND DEFINITIONS

---

...

1.1A This Part does not apply to a *firm* with respect to the carrying on of *benchmarking activities* except to the extent that they transpose an *EU instrument*.

**Part****RECORD KEEPING**

---

Externally defined glossary terms

<b>Term</b>	<b>Definition source</b>
<i>EEA State</i>	Schedule 1 Interpretation Act 1978
<i>EU instrument</i>	Part II of Schedule 1 to the European Communities Act 1972
<i>group</i>	s421 FSMA
<i>regulated activity</i>	s22 FSMA

## Annex F

### Amendments to the Risk Control Part

In this Annex, new text is underlined.

...

#### 1 APPLICATION AND DEFINITIONS

---

...

1.1A 2.1 – 2.2B do not apply to a *firm* with respect to the carrying on of *benchmarking activities* except to the extent that they transpose an *EU instrument*.



**Part**

**RISK CONTROL**

---

Externally defined glossary terms

<b>Term</b>	<b>Definition source</b>
<i>EEA State</i>	Schedule 1 Interpretation Act 1978
<i>EU instrument</i>	Part II of Schedule 1 to the European Communities Act 1972
<i>regulated activity</i>	s22 FSMA

## Annex G

### Amendments to the Skills, Knowledge and Expertise Part

In this Annex, new text is underlined.

#### 1 APPLICATION AND DEFINITIONS

---

...

1.1A 2.1A to 2.1B do not apply to a *firm* with respect to the carrying on of *benchmarking activities* except to the extent that they transpose an *EU instrument*.

**Part**

**SKILLS, KNOWLEDGE AND EXPERTISE**

---

Externally defined glossary terms

<b>Term</b>	<b>Definition source</b>
<i>EEA State</i>	Schedule 1 Interpretation Act 1978
<i>EU instrument</i>	Part II of Schedule 1 to the European Communities Act 1972
<i>regulated activity</i>	s22 FSMA

## Appendix 11: Draft Form changes

### Amendments to the Waiver Application Form

New text is underlined and deleted text is struck through.

...

- 4 What types of client would be affected if we granted your application? (tick all that apply) <sup>†</sup>

Retail Clients

Professional Clients

Eligible Counterparty

Retail Customers (insurance ~~mediation~~ distribution activities only)

Commercial Customers (insurance ~~mediation~~ distribution activities only)

Customers (home finance business only)

...

**Amendments to the Application for authorisation – Application form for banks**

New text is underlined and deleted text is struck through.

...

**3.10.5 Is the applicant firm seeking permission to hold and/or control client money in relation to home finance activities or insurance ~~mediation~~ distribution business?**

	Hold client monies	Control client monies
Home finance activities	<input type="checkbox"/>	<input type="checkbox"/>
Insurance distribution activities	<input type="checkbox"/>	<input type="checkbox"/>

...

**9.10 Fee block A.19 – General insurance ~~mediation~~ distribution**

**How much annual income does the applicant firm estimate for the first year of authorisation in relation to its non-investment insurance contracts (including pure protection) business only?**

Amount	
Confirm amount in words	

...

**9.20 The ombudsman service’s industry block I017 – General insurance ~~mediation~~ distribution**

**How much relevant annual income does the applicant firm estimate for the first year of authorisation in relation to its non-investment insurance contracts (including pure protection) business only?**

Amount	
Confirm amount in words	

...

**9.22 Class SB02 – General insurance ~~mediation~~ distribution**

**How much annual eligible income does the applicant firm estimate for the first year of authorisation in relation to its non-investment insurance contracts (excluding pure protection) business only?**

Amount	
Confirm amount in words	

...

## Amendments to the Application for authorisation – Supplement for insurance companies

New text is underlined and deleted text is struck through.

...

### 2.3 Insurance ~~mediation~~ distribution business

#### 2.3.1 Will the applicant firm be conducting insurance ~~mediation~~ distribution business?

- |   |                          |     |   |                            |
|---|--------------------------|-----|---|----------------------------|
| 1 | <input type="checkbox"/> | No  | ▶ | Continue to question 2.4   |
| 2 | <input type="checkbox"/> | Yes | ▶ | Continue to question 2.3.2 |

...

### 2.5 Agreeing to carry on a regulated activity

Under the permission regime, 'agreeing to carry on a regulated activity' is a regulated activity in its own right. If the applicant firm is proposing to carry on the regulated activity of 'dealing in investments as principal' and any of the insurance ~~mediation~~ distribution activities then, as a matter of course, it will also carry on this regulated activity (which will be limited to agreeing to carry on only the other regulated activities specified in the applicant firm's Scope of Permission Notice).

...

## Amendments to the Application for Authorisation – Supplement for Lloyd’s managing agents

New text is underlined and deleted text is struck through.

...

### 2.2 Lloyd's managing agents also carrying on insurance ~~mediation~~ distribution business

If the applicant firm will also be carrying on insurance ~~mediation~~ distribution activities in addition to or in conjunction with its main activity of managing the underwriting capacity of a Lloyd's syndicate as a managing agent it must apply for permission for these activities. You must do this by completing the insurance ~~mediation~~ distribution business permission profile table.

**You must confirm whether the applicant firm has completed the general insurance business permission profile table:**

Yes

No, the applicant firm is not seeking permission to carry on insurance ~~mediation~~ distribution business

**INSURANCE ~~MEDIATION~~ DISTRIBUTION BUSINESS PERMISSION PROFILE TABLE**

...

### Amendments to the Application for Authorisation – Controllers appendices – Corporate

New text is underlined and deleted text is struck through.

...

**1.8** Do all of the following statements apply:

- i. The controller is an EEA firm (as defined in paragraph 5 of Schedule 3 of the Financial Services and Markets Act 2000 ("FSMA");
- ii. The applicant firm is connected with the controller because it is a subsidiary undertaking of the controller or a subsidiary undertaking of a parent undertaking of the controller ("subsidiary undertaking" and "parent undertaking" have the meaning given by s.420A of FSMA); and
- iii. The applicant firm's application relates to a regulated activity other than an insurance ~~mediation~~ distribution activity (within the meaning given by paragraph 2(5) of Schedule 6A of FSMA) or a regulated activity involving a regulated mortgage contract.

- No ▶ Continue to question 1.9  
 Yes ▶ Give details below

...



## Amendments to the Application for Authorisation – Controllers appendices – Partnership

New text is underlined and deleted text is struck through.

...

### 1.5 Do all of the following statements apply:

- i. The controller is an EEA firm (as defined in paragraph 5 of Schedule 3 of the Financial Services and Markets Act 2000 ("FSMA"));
- ii. The applicant firm is connected with the controller because it is a subsidiary undertaking of the controller or a subsidiary undertaking of a parent undertaking of the controller ("subsidiary undertaking" and "parent undertaking" have the meaning given by s.420A of FSMA); and
- iii. The applicant firm's application relates to a regulated activity other than an insurance ~~mediation~~ distribution activity (within the meaning given by paragraph 2(5) of Schedule 6A of FSMA) or a regulated activity involving a regulated mortgage contract.

- No ▶ Continue to question 1.6
- Yes ▶ Give details below

...

## Amendments to the Application for Authorisation – Owners and influencers appendix

New text is underlined and deleted text is struck through.

...

### 1 Who controls (i.e. owns) the applicant firm?

This section helps us to understand who controls/owns the applicant firm i.e. its controllers and the relationships, close links the applicant firm might have with other individuals or entities. Often there will be some overlap between the applicant firm's controllers and close links. For example, an individual who owns or controls 10% (20% for mortgage and insurance ~~mediation~~ distribution) or more of the voting rights or capital of the applicant firm is both a controller and a close link of that firm.

...

### Amendments to the CRR Permission – Application Form

New text is underlined and deleted text is struck through.

...



#### 3 Group applications

Where applicable, please list the group firms on behalf of which this application is also being made:

Firm Reference Number	Firm Name

#### 4 What types of client would be affected if we granted your application? (tick all that apply) †

- Retail Clients
- Professional Clients
- Eligible Counterparty
- Retail Customers (insurance ~~mediation~~ distribution activities only)
- Commercial Customers (insurance ~~mediation~~ distribution activities only)
- Customers (home finance business only)

...

## **Appendix 12: Draft MiFID II Approved Persons and Senior Managers Forms Amendment Instrument 2017**

### **MIFID II APPROVED PERSONS AND SENIOR MANAGERS FORMS AMENDMENT INSTRUMENT 2017**

#### **Powers exercised**

- A. The Financial Conduct Authority 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 55A (Application for permission);
  - (2) section 55U (Applications under this Part);
  - (3) section 59 (Approval for particular arrangements);
  - (4) section 60 (Applications for approval);
  - (5) section 60A (Vetting candidates by relevant authorised persons);
  - (6) section 61 (Determination of applications);
  - (7) section 62A (Changes to responsibilities of senior managers);
  - (8) section 64A (Rules of conduct);
  - (9) section 137A (The FCA’s general rules);
  - (10) section 137T (General supplementary powers);
  - (11) section 138D (Action for damages);
  - (12) section 139A (Power of the FCA to give guidance); and
  - (13) section 226 (Compulsory jurisdiction).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

#### **Commencement**

- C. This instrument comes into force on 3 January 2018.

#### **Amendments to the Handbook**

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- E. The Supervision manual (SUP) is amended in accordance with Annex B to this instrument.

#### **Citation**

- F. This instrument may be cited as the MiFID II Approved Persons and Senior Managers Forms Amendment Instrument 2017.

By order of the Board  
[date]

## **Annex A**

### **Amendments to the Glossary of definitions**

Insert the following new definition in the appropriate alphabetical position. The text is not underlined.

*MiFID II ITS*

*MiFID II/MiFIR* draft Technical Standards ESMA/2015/1006 of 29 June 2015 on authorisation, passporting, registration of third country firms and cooperation between competent authorities.

## Annex B

## Amendments to the Supervision manual (SUP)

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

## 10A FCA Approved Persons

...

## 10A.13 Application for approval and withdrawing an application for approval

...

## How to apply for approval

...

10A.13.4 D ...

10A.13.4 G When a MiFID investment firm, (except a credit institution), notifies the FCA of a change using Form A or Form E, they must also submit the MiFID Article 4 APER Information Form. The details can be found in SUP 10A.14.4BD.

## 10A.14 Changes to an FCA-approved person's details

...

## Moving within a firm

10A.14.4 D ...

10A.14.4 G (1) The MiFID II ITS requires that MiFID investment firms (except credit institutions) submit the Annex III information on the ESMA template available at <https://www.fca.org.uk/publication/forms/mifid-changes-management-body-form.docx> ("Annex III template") where there is a change to a member of the *management body* or a *person* who effectively directs the business.

(2) MiFID investment firms (except credit institutions) need to submit this Annex III template within ten *business days* of the change in the *online notification and application system* (also known as Connect).

(3) In summary, where there is a change to a member of the *management body* or a *person* who effectively directs the business of a *MiFID investment firm* (excluding a *credit institution*) then the *firm* is required to submit the following forms (in addition to the relevant Form A, C, or E about a *candidate*):

(a) Where a new member of the *management body* or a *person*

who effectively directs the business is appointed:

- (i) The Annex III template; and
- (ii) MiFID Article 4 APER Information Form.

(b) Where a person ceases being a member of the management body or a person who effectively directs the business, the Annex III template (in addition to the relevant Form E).

(4) Where the Annex III template requires the firm to provide information which is also contained in Form A and/or E, the firm may, instead of duplicating the information, cross-refer to the information in the relevant Form A or E and annex those forms to the Annex III template (see SUP 10A.14.4C).

10A.14.4 B D Where there is a change to a member of the management body or person who directs the business, MiFID investment firms (except credit institutions) must submit to the FCA the completed form found in SUP 10A Annex 10D “MiFID Article 4 APER Information Form” at the same time as submitting Form A and/or E about a candidate.

[Editor’s note: This is in accordance with the information required in article 4 of the Commission Delegated Regulation of 14 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards on information and requirements for the authorisation of investment firms.]

10A.14.4 C G Therefore, MiFID investment firms (except credit institutions) who submit:

- (a) Form A and/or E; and
- (b) the MiFID Article 4 APER Information Form

about a candidate may complete the Annex III template outlined in SUP 10A.14.4A(1) by cross-referring to the information in the relevant Form A and/or E where it has already been provided by the firm, and this would then be annexed to the relevant Form A and/or Form E.

Ceasing to perform an FCA controlled function

10A.14.8 R (1) A firm must submit to the FCA a completed Form C, in the form set out in SUP 10A Annex 6R, no later than ~~seven~~ ten business days after an FCA-approved person ceases to perform an FCA controlled function.

...

...

10A.14.13 G A firm can submit Form C or Form E and the MiFID Article 4 APER Information Form to the FCA in advance of the cessation date. When a person ceases the arrangement under which ~~he performs~~ they perform an FCA controlled function, ~~he~~ they will automatically cease to be an FCA-approved person in relation to that

*FCA controlled function. A person can only be an FCA-approved person in relation to a specific FCA controlled function. Therefore, a person is not an FCA-approved person during any period between ceasing to perform one FCA controlled function (when ~~he is~~ they are performing no other FCA controlled function) and being approved in respect of another FCA controlled function.*

...

After SUP 10A Annex 9 Form G (The Retail Investment Adviser Complaints Alerts Form) insert the following new annex SUP 10A Annex 10D (MiFID APER Article 4 Information Form). The text is not underlined.





BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY



FINANCIAL  
CONDUCT  
AUTHORITY

## MiFID Article 4 APER Information form

Full name of *applicant firm* and Firm Reference Number (FRN)

### **Purpose of this form**

*MiFID II* requires certain information to be provided by the *applicant firm* when making changes to their *management body* or key function holders. The information required is detailed in the MiFID II Regulatory Technical Standards (RTS)<sup>1</sup> and Implementing Technical Standards (ITS)<sup>2</sup>. The information in this form is required to enable us to fulfil our obligations in obtaining this information.

### **Contents of this form**

### **Page**

1 Long Form A	5
2 Form E	8

**Important information you should read before completing this form**

We require all *MiFID investment firms* (except *credit institutions*) making changes to their *management body* or key function holders to provide these details as part of their application for the *individual* to hold a *controlled function* or internal transfer of an *approved person*.

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

The notes that accompany this form will help you complete the questions and they also explain why we require the information we ask you for.

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

**It is important that you provide accurate and complete information and disclose all relevant information. If you do not, it will call into question your suitability to be authorised, and you may be committing a criminal offence and could face prosecution under section 398A of the FSMA regardless of the status of your application.**

**Terms in this form**

In this application pack we use the following terms:

- 'you' refers to the person(s) signing the form on behalf of the applicant firm;
- 'the individual' refers to the person holding the controlled function
- 'the applicant firm' refers to the firm applying for authorisation of the individual;
- 'we', 'us' or 'our' refers to the appropriate regulator;
- 'the FCA' refers to the Financial Conduct Authority;
- FSMA refers to the Financial Services and Markets Act 2000.

## **Filling in the form using Connect**

**1** If you are using your computer to complete the form:

- use the TAB key to move from Question to Question and press SHIFT TAB to move back to the previous Question; and
- save all the parts of the form you have completed and attach to your application.

**2** If you think a Question is not relevant to you, write 'not applicable' and explain why. When completing the Annex III ESMA template, you may cross refer to this form for any information already provided.

**3** If you leave a Question blank or do not attach the required supporting information without telling us why, we will have to treat the application as incomplete. This will increase the time taken to assess your application.

**4** If there is not enough space on the forms, you may need to use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant Question number.

**5** Ensure you have:

- completed the relevant Long Form A or Form E
- completed the Annex III ESMA template and attached;
- completed this additional information form; and
- attached any supporting documents.

When you are required to attach supporting documents (e.g. Disclosure and Barring Service check where relevant) to your application, failure to do so will mean your application will not be progressed and you will be prevented from being able to submit your application through Connect.

## **Filling in the form using the paper application forms on the FCA website**

**1** If you are using your computer to complete the form:

- use the TAB key to move from Question to Question and press SHIFT TAB to move back to the previous Question; and

**2** If you are filling in the form by hand:-

- use black ink;
- write clearly; and
- sign the declaration in the 'checklist and declaration' form.

**3** If you think a Question is not relevant to you, write 'not applicable' and explain why.

**4** If you leave a Question blank, do not sign the declaration or do not attach the required supporting information without telling us why, we will have to treat the application as incomplete. This will increase the time taken to assess your application.

**5** If there is not enough space on the forms, you may need to use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant Question number.

**6** Post the application consisting of:

- completed the relevant Long Form A or Form E
- completed the Annex III ESMA template;
- completed this additional information form; and
- attached any supporting documents.

### **For Solo Regulated Firms:-**

**Permissions Department  
The Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
LONDON  
E14 5HS**

### **For Dual Regulated Firms:-**

**The Prudential Regulation Authority  
20 Moorgate  
London  
EC2R 6DA**

# 1

If you have completed a Long Form A, please provide the information below

## 1 Personal details

Phone number (including STD code)	
-----------------------------------	--

Email address	
---------------	--

## 2 Curriculum Vitae

### 2.1 Relevant education and professional training

This information may already have been included in the CV or page 4 of the Annex III ESMA template. If already provided, there is no need to detail here.

Complete any information not already provided

Relevant Education	
--------------------	--

Professional Training	
-----------------------	--

### 2.2 Professional experience, including the names of all organisation for which the person has worked and nature and duration of the functions performed

This information may already have been included in the CV or page 4 of the Annex III ESMA template. If already provided, there is no need to detail here.

Complete any information not already provided

Name of organisation	Nature of functions performed	Duration

### 2.3 For positions held in the previous 10 years, when describing those activities, details shall be included on all delegated powers and internal decision-making powers held and the areas of operations under control

This information may already have been included in the Long Form A (Section 4) or CV.

The Long Form A requests employment history for the past 5 years. If you have not provided the information above, or need to provide information for a further 5 years, you can detail below.

Period (mm/yyyy) From - To	Name of employer	Delegated powers and internal decision making powers	Areas of operation under control

### 3 Reputation and experience

**3.1 Please provide a list of reference persons including contact information**

Reference	Contact information

**3.2 Please attach any letters of recommendation to the application as supporting documents**

### 4 Investigations

If answered positively, the information could be provided through an official certificate (if and so far as it is available from the relevant Member State or third country), or through another equivalent document.

In the United Kingdom, this could be a Disclosure and Barring Service check (DBS) and attached as a supporting document to the application.

For on-going investigations information could be provided through a declaration of honour.

### 5 Assessment of reputation and experience

MiFID II requires information on whether an assessment of reputation and experience as an acquirer or as a person who directs the business has already been conducted (including the date of the assessment, the identity of that authority and evidence of the outcome of this assessment).

**5.1 Please provide details of:**

Date of assessment

Identity of the authority that conducted the assessment

Evidence of the outcome of assessment (please detail if this evidence is attached as a supporting document)

## 6 Financial and non-financial interests

**If you have not already provided this information in section 5 of the Long Form A, please provide information on any financial and non-financial interests or relationships of the person and his/her close relatives to members of the management body and key function holders in the same institution, the parent institution and subsidiaries and shareholders**

## 7 Time devoted to the performance of functions

MiFID II requires information on the minimum time that will be devoted to the performance of the individual's functions within the firm (annual and monthly indications).

**Please provide this information below:**

## 8 Human and financial resources

MiFID II requires information on human and financial resources devoted to the induction and training of the members (annual indication).

**Please provide this information below:**

# 2

If you have completed a Form E, please provide the information below

## 1 Personal details

Phone number (including STD code)	
-----------------------------------	--

Email address	
---------------	--

## 2 Curriculum Vitae

### 2.1 Relevant education and professional training

This information may already have been included in the CV or page 4 of the Annex III ESMA template. If already provided, there is no need to detail here.

Complete any information not already provided

Relevant Education	
--------------------	--

Professional Training	
-----------------------	--

### 2.2 Professional experience, including the names of all organisation for which the person has worked and nature and duration of the functions performed

This information may already have been included in a CV or page 4 of the Annex III ESMA template. If already provided, there is no need to detail here.

Complete any information not already provided

Name of organisation	Nature of functions performed	Duration

### 2.3 For positions held in the previous 10 years, when describing those activities, details shall be included on all delegated powers and internal decision-making powers held and the areas of operations under control

This information may already have been included in the CV.



If you have not provided the information above, or need to provide information further information for positions held in the previous 10 years, you can detail below.

Period (mm/yyyy) From - To	Name of employer	Delegated powers and internal decision making powers	Areas of operation under control

### 3 Reputation and experience

#### 3.1 Please provide a list of reference persons including contact information

Reference	Contact information

#### 3.2 Please attach any letters of recommendation to the application as supporting documents

### 4 Investigations

MiFID II requires information on:

- criminal records and information on criminal investigations and proceedings
- relevant civil and administrative cases, and
- disciplinary actions opened against them (including disqualifications as a company director, bankruptcy, insolvency and similar procedures).

The information could be provided through an official certificate (if and so far as it is available from the relevant Member State or third country), or through another equivalent document.

In the United Kingdom, this could be a Disclosure and Barring Service check (DBS) and attached as a supporting document to the application.

For on-going investigations information could be provided through a declaration of honour.

#### 4.1 If not already provided, please provide information on:

criminal records and information on criminal investigations and proceedings

relevant civil and administrative cases, and

disciplinary actions opened against them (including disqualifications as a company director, bankruptcy, insolvency and similar procedures).

## 5 Previous registration, authorisation, membership or licence

MiFID II requires information on:

- refusal of registration, authorisation, membership or licence to carry out a trade, business or profession; or
- the withdrawal, revocation or termination of such a registration, authorisation, membership or licence; or
- expulsion by a regulatory or government body or by a professional body or association

**If not already provided, please provide information on:**

refusal of registration, authorisation, membership or licence to carry out a trade, business or profession

the withdrawal, revocation or termination of such a registration, authorisation, membership or licence

## 6 Previous dismissals

MiFID II requires information on dismissal from employment or a position of trust, fiduciary relationship, or similar situation.

**If not already provided, please provide information on:**

dismissal from employment or a position of trust, fiduciary relationship, or similar situation

## 7 Assessment of reputation and experience

MiFID II requires information on whether an assessment of reputation and experience as an acquirer or as a person who directs the business has already been conducted (including the date of the assessment, the identity of that authority and evidence of the outcome of this assessment).

**Please provide details of:**

Date of assessment

Identity of the authority that conducted the assessment

Evidence of the outcome of assessment (please detail if this evidence is attached as a supporting document)

## 8 Financial and non-financial interests

**If you have not already provided, please provide information on any financial and non-financial interests or relationships of the person and his/her close relatives to members of the management body and key function holders in the same institution, the parent institution and subsidiaries and shareholders**

## 9 Suitability assessment

**If you have not already provided, please provide details of the result of any assessment of the suitability of the members of the management body, performed by the applicant firm itself**

## 10 Time devoted to the performance of functions

MiFID II requires information on the minimum time that will be devoted to the performance of the individual's functions within the firm (annual and monthly indications).

**Please provide this information below:**

## 11 Human and financial resources

MiFID II requires information on human and financial resources devoted to the induction and training of the members (annual indication).

**Please provide this information below:**

## 12 Executive and non executive directorships

MiFID II requires a list of executive and non-executive directorships currently held by the person.

**If not already provided, please provide a list of executive and non-executive directorships held by the person:**

Organisation name	Type of directorship

Amend the following as shown.

### 10C FCA senior management regime for approved persons in relevant authorised persons

...

#### 10C.10 Application for approval and withdrawing an application for approval

...

How to apply for approval

...

10C.10.9 D ...

- 10C.10.9 A G (1) The MiFID II ITS requires that MiFID investment firms (except credit institutions) submit the Annex III information on the ESMA template available at <https://www.fca.org.uk/publication/forms/mifid-changes-management-body-form.doc> (“Annex III template”) where there is a change to a member of the *management body* or a *person* who effectively directs the business.
- (2) MiFID investment firms (except credit institutions) need to submit this Annex III template within ten *business days* of the change in the *online notification and application system* (also known as Connect).
- (3) In summary, where there is a change to a member of the *management body* or a *person* who effectively directs the business of a *MiFID investment firm* (except a *credit institution*) then the *firm* is required to submit the following forms (in addition to the relevant Form A, C, or E about a *candidate*):

- (a) Where a new member of the *management body* or a *person* who effectively directs the business is appointed:
- (i) The Annex III template; and
  - (ii) MiFID Article 4 SMR Information Form.
- (b) Where a person ceases being a member of the *management body* or a *person* who effectively directs the business, then the *firm* must submit the Annex III template (in addition to the relevant Form E).
- (4) Where the Annex III template requires the *firm* to provide information which is also contained in Form A and/or E, the *firm* may, instead of duplicating the information, cross-refer to the information in the relevant Form A or E and annex those forms to the Annex III template (see SUP 10C.10.9C).

10C.10.9 D Where there is a change to a member of the *management body* or *person* who directs the business, *MiFID investment firms* (except *credit institutions*) must submit to the *FCA* the completed form found in SUP 10C Annex 7D “MiFID Article 4 SMR Information Form” at the same time as submitting Form A and/or E about a *candidate*.

[Editor’s note: This is in accordance with the information required in article 4 of the Commission Delegated Regulation of 14 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards on information and requirements for the authorisation of investment firms.]

10C.10.9 G *MiFID investment firms* (except *credit institutions*) who submit:

- (a) Form A and/or E; and
- (b) the MiFID Article 4 SMR Information Form

about a *candidate* can complete the Annex III template outlined in SUP 10C.10.9A by cross-referring to the information in the relevant Form A and/or E where it has already been provided by the *firm*, and this would then be annexed to the relevant Form A and/or Form E.

...

10C.10.1 G Subject to SUP 10C.10.18A, The *firm* should not send a copy of the certificate to the *FCA*.

10C.10.1 G *MiFID investment firms* (except *credit institutions*) should provide a copy of the certificate in cases where they disclose the existence of a criminal conviction in response to the questions in:

8A

- (a) Long Form A; and
- (b) The MiFID Article 4 SMR Information Form accompanied by Form E.

### 10C.11 Statements of responsibilities: Procedure

...

#### Revised statements of responsibilities

...

- 10C.11.8 G Broadly, the intention of *SUP* 10C.11.7D(2) is that there is no need for Form J if the revised *statement of responsibilities* is being submitted together with Form A, Form E, the MiFID Article 4 SMR Information Form or Form I for the same *firm*.

...

### 10C.14 Changes to an FCA-approved person's details

#### Moving within a firm

...

- 10C.14.2 G (1) A *firm* should generally use Form E where an *approved person* is both ceasing to perform one or more *controlled functions* and needs to be approved in relation to one or more *FCA-designated senior management functions* within the same *firm* or *group*.
- (2) In certain cases, a *firm* should use Form A.
- (2A) When a MiFID investment firm, (except a credit institution), notifies the FCA of a change using Form A or Form E, they must also submit the MiFID Article 4 SMR Information Form (see SUP 10C.10.9BD).
- (3) The details can be found in *SUP* 10C.10.8D to *SUP* 10C.10.9CG.

...

#### Ceasing to perform an FCA-designated senior management function

- 10C.14.5 R (1) A *firm* must notify the *FCA* no later than ~~seven~~ ten *business days* after an *FCA-approved SMF manager* ceases to perform an *FCA-designated senior management function*.

...

...

- 10C.14.1 G (1) A *firm* can submit Form C or Form E and the MiFID Article 4 SMR Information Form to the *FCA* in advance of the cessation date.
- (2) If the actual cessation date turns out to be different from the one

notified in advance, the *firm* should notify the *FCA*.

- (3) If the *firm* does not submit Form C (including a qualified one), MiFID Article 4 SMR Information Form, or Form E, it should inform the *FCA* in due course of the reason. This could be done using Form D, if appropriate.

...

## 10C.15 Forms and other documents and how to submit them to the FCA

...

Forms and documents

### 10C.15.3 G Table: FCA approved persons forms and other documents

Form or other document		Purpose	Handbook requirement
Relevant statement of responsibilities	SUP 10C Annex 5D		SUP 10C.11
<u>MiFID Article 4 SMR Information Form</u>	SUP 10C Annex 7D		SUP 10C.11
<u>Annex III template</u>	<a href="https://www.fca.org.uk/publication/forms/mifid-changes-management-body-form.docx">https://www.fca.org.uk/publication/forms/mifid-changes-management-body-form.docx</a>	As required by <i>MiFID II ITS</i>	<u>SUP 10C.10.9B</u>
...			



10C.15.1 R Table: Method of submission  
0

<b>Form or other document</b>	<b>Firms that are not credit unions</b>	<b>Credit unions</b>
Relevant <i>statement of responsibilities</i>	In accordance with the requirements for the form with which it is submitted	In accordance with the requirements for the form with which it is submitted
<u>MiFID Article 4 SMR Information Form</u>	<u>Submit at the same time as Form A and/or E</u>	<u>Not applicable</u>
<u>Annex III template</u>	<u>Submit at the same time as Form A, C and/or E</u>	<u>Not applicable</u>

...

After SUP 10C Annex 6D (Form J: Notification of significant change to a statement of responsibilities) insert the following new annex SUP 10C Annex 7D (MiFID addition to the Supervision manual). The text is not underlined.



BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY



FINANCIAL  
CONDUCT  
AUTHORITY

## MiFID Article 4 SMR Information Form

Full name of applicant firm and Firm Reference Number (FRN)

### **Important information you should read before completing this form**

We require all *MiFID investment firms* (except *credit institutions*) making changes to their *management body* or key function holders to provide these details as part of their application for the *individual* to hold a *controlled function* or internal transfer of an *approved person*.

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

The notes that accompany this form will help you complete the questions and they also explain why we require the information we ask you for.

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

**It is important that you provide accurate and complete information and disclose all relevant information. If you do not, it will call into question your suitability to be authorised, and you may be committing a criminal offence and could face prosecution under section 398A of the FSMA regardless of the status of your application.**

### **Terms in this form**

In this application pack we use the following terms:

- 'you' refers to the person(s) signing the form on behalf of the applicant firm;
- 'the individual' refers to the person holding the controlled function
- 'the applicant firm' refers to the firm applying for authorisation of the individual;
- 'we', 'us' or 'our' refers to the appropriate regulator;
- 'the FCA' refers to the Financial Conduct Authority;
- 'the PRA' refers to the Prudential Regulation Authority; and
- FSMA refers to the Financial Services and Markets Act 2000.

**Purpose of this form**

MIFID II requires certain information to be provided by the applicant firm when making changes to their management body or key function holders. The information required is detailed in the MiFID II Regulatory Technical Standards (RTS)<sup>1</sup> and Implementing Technical Standards (ITS)<sup>2</sup>. The information in this form is required to enable us to fulfil our obligations in obtaining this information.

**Contents of this form**

**Page**

1 Long Form A completed	5
2 Form E completed	9
3 Form M (PRA only) completed	14

## **Filling in the form using the paper application forms on the FCA website**

- 1** If you are using your computer to complete the form:
  - use the TAB key to move from Question to Question and press SHIFT TAB to move back to the previous Question; and
- 2** If you are filling in the form by hand:-
  - use black ink;
  - write clearly; and
  - sign the declaration in the 'checklist and declaration' form.
- 3** If you think a Question is not relevant to you, write 'not applicable' and explain why. When completing the Annex III ESMA template, you may cross refer to this form for any information already provided.
- 4** If you leave a Question blank, do not sign the declaration or do not attach the required supporting information without telling us why, we will have to treat the application as incomplete. This will increase the time taken to assess your application.
- 5** If there is not enough space on the forms, you may need to use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant Question number.
- 6** Post the application consisting of:
  - completed the relevant Long Form A or Form E
  - completed the Annex III ESMA template;
  - completed this additional information form; and
  - attached any supporting documents.

### **For Solo Regulated Firms:-**

**Permissions Department  
The Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
LONDON  
E14 5HS**

### **For Dual Regulated Firms:-**

**The Prudential Regulation Authority  
20 Moorgate  
London**

## **Filling in the form using Connect**

- 1** If you are using your computer to complete the form:
  - use the TAB key to move from Question to Question and press SHIFT TAB to move back to the previous Question; and

- save all the parts of the form you have completed and attach to your application.
- 2** If you think a Question is not relevant to you, write 'not applicable' and explain why. When completing the Annex III ESMA template, you may cross refer to this form for any information already provided.
  - 3** If you leave a Question blank or do not attach the required supporting information without telling us why, we will have to treat the application as incomplete. This will increase the time taken to assess your application.
  - 4** If there is not enough space on the forms, you may need to use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant Question number.
  - 5** Ensure you have:
    - completed the relevant Long Form A, Form E or Form M
    - completed the Annex III ESMA template;
    - completed this additional information form; and
    - attached any supporting documents.

When you are required to attach supporting documents (e.g. Disclosure and Barring Service check where relevant) to your application, failure to do so will mean your application will not be progressed and you will be prevented from being able to submit your application through Connect.

# 1

If you have completed a Long Form A, please provide the information below

## 1 Personal details

Phone number (including STD code)	
-----------------------------------	--

Email address	
---------------	--

## 2 Curriculum Vitae

### a. Relevant education and professional training

This information may already have been included in the CV or page 4 of the Annex III ESMA template. If already provided, there is no need to detail here.

Complete any information not already provided

Relevant Education	
--------------------	--

Professional Training	
-----------------------	--

### b. Professional experience, including the names of all organisation for which the person has worked and nature and duration of the functions performed

This information may already have been included in the CV or page 4 of the Annex III ESMA template. If already provided, there is no need to detail here.

Complete any information not already provided

Name of organisation	Nature of functions performed	Duration

### c. For positions held in the previous 10 years, when describing those activities, details shall be included on all delegated powers and internal decision-making powers held and the areas of operations under control

This information may already have been included in the Long Form A (Section 4) or CV.

The Long Form A requests employment history for the past 5 years. If you have not provided the information above, or need to provide information for a further 5 years, you can detail below.

Period (mm/yyyy) From - To	Name of employer	Delegated powers and internal decision making powers	Areas of operation under control

--	--	--	--

### 3 Reputation and experience

The Long Form A queries if you have obtained a reference/references from current or previous employers (Section 5.05) during the last six years in accordance with SYSC 22 and Fitness and Propriety 2 in the PRA Rulebook.

**a. Please provide a list of reference persons including contact information**

Reference	Contact information

**b. Please attach any letters of recommendation to the application**

### 4 Investigations

If a question in section 5 of the Long Form A is answered positively, the information could be provided through an official certificate (if and so far as it is available from the relevant Member State or third country), or through another equivalent document.

In the Long form A (Section 5) firms are asked to confirm if they have undertaken a criminal records check in accordance with the requirements of the FCA or PRA. In the United Kingdom, a copy of this check could be provided as the official certificate requested.

For on-going investigations information could be provided through a declaration of honour.

### 5 Assessment of reputation and experience

MiFID II requires information on whether an assessment of reputation and experience as an acquirer or as a person who directs the business has already been conducted (including the date of the assessment, the identity of that authority and evidence of the outcome of this assessment).

**If an assessment of reputation and experience as an acquirer or as a person who directs the business already been conducted please provide details of:**

Date of assessment

Identity of the authority that conducted the assessment

Evidence of the outcome of assessment (please detail if this evidence is attached as a supporting document)

## 6 Financial and non-financial interests

**If you have not already provided this information in section 5 of the Long Form A, please provide information on any financial and non-financial interests or relationships of the person and his/her close relatives to members of the management body and key function holders in the same institution, the parent institution and subsidiaries and shareholders**

## 7 Time devoted to the performance of functions

MiFID II requires information on the minimum time that will be devoted to the performance of the individual's functions within the firm (annual and monthly indications).

**Please provide this information below:**

## 8 Human and financial resources

MiFID II requires information on human and financial resources devoted to the induction and training of the members (annual indication).

**Please provide this information below:**



# 2

If you have completed a Form E, please provide the information below

## 1 Personal details

Phone number (including STD code)	
-----------------------------------	--

Email address	
---------------	--

## 2 Curriculum Vitae

### a. Relevant education and professional training

This information may already have been included in any CV provided or page 4 of the Annex III ESMA template. If already provided, there is no need to detail here.

Complete any information not already provided

Relevant Education	
--------------------	--

Professional Training	
-----------------------	--

### b. Professional experience, including the names of all organisation for which the person has worked and nature and duration of the functions performed

This information may already have been included in the CV or page 4 of the Annex III ESMA template. If already provided, there is no need to detail here.

Complete any information not already provided

Name of organisation	Nature of functions performed	Duration

### c For positions held in the previous 10 years, when describing those activities, details shall be included on all delegated powers and internal decision-making powers held and the areas of operations under control

This information may already have been included in the CV.

If you have not provided the information above, or need to provide further information about positions held in the previous 10 years, you can detail below.

Period (mm/yyyy) From - To	Name of employer	Delegated powers and internal decision making powers	Areas of operation under control

--	--	--	--

### 3 Reputation and experience

**a. Please provide a list of reference persons including contact information**

Reference	Contact information

**b. Please attach any letters of recommendation to the application**

### 4 Investigations

MiFID II requires information on:

- criminal records and information on criminal investigations and proceedings
- relevant civil and administrative cases, and
- disciplinary actions opened against them (including disqualifications as a company director, bankruptcy, insolvency and similar procedures).

This information could be provided through an official certificate (if and so far as it is available from the relevant Member State or third country), or through another equivalent document.

In the Form E (Section 4.3) firms are asked to confirm if they have undertaken a criminal records check in accordance with the requirements of the FCA or PRA. In the United Kingdom, a copy of this check could be provided as the official certificate requested.

For on-going investigations information could be provided through a declaration of honour.

**If not already provided, please provide information on:**

criminal records and information on criminal investigations and proceedings

relevant civil and administrative cases, and

disciplinary actions opened against them (including disqualifications as a company director, bankruptcy, insolvency and similar procedures).

### 5 Previous registration, authorisation, membership or licence

MiFID II requires information on:

- refusal of registration, authorisation, membership or licence to carry out a trade, business or profession; or
- the withdrawal, revocation or termination of such a registration, authorisation, membership or licence; or
- expulsion by a regulatory or government body or by a professional body or association

**If not already provided, please provide information on:**

refusal of registration, authorisation, membership or licence to carry out a trade, business or profession

the withdrawal, revocation or termination of such a registration, authorisation, membership or licence

expulsion by a regulatory or government body or by a professional body or association

## 6 Previous dismissals

MiFID II requires information on dismissal from employment or a position of trust, fiduciary relationship, or similar situation.

**If not already provided, please provide this information:**

## 7 Assessment of reputation and experience

MiFID II requires information on whether an assessment of reputation and experience as an acquirer or as a person who directs the business has already been conducted (including the date of the assessment, the identity of that authority and evidence of the outcome of this assessment).

**If an assessment of reputation and experience as an acquirer or as a person who directs the business already been conducted please provide details of:**

Date of assessment

Identity of the authority that conducted the assessment

Evidence of the outcome of assessment (please detail if this evidence is attached as a supporting document)

## 8 Financial and non-financial interests

**If you have not already provided this information, please provide information on any financial and non-financial interests or relationships of the person and his/her close relatives to members of the management body and key function holders in the same institution, the parent institution and subsidiaries and shareholders**

## 9 Time devoted to the performance of functions

MiFID II requires information on the minimum time that will be devoted to the performance of the individual's functions within the firm (annual and monthly indications).

**Please provide this information below:**

## 10 Human and financial resources

MiFID II requires information on human and financial resources devoted to the induction and training of the members (annual indication).

**Please provide this information below:**

## 11 Executive and non executive directorships

MiFID II requires a list of executive and non-executive directorships currently held by the person.

**If not already provided, please provide a list of executive and non-executive directorships held by the person:**

Organisation name	Type of directorship

# 3

**If you have completed a Form M (PRA only), please provide the information below**

## 1 Personal details

Phone number (including STD code)	
-----------------------------------	--

Email address	
---------------	--

## 2 Curriculum Vitae

### a. Relevant education and professional training

This information may already have been included in any CV provided or page 4 of the Annex III ESMA template. If already provided, there is no need to detail here.

Complete any information not already provided

Relevant Education	
--------------------	--

Professional Training	
-----------------------	--

### b. Professional experience, including the names of all organisation for which the person has worked and nature and duration of the functions performed

This information may already have been included in any CV provided or page 4 of the Annex III ESMA template. If already provided, there is no need to detail here.

Complete any information not already provided

Name of organisation	Nature of functions performed	Duration

### c For positions held in the previous 10 years, when describing those activities, details shall be included on all delegated powers and internal decision-making powers held and the areas of operations under control

This information may already have been included in any CV provided.

If you have not provided the information above, or need to provide information for a further 5 years, you can detail below.

Period (mm/yyyy) From - To	Name of employer	Delegated powers and internal decision making powers	Areas of operation under control

--	--	--	--

### 3 Reputation and experience

#### a. Please provide a list of reference persons including contact information

Reference	Contact information

#### b. Please attach any letters of recommendation to the application

### 4 Investigations

If a question in section 4 of the Form M is answered positively, the information could be provided through an official certificate (if and so far as it is available from the relevant Member State or third country), or through another equivalent document.

In the United Kingdom, a copy of any criminal records check could be provided as the official certificate requested.

For on-going investigations information could be provided through a declaration of honour.

### 5 Time devoted to the performance of functions

MiFID II requires information on the minimum time that will be devoted to the performance of the individual's functions within the firm (annual and monthly indications).

**Please provide this information below:**

--

### 6 Human and financial resources

MiFID II requires information on human and financial resources devoted to the induction and training of the members (annual indication).

**Please provide this information below:**

--

## Appendix 13: Draft amendments to Supervisory Statement 13/13 'Market risk'

In this appendix, new text is underlined.

1.3 This statement details the PRA's expectations with regard to the following:

- Standardised approach for options.
- Netting a convertible with its underlying instrument.
- Offsetting derivative instruments.
- Corrections to modified duration for debt instruments subject to prepayment risk.
- Exclusion of back-testing exceptions when determining multiplication factor addends.

...

### **5A Corrections to modified duration for debt instruments under Article 340 of CRR.**

5A.1 The PRA expects firms making corrections to the calculation of modified duration for debt instruments which are subject to prepayment risk, to comply with the EBA's Guidelines on corrections to modified duration for debt instruments.<sup>1</sup>

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<sup>1</sup> [www.eba.europa.eu/regulation-and-policy/market-risk/guidelines-on-corrections-to-modified-duration-for-debt-instruments/-/regulatory-activity/consultation-paper](http://www.eba.europa.eu/regulation-and-policy/market-risk/guidelines-on-corrections-to-modified-duration-for-debt-instruments/-/regulatory-activity/consultation-paper)



## Appendix 14: Draft amendments to Supervisory Statement 36/15 'Life insurance product reporting codes'

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

### 1 Introduction

1.1 This supervisory statement is addressed to all UK insurance firms within the scope of Solvency II, and to the Society of Lloyd's, that carry out life insurance business or have annuities stemming from non-life insurance business.

1.2 The Solvency II supervisory reporting Implementing Technical Standards expects firms to use a defined list of product codes where attributed by the supervisory authority in the instructions to the template S.14.01<sup>1</sup>.

### 2 Codes for firms that carry out life insurance business or have annuities stemming from non-life insurance business

2.1 This supervisory statement sets out how the Prudential Regulation Authority (PRA) expects firms to submit information using life product reporting codes. The Appendix lists the codes which the PRA expects firms to use.

2.2 In these product codes the third digit of the code is used to distinguish varieties of the same product. This separates conventional and unitised with-profit, unit-linked and index-linked as well as retaining data for industrial branch business.

2.3 Miscellaneous codes have only been assigned for protection business where there are minor products that do not fit into the named codes. For the other main categories the product codes are intended to be sufficiently generic to cover all the products within that main category.

### 3 The PRA's expectations relating to instructions for templates S.14.01

3.1 To achieve consistency of reporting between firms the PRA sets out in this section how it expects firms to interpret the instructions to the template S.14.01.

~~3.2 Where firms show the number of contracts in C0040 and C0050 the PRA expects firms to count multiple policies issued as part of the same premium, identifiable increments and rider benefits as being a single contract. Deleted~~

~~3.3 Where a contract offers a choice of investment in with-profits funds and unit-linked funds, the contract count should be included in C0040 and C0050 under a unitised with-profits product code if all the premiums are invested in with-profits units and the plan is written in a with-profits fund, otherwise the contract count should be included under a unit-linked product code. Deleted~~

3.4 For products which are reported with a 'collective' classification in C0100 the number of contracts to be reported in C0040 and C0050 is the number of members of the scheme where this is known to the firm.

3.5 Where a product has been written in both single life and joint life form the product classification in C0100 is '5 – other'.

---

<sup>1</sup> Annex 2 of Commission Implementing Regulation (EU) 2015/2450

3.6 Where at least one version of a product is available to new policyholders it should be shown in C0130 as '1'. C0130 is '2' for run-off which includes products only available as new business due to options. The PRA does not expect firms to report at a lower level of granularity than the product codes. This will avoid the need for firms to seek historic information on product brand names.

3.7 Where premiums cease for a regular premium product the contract C0140 should continue to be reported as '1 – Regular premiums'. Where a product allows a flexible combination of regular and single premiums C0140 should be reported as '4 - Other'.

3.8 The PRA expects that the first three characters of the homogeneous risk group in C0170 and C0230 will be one of the three digit codes in the Appendix. The PRA expects that the fourth character of the homogeneous risk group will be D for direct business or R for reinsurance accepted. Homogeneous risk groups should only cover a single product code as indicated by the first three characters in C0170 and C0230.

## Appendix 1

### List of life insurance product reporting codes

This appendix sets out how the PRA expects firms to derive the data item 'product ID code' C0010 in template S.14.01 as a 3 character string.

PRA Solvency II product codes	Description
<b>Savings and investments</b>	
100	Whole of life OB CWP
101	Whole of life OB UWP
102	Whole of life OB UL
104	Whole of life OB NP
105	Whole of life IB CWP
106	Whole of life IB NP
111	Single premium bond UWP
112	Single premium bond UL
113	Single premium bond IL
114	Single premium bond NP
120 <del>yes</del>	Endowment OB CWP
121	Endowment OB UWP
122	Endowment OB UL
124	Endowment OB NP
125	Endowment IB CWP
126	Endowment IB NP
131	Investment only reinsurance UWP
132	Investment only reinsurance UL
<b>Individual pensions</b>	
200	Individual defined contribution pensions CWP
201	Individual defined contribution pensions UWP
202	Individual defined contribution pensions UL
204	Individual defined contribution pensions NP
210	Workplace defined contribution pensions CWP
211	Workplace defined contribution pensions UWP
212	Workplace defined contribution pensions UL
214	Workplace defined contribution pensions NP
221	Income drawdown UWP
222	Income drawdown UL
224	Income drawdown NP
231	Individual pensions investment only reinsurance UWP

232	Individual pensions investment only reinsurance UL
<b>Corporate pensions</b>	
300	Corporate defined benefit pensions CWP
301	Corporate defined benefit pensions UWP
302	Corporate defined benefit pensions UL
304	Corporate defined benefit pensions NP
310	Corporate defined contribution pensions WP
311	Corporate defined contribution pensions UWP
312	Corporate defined contribution pensions UL
314	Corporate defined contribution pensions NP
321	Corporate pensions investment only reinsurance UWP
322	Corporate pensions investment only reinsurance UL
<b>Protection</b>	
404	Level term regular premium
414	Level term single premium
424	Decreasing term regular premium
434	Decreasing term single premium
444	Accelerated critical illness (guaranteed premiums)
454	Accelerated critical illness (reviewable premiums)
464	Stand-alone critical illness (guaranteed premiums)
474	Stand-alone critical illness (reviewable premiums)
480	Income protection CWP
481	Income protection Holloway accounts UWP
494	Income protection (guaranteed premiums)
504	Income protection (reviewable premiums)
514	Income protection single premium
524	Income protection claims in payment
534	Group life
544	Group death in service dependants' annuities
554	Collective life
564	Group income protection
574	Group income protection claims in payment
584	Group critical illness
594	Risk premium mortality reinsurance
604	Risk premium critical illness reinsurance
614	Risk premium income protection reinsurance
620	Miscellaneous protection CWP
621	Miscellaneous protection UWP
622	Miscellaneous protection UL
624	Miscellaneous protection NP
<b>Annuities</b>	
700	Purchased life annuity WP
704	Purchased life annuity NP
710	Individual deferred annuity WP
714	Individual deferred annuity NP
720	Individual pension annuity WP
722	Individual pension annuity UL
724	Individual pension annuity NP
734	Individual enhanced pension annuity NP
740	Bulk purchase deferred annuity WP
744	Bulk purchase deferred annuity NP
754	Bulk purchase pension annuity NP
764	Purchased temporary annuity NP
774	Pension temporary annuity NP
784	Annuity stemming from non-life
794	Longevity swap accepted

## Appendix 15: Draft Administration Instrument

### PRA RULEBOOK: ADMINISTRATION (No. 1) INSTRUMENT 2017

#### Powers exercised

G. 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”):

- (4) section 137G (The PRA’s general rules);
- (5) section 137T (General supplementary powers); and

(6) paragraph 31 of Schedule 12B (Fees);

H. 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

I. 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: Administration Instrument 2017

J. The PRA makes the rules in Annexes A to E to this instrument.

Part	Annex
Conduct Rules	A
Insurance – Senior Insurance Management Functions	B
Regulatory Reporting	C
Regulatory Reporting	D
Fees	E

#### Commencement

K. This instrument comes into force on [DATE].

#### Citation

L. This instrument may be cited as the PRA Rulebook: Administration Instrument 2017.

#### By order of the Prudential Regulation Committee

[DATE]

## Annex A

### Amendments to the Conduct Rules Part

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

...

## **2 APPLICATIONS AND DEFINITIONS**

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1.2 In this Part, the following definitions shall apply:

*director*

means, in relation to a *firm*, a *person* who is a member of the board of directors of the *firm* or, if there is no such board, the equivalent body responsible for the management of the *firm*;

...

## Annex B

### Amendments to the Insurance – Senior Insurance Management Functions Part

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

...

#### **6A HEAD OF SMALL RUN-OFF FIRM**

---

...

6A.2 The *Head of small run-off firm function* (SIMF-26) is the function of:

(1) having responsibility for the conduct of the *regulated activities*; or

(2) chairing the *governing body*

of a *small run-off firm*.

...

## Annex C

### Amendments to the Regulatory Reporting Part

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

#### **1 APPLICATIONS AND DEFINITIONS**

---

...

*initial Capital+ reference date*

means:

- (1) In relation to a data item which a ring-fenced body must submit on a sub-consolidated basis in accordance with 20.22A, the first of the firm's Capital+ reference dates after the firm became subject to the Ring-Fenced Bodies Part of the ~~PRA Handbook~~; or

...

## Annex D

### Amendments to the Regulatory Reporting Part

...

#### 7 REGULATED ACTIVITY GROUP 1

---

...

(27) *Firms in a UK consolidation group* are exempt from individually reporting this *data item* where they satisfy each of the following conditions:

(a) during the two most recent successive reporting periods set out in 7.2, one *firm* in the *UK consolidation group* ("Firm A") contributed more than 95% of the consolidated *total assets* in the *UK consolidation group* (where the contribution to consolidated *total assets* is calculated as Firm A's *total assets* less any assets resulting from *intra-group transactions* with the other members of the *UK consolidation group*);

(b) a representative member of the *UK consolidation group* notifies the *PRA* within 30 *business days* of the end of the previous reporting period; and

(c) this *data item* is reported at the level of the *UK consolidation group*.

The contribution of Firm A to the consolidated *total assets* in the *UK consolidation group* must be reassessed at the end of each reporting period. If, for a given reporting period, Firm A ceases to contribute more than 95% of the consolidated *total assets* in the *UK consolidation group*, this exemption is no longer available to the members of the *UK consolidation group*, and a representative member of the *UK consolidation group* must notify the *PRA* of that fact within 30 *business days* of the end of that reporting period.

...



## Annex E

### Amendments to the Fees Part

...

#### 4 REGULATORY TRANSACTION FEES

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4.14B (1) Where a *UK Solvency II firm* or a *Solvency II undertaking* seeks permission for an *internal model*, the fee payable is as set out in Table E below, subject to 4.14B(2) and 4.14B(3).

(2) Where a *firm* or a *group* falls within both the *general insurance fee block* and the *life insurance fee block*, the fee payable is the greater of the fees due under each *fee block*.

(2) Where a *Solvency II undertaking* seeks permission for a *group internal model* which includes one or more *UK Solvency II firms* within its scope, the fee is calculated using aggregated tariff data for all in-scope *UK Solvency II firms*, and is payable by such of those *firms* and in such proportions as the *PRA* directs-.

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