

## Direction for

To: [] (“the firm”)

Ref: []

Of: []

Date: []

### Handbook Version as in force at the date of this Direction

#### **Power**

1. This direction is given by the *FCA* under section 138A of the *Act*.

#### **Duration**

2.
  - (1) This direction takes effect on [].
  - (2) This direction ends on 27 October 2027.

#### **Rules modified**

3. The *FCA* directs that the *sourcebooks* listed below apply to the *firm* with the modifications shown.

<b>Handbook sourcebook</b>	<b>Modification</b>
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This section is added after GEN 2.2.26R

**Rules applying to EEA firms with a UK branch assisting insurance distribution activities by the firm’s EEA office**

GEN 2.2.26AR Where an *EEA firm*, with a *Part 4A permission*, is operating a branch in the *United Kingdom* and meets the four conditions set out in GEN 2.2.26BR, GEN 2.2.26CR, GEN 2.2.26ER and GEN 2.2.26FR, the *FCA handbook* is modified as follows:

[**Note:** Due to the nature of the *regulated activities* carried on by the *firm's UK branch*, some parts of *FCA Handbook* would not apply in any event, and so do not require modification. These are not listed in the table. Nor does the table list the parts of the *FCA Handbook* that continue to apply to the *firm*.]

Column 1	Column 2
<b>Sourcebook</b>	<b>Amendments limiting the scope of the existing application – these must be read with GEN 2.2.26BR</b>
SYSC	Requirements in SYSC 19F.2 (IDD remuneration incentives) do not apply in relation to <i>regulated activities</i> carried on for <i>non-investment insurance contracts</i> .
MIPRU	Does not apply
ICOBS	Does not apply
PROD	Requirements in relation to <i>non-investment insurance contracts</i> do not apply
SUP	The following SUP sections do not apply:
	(a) SUP 16.11 (Product sales data reporting)
	(b) SUP 16.27 (General insurance value measures reporting)
	(c) SUP 16.28 (Home Insurance and motor insurance pricing reporting)
Note 1: Any requirements based on a requirement that no longer applies according to the table in GEN 2.2.26AR, also does not apply.	

GEN 2.2.26BR (1) The first condition referred to in GEN 2.2.26AR is that the only *regulated activities* of the *firm* are carried on from the *UK branch*, and the *regulated activities* are solely those:

- (a) necessary to assist with the activities within the scope of the *IDD*, in relation to *non-investment insurance contracts* of the *EEA* office of the *firm*; and
  - (b) relating to insurance risks where the *state of the risk* or *state of commitment* is in the *EEA*, and where the *customer* is also *habitually resident* in the *EEA*.
- (2) For the purposes of GEN 2.2.26BR (1)(b) *customer* includes:
- (a) potential *customers*;
  - (b) *customers* who were *habitually resident* in the *EEA* at the time that the activities took place, but who subsequently became *habitually resident* in the *United Kingdom*, but only where insurance activities necessary to perform the obligations under the existing contract take place for the period when the *customer* is *habitually resident* in the *United Kingdom* (necessary activities do not include the renewal of the contract).

GEN 2.2.26CR The second condition referred to in GEN 2.2.26AR is that:

- (1) the *firm* must not carry on any *regulated activities* through its *UK branch*, or otherwise in the *United Kingdom*, other than *regulated activities* within the scope of its permission necessary to assist the insurance distribution activities of the *EEA* office of the *firm*;
- (2) the *firm* must ensure that *employees* or any representatives of the *UK branch* will not have contact with *customers* (including potential *customers*), unless the *employees* or representatives are representing the *EEA* office and only hold themselves out as such and do not otherwise act in any way, including giving any indication, that could give the impression that *UK* regulation may be relevant;
- (3) the *firm* must ensure that every material communication of the *firm* (by letter or other means) is clear that its business is done from or for the *EEA* office, and any *customers* are *customers* of the *EEA* office in accordance with the applicable laws of the *EEA* state, and that any conduct regulation is the responsibility of the *firm's* home state regulator and/or where relevant, another relevant *EEA* regulator;
- (4) the *UK branch* of the *firm* must not hold *client* money.

GEN 2.2.26DR For the purposes of the provisions in GEN 2.2.26BR and GEN 2.2.26CR *customer* means a *policyholder* or prospective *policyholder* who makes the arrangements preparatory to them concluding the *contract of insurance*.

GEN 2.2.26ER The third condition referred to in GEN 2.2.26AR is that:

- (1) the relevant home state regulator of the *firm's* *EEA* office has provided written confirmation that they are satisfied that what the *firm* is proposing is acceptable to them and in keeping with relevant home state

national law requirements, relevant directives and regulations. The *FCA* must have been provided with a copy of the confirmation.

- (2) where there are any changes to the proposal in (1), the *firm* must update their home state regulator and obtain their updated written confirmation under (1) and provide the *FCA* with a copy (including a translation), as relevant.

GEN 2.2.26FR The fourth condition referred to in GEN 2.2.26AR is that the *firm* must:

- (1) establish and maintain effective arrangements to ensure it meets the conditions for the purposes of GEN 2.2.26AR on a continuing basis;
- (2) maintain and keep adequate records to demonstrate compliance with GEN 2.2.26AR and be in a position to provide any version of the record to the *FCA* on request;
- (3) notify the *FCA* immediately when it becomes aware, or has information which reasonably suggests, that the *firm* is failing or will fail, to satisfy one or more of the conditions referred to in GEN 2.2.26AR. The notification must be provided by a director or appropriate person performing a *senior management function* in the *UK branch*.

## **Interpretation**

4. The interpretative provisions (including definitions) of the *Handbook* apply to this Direction in the same way as they apply to the *Handbook*.