

PRA RULEBOOK: CRR FIRMS, NON-CRR FIRMS, SOLVENCY II FIRMS AND NON SOLVENCY II FIRMS: SENIOR MANAGERS REGIME AND SENIOR INSURANCE MANAGERS REGIME (AMENDMENT) (NO 1) INSTRUMENT 2018

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 60 (Applications for approval);
 - (2) section 60A (Vetting of candidates by authorised persons);
 - (3) section 61 (Determination of applications);
 - (4) section 63E (Certification of employees by authorised persons);
 - (5) section 63F (Issuing of certificates);
 - (6) section 64A (Rules of conduct);
 - (7) section 64C (Requirement for authorised persons to notify regulator of disciplinary action);
 - (8) section 137G (The PRA’s general rules); and
 - (9) section 137T (General supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Pre-conditions to making

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

PRA Rulebook: Solvency II Firms and Non Solvency II Firms: Senior Insurance Managers Regime (Amendment) (No 1) Instrument 2018

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

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E. Annex L is part of the Solvency II firms sector of the PRA Rulebook.

F. Annex V and Annex AF are part of the Non-Solvency II firms sector of the PRA Rulebook.

Commencement

G. Annex F and AS come into force on 1 January 2019.

H. Annexes M, P, W, Z, AG, and AJ come into force on 10 December 2019.

- I. All other Annexes come into force on 10 December 2018.

Deletion

- J. The Senior Managers Regime – Transitional Provisions Part of the PRA Rulebook for CRR Firms and Non-CRR Firms will be deleted on 10 December 2018.

Citation

- K. This instrument may be cited as the PRA Rulebook: CRR Firms, Non-CRR Firms, Solvency II Firms and Non Solvency II Firms: Senior Managers Regime and Senior Insurance Managers Regime (Amendment) (No 1) Instrument 2018.

By order of the Prudential Regulation Committee

22 May 2018

Annex A

Amendments to the Allocation of Responsibilities 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:

...

~~Chairman function~~

~~has the meaning given in Senior Management Functions 4.2.~~

...

~~FCA Chairman of nomination committee function~~

means an *FCA controlled function* specified in SUP 10C.5.2R of the *FCA Handbook*.

...

3 ALLOCATION OF RESPONSIBILITIES

...

3.2 (1) A *firm* (other than a *small CRR firm*, a *credit union* or a *third country CRR firm*) must allocate each of the *prescribed responsibilities* in 4.1(13) to (19) to one or more persons who perform:

(a) an *oversight PRA senior management function*; or

~~(e)~~(b) the ~~FCA Chairman~~ *FCA Chairman of nomination committee function*

on behalf of the *firm*.

...

4 PRESCRIBED RESPONSIBILITIES

4.1 Each of the responsibilities set out in this rule is a *prescribed responsibility*:

...

(4) responsibility for the *firm's* performance of its obligations under Fitness and Propriety in respect of ~~its~~ *notified non-executive directors*;

...

8 CHAIRMAN'S OF THE GOVERNING BODY'S OFFICE

8.1 A *firm* (other than a *third country CRR firm*) must ensure that the office of the *Chairman of the Governing Body* function has resources that are adequate as to both quality and quantity to enable it to fulfil its role within the *firm*.

Annex B

Amendments to the Audit Committee Part

In this Annex deleted text is struck through.

...

2 AUDIT COMMITTEE

...

2.2 The criteria referred to in 2.1 are:

...

(5) a majority of the members, including the chairman, of the *audit committee* of a *firm* must be independent of the *firm* provided that:

...

(7) the chairman of the *audit committee* must be appointed by its members and must be independent of the *firm*.

...

4 TRANSITIONAL PROVISIONS

4.1 2.2 (6) shall not apply until the commencement of a *firm's* financial year beginning on or after 17 June 2018 provided that a majority of the members, including the chairman, of the *audit committee* of a significant *firm* are independent of the *firm*.

...

Annex C

Amendments to the Fitness and Propriety Part

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

1 APPLICATION AND DEFINITIONS

...

1.2 The matters referred to in 2 are relevant to the *PRA's* determination of whether a *person* to whom a *PRA senior management approval application* relates is fit and proper.

1.3 In this Part, the following definitions shall apply:

...

continued approval

has the meaning in Senior Managers Regime—Transitional Provisions 1.2.

disciplinary action

has the meaning given in section 64C of *FSMA*.

individual conduct requirements

means

- (1) ~~the Individual Conduct Rules and Senior Manager Conduct Rules in Conduct Rules 2 and 3;~~
- (2) ~~the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Insurance—Conduct Standards 3;~~
- (3) ~~the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Large Non-Solvency II Firms—Conduct Standards 3;~~
- (4) ~~FIT and APER in the PRA Handbook;~~
- (5) ~~COCON in the FCA Handbook; and~~
- (6) ~~APER in the FCA Handbook.~~

...

2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

2.1 A firm must not make a *PRA senior management approval application* in relation to a *person* unless it is satisfied that *person* is fit and proper to perform the *PRA senior management function* to which the application relates.

...

2.7 ...

(3) A *firm* must take reasonable steps to obtain references:

- (a) in respect of a *PRA senior management approval application*, no later than one month before the end of the application period set out in section 61 of *FSMA*;
- (b) where a request by a *firm* for a reference in respect of a *PRA senior management approval application* to an employer or organisation would require the *firm*, the employer, the organisation or any other *person* to make a *mandatory disclosure* prior to P disclosing to its current employer or organisation, as the case may be, that such application has been made, before the end of the application period set out in in section 61 of *FSMA*; or

...

2.9 In deciding whether a *person* (P) is fit and proper in connection with a *PRA senior management approval application* or on appointment as a *notified non-executive director* or *credit union non-executive director*, a *firm* must:

...

5 REGULATORY REFERENCES

5.1 (1) If any *PRA-authorised person* (A):

- (a) is considering issuing a certificate to, making a *PRA senior management approval application* in respect of, or appointing as a ~~*senior insurance management function holder*~~, *key function holder*, a *non-executive director*, a *notified non-executive director* or a *credit union non-executive director*, a *person* (P);

...

Annex D

Amendments to the Notifications 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:

...

disciplinary action

has the meaning given in section 64C of FSMA.

...

4 NOTIFIED PERSONS

4.1 ...

(2) The notification in (1) ~~must be submitted in the form referred to in 10.1 (Form F).~~ However, if the person is an approved person, notification include, as a minimum, the person's giving details of their name, the approved person's individual reference number and the position to which the notification relates, is sufficient and, if the person is an approved person, the approved person's individual reference number.

4.2 (1) ~~A firm other than a credit union must submit the form referred to in 10.1 online using the ONA system.~~

(2) ~~Where a firm is obliged to submit an application online under (1), if the ONA system fails and online submission is unavailable for 24 hours or more, until such time as facilities for online submission are restored:~~

(a) ~~a firm must submit the form in the way set out in 7.4 to 7.6; and~~

(b) ~~the rules in relation to non-compliance with rules by a firm in the case of an emergency do not apply. [deleted]~~

...

10 FORMS

10.1 ~~Form F can be found here. [deleted]~~

...

11 CONDUCT RULES: NOTIFICATIONS

11.1 This Chapter applies to every *firm* that is:

- (a) a *CRR firm*;
- (b) a *credit union*; ~~or~~
- (c) a *third country CRR firm* in relation to the activities of its establishment in the UK;
- (d) a *UK Solvency II firm*;
- (e) in accordance with Insurance General Application 3, the *Society*, as modified by 14;
- (f) in accordance with Insurance General Application 3, *managing agents*, as modified by 14;
- (g) a *third country branch undertaking*;
- (h) a *UK ISPV*; and
- (i) a *non-directive insurer*.

...

11.4 If a *firm* is required to notify the *PRA* under 11.2 in respect of a *person* performing a *PRA senior management function*, it must do so within seven business days of the point at which it determined the relevant requirement applied, by submitting:

- (1) if the *firm* is of a type in 11.1(a), (b) or (c) and the circumstances set out in Senior Managers Regime – Applications and Notifications 5.2 apply, Form C;
 - (2) if the *firm* is of a type in 11.1(d), 11.1(e), 11.1(f), 11.1(g) or 11.1(h) (other than a *Swiss general insurer*) and the circumstances set out in Solvency II Firms - Senior Managers Regime – Applications and Notifications 4.2(2) apply, Form C;
 - (3) the *firm* is a *large non-directive insurer* or a *Swiss general insurer* and the circumstances set out in Large Non-Solvency II Firms - Senior Managers Regime – Applications and Notifications 4.2(2) apply, Form C;
 - (4) if the *firm* is a *small non-directive insurer* and the circumstances set out in Non-Solvency II Firms - Senior Managers Regime – Applications and Notifications 4.2(2) apply, Form C;
- ~~(2)~~ (5) and in all other cases, Form D.

A *firm* must not unreasonably delay its determination of whether or not the requirement applies.

11.5 If a *firm* becomes aware of information which would reasonably be material to the assessment of the fitness and propriety of a *PRA approved person*, or a *person* in respect of whom an application for approval to perform a *PRA senior management function* has been made, it must inform the *PRA* on Form D, or (if it is more practical to do so and with the prior agreement of the *PRA*) by fax or e-mail, as soon as practicable.

...

11.9 (1) Form C may be found ~~here~~ [here](#).

(2) Form D may be found ~~here~~ [here](#).

(3) Form L may be found ~~here~~ [here](#).

...

14 LLOYD'S

14.1 This Part applies to the *Society* and *managing agents* separately.

Annex E

Amendments to the Remuneration Part

In this Annex deleted text is struck through.

...

7 GOVERNANCE

...

7.4 A *firm* that is significant in terms of its size, internal organisation and the nature, scope and complexity of its activities must establish a *remuneration* committee, and ensure that the committee:

...

- (2) comprises a chairman and members who are members of the *management body* who do not perform any executive function in the *firm*;

...

Annex F

Amendments to the Ring-fenced Bodies Part

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

...

4 BOARD COMPOSITION AND MEMBERSHIP

...

4.3 A *ring-fenced body* must ensure that the *person* performing the *Chairman of the Governing Body* function:

...

4.6 4.5 does not apply if an *extraordinary vacancy* arises in the office held by the *person* performing the *Chairman of the Governing Body* function of a *ring-fenced body*.

...

5 RISK MANAGEMENT

5.1 A *ring-fenced body* must ensure that its risk committee includes a *person* performing the *Chairman of Risk Committee* function.

5.2 A *ring-fenced body* must ensure that the *person* performing the *Chairman of Risk Committee* function does not chair any committee whose functions include oversight of the risk function of any other member of the *ring-fenced body's group*, other than a *ring-fenced affiliate*.

...

6 INTERNAL AUDIT POLICY

6.1 A *ring-fenced body* must ensure that its *audit committee* includes a *person* performing the *Chairman of Audit Committee* function.

6.2 A *ring-fenced body* must ensure that the *person* performing the *Chairman of Audit Committee* function does not chair any committee whose functions include oversight of the audit function of any other member of the *ring-fenced body's group*, other than a *ring-fenced affiliate*.

...

8 REMUNERATION POLICY

...

8.2 A *ring-fenced body* must ensure that its *remuneration* committee includes a *person* performing the *Chairman of Remuneration Committee* function.

8.3 A *ring-fenced body* must ensure that the *person* performing the *Chairman of Remuneration Committee* function does not chair any committee whose functions include *remuneration* for any other member of the *ring-fenced body's group*, other than for a *ring-fenced affiliate*.

...

Annex G

Amendments to the Senior Management Functions Part

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

...

2 GENERAL

...

- 2.2 (1) A *firm* (other than a *credit union* or a *third country CRR firm*) must ensure that one or more *person* performs each of the following *PRA senior management functions* on its behalf:

...

- (c) the ~~Chairman~~ of the Governing Body function.

...

4 OVERSIGHT

...

- 4.2 The ~~Chairman~~ of the Governing Body function (SMF9) is the function of having responsibility for chairing, and overseeing the performance of the role of, the *governing body* of a *firm*.
- 4.3 The ~~Chairman~~ of Risk Committee function (SMF10) is the function of having responsibility for chairing, and overseeing the performance of any committee responsible for the oversight of the risk management systems, policies and procedures of a *firm* specified in Risk Control 2, including where applicable to the *firm*, a committee established in accordance with Risk Control 3.1.
- 4.4 The ~~Chairman~~ of Audit Committee function (SMF11) is the function of having responsibility for chairing, and overseeing the performance of any committee responsible for the oversight of the internal audit system of a *firm* specified in Compliance and Internal Audit 2.
- 4.5 The ~~Chairman~~ of Remuneration Committee function (SMF12) is the function of having responsibility for chairing, and overseeing the performance of any committee responsible for the oversight of the design and the implementation of the remuneration policies of a *firm*, including where applicable to the *firm*, a committee established in accordance with Remuneration 7.4.
- 4.6 The *Senior Independent Director function* (SMF14) is the function of performing the role of a senior independent *director*, and having particular responsibility for leading the assessment of the performance of the *person* performing the ~~Chairman~~ of the Governing Body function.

...

8 COMBINATION OF SENIOR MANAGEMENT FUNCTIONS

...

- 8.2 A *firm* must ensure that a *person* who performs the *Chairman of the Governing Body* function on its behalf does not simultaneously perform the *Chief Executive* function within the same *firm*.

Annex H

Amendments to the Senior Managers Regime – Applications and Notifications 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:

...

current approved person approval

means

...

(2) a deemed approval given by: ~~either~~

(a) the PRA following the submission of a conversion grandfathering notification under Senior Managers Regime ~~(Transitional Provisions)~~; or

(b) ~~by the FCA~~ under any equivalent process contained in rules in the *FCA Handbook*; or

...

grandfathering notification

has the meaning given in Senior Managers Regime ~~— Transitional Provisions.~~

...

2 APPLICATION TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION

...

2.7 ...

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

(a) ~~for a third country CRR firm~~, in the form set out ~~here~~; and

(b) ~~for all other firms~~, in the form set out ~~here~~.

...

8 FORMS

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

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

(3) Form B may be found ~~here~~ here.

(4) Form C may be found ~~here~~ here.

(5) Form D may be found ~~here~~ [here](#).

(6) Form E may be found ~~here~~ [here](#).

(7) Form I may be found ~~here~~ [here](#).

(8) Form J may be found ~~here~~ [here](#).

Annex I

Amendments to the Senior Managers Regime – Transitional Provisions Part

This Part is deleted.

Part

**SENIOR MANAGERS REGIME – TRANSITIONAL
PROVISIONS**

Deleted

Annex J

Amendments to the Group Supervision Part

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

...

17 RISK MANAGEMENT AND INTERNAL CONTROL

...

17.4 For the purposes of applying Key Function Holder – Notifications 2 to 6 at the level of the *group*, in accordance with 17.1(1)(i), *firms* should read the definitions of *grandfathering key function holder*, *new SIMF applicant*, *transitional key function holder* and *transitional notified non-executive director* in Key Function Holder – Notifications 1 as follows:

...

(2) *new SIMF applicant*

means a *key function holder* at the level of the *group* (other than a *grandfathering key function holder*) who submits an application for a ~~senior management function~~ or PRA senior ~~insurance~~ management function prior to the *commencement date* in relation to a *PRA-authorised person* in that *group*.

...

Annex K

Amendments to the Insurance – Allocation of Responsibilities Part

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

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

...

(3) in accordance with Insurance General Application 3, *managing agents*, as modified by 6; ~~and~~

(4) a *third country branch undertaking* (other than a *Swiss general insurer*); ~~and~~

(5) a UK ISPV, in accordance with 7.

1.2 In this Part, the following definitions shall apply:

~~governance map~~ management responsibilities map

has the meaning given in 5.1.

...

~~SIMR-prescribed responsibility~~

...

third country branch prescribed responsibility

(1) for a third country branch undertaking (other than a UK-deposit insurer) means the responsibilities set out in 3A.2 to the extent only that they are relevant to the operations effected by its third country branch); and

(2) for a UK-deposit insurer means the responsibilities set out in 3A.2 to the extent only that they are relevant to the operations effected by its third country branch and all its third country undertaking EEA branches.

2 ALLOCATION OF RESPONSIBILITIES

2.1 A firm (other than a *third country branch undertaking*, ~~or a small run-off firm~~ or a UK ISPV) must allocate each of the ~~SIMR-prescribed responsibilities~~ set out in 3.1 (other than 3.1(10) and (11)); to one or more *persons* who, in relation to that firm, are approved under section 59 of FSMA by:

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

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

- 2.2 A *firm* (other than a *third country branch undertaking*, ~~or a small run-off firm or a UK ISPV~~) must allocate each of the ~~SIMR~~ *prescribed responsibilities* set out in 3.1(10) and (11) and the ~~SIMR~~ *prescribed responsibility* set out in 3.3, if applicable, to one or more *non-executive directors* who perform:
- (1) a ~~PRA senior insurance~~ *management function* set out in Insurance – Senior Insurance Management Functions 4; or
 - (2) an *FCA governing function* at that *firm*.
- 2.3 A *third country branch undertaking* (other than a *Swiss general insurer*) must allocate each of the ~~SIMR~~ *prescribed responsibilities* set out in 3.1(A1) to 3.1(1), (4), (5), (6) (7) and (12) and each of the *third country branch prescribed responsibilities* to one or more *persons* who, in relation to that *firm*, are approved under section 59 of *FSMA* by:
- (1) the *PRA* to perform a ~~PRA senior insurance~~ *management function*; or
 - (2) in relation to *relevant senior management functions* only, the *FCA*.
- 2.4 A *small run-off firm* must allocate each of the ~~SIMR~~ *prescribed responsibilities* set out in 3.2 to one or more *persons* who, in relation to that *small run-off firm*, are approved under section 59 of *FSMA* by:
- (1) the *PRA* to perform a ~~PRA senior insurance~~ *management function*; or
-
- 2.5 A UK ISPV must allocate each of the *prescribed responsibilities* set out in 3.1(1A) to 3.1(1C) to one or more *persons* who, in relation to that *firm*, are approved under section 59 of *FSMA* by:
- (1) the *PRA* to perform a *PRA senior management function*; or
 - (2) in relation to *relevant senior management functions* only, the *FCA*.
- 2.6 A *firm* must ensure that any responsibilities allocated to, and that form part of the responsibilities of, a *person* who performs a *PRA senior management function* in relation to the *firm* are consistent with the scope of that *PRA senior management function* and of any *prescribed responsibilities*, *FCA responsibilities* and other responsibilities allocated to that *person*.

3 ~~SIMR~~-PRESCRIBED RESPONSIBILITIES

- 3.1 Each of the responsibilities set out in this rule is an ~~SIMR~~ *prescribed responsibility*:
- (A1) responsibility for the *firm's* performance of its obligations under the *senior management regime*;
 - (A2) responsibility for the *firm's* performance of its obligations under the *certification regime*;
 - (A3) responsibility for compliance with the *firm's* obligations in relation to its *management responsibilities map*;

- (1) responsibility for ensuring that the *firm* has complied with its obligations in Insurance – Fitness and Propriety to:
- (a) ensure that every *person* who performs a *key function* but does not also perform a *PRA senior management function* or a *certification function* (including every *person* in respect of whom an application under section 59 of *FSMA* is made) is a fit and proper *person*; and
 - (b) provide and obtain regulatory references;

...

3.2 Each of the following responsibilities is an ~~*SIMR*~~-prescribed responsibility in respect of a *small run-off firm*:

...

3.3 The responsibility set out in rule 3.3(1) is an ~~*SIMR*~~-prescribed responsibility in the circumstances specified:

...

3A PRESCRIBED RESPONSIBILITIES: UK BRANCHES

3A.1 This Chapter applies only to a *third country branch undertaking*.

3A.2 Each of these responsibilities is a *third country branch prescribed responsibility*:

- (1) responsibility for management of the *firm's* risk management processes in the *UK*;
- (2) responsibility for the *firm's* compliance with the *UK regulatory system* applicable to the *firm*;
- (3) responsibility for the escalation of correspondence from the *PRA, FCA* and other regulators in respect of the *firm* to each of the *governing body* or the *management body* of the *firm* and, as appropriate, the *firm's parent undertaking* and the ultimate *parent undertaking of the firm's group*; and
- (4) responsibility for management of the *firm's* systems and controls in the *UK*.

...

5 RECORDS

5.1 A *firm* must have and maintain a ~~*governance map*~~ *management responsibilities map*, which is a clear and coherent document or series of documents with the following details:

...

- (3) for each *person* named pursuant to 5.1(2), a summary of the significant responsibilities allocated to that *person* (including, if applicable, any ~~*SIMR*~~ *prescribed responsibilities* that have been allocated to that *person* in accordance with 2);

...

(6) ...

- (b) for the *persons* listed pursuant to 5.1(2), details of the reporting lines and the lines of responsibility (if any) to *persons* who are employees or officers of other *group* members or to committees or other bodies of the *group* or of other *group* members;
- (7) matters reserved to the governing body (including the terms of reference of its committees) and including, in the case of a third country branch undertaking, the equivalent body (or its committees) responsible for the management of the third country branch undertaking's business activities in the UK.
- 5.2 A firm must update the ~~governance map~~ management responsibilities map:
- ...
- 5.3 A firm must, as soon as reasonably practicable, provide the following to the PRA:
- (1) upon request by the PRA, a copy of the ~~governance map~~ management responsibilities map; and
- (2) in the event of an update pursuant to 5.2(2), a copy of the relevant part of the ~~governance map~~ management responsibilities map.
- 5.4 A firm must keep an up-to-date record of the ~~scope of responsibilities form~~ statement of responsibilities of each *key function holder*.
- 5.5 A ~~scope of responsibilities form~~ statement of responsibilities form, where it is kept and maintained on behalf of a *key function holder*, will satisfy the requirement in 5.4.
- 5.6 The record in 5.4, and each updated version, must be signed by the *key function holder* and an appropriate representative of the *firm*.
- 5.7 Where a firm amends its ~~governance map~~ management responsibilities map, to show changes in a *person's* responsibilities it must also ensure that:
- ...
- 5.8 Each version of both the ~~governance map~~ management responsibilities map and the record in 5.4 must be retained for a period of ten years from the date on which it was superseded by a more up-to-date record, and must be provided to the PRA on request.
- ...

7 UK ISPVs

- 7.1 This Chapter applies only to firms that are UK ISPVs.
- 7.2 A firm that is a UK ISPV is not required to comply with the requirements laid down in:
- (1) 4 (Identification of Key Functions); and
- (2) 5.1 to 5.3 and 5.7 (Records).
- 7.3 The requirements in 5.4 and 5.6 apply to a firm that is a UK ISPV as if any reference to a key function holder were a reference to a PRA senior management function holder.
- 7.4 The requirements in 5.8 apply to a UK ISPV as if the reference to the management responsibilities map were deleted.

Annex L

Insurance – Certification Part

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

Part

Insurance - Certification

Chapter content

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1 APPLICATION AND DEFINITION

1.1 Unless otherwise stated, this Part applies to:

- (1) a *UK Solvency II firm*;
- (2) in accordance with Insurance General Application 3, the *Society*, as modified by 5;
- (3) in accordance with Insurance General Application 3, a *managing agent*, as modified by 5;
- (4) a *third country branch undertaking* (other than a *Swiss general insurer*) in relation to the activities of the *third country branch* that are subject to the *regulatory system*; and
- (5) a *UK ISPV*, in accordance with 6.

1.2 This Part does not apply to a *small run-off firm*.

1.3 In this Part, the following definition shall apply:

employee

in relation to a *firm*, includes any *person* within the description set out in section 63E(9) of *FSMA*.

1.4 This Part does not apply to a function performed by:

- (1) a *PRA approved person*;
- (2) a *person* who performs an *FCA controlled function*; or
- (3) a *non-executive director* in relation to their *non-executive director* function.

2 CERTIFICATION FUNCTIONS

2.1 For the purposes of this Part, the following are *certification functions*:

- (1) a function performed for a *firm* by a *key function holder* at the *firm*;
- (2) a function performed by a *material risk taker* at a *large firm*.

2.2 A function is only a *certification function* to the extent that the function relates to a *regulated activity* carried on by a *firm*.

3 PERFORMANCE OF CERTIFICATION FUNCTIONS

3.1 [not used]

3.2 A *person* does not perform a *certification function* for a *firm* under 2.1 if the *person* is performing any *controlled function* for that *firm*.

3.3 To the extent that:

- (1) a *firm* appoints a *person* to perform a function which, but for this rule, would be a *certification function*;
 - (2) the appointment is solely to provide cover for a *certification employee* whose absence is reasonably unforeseen; and
 - (3) the appointment is for less than four weeks;
- such a *person* does not perform a *certification function*.

4 MATERIAL RISK TAKERS

- 4.1 This Chapter applies to a *firm* that falls within 1.1 and is a *large firm*.
- 4.2 A *firm* must identify, in respect of the *firm*, its *employees* who are *material risk takers*.
- 4.3 A *firm* must keep its identification of *material risk takers* pursuant to 4.2 up-to-date.
- 4.4 A *firm* must keep a record of its reasoning for the identification of *material risk takers* pursuant to 4.2.

5 LLOYD'S

- 5.1 This Part applies to the *Society* and *managing agents* separately.

6 UK ISPVS

- 6.1 2.1(2) does not apply to a *UK ISPV*.
- 6.2 4 does not apply to a *UK ISPV*.

Annex M

Amendments to the Insurance – Certification Part

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

...

3 PERFORMANCE OF CERTIFICATION FUNCTIONS

- 3.1 ~~[not used]~~ A firm must take reasonable care to ensure that none of its *employees* performs a *certification function* under an arrangement entered into by the *firm* in relation to the carrying on by the *firm* of a *regulated activity*, unless the *employee* has a valid *certificate* issued by the *firm*.

...

...

Annex N

Amendments to the Insurance – Conduct Standards Part

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

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

...

(6) in relation to any of the foregoing *firms*, any *person* who is:

(a) a *Conduct Rules non-executive director*;

(b) an *employee* of a *firm* who is a *key function holder*;

(c) a *certification employee* (other than a *key function holder*); ~~or who is~~

(d) approved under section 59 of *FSMA* by either:

~~(a)(i)~~ (i) the *PRA*; or

~~(b)(ii)~~ (ii) the *FCA*, in relation to a *relevant senior management function*;

(e) an *employee* who should have been approved under section 59 of *FSMA* by either:

(i) the *PRA*; or

(ii) the *FCA*, in relation to a *relevant senior management function*; or

(f) an *employee* who is performing a function that would have been a *controlled function* but for Insurance - Senior Management Functions 2.4.

1.2 In this Part the following definition shall apply:

employee

has the meaning given in Insurance – Certification 1.3.

2 SCOPE OF CONDUCT STANDARDS

2.1 If you are a natural *person* who is:

(1) an *employee* of a *firm* who is a *key function holder*; or

(2) approved under section 59 of *FSMA* by either:

~~(1)(a)~~ (a) the *PRA*; or

~~(2)(b)~~ the FCA, in relation to a *relevant senior management function*,

you must comply at all times with all of the *conduct standards*.

...

2.1B If you are an *employee* of a type specified in 1.1(6)(c), (e) or (f) you must comply at all times with the *conduct standards* specified in 3.1 to 3.3.

2.2 A *firm* must require:

- (1) any *person* performing a *key function* to observe the *conduct standards* specified in 3.1 to 3.3;
- (2) any *key function holder* (other than a *notified non-executive director* and an *authorised UK representative*) to observe the *conduct standards* specified in 3.4 to 3.8, in addition to complying with (1); ~~and~~
- (3) any *notified non-executive director* to observe the *conduct standards* specified in 3.7 and 3.8, in addition to complying with (1); and
- (4) an *employee* of a type specified in 1.1(6)(c), (e) or (f) to observe the *conduct standards* specified in 3.1 to 3.3.

3 CONDUCT STANDARDS

...

3.4 **Senior Insurance Manager Conduct Standard 1:** You must take reasonable steps to ensure that the business of the *firm* for which you are responsible is controlled effectively.

3.5 **Senior Insurance Manager Conduct Standard 2:** You must take reasonable steps to ensure that the business of the *firm* for which you are responsible complies with the relevant requirements and standards of the *regulatory system*.

3.6 **Senior Insurance Manager Conduct Standard 3:** You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate *person* and that you oversee the discharge of the delegated responsibility effectively.

3.7 **Senior Insurance Manager Conduct Standard 4:** You must disclose appropriately any information of which the FCA or the PRA would reasonably expect to have notice.

3.8 **Senior Insurance Manager Conduct Standard 5:** When exercising your responsibilities, you must pay due regard to the interests of current and potential future *policyholders* in ensuring the provision by the *firm* of an appropriate degree of protection for their insured benefits.

...

Annex O

Amendments to the Insurance – Fitness and Propriety 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:

...

disciplinary action

~~in relation to a person, means any of the following:~~

- ~~(1) the issuing of a formal written warning;~~
- ~~(2) the suspension or dismissal of the person; or~~
- ~~(3) the reduction or recovery of any of the person's remuneration.~~

individual conduct requirements

means:-

- ~~1. (1) the Individual Conduct Rules and Senior Manager Conduct Rules in Conduct Rules 2 and 3;~~
- ~~(2) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Insurance – Conduct Standards 3;~~
- ~~(3) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Large Non-Solvency II Firms – Conduct Standards 3;~~
- ~~(4) FIT and APER in the PRA Handbook;~~
- ~~(5) COCON in the FCA Handbook; and~~
- ~~(6) APER in the FCA Handbook.~~

...

2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

...

2.2 In deciding whether a *person* is fit and proper pursuant to 2.1 and, where applicable, section 60A(1), a *firm* must be satisfied that the *person*:

...

...

- 2.4 In deciding whether a *person* (P) is fit and proper to be appointed as a PRA senior insurance management function holder or a *notified non-executive director*, a *firm* must:

...

2.5

...

- (3) When making a PRA senior insurance management approval application, a *firm* must take reasonable steps to obtain references in accordance with (1) and (2):

...

3 REGULATORY REFERENCES

- 3.1 (1) If any *PRA-authorised person* (A):

- (a) is considering issuing a *certificate* to, making a PRA senior management approval application in respect of, or appointing as a ~~senior insurance management function holder~~, a *key function holder*, a *non-executive director*, a *notified non-executive director* or a *credit union non-executive director*, a *person* (P);

...

4 DISCLOSURE AND REPLACEMENTS

4.1 ...

- (3) Where a *firm* has complied with 4.1(1) in connection with the appointment of a *person* as a *key function holder*, and such *person* transfers from that *key function* to a different *key function* or is appointed to an additional *key function*, in either case within the same *firm*, for the purposes of 4.1(1) the *firm* need only supply, in connection with such subsequent appointment:

...

- (b) if the *key function holder* is also to perform a PRA senior insurance management function or an *FCA controlled function*, the information required in connection with an application for approval to do so.

4.2 Where:

- (1) a *person* who is to become a *key function holder* is also to be approved by the *PRA* to perform a PRA senior insurance management function or by the *FCA* to perform an *FCA controlled function*; and
- (2) the *firm* includes the information referred to in 4.1 in its application to the *PRA* for the approval of that *person* to perform the PRA senior insurance management function, or in the application to the *FCA* for the approval of that *person* to perform the *FCA controlled function*,

...

Annex P

Amendments to the Insurance – Fitness and Propriety Part

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

...

2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

2.1 A *firm* must ensure that all *persons* who perform *key functions* or *certification functions* are at all times fit and proper *persons*.

...

2.2 In deciding whether a *person* is fit and proper pursuant to 2.1 and, where applicable, section 60A(1) and section 63F of *FSMA*, a *firm* must be satisfied that the *person*:

...

required to enable such *person* to perform his or her *key function* or *certification function* effectively and in accordance with any relevant regulatory requirements, including those under the *regulatory system*, and to enable sound and prudent management of the *firm*.

2.3 Before deciding, and in considering on an on-going basis, whether a *person* is fit and proper pursuant to 2.1 and 2.2, a *firm* must consider:

- (1) the *person's* past business conduct; and
- (2) whether the *person* performs his or her *key functions* or *certification functions* in accordance with the relevant *conduct standards* specified in Insurance - Conduct Standards 3.

...

2.5 (1) Before deciding whether a person (P) is fit and proper to be appointed as a *key function holder* or to perform a *certification function*, a *firm* must take reasonable steps to obtain appropriate references covering the past six years from the following:

...

2.7 If a *firm* previously obtained the information required by 2.4 to 2.6 when it determined that a *key function holder* or a *person* performing a *certification function* was fit and proper for the purposes of this Part, and the *firm* engages that *person* for a continuous period of time, the *firm* is not required to comply with 2.4 to 2.6 again in respect of any subsequent *key function* appointments or arrangements to perform *certification functions* at the same *firm* within that continuous period.

Annex Q

Amendments to the Insurance – Senior Insurance Management Functions Part

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

Part

Insurance – Senior ~~Insurance~~ Management Functions

1 APPLICATION AND DEFINITIONS

....

1.2 In this Part, the following definitions shall apply:

Chairman of the Governing Body function

has the meaning given in 4.1.

Chairman of Audit Committee function

has the meaning given in 4.3.

Chairman of Remuneration Committee function

has the meaning given in 4.4.

Chairman of Risk Committee function

has the meaning given in 4.2.

....

Group Entity Senior ~~Insurance~~ Manager function

has the meaning given in 5.1.

....

2 GENERAL

2.1 Each of the functions in 3 –10 is a *controlled function* and a PRA ~~senior insurance~~ management function.

2.2 PRA ~~Senior insurance~~ management function holders must each be approved by the ~~PRAPRA~~ to perform the applicable PRA ~~senior insurance~~ management function.

2.3 (1) A firm (other than a *third country branch undertaking* or a *small run-off firm*) must ensure that one or more *persons* performs each of the following PRA ~~senior insurance~~ management functions on its behalf:

...

(c) the *Chairman of the Governing Body* function.

- (2) If a vacancy arises in respect of one or more of the *PRA senior insurance management functions* set out in (1), a *firm* must ensure that it appoints a *person* to fill that vacancy as soon as practicable.

2.4 To the extent that:

- (1) a *firm* appoints a *person* to perform a key function which, but for this rule, would be a *PRA senior insurance management function*;
- (2) the appointment is solely to provide cover for a *PRA senior insurance management function holder* whose absence is:

...

the description of the applicable *PRA senior insurance management function* does not relate to those activities of that *person*.

2.5 (1) If, in relation to a *firm*, a *PRA senior insurance management function holder* also performs *FCA activities*, performance of the *PRA senior insurance management function* will include the performance of those *FCA activities*, provided the following conditions are met:

- (a) the *PRA's* approval to perform that *PRA senior insurance management function* has been granted and continues in force;

....

(2) If, in relation to a *firm*, a *PRA senior insurance management function holder* has been performing *FCA activities* in the circumstances set out in (1), and that *person*:

- (a) ceases to perform the *PRA senior insurance management function*;
- (b) within three *months* of ceasing performance, is approved to perform a new *PRA senior insurance management function* at the *firm*; and
- (c) continues to perform the *FCA activities*,

performance of the new *PRA senior insurance management function* will include the performance of those *FCA activities*, provided the conditions in (1) (a) to (d) are met.

2.6 If a *PRA senior insurance management function holder* to whom 2.5 applies ceases to perform a *PRA senior insurance management function* but continues to perform the *FCA activities*, 2.5(1) will continue to apply in respect of the performance of the *FCA activities* until the earlier of:

- (1) ...
- (2) three *months* from the time that the *person* ceased to perform that *PRA senior insurance management function*.

...

2.8 (1) A firm (other than a UK ISPV) must take all reasonable steps to ensure that before a person begins to perform:

(a) a PRA senior management function; or

(b) new or revised responsibilities in performance of a PRA senior management function.

that person is provided with all of the information and materials that the person may reasonably expect in order to perform that PRA senior management function or those new or revised responsibilities effectively and in accordance with the regulatory system.

(2) A firm must:

(a) have a written policy to ensure compliance with (1), including in relation to the systems and controls it uses;

(b) ensure the policy under (a) is complied with; and

(c) maintain adequate records of the steps taken to comply with (1).

3 EXECUTIVE

3.1 The *Chief Executive function* (S1MF1) is the function of having responsibility, under the immediate authority of the *governing body*, alone or jointly with others, for carrying out the management of the conduct of the whole of the business (or relevant activities) of a *firm*.

3.2 The *Chief Finance function* (S1MF2) is the function of having responsibility for the management of the financial resources of a *firm* and reporting to the *governing body* of a *firm* in relation to its financial affairs.

3.3 The *Chief Risk function* (S1MF4) is the function of having responsibility for overall management of the risk management system specified in Conditions Governing Business 3.

3.4 The *Head of Internal Audit function* (S1MF5) is the function of having responsibility for the management of the internal audit *function* specified in Conditions Governing Business 5.

3.5 The *Head of Key Business Area function* (S1MF6) is the function of having responsibility for management of a business area or division of a firm (other than a third country branch undertaking) where:

...

3.7 The *Chief Operations function* (S1MF24) is the function of having responsibility for the internal operations and technology of a firm.

4 OVERSIGHT

4.1 The *Chairman of the Governing Body function* (S1MF9) is the function of having responsibility for chairing, and overseeing the performance of the *governing body* of a *firm*.

4.2 The *Chairman of Risk Committee function* (S1MF10) is the function of having responsibility for chairing, and overseeing the performance of any committee responsible for the oversight of the risk management system specified in Conditions Governing Business 3.

- 4.3 The *Chairman of Audit Committee function* (SIMF11) is the function of having responsibility for chairing and overseeing the performance of any committee responsible for the oversight of the internal audit *function* specified in Conditions Governing Business 5.
- 4.4 The *Chairman of Remuneration Committee function* (SIMF12) is the function of having responsibility for chairing and overseeing the performance of any committee responsible for the oversight of the design or implementation of the remuneration policies and practices of a *firm*.
- 4.5 The *Senior Independent Director function* (SIMF14) is the function of performing the role of a senior independent *director*, and having particular responsibility for leading the assessment of performance of the *person* performing the *Chairman of the Governing Body function*.

5 GROUP ENTITIES

- 5.1 The *Group Entity Senior Insurance Manager function* (SIMF7) is the function of having a significant influence on the management or conduct of one or more aspects of the affairs of a *firm* in relation to its *regulated activities* (other than in the course of the performance of another *PRA senior insurance management function*) and which is performed by a *person* employed by, or an officer of:

....

6 HEAD OF THIRD COUNTRY BRANCH

....

- 6.2 The *Head of Third Country Branch function* (SIMF19) is the function of having responsibility for the conduct of all activities of the *third country branch undertaking* that are subject to the *regulatory system*.
-
- 6.4 A *third country branch undertaking* that transacts *with-profits insurance business* must have at least one *person* approved to perform the *With-Profits Actuary function* (SIMF240a).
- 6.5 A *third country branch undertaking* is not required to have any *person(s)* approved to perform any of the other *PRA senior insurance management functions*.

6A HEAD OF SMALL RUN-OFF FIRM

...

- 6A.2 The *Head of small run-off firm function* (SIMF 26) is the function of:

....

- 6A.4 A *small run-off firm* must have at least one *person* approved to perform the *Chief Finance function* (SIMF2).

- 6A.5 A *small run-off firm* that transacts *with-profits insurance business* must have at least one *person* approved to perform the *With-Profits Actuary function* (SIMF240a).
- 6A.6 A *small run-off firm* is not required to have any *person(s)* approved to perform any of the other PRA *senior ~~insurance~~ management functions*.

7 CHIEF ACTUARY

- 7.1 The *Chief Actuary function* (SIMF20) is the function of having responsibility for the *actuarial function* specified in Conditions Governing Business 6.

8 WITH-PROFITS ACTUARY

....

- 8.2 The *With-Profits Actuary function* (SIMF240a) is the function of having responsibility for advising the *governing body* of a *firm* transacting *with-profits insurance business* on the exercise of discretion affecting part or all of that business, as described more fully in Actuaries 5.1.

9 CHIEF UNDERWRITING OFFICER

....

- 9.2 The *Chief Underwriting Officer function* (SIMF223) is the function of having responsibility, in respect of the *firm's general insurance business*, for the underwriting decisions in respect of material insurance risks that:

....

10 UNDERWRITING RISK OVERSIGHT

....

- 10.2 The *Underwriting Risk Oversight function* (SIMF23a) is the function of overseeing and influencing underwriting plans by *managing agents* in respect of risks borne by *members*.

....

12 UK ISPVS

....

- 12.2 The following PRA *senior ~~insurance~~ management functions* do not apply to a *UK ISPV*:

- (1) *Chief Risk function* (SIMF4);

- (2) *Head of Internal Audit function (SIMF5);*
- (3) *Chairman of Risk Committee function (SIMF10);*
- (3A) *Head of Key Business Area function (SIMF6);*
- (4) *Chairman of Audit Committee function (SIMF11);*
- (5) *Chairman of Remuneration Committee function (SIMF12);*
- (6) *Senior Independent Director function (SIMF14);*
- (7) *Head of Third Country Branch function (SIMF19);*
- (8) *With-Profits Actuary function (SIMF240a); and*
- (9) *Chief Underwriting Officer function (SIMF223); and*
- (10) *Chief Operations function (SIMF24).*

13 COMBINATION OF PRA SENIOR INSURANCE MANAGEMENT FUNCTIONS

...

13.2 A large firm must ensure that a person who performs the *Chairman of the Governing Body function* on its behalf does not perform the *Chief Executive function* within the same firm.

13.3 A large firm that is a member of a group must ensure that a group executive does not perform any of the following functions in respect of the firm:

- (1) the *Chairman of the Governing Body function (SIMF9);*
- (2) the *Chairman of Risk Committee function (SIMF10);*
- (3) the *Chairman of Audit Committee function (SIMF11);*
- (4) the *Chairman of Remuneration Committee function (SIMF12);* or
- (5) the *Senior Independent Director function (SIMF14).*

...

Annex R

Amendments to the Key Function Holder – Notifications 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:

...

new SIMF applicant

means, in relation to a *firm*, a *key function holder* (other than a *grandfathering key function holder*) who submits an application for a PRA senior insurance management function prior to the *commencement date*.

...

~~senior insurance management approval application~~

~~means an application for approval to perform a senior insurance management function under section 59 of FSMA.~~

...

2 KEY FUNCTION HOLDER NOTIFICATION

2.1 This Chapter does not apply in relation to a:

...

(3) *new SIMF applicant*.

...

2.4 The PRA directs that:

(1) where the *key function holder* is to be approved by the PRA to perform a PRA senior insurance management function, the *firm* must provide the information referred to in 2.2 to the PRA in whichever Form is required for the PRA senior insurance management approval application, pursuant to Insurance - Senior Insurance-Managers Regime – Applications and Notifications 2, which must be accompanied by a ~~scope of responsibilities form~~ statement of responsibilities form; and

(2) where the *key function holder* is to be approved by the FCA to perform an *FCA controlled function*, the *firm* is not required to submit a *key function holder notification form* to the PRA to the extent the *firm* provides the information referred to in 2.2 to the FCA as part of the application to the FCA, with a ~~scope of responsibilities form~~ statement of responsibilities form.

...

4 FORMS

4.1 The key function holder notification form, Form M, may be found ~~here~~ [here](#).

...

6 TRANSITIONAL ARRANGEMENTS FOR KEY FUNCTION HOLDERS

~~[deleted]~~

6.1 ~~This Chapter applies only in relation to a:~~

~~(1) transitional key function holder, in relation to key functions held as at 1 January 2016;~~

~~(2) grandfathering key function holder, in relation to key functions held as at the commencement date;~~

~~(3) new SIMF applicant, and~~

~~(4) transitional notified non-executive director in relation to his or her position as a notified non-executive director as at the commencement date.~~

6.2 ~~A firm must provide the information required by Insurance – Fitness and Propriety 4.1 for each transitional key function holder, grandfathering key function holder, new SIMF applicant and transitional notified non-executive director in accordance with 6.3 to 6.6~~

6.3 ~~In respect of a grandfathering key function holder, the requirement in 6.2 will be satisfied where the firm submits a grandfathering notification in accordance with Senior Insurance Managers Regime – Transitional Provisions 2.1, or the update to the grandfathering notification in accordance with Senior Insurance Managers Regime – Transitional Provisions 5 (as the case may be), provided that the firm also submits a scope of responsibilities form to the PRA in respect of that grandfathering key function holder by 7 September 2016.~~

6.4 ~~In respect of a new SIMF applicant, the PRA directs that a firm must provide the information referred to in 6.2 to the PRA in whichever form is required for the senior insurance management approval application, pursuant to Senior Insurance Managers Regime – Applications and Notifications 2, which must be accompanied by a scope of responsibilities form.~~

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

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

Annex S

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

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

Part

Insurance – Senior Insurance Managers Regime – Applications and Notifications

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part the following definitions shall apply:

...

current approved person approval

means

(1) an approval granted to a *person* under section 59 of *FSMA* (Approval for particular arrangements):

(a) by the *PRA* for the performance of a *PRA* senior insurance management function;
or

(b) by the *FCA* for the performance of a *significant influence function*;

(2) a deemed approval given by:

(a) ~~either the *PRA* following the submission of a *conversion* ~~grandfathering~~ notification under Senior Insurance Managers Regime Transitional Provisions or by the *FCA* under any equivalent rules in the *FCA Handbook*; or~~

(b) the *FCA* under any equivalent process contained in rules in the *FCA Handbook*; or

...

~~*grandfathering notification*~~

~~has the meaning given in Senior Insurance Managers Regime Transitional Provisions.~~

...

~~*senior insurance management approval application*~~

means an application for approval to perform a *senior insurance management function* under section 59 of FSMA.

scope of responsibilities form

means the form to be completed by a *firm* containing the information referred to in Insurance Allocations of Responsibilities 5.1(3).

...

2 APPLICATION TO PERFORM A PRA SENIOR INSURANCE MANAGEMENT FUNCTION

- 2.1 The *PRA* directs that a *firm* must make a PRA senior insurance management approval application in accordance with 2.2, before the activities requiring approval commence.
- 2.2 The *PRA* directs that a *firm* must use Form A (long form) for a PRA senior insurance management approval application unless:
- ...
- 2.3 The *PRA* directs that, subject to 2.4 and 2.5, a *firm* must use Form E for a PRA senior insurance management approval application if it is being made in respect of a *person* who has a *current approved person approval* and is either:
- (1) ceasing to perform a PRA senior management functions~~senior insurance management function~~ and taking up a new PRA senior insurance management function for the same *firm* or another member of its *group*; or
 - (2) ceasing to perform a *significant influence function* and taking up a PRA senior insurance management function for the *firm* or another member of its *group*.
- 2.4 The *PRA* directs that a *firm* must not use Form E for a PRA senior insurance management approval application if:
- (A1) a notification has been or should be made to the *PRA* or *FCA* under any of the following:
- (a) section 63(2A) of FSMA (Duty to notify regulator of grounds for withdrawal of approval);
 - (b) section 64C of FSMA (Requirement for authorised person to notify regulator of disciplinary action);
- (1) a notification has been made or should be made to the *PRA* under any of the rules in Notifications 11 or to the *FCA* under any equivalent provisions of the *FCA Handbook*;
 - (2) any of the circumstances in 4.2(2)(a)-(d) apply in relation to:
 - (a) any *controlled function* that that *person* is ceasing to perform; or
 - (b) any *controlled function* that that *person* is continuing to perform in relation to that *firm* or a *firm* in the same *group*.

...

2.5 The *PRA* directs that a *firm* must not use Form E if the *person* to whom the *PRA* senior insurance management approval application relates:

....

2.6 (1) The *PRA* directs that a *firm* must use Form A (shortened form) for a *PRA* senior insurance management approval application if:

...

(b) there have been no matters arising in relation to the fitness and propriety of the *person* to whom the *PRA* senior insurance management approval application relates which mean that the information provided to the *FCA* or *PRA* regarding fitness and propriety in connection with a *current approved person approval* may have changed since the application for the *current approved person approval* was made.

...

2.7 The *PRA* directs that the form submitted for a *PRA* senior insurance management approval application must be accompanied by a ~~*scope of responsibilities form*~~ *statement of responsibilities form* or, where a *statement of responsibilities form* ~~such form~~ has already been provided under Key Function Holder – Notifications 2.2, an updated version of it.

3 WITHDRAWAL OF A *PRA* SENIOR INSURANCE MANAGEMENT APPROVAL APPLICATION

3.1 The *PRA* directs that a *firm* withdrawing an outstanding *PRA* senior insurance management approval application must do so using Form B.

4 CEASING TO PERFORM A *PRA* SENIOR INSURANCE MANAGEMENT FUNCTION

4.1 A *firm* must notify the *PRA* no later than seven *business days* after a *person* ceases to perform a *PRA* senior insurance management function, using:

(1) Form E if a *person* ceases to perform a *PRA* senior insurance management function and the *firm* is also making an application for the same *person* to perform a new *PRA* senior insurance management function; and

...

4.2 (1) A *firm* must notify the *PRA* as soon as practicable after it becomes aware, or has information which reasonably suggests, that it will submit a qualified Form C in respect of a *PRA* senior insurance management function holder.

(2) Form C is qualified if the information it contains:

(a) relates to the fact that the *firm* has dismissed or suspended the *PRA* senior insurance management function holder from its employment;

- (b) relates to the resignation by the PRA senior insurance management function holder while under investigation by the *firm*, the *PRA* or any other *regulatory body*;
- (c) includes a notification under any of the provisions set out in 2.4(A1) or (1); or
- (d) otherwise reasonably suggests that it may affect the *PRA's* assessment of the PRA senior insurance management function holder's fitness and propriety.

4A APPLICATION TO VARY A CONDITIONAL APPROVAL

4A.1 The PRA directs that a firm making an application to the PRA under section 63ZA of FSMA (for the variation of a conditional approval) must do so by submitting:

- (1) Form I; and
- (2) a statement of responsibilities form for the PRA approved person concerned.

4A.2 The PRA directs that a firm withdrawing an application made under section 63ZA of FSMA (Variation of senior manager's approval at request of relevant authorised person) must do so using Form B.

5 CHANGE IN DETAILS RELATING TO PRA SENIOR INSURANCE MANAGEMENT FUNCTION HOLDERS

- 5.1 If a PRA senior insurance management function holder's title, name or national insurance number changes, the *firm* for which the *person* performs a PRA senior insurance management function must notify the *PRA* of that change within seven *business days* of the *firm* becoming aware of the matter, using Form D.
- 5.2 If, in relation to a *firm* which has submitted an application on either Form A (long or shortened form) or Form E, as required by 2.2, any of the details relating to PRA senior insurance management functions are to change, the *firm* must notify the *PRA* using Form D as soon as reasonably practicable after the *firm* becomes aware of the proposed change.
- 5.3 If a PRA senior management function holder ceases to perform a PRA senior management function for a firm but continues to perform one or more PRA senior management functions for the same firm, the firm must submit a revised statement of responsibilities form for the remaining PRA senior management function(s), along with Form J.

6 PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS

...

- 6.3 (1) The PRA directs that, if a firm is required to submit a revised statement of responsibilities under section 62A of FSMA, it must do so by submitting Form J with the revised statement of responsibilities form.
- (2) A firm must not use Form J where the revisions are to be made as part of arrangements involving an application:

- (a) for approval for the *person* performing the *PRA senior management function* concerned to perform another *PRA senior management function* or *relevant senior management function* for the same *firm*; or
- (b) to vary under section 63ZA of *FSMA* an approval for the *person* performing the *PRA senior management function* concerned to perform another *PRA senior management function* or *relevant senior management function* for the same *firm*.

7 FORMS

- 7.1
- (1) Form A (long form) may be found ~~here~~ [here](#).
 - (2) Form A (shortened form) may be found ~~here~~ [here](#).
 - (3) Form B may be found ~~here~~ [here](#).
 - (4) Form C may be found ~~here~~ [here](#).
 - (5) Form D may be found ~~here~~ [here](#).
 - (6) Form E may be found ~~here~~ [here](#).
 - (7) The ~~*scope of responsibilities form*~~ *statement of responsibilities form* may be found ~~here~~ [here](#).

...

Annex T

Amendments to the Senior Insurance Managers Regime – Transitional Provisions Part

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

Part

**Insurance – Senior ~~Insurance~~ Managers Regime –
Transitional Provisions**

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

scope of responsibilities form

has the meaning given in Senior Insurance Managers Regime – Applications and Notifications as at 7 March 2016.

...

Annex U

Amendments to the Large Non-Solvency II Firms – Allocation of Responsibilities 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:

~~governance map~~ management responsibilities map

has the meaning given in 5.1.

~~SIMR prescribed responsibility~~

(1) for a firm (other than a Swiss general insurer) means the responsibilities in 3.1 and 3.2;

(2) for a Swiss general insurer means the responsibilities set out in 3.1 to the extent only that they are relevant to the activities of the firm carried on from a branch in the UK.

Swiss general insurer prescribed responsibility

means the responsibilities in 3A.2.

...

2 ALLOCATION OF RESPONSIBILITIES

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

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

...

2.2 A firm (other than a Swiss general insurer) must allocate each of the ~~SIMR prescribed responsibilities~~ set out in 3.1(9) and (10) and the ~~SIMR prescribed responsibility~~ set out in 3.2, if applicable to one or more non-executive directors who perform:

(1) a PRA senior insurance management function set out in Large Non-Solvency II Firms – Senior Insurance Management Functions 4; or

...

2.3 A Swiss general insurer must allocate each of the prescribed responsibilities set out in 3.1(1A) to 3.1(1) and each of the Swiss general insurer prescribed responsibilities to one or more persons who, in relation to that firm, are approved under section 59 of FSMA by:

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

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

2.4 A *firm* must ensure that any responsibilities allocated to, and that form part of the responsibilities of, a *person* who performs a *PRA senior management function* in relation to *the firm* are consistent with the scope of that *PRA senior management function* and of any *prescribed responsibilities*, *FCA responsibilities* and other responsibilities allocated to that *person*.

3 SIMR PRESCRIBED RESPONSIBILITIES

3.1 Each of the responsibilities set out in this rule is an ~~*SIMR*~~-*prescribed responsibility*:

(A1) responsibility for the *firm*'s performance of its obligations under the *senior management regime*;

(A2) responsibility for the *firm*'s performance of its obligations under the *certification regime*;

(A3) responsibility for compliance with the *firm*'s obligations in relation to its *management responsibilities map*;

(1) responsibility for ensuring that the *firm* has complied with its obligations in Large Non-Solvency II – Fitness and Propriety to:

(a) ensure that every *person* who performs a *key function* but does not also perform a *PRA senior management function* or a *certification function* (including every *person* in respect of whom an application under section 59 of *FSMA* is made) is a fit and proper *person*; and

(b) provide and obtain regulatory references;

...

3.2 The responsibility set out in rule 3.2(1) is an ~~*SIMR*~~-*prescribed responsibility* in the circumstances specified:

...

3A PRESCRIBED RESPONSIBILITIES: SWISS GENERAL INSURERS

3A.1 This Chapter applies only to a *Swiss general insurer* in respect of the activities of the *firm* carried on from a *branch* in the *UK*.

3A.2 Each of the responsibilities set out in this rule is a *Swiss general insurer prescribed responsibility*:

(1) responsibility for management of the *firm*'s risk management processes in the *UK*;

(2) responsibility for the *firm*'s compliance with the *UK regulatory system* applicable to the *firm*;

(3) responsibility for the escalation of correspondence from the *PRA*, *FCA* and other regulators in respect of the *firm* to each of the *governing body* or the *management body* of the *firm* and, as appropriate, the *firm's parent undertaking* and the ultimate *parent undertaking* of the *firm's group*; and

(4) responsibility for management of the *firm*'s systems and controls in the *UK*.

...

5 RECORDS

5.1 A firm must have and maintain a ~~governance map~~ management responsibilities map, which is a clear and coherent document or series of documents with the following details:

...

(3) for each *person* named pursuant to 5.1(2), a summary of the significant responsibilities allocated to that *person* (including, if applicable, any ~~SIMR~~ *prescribed responsibilities* that have been allocated to that *person* in accordance with 2);

...

(6) where a firm is a member of a group:

...

(b) for the *persons* listed pursuant to 5.1(2), details of the reporting lines and the lines of responsibility (if any) to *persons* who are employees or officers of other *group* members or to committees or other bodies of the *group* or of other *group* members;

(7) matters reserved to the governing body (including the terms of reference of its committees) including, in the case of a Swiss general insurer, the equivalent body (or its committees) responsible for the management of the Swiss general insurer's business and activities in the UK.

5.2 A firm must update the ~~governance map~~ management responsibilities map:

...

5.3 A firm must, as soon as reasonably practicable, provide the following to the PRA:

(1) upon request by the PRA, a copy of the ~~governance map~~ management responsibilities map; and

(2) in the event of an update pursuant to 5.2(2), a copy of the relevant part of the ~~governance map~~ management responsibilities map.

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

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

...

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

...

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

...

Annex V

Large Non-Solvency II Firms – Certification Part

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

Part

Large Non-Solvency II Firms - Certification

Chapter content

- 1. APPLICATION AND DEFINITION**
- 2. CERTIFICATION FUNCTIONS**
- 3. PERFORMANCE OF CERTIFICATION FUNCTIONS**
- 4. MATERIAL RISK TAKERS**

Links

1 APPLICATION AND DEFINITION

1.1 Unless otherwise stated, this Part applies to:

- (1) a *large non-directive insurer*; and
- (2) a *Swiss general insurer*.

1.2 In this Part, the following definition shall apply:

employee

in relation to a *firm*, includes any *person* within the description set out in section 63E(9) of FSMA.

1.3 This Part does not apply to a function performed by:

- (1) a *PRA approved person*;
- (2) a *person* who performs an *FCA controlled function*; or
- (3) a *non-executive director* in relation to their *non-executive director* function.

2 CERTIFICATION FUNCTIONS

2.1 For the purposes of this Part, the following are *certification functions*:

- (1) a function performed for a *firm* by a *key function holder* at the *firm*;
- (2) a function performed by a *material risk taker* at a *large firm*.

2.2 A function is only a *certification function* to the extent that the function relates to a *regulated activity* carried on by a *firm*.

3 PERFORMANCE OF CERTIFICATION FUNCTIONS

3.1 [not used]

3.2 A *person* does not perform a *certification function* for a *firm* under 2.1 if the *person* is performing any *controlled function* for that *firm*.

3.3 To the extent that:

- (1) a *firm* appoints a *person* to perform a function which, but for this rule, would be a *certification function*;
- (2) the appointment solely is to provide cover for a *certification employee* whose absence is reasonably unforeseen; and
- (3) the appointment is for less than four weeks;

such a *person* does not perform a *certification function*.

4 MATERIAL RISK TAKERS

- 4.1 This Chapter applies to a *firm* that falls within 1.1 and is a *large firm*.
- 4.2 A *firm* must identify, in respect of the *firm*, its *employees* who are *material risk takers*.
- 4.3 A *firm* must keep its identification of *material risk takers* pursuant to 4.2 up-to-date.
- 4.4 A *firm* must keep a record of its reasoning for the identification of *material risk takers* pursuant to 4.2.

Annex W

Amendments to the Large Non-Solvency II Firms – Certification Part

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

...

3 PERFORMANCE OF CERTIFICATION FUNCTIONS

- 3.1 ~~[not used]~~ A firm must take reasonable care to ensure that none of its *employees* performs a *certification function* under an arrangement entered into by the *firm* in relation to the carrying on by the *firm* of a *regulated activity*, unless the *employee* has a valid *certificate* issued by the *firm*.

...

...

Annex X

Amendments to the Large Non-Solvency II Firms - Conduct Standards Part

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

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

...

(3) in relation to any of the foregoing *firms*, any *person* who is:

- (a) a Conduct Rules non-executive director;~~or~~
- (b) an employee of a firm who is a key function holder;
- (c) a certification employee (other than a key function holder);
- (d) ~~who is~~ approved under section 59 of *FSMA* by either:
 - ~~(a)(i)~~ the PRA; or
 - ~~(b)(ii)~~ the FCA, in relation to a relevant senior management function;
- (e) an employee who should have been approved under section 59 of *FSMA* by either:
 - (i) the PRA; or
 - (ii) the FCA, in relation to a relevant senior management function; or
- (f) an employee who is performing a function that would have been a controlled function but for Large Non-Solvency II Firms – Senior Management Functions 2.4.

1.2 In this Part the following definition shall apply:

employee

has the meaning given in Large Non-Solvency II Firms - Certification 1.2.

2 SCOPE OF CONDUCT STANDARDS

2.1 If you are a natural person who is:

- (1) an employee of a firm who is a key function holder, or
- (2) approved under section 59 of *FSMA* by either:

~~(1)(a)~~ the *PRA*; or

~~(2)(b)~~ the *FCA*, in relation to a *relevant senior management function*,

you must comply at all times with all of the *conduct standards*.

...

2.1B If you are an *employee* of a type specified in 1.1(3)(c), (e) or (f) you must comply at all times with the *conduct standards* specified in 3.1 to 3.3.

2.2 A *firm* must require:

...

(2) any *key function holder* (other than a *notified non-executive director*) to observe the *conduct standards* specified in 3.4 to 3.8, in addition to complying with (1); ~~and~~

(3) any *notified non-executive director* to observe the *conduct standards* specified in 3.7 and 3.8, in addition to complying with (1); and

(4) an *employee* of a type specified in 1.1(3)(c), (e) or (f) to observe the *conduct standards* specified in 3.1 to 3.3.

3 CONDUCT STANDARDS

...

3.4 **Senior ~~Insurance~~ Manager Conduct Standard 1:** You must take reasonable steps to ensure that the business of the *firm* for which you are responsible is controlled effectively.

3.5 **Senior ~~Insurance~~ Manager Conduct Standard 2:** You must take reasonable steps to ensure that the business of the *firm* for which you are responsible complies with the relevant requirements and standards of the *regulatory system*.

3.6 **Senior ~~Insurance~~ Manager Conduct Standard 3:** You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate *person* and that you oversee the discharge of the delegated responsibility effectively.

3.7 **Senior ~~Insurance~~ Manager Conduct Standard 4:** You must disclose appropriately any information of which the *FCA* or the *PRA* would reasonably expect to have notice.

3.8 **Senior ~~Insurance~~ Manager Conduct Standard 5:** When exercising your responsibilities, you must pay due regard to the interests of current and potential future *policyholders* in ensuring the provision by the *firm* of an appropriate degree of protection for their insured benefits.

Annex Y

Amendments to the Large Non-Solvency II Firms – Fitness and Propriety 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:

...

disciplinary action

~~in relation to a person, means any of the following:~~

- ~~(1) the issuing of a formal written warning;~~
- ~~(2) the suspension or dismissal of the person; or~~
- ~~(3) the reduction or recovery of any of the person's remuneration.~~

individual conduct requirements

~~means:-~~

- ~~(1) the Individual Conduct Rules and Senior Manager Conduct Rules in Conduct Rules 2 and 3;~~
- ~~(2) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Insurance – Conduct Standards 3;~~
- ~~(3) the Individual Conduct Standards and Senior Insurance Manager Conduct Standards in Large Non-Solvency II Firms – Conduct Standards 3;~~
- ~~(4) FIT and APER in the PRA Handbook;~~
- ~~(5) COCON in the FCA Handbook; and~~
- ~~(6) APER in the FCA Handbook.~~

...

2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

...

2.2 In deciding whether a *person* is fit and proper pursuant to 2.1 and, where applicable, section 60A(1), a *firm* must be satisfied that the *person*:

...

...

2.4 In deciding whether a *person* (P) is fit and proper to be appointed as a *PRA senior insurance management function holder* or a *notified non-executive director*, a *firm* must:

...

2.5 ...

- (3) When making a *PRA senior insurance management approval application*, a *firm* must take reasonable steps to obtain references in accordance with (1) and (2):

...

3 REGULATORY REFERENCES

3.1 (1) If any *PRA-authorised person* (A):

- (a) is considering issuing a *certificate* to, making a *PRA senior management approval application* in respect of, or appointing as a ~~*senior insurance management function holder*~~, a *key function holder*, a *non-executive director*, a *notified non-executive director* or a *credit union non-executive director*, a *person* (P);

...

4 DISCLOSURE AND REPLACEMENTS

4.1 ...

(2) ...

- (b) if the *key function holder* is also to perform a *PRA senior insurance management function* or an *FCA controlled function*, the information required in connection with an application for approval to do so.

4.2 Where:

- (1) a *person* who is to become a *key function holder* is also to be approved by the *PRA* to perform a *PRA senior insurance management function* or by the *FCA* to perform an *FCA controlled function*; and
- (2) the *firm* includes the information referred to in 4.1 in its application to the *PRA* for the approval of that *person* to perform the *PRA senior insurance management function*, or in the application to the *FCA* for the approval of that *person* to perform the *FCA controlled function*,

...

Annex Z

Amendments to the Large Non-Solvency II Firms – Fitness and Propriety Part

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

...

2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

2.1 A *firm* must ensure that all *persons* who perform *key functions* or *certification functions* are at all times fit and proper *persons*.

2.2 In deciding whether a *person* is fit and proper pursuant to 2.1 and, where applicable, section 60A(1) and section 63F of FSMA, a *firm* must be satisfied that the *person*:

(1) has the personal characteristics (including being of good repute and integrity);

...

required to enable such *person* to perform his or her *key function* or *certification function* effectively and in accordance with any relevant regulatory requirements, including those under the *regulatory system*, and to enable sound and prudent management of the *firm*.

2.3 Before deciding, and in considering on an on-going basis, whether a *person* is fit and proper pursuant to 2.1 and 2.2, a *firm* must consider:

...

(2) whether the *person* performs his or her *key functions* or *certification functions* in accordance with the relevant *conduct standards* specified in Large Non-Solvency II Firms - Conduct Standards 3.

...

2.5 (1) Before deciding whether a person (P) is fit and proper to be appointed as a *key function holder* or to perform a *certification function* a *firm* must take reasonable steps to obtain appropriate references covering the past six years from the following:

...

...

2.7 If a *firm* previously obtained the information required by 2.4 to 2.6 when it determined that a *key function holder* or a *person* performing a *certification function* was fit and proper for the purposes of this Part, and the *firm* engages that person for a continuous period of time, the *firm* is not required to comply with 2.4 to 2.6 again in respect of any subsequent *key function* appointments or arrangements to perform *certification functions* at the same *firm* within that continuous period.

Annex AA

Amendments to the Large Non-Solvency II Firms – Key Function Holder – Notifications 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:

...

new SIMF applicant

means, in relation to a *firm*, a *key function holder* (other than a *grandfathering key function holder*) who submits an ~~application for a~~ PRA senior insurance management function approval application prior to the *commencement date*.

...

~~scope of responsibilities form~~

~~means the form to be completed by a firm containing the information referred to in Large Non-Solvency II Firms – Allocations of Responsibilities 5.1(3).~~

...

2 KEY FUNCTION HOLDER NOTIFICATION

2.1 This Chapter does not apply in relation to a:

...

(3) *new SIMF applicant*, or

...

2.4 The PRA directs that:

- (1) where the *key function holder* is to be approved by the PRA to perform a PRA senior insurance management function, the *firm* must provide the information referred to in 2.2 to the PRA in whichever Form is required for the PRA senior insurance management approval application, pursuant to Large Non-Solvency II Firms – Senior Insurance Managers Regime – Applications and Notifications 2, which must be accompanied by a ~~scope of responsibilities form~~ statement of responsibilities form; and
- (2) where the *key function holder* is to be approved by the FCA to perform an *FCA controlled function*, the *firm* is not required to submit a *key function holder notification form* to the PRA to the extent the *firm* provides the information referred to in 2.2 to the FCA as part

of the application to the FCA, with a ~~scope of responsibilities form~~ statement of responsibilities form.

...

4 FORMS

4.1 The key function holder notification form, Form M, may be found [here](#).

5 TRANSITIONAL ARRANGEMENTS FOR KEY FUNCTION HOLDERS

[deleted]

5.1 This Chapter applies only in relation to a:

~~(1) transitional key function holder, in relation to key functions held as at the commencement date;~~

~~(2) grandfathering key function holder, in relation to key functions held as at the commencement date;~~

~~(3) new SIMF applicant; and~~

~~(4) transitional notified non-executive director, in relation to his or her position as a notified non-executive director as at the commencement date.~~

5.2 A firm must provide the information required by Large Non-Solvency II Firms—Fitness and Propriety 4.1 for each ~~transitional key function holder, grandfathering key function holder, new SIMF applicant and transitional notified non-executive director~~ in accordance with 5.3 to 5.6.

5.3 In respect of a ~~grandfathering key function holder~~, the requirement in 5.2 will be satisfied where the firm submits a ~~grandfathering notification~~ in accordance with Large Non-Solvency II Firms—Senior Insurance Managers Regime—Transitional Provisions 2.1, or the update to the ~~grandfathering notification~~ in accordance with Large Non-Solvency II Firms—Senior Insurance Managers Regime—Transitional Provisions 5 (as the case may be), provided that the firm also submits a ~~scope of responsibilities form~~ to the PRA in respect of that ~~grandfathering key function holder~~ by 7 September 2016.

5.4 In respect of a ~~new SIMF applicant~~, the PRA directs that a firm must provide the information referred to in 5.2 to the PRA in whichever form is required for the ~~senior insurance management approval application~~, pursuant to Large Non-Solvency II Firms—Senior Insurance Managers Regime—Applications and Notifications 2, which must be accompanied by a ~~scope of responsibilities form~~.

5.5 In respect of a ~~transitional notified non-executive director~~, the requirement in 5.2 will be satisfied where the firm records the ~~transitional notified non-executive director~~ in the firm's ~~governance map~~ on or before the ~~commencement date~~.

5.6 In respect of a ~~transitional key function holder who is not a grandfathering key function holder, a new SIMF applicant or a transitional notified non-executive director~~, the PRA directs that a firm must provide the information referred to in 5.2 to the PRA by sending the ~~key function holder notification form~~ to the PRA in accordance with 3.3 by 7 September 2016.

Annex AB

**Amendments to the Large Non-Solvency II Firms - Senior Insurance Management Functions
Part**

In this Annex new text is underlined.

Part

Large non-Solvency II Firms – Senior Insurance Management Functions

1 APPLICATIONS AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

~~Chairman~~ of the Governing Body function

has the meaning given in 4.1.

~~Chairman~~ of Audit Committee function

has the meaning given in 4.3.

~~Chairman~~ of Remuneration Committee function

has the meaning given in 4.4.

~~Chairman~~ of Risk Committee function

has the meaning given in 4.2.

...

~~Group Entity Senior Insurance~~ Senior Insurance Manager function

has the meaning given in 5.1.

...

2 GENERAL

2.1 Each of the functions in 3 to 9 is a *controlled function* and a PRA senior insurance management function.

2.2 PRA Senior insurance management function holders must each be approved by the PRA to perform the applicable PRA senior insurance management function.

- 2.3 (1) A *firm* (other than a *Swiss general insurer*) must ensure that one or more *persons* performs each of the following PRA senior insurance management functions on its behalf:
- ...
- (c) the Chairman of the Governing Body function.
- (2) If a vacancy arises in respect of one or more of the PRA senior insurance management functions set out in (1), a *firm* must ensure that it appoints a *person* to fill that vacancy as soon as practicable.
- 2.4 To the extent that:
- (1) a *firm* appoints a *person* to perform a *key function* which, but for this rule, would be a PRA senior insurance management function;
- (2) the appointment is solely to provide cover for a PRA senior insurance management function holder whose absence is:
- (a) temporary; or
- (b) reasonably unforeseen; and
- (3) the appointment is for less than 12 weeks in a consecutive 12-month period,
- the description of the applicable PRA senior insurance management function does not relate to those activities of that *person*.
- 2.5 (1) If, in relation to a *firm*, a PRA senior insurance management function holder also performs *FCA activities*, performance of the PRA senior insurance management function will include the performance of those *FCA activities*, provided the following conditions are met:
- (a) the *PRA*'s approval to perform that PRA senior insurance management function has been granted and continues in force;
- ...
- (2) If, in relation to a *firm*, a PRA senior insurance management function holder has been performing *FCA activities* in the circumstances set out in (1), and that *person*:
- (a) ceases to perform the PRA senior insurance management function;
- (b) within three *months* of ceasing performance, is approved to perform a new PRA senior insurance management function at the *firm*; and
- (c) continues to perform the *FCA activities*,
- performance of the new PRA senior insurance management function will include the performance of those *FCA activities*, provided the conditions in (1) (a) to (d) are met.
- 2.6 If a PRA senior insurance management function holder to whom 2.5 applies ceases to perform a PRA senior insurance management function but continues to perform

the *FCA activities*, 2.5(1) will continue to apply in respect of the performance of the *FCA activities* until the earlier of:

- (1) approval by the *FCA* in respect of the performance by that person of those *FCA activities* as an *FCA governing function* in relation to the *firm*; or
- (2) three *months* from the time that the *person* ceased to perform that *PRA senior insurance management function*.

2.7 If a *firm* outsources its internal audit *function* to an external third party service provider (that is, a service provider outside the *firm* or the *firm's group*), the *firm* is not required to have any *person(s)* approved to perform the *Head of Internal Audit function*.

- 2.8 (1) A firm must take all reasonable steps to ensure that before a person begins to perform:
- (a) a PRA senior management function; or
 - (b) new or revised responsibilities in performance of a PRA senior management function,

that person is provided with all of the information and materials that the person may reasonably expect in order to perform that PRA senior management function or those new or revised responsibilities effectively and in accordance with the regulatory system.

- (2) A firm must:
- (a) have a written policy to ensure compliance with (1), including in relation to the systems and controls it uses;
 - (b) ensure the policy under (a) is complied with; and
 - (c) maintain adequate records of the steps taken to comply with (1).

3 EXECUTIVE

- 3.1 The *Chief Executive function* (S1MF1) is the function of having responsibility, under the immediate authority of the *governing body*, alone or jointly with others, for carrying out the management of the conduct of the whole of the business (or relevant activities) of a *firm*.
- 3.2 The *Chief Finance function* (S1MF2) is the function of having responsibility for the management of the financial resources of a *firm* and reporting to the *governing body* of a *firm* in relation to its financial affairs.
- 3.3 The *Chief Risk function* (S1MF4) is the function of having responsibility for overall management of the risk management system specified in Non-Solvency II Firms – Governance 3.5 and 7.
- 3.4 The *Head of Internal Audit function* (S1MF5) is the function of having responsibility for the management of the internal audit *function* specified in Non-Solvency II Firms – Governance 9.
- 3.5 The *Head of Key Business Area function* (S1MF6) is the function of having responsibility for management of a business area or division of a *firm* where:

...

- 3.7 The *Chief Operations function* (SIMF24) is the function of having responsibility for the internal operations and technology of a firm.

4 OVERSIGHT

- 4.1 The *Chairman of the Governing Body function* (SIMF9) is the function of having responsibility for chairing, and overseeing the performance of the *governing body* of a firm.
- 4.2 The *Chairman of Risk Committee function* (SIMF10) is the function of having responsibility for chairing, and overseeing the performance of any committee responsible for the oversight of the risk management system specified in Non-Solvency II Firms – Governance 3.5 and 7.
- 4.3 The *Chairman of Audit Committee function* (SIMF11) is the function of having responsibility for chairing and overseeing the performance of any committee responsible for the oversight of the internal audit function specified in Non-Solvency II Firms – Governance 9.
- 4.4 The *Chairman of Remuneration Committee function* (SIMF12) is the function of having responsibility for chairing and overseeing the performance of any committee responsible for the oversight of the design or implementation of the remuneration policies and practices of a firm.
- 4.5 The *Senior Independent Director function* (SIMF14) is the function of performing the role of a senior independent director, and having particular responsibility for leading the assessment of performance of the person performing the *Chairman of the Governing Body function*.

5 GROUP ENTITIES

- 5.1 The *Group Entity Senior Insurance Manager function* (SIMF7) is the function of having a significant influence on the management or conduct of one or more aspects of the affairs of a firm in relation to its *regulated activities* (other than in the course of the performance of another *PRA senior insurance management function*) and which is performed by a person employed by, or an officer of:
- ...

6 HEAD OF THIRD COUNTRY BRANCH

...

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

...

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

7 CHIEF ACTUARY

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

8 WITH-PROFITS ACTUARY

...

- 8.2 The *With-Profits Actuary function* (SIMF240a) is the function of having responsibility for advising the *governing body* of a *firm* transacting *with-profits insurance business* on the exercise of discretion affecting part or all of that business, as described more fully in Non-Solvency II Firms – Actuarial Requirements 6.1.

9 CHIEF UNDERWRITING OFFICER

...

- 9.2 The *Chief Underwriting Officer function* (SIMF223) is the function of having responsibility, in respect of the *firm's general insurance business*, for the underwriting decisions in respect of material insurance risks that are borne by the *firm*.

10 COMBINATION OF SENIOR INSURANCE MANAGEMENT FUNCTIONS

...

- 10.2 A large firm must ensure that a person who performs the *Chairman of the Governing Body function* on its behalf does not perform the *Chief Executive function* within the same *firm*.
- 10.3 A large firm that is a member of a group must ensure that a *group executive* does not perform any of the following functions in respect of the *firm*:
- (1) the *Chairman of the Governing Body function* (SIMF9);
 - (2) the *Chairman of Risk Committee function* (SIMF10);
 - (3) the *Chairman of Audit Committee function* (SIMF11);
 - (4) the *Chairman of Remuneration Committee function* (SIMF12);
 - (5) the *Senior Independent Director function* (SIMF14).

...

Annex AC

**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.

Part

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

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

....

current approved person approval

means

- (1) an approval granted to a *person* under section 59 of *FSMA* (Approval for particular arrangements):
 - (a) by the *PRA* for the performance of a *PRA senior insurance-management function*; or
 - (b) by the *FCA* for the performance of a *significant influence function*;
- (2) a deemed approval given by:
 - (a) the *PRA* following the submission of a *conversion grandfathering notification* under:
 - (i) ~~Senior Insurance Managers Regime – Transitional Provisions~~;
 - (ii) ~~Large Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions~~; or
 - (iii) ~~Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions~~; or
 - (b) the *FCA* under any equivalent process contained in rules in the *FCA Handbook*; or

(3) for the purposes of 2.5(2) and 2.6(1), an approval granted to that *person* under section 59 of *FSMA* by either the *PRA* or the *FCA* to perform a *controlled function* prior to the *commencement date* but which ceased:

- (a) on or before the *commencement date*; and
- (b) during the six-month period specified in 2.5(2) and 2.6(1), as the case may be.

...

grandfathering notification

has the meaning given in ~~Large Non-Solvency II Firms—Senior Insurance Managers Regime—Transitional Provisions~~ Senior Insurance Managers Regime—Transitional Provisions.

...

scope of responsibilities form

means the form to be completed by a *firm* containing the information referred to in ~~Large Non-Solvency II Firms—Allocations of Responsibilities 5.1(3)~~.

...

2 APPLICATION TO PERFORM A SENIOR INSURANCE MANAGEMENT FUNCTION

2.1 The *PRA* directs that a *firm* must make a *PRA* senior insurance management approval application in accordance with 2.2, before the activities requiring approval commence.

2.2 The *PRA* directs that a *firm* must use Form A (long form) for a *PRA* senior insurance management approval application unless:

...

2.3 The *PRA* directs that, subject to 2.4 and 2.5, a *firm* must use Form E for a *PRA* senior insurance management approval application if it is being made in respect of a *person* who has a *current approved person approval* and is either:

- (1) ceasing to perform a *PRA* senior insurance management function and taking up a new *PRA* senior insurance management function for the same *firm* or another member of its *group*; or
- (2) ceasing to perform a *significant influence function* and taking up a *PRA* senior insurance management function for the *firm* or another member of its *group*.

2.4 The *PRA* directs that a *firm* must not use Form E for a *PRA* senior insurance management approval application if:

(A1) a notification has been or should be made to the *PRA* or *FCA* under any of the following:

- (a) section 63(2A) of *FSMA* (Duty to notify regulator of grounds for withdrawal of approval);

(b) section 64C of FSMA (Requirement for authorised person to notify regulator of disciplinary action);

- (1) a notification has been made or should be made to the *PRA* under any of the rules in Notifications 11 or to the *FCA* under any equivalent provisions of the *FCA Handbook*;
- (2) any of the circumstances in 4.2(2)(a) to (d) apply in relation to:
 - (a) any *controlled function* that that *person* is ceasing to perform; or
 - (b) any *controlled function* that that *person* is continuing to perform in relation to that *firm* or a *firm* in the same *group*...

2.5 The *PRA* directs that a *firm* must not use Form E if the *person* to whom the *PRA* senior ~~insurance~~ management approval application relates:

...

2.6 (1) The *PRA* directs that a *firm* must use Form A (shortened form) for a *PRA* senior ~~insurance~~ management approval application if:

...

- (b) there have been no matters arising in relation to the fitness and propriety of the *person* to whom the *PRA* senior ~~insurance~~ management approval application relates which mean that the information provided to the *FCA* or *PRA* regarding fitness and propriety in connection with a *current approved person approval* may have changed since the application for the *current approved person approval* was made.

...

2.7 The *PRA* directs that the form submitted for a *PRA* senior ~~insurance~~ management approval application must be accompanied by a ~~*scope of responsibilities form*~~ *statement of responsibilities form* or, where a ~~*statement of responsibilities form*~~ *such form* has already been provided under Large Non-Solvency II Firms - Key Function Holder – Notifications 2.2, an updated version of it.

3 WITHDRAWAL OF A PRA SENIOR ~~INSURANCE~~ MANAGEMENT APPROVAL APPLICATION

3.1 The *PRA* directs that a *firm* withdrawing an outstanding *PRA* senior ~~insurance~~ management approval application must do so using Form B.

4 CEASING TO PERFORM A PRA SENIOR ~~INSURANCE~~ MANAGEMENT FUNCTION

4.1 A *firm* must notify the *PRA* no later than seven *business days* after a *person* ceases to perform a *PRA* senior ~~insurance~~ management function, using:

- (1) Form E if a *person* ceases to perform a *PRA senior insurance management function* and the *firm* is also making an application for the same *person* to perform a new *PRA senior insurance management function*; and

...

- 4.2 (1) A *firm* must notify the *PRA* as soon as practicable after it becomes aware, or has information which reasonably suggests, that it will submit a qualified Form C in respect of a *PRA senior insurance management function holder*.
- (2) Form C is qualified if the information it contains:
- (a) relates to the fact that the *firm* has dismissed or suspended the *PRA senior insurance management function holder* from its employment;
 - (b) relates to the resignation by the *PRA senior insurance management function holder* while under investigation by the *firm*, the *PRA* or any other *regulatory body*;
 - (c) includes a notification under any of the provisions set out in 2.4(A1) or (1); or
 - (d) otherwise reasonably suggests that it may affect the *PRA*'s assessment of the *PRA senior insurance management function holder's* fitness and propriety.

4A APPLICATION TO VARY A CONDITIONAL APPROVAL

4A.1 The *PRA* directs that a *firm* making an application to the *PRA* under section 63ZA of *FSMA* (for the variation of a conditional approval) must do so by submitting

- (1) Form I; and
- (2) a statement of responsibilities form for the *PRA* approved person concerned.

4A.2 A *firm* withdrawing an application made under section 63ZA of *FSMA* (Variation of senior manager's approval at request of relevant authorised person) must do so using Form B.

5 CHANGE IN DETAILS RELATING TO PRA SENIOR INSURANCE MANAGEMENT FUNCTION HOLDERS

- 5.1 If a *PRA senior insurance management function holder's* title, name or national insurance number changes, the *firm* for which the *person* performs a *PRA senior insurance management function* must notify the *PRA* of that change within seven *business days* of the *firm* becoming aware of the matter, using Form D.
- 5.2 If, in relation to a *firm* which has submitted an application on either Form A (long or shortened form) or Form E, as required by 2.2, any of the details relating to *PRA senior insurance management functions* are to change, the *firm* must notify the *PRA* using Form D as soon as reasonably practicable after the *firm* becomes aware of the proposed change.
- 5.3 If a *PRA senior management function holder* ceases to perform a *PRA senior management function* for a *firm* but continues to perform one or more *PRA senior management functions* for the same *firm*, the *firm* must submit a revised *statement of responsibilities form* for the remaining *PRA senior management function(s)*, along with Form J.

6 PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS

...

- 6.3 (1) The PRA directs that, if a firm is required to submit a revised *statement of responsibilities* under section 62A of FSMA, it must do so by submitting Form J with the revised *statement of responsibilities form*.
- (2) A firm must not use Form J where the revisions are to be made as part of arrangements involving an application:
- (a) for approval for the *person performing the PRA senior management function concerned to perform another PRA senior management function or relevant senior management function for the same firm*; or
- (b) to vary under section 63ZA of FSMA an approval for the *person performing the PRA senior management function concerned to perform another PRA senior management function or relevant senior management function for the same firm*.

7 FORMS

- 7.1 (1) Form A (long form) may be found ~~here~~ [here](#).
- (2) Form A (shortened form) may be found ~~here~~ [here](#).
- (3) Form B may be found ~~here~~ [here](#).
- (4) Form C may be found ~~here~~ [here](#).
- (5) Form D may be found ~~here~~ [here](#).
- (6) Form E may be found ~~here~~ [here](#).
- (7) The ~~scope of responsibilities form~~ *statement of responsibilities form* may be found ~~here~~ [here](#).

Annex AD

**Amendments to the Large Non-Solvency II Firms - Senior Insurance Managers Regime –
Transitional Provisions Part**

In this Annex new text is underlined

Part

**Large Non-Solvency II Firms – Senior Insurance
Managers Regime – Transitional Provisions**

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

scope of responsibilities form

has the meaning given in Senior Insurance Managers Regime – Applications and
Notifications as at 7 March 2016.

...

Annex AE

Amendments to the Non-Solvency II Firms – Allocation of Responsibilities Part

In this Annex, new text is underlined.

...

3 PRESCRIBED RESPONSIBILITIES

3.1 Each of the responsibilities set out in this rule is a *small non-directive insurer prescribed responsibility*:

(A1) responsibility for the *firm's* performance of its obligations under the *senior management regime*;

(A2) responsibility for the *firm's* performance of its obligations under the *certification regime*;

(1) responsibility for providing the *governing body* with an up-to-date business plan and all relevant management information;

...

Annex AF

Non-Solvency II Firms – Certification Part

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

Part

Insurance - Certification

Chapter content

1. APPLICATION AND DEFINITION
2. CERTIFICATION FUNCTIONS
3. PERFORMANCE OF CERTIFICATION FUNCTIONS

Links

1 APPLICATION AND DEFINITION

1.1 Unless otherwise stated, this Part applies to a *small non-directive insurer*.

1.2 In this Part, the following definition shall apply:

employee

in relation to a *firm*, includes any *person* within the description set out in section 63E(9) of *FSMA*.

1.3 This Part does not apply to a function performed by:

- (1) a *PRA approved person*;
- (2) a *person* who performs an *FCA controlled function*; or
- (3) a *non-executive director* in relation to their *non-executive director* function.

2 CERTIFICATION FUNCTIONS

2.1 For the purposes of this Part, a function performed for a *firm* by a member of the *governing body* is a *certification function*.

2.2 A function is only a *certification function* to the extent that the function relates to a *regulated activity* carried on by a *firm*.

3 PERFORMANCE OF CERTIFICATION FUNCTIONS

3.1 [not used]

3.2 A *person* does not perform a *certification function* for a *firm* under 2.1 if the *person* is performing any *controlled function* for that *firm*.

3.3 To the extent that:

- (1) a *firm* appoints a *person* to perform a function which, but for this rule, would be a *certification function*;
- (2) the appointment solely is to provide cover for a *certification employee* whose absence is reasonably unforeseen; and
- (3) the appointment is for less than four weeks;

such a *person* does not perform a *certification function*.

Annex AG

Amendments to the Non-Solvency II Firms – Certification Part

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

...

3 PERFORMANCE OF CERTIFICATION FUNCTIONS

- 3.1 ~~[not used]~~ A firm must take reasonable care to ensure that none of its *employees* performs a *certification function* under an arrangement entered into by the *firm* in relation to the carrying on by the *firm* of a *regulated activity*, unless the *employee* has a valid *certificate* issued by the *firm*.

...

...

Annex AH

Amendments to the Non-Solvency II Firms – Conduct Standards Part

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

1 APPLICATION AND DEFINITIONS

1.1 This Part applies:

- (1) to a *small non-directive insurer*, and
- (2) in relation to a *small non-directive insurer*, to any person who is:
 - (a) a *Conduct Rules non-executive director*; ~~or~~
 - (b) ~~who is~~ approved under section 59 of *FSMA* by either:
 - ~~(1)~~ (i) the *PRA*; or
 - ~~(2)~~ (ii) the *FCA*, in relation to a *relevant senior management function*;
 - (c) a *certification employee*;
 - (d) an *employee* who should have been approved under section 59 of *FSMA* by either:
 - (i) the *PRA*; or
 - (ii) the *FCA*, in relation to a *relevant senior management function*; or
 - (e) an *employee* who is performing a function that would have been a *controlled function* but for Non-Solvency II Firms – Senior Management Functions 2.3.

1.2 In this Part the following definition shall apply:

employee

has the meaning given in Non-solvency II Firms – Certification 1.2.

1A SCOPE OF CONDUCT STANDARDS

...

1A.3 If you are an *employee* of a type specified in 1.1(2)(c), 1.1(2)(d) or 1.1(2)(e) you must comply at all times with the *conduct standards* specified in 2.1 to 2.3.

1A.4 A *firm* must require:

(1) a natural *person* of a type specified in 1.1(2)(b) to observe all of the *conduct standards*; and

(2) an *employee* of a type specified in 1.1(2)(c), 1.1(2)(d) or 1.1(2)(e) to observe the *conduct standards* specified in 2.1 to 2.3.

...

Annex AI

Amendments to the Non-Solvency II Firms – Fitness and Propriety Part

In this Annex new text is underlined.

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part the following definitions shall apply:

...

disciplinary action

has the meaning given in section 64C of FSMA.

...

regulatory reference template

means the template found in 6.1.

2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

2.1 A firm must ensure that all persons who perform a PRA senior insurance-management function are fit and proper persons.

2.2 In deciding whether a person is fit and proper pursuant to 2.1 and, where applicable, section 60A(1), a firm must be satisfied that the person:

...

required to enable such person to perform his or her PRA senior insurance-management function effectively and in accordance with any relevant regulatory requirements, including those under the regulatory system, and to enable sound and prudent management of the firm.

2.3 Before deciding, and in considering on an on-going basis, whether a person is fit and proper pursuant to 2.1 and 2.2, a firm must consider the person's past business conduct, including whether the person performs his or her PRA senior insurance-management functions in accordance with the relevant conduct standards specified in Non-Solvency II Firms - Conduct Standards 2.

2.4 In deciding whether a person (P) is fit and proper to perform a PRA senior insurance management function, a firm must:

...

2.4A (1) Before deciding whether a *person* (P) is fit and proper to be appointed as a *PRA senior management function holder* a *firm* must take reasonable steps to obtain appropriate references covering the past six years from the following:

(a) each *FCA-authorised person* and *PRA-authorised person* that is, or was:

(i) P's current or former employer; or

(ii) an organisation (not falling within (i)) at which P is currently serving, or has served, as a *key function holder*, *PRA senior management function holder*, other *approved person*, *non-executive director*, *notified non-executive director* or *credit union non-executive director* or performed, or is currently performing, a *certification function*;

(b) P's other current and former employers; and

(c) other organisations at which P served as, or is currently, a *non-executive director*.

(2) A *firm* (A) is not required to request references from an employer of P or any organisation referred to in (1)(a) to (c) (such employer or organisation, B) where:

(a) A and B are members of the same *group*; and

(b) there are adequate arrangements in place under which A has access to all information sources to which B has access to the extent necessary were B giving a reference in accordance with this Part.

If A has access to only some of the information in 2.4A(2)(b), A may ask for a reference that only covers the information to which A does not have access. To the extent that A does not request a reference in the circumstances set out in this (2), A must access and obtain the relevant information.

(3) When making a *PRA senior management approval application*, a *firm* must take reasonable steps to obtain references in accordance with (1) and (2):

(a) no later than one month before the end of the application period set out in section 61 of *FSMA*; or

(b) where a request by a *firm* for a reference to an employer or organisation would require the *firm*, the employer, the organisation or any other *person* to make a *mandatory disclosure* prior to P disclosing to its current employer or organisation, as the case may be, that such application has been made, before the end of the application period set out in in section 61 of *FSMA*.

2.4B (1) Where a *firm* (A) seeks to obtain a reference pursuant to 2.4A, A must request that the organisation giving the reference (B) discloses all matters of which B is aware that B reasonably considers to be relevant to the assessment of that *person's* fitness and propriety.

(2) A must also request that, if B is a *full scope regulatory reference firm*, B discloses the information contained in the *regulatory reference template*.

- 2.5 If a *firm* previously obtained the information ~~in~~ required by 2.4 to 2.4B when it determined that a *PRA senior insurance-management function holder* was fit and proper ~~in accordance with~~ for the purposes of this Part, and the *firm* engages that *person* for a continuous period of time, the *firm* is not required to comply with 2.4 to 2.4B again in respect of any subsequent appointments at the same *firm* within that continuous period.

3 REGULATORY REFERENCES

- 3.1 (1) If any PRA-authorised person (A):

- (a) is considering issuing a *certificate* to, making a *PRA senior management approval application* in respect of, or appointing as a ~~senior insurance management function holder~~, a *key function holder*, a *non-executive director*, a *notified non-executive director* or a *credit union non-executive director*, a *person* (P);
- (b) makes a request for a reference or other information in respect of P from a *firm* to which this Part applies (B), in B's capacity as:

...

- (ii) an organisation (not falling within (i)) at which P is currently serving, or has served, as a *PRA senior insurance-management function holder*, other *approved person* or *non-executive director*; and

...

(3) When giving the reference referred to in 3.1(1), a *firm* must:

- (a) use the *regulatory reference template*; and
- (b) include all the information set out in the *regulatory reference template*.

(4) A *firm* may make formatting modifications to the *regulatory reference template* when giving a reference under 3.1(1), provided the *regulatory reference template* as modified includes all substantive information required by 3.1(3)(b).

- 3.1A (1) If:

(a) a *firm* to whom this Part applies (B) has given a reference pursuant to 3.1 to any *PRA-authorised person* (A) about any *person* (P); and

(b) either:

(i) B is or has become aware of matters or circumstances that mean that, if B were giving that reference now, this Part would require B to draft it differently;
or

(ii) B has reached conclusions of the type described in item (E), or taken *disciplinary action* of the type described in item (F) of the *regulatory reference template*, and had B taken or reached those conclusions or actions in the six

year period referred to in the *regulatory reference template*, this Part would require B to draft the reference differently; and

(c) it would be reasonable to consider the differences in (b) to be significant for an assessment by A of the fitness and propriety of P for the role at A for which the reference was given,

B must make reasonable enquiries as to the identity of P's current employer and (subject to (3)) provide A with details of those differences in writing as soon as reasonably practicable.

(2) The obligation to update regulatory references in (1) applies in the following circumstances:

(a) if P is no longer employed by or in the service of B, the obligation to update references in (1) ends six years after P ceased to be employed by, or in the service of B;

(b) if P is no longer employed by or in the service of B and the matters or circumstances are not serious matters, B does not have to disclose something if it did not occur or exist in the six year period ending on the date B gave the original reference. This limitation is additional to that in (2)(a);

(c) if P is still employed by, or in the service of B, (1) applies throughout the period P remains employed by, or in the service of, B.

(3) B is not required to update a regulatory reference given to A if:

(a) A is no longer a *full scope regulatory reference firm*;

(b) P is no longer employed by, or in the service of, A;

(c) P is not yet employed by, or in the service of A, and it is no longer intended that P will be employed by or serve at A; or

(d) despite making reasonable enquiries under (1), B does not know whether P is still employed by, or in the service of, A.

(4) (1) does not require B to update references provided prior to 10 December 2018.

(5) If a *firm* (B) has given a reference to another *firm* (A) under 2.4A in respect of a *person* (P) no more than six years ago and B asks A if P is still an employee of, or serving at, A, A must answer that question as soon as reasonably possible, even if B does not tell A the reason for the enquiry.

...

3.4 (1) A *firm* must arrange for orderly records to be kept that are sufficient to enable it to comply with the requirement of this Part in response to any requests for references referred to in this Part in relation to item (E) and item (F) in the *regulatory reference template*.

(2) A *firm* does not breach the requirements of this Part by failing to include information in a reference that it would otherwise have to include if:

~~(1)(a)~~ the reason for the omission is that the *firm* does not have the necessary records; and

~~(2)(b)~~ neither (1) nor any other ~~ne~~ requirement of or under the *regulatory system* requires the *firm* to have those records.

4 DISCLOSURE AND REPLACEMENTS

4.1 A *firm* must ensure that any application it makes for the approval of a *person* to perform a PRA senior ~~insurance~~ management function provides the *PRA* with:

...

4.2 If a *firm* becomes aware of information which would reasonably be expected to be material to the assessment of a current or former PRA senior ~~insurance~~ management function holder's fitness and propriety under this Part, it must inform the *PRA* as soon as practicable.

4.3 If a *firm* becomes aware of a significant change to a PRA senior ~~insurance~~ management function holder's responsibilities, it must inform the *PRA* as soon as practicable.

4.4 Where a *firm* replaces a PRA senior ~~insurance~~ management function holder because the *firm* considers that that *person* no longer fulfils the requirements in 2.2, the *firm* must notify the *PRA* as soon as reasonably practicable.

...

6 TEMPLATE

6.1 The *regulatory reference template* is the template found here.

Annex AJ

Amendments to the Non-Solvency II Firms – Fitness and Propriety Part

In this Annex new text is underlined.

...

2 FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS

2.1 A *firm* must ensure that all *persons* who perform a *PRA senior management function* or a certification function are fit and proper *persons*.

2.2 In deciding whether a *person* is fit and proper pursuant to 2.1 and, where applicable, section 60A(1) and section 63F of FSMA, a *firm* must be satisfied that the *person*:

...

required to enable such *person* to perform his or her *PRA senior management function* or certification function effectively and in accordance with any relevant regulatory requirements, including those under the *regulatory system*, and to enable sound and prudent management of the *firm*.

2.3 Before deciding, and in considering on an on-going basis, whether a *person* is fit and proper pursuant to 2.1 and 2.2, a *firm* must consider the *person's* past business conduct, including whether the *person* performs his or her *PRA senior management functions* or certification functions in accordance with the relevant conduct standards specified in Non-Solvency II Firms - Conduct Standards 2.

...

2.4A (1) Before deciding whether a *person* (P) is fit and proper to be appointed as a *PRA senior management function holder* or to perform a certification function a *firm* must take reasonable steps to obtain appropriate references covering the past six years from the following:

...

...

2.5 If a *firm* previously obtained the information required by 2.4 to 2.4B when it determined that a *PRA senior management function holder* or a person performing a certification function was fit and proper for the purposes of this Part, and the *firm* engages that *person* for a continuous period of time, the *firm* is not required to comply with 2.4 to 2.4B again in respect of any subsequent appointments at the same *firm* within that continuous period.

...

Annex AK

Amendments to the Non-Solvency II Firms – Governance Part

In this Annex new text is underlined.

...

4 GOVERNANCE FOR NON-DIRECTIVE FRIENDLY SOCIETIES

...

4.9 A *firm* must within the period of 6 months beginning with the end of each *financial year* make and send to the *PRA* a statement of their opinion whether the requirements of 4.6 to 4.8 have been complied with in respect of that year by the *firm* and the statement must be signed by the ~~chairman~~ on behalf of the *governing body* and by the chief executive.

...

Annex AL

Amendments to the Non-Solvency II Firms - Run-off Firms 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:

application rules

means the specifications within:

(1) Non-Solvency II Firms - Senior ~~Insurance~~ Management Functions 1.1;

...

(4) Non-Solvency II Firms - Senior ~~Insurance~~ Managers Regime - Applications and Notifications 1.1.

...

Solvency II rules

means the *PRA* rules in the Valuation, Technical Provisions, Own Funds, Solvency Capital Requirement – General Provisions, Solvency Capital Requirement – Standard Formula, Solvency Capital Requirement – Internal Models, Minimum Capital Requirement, Undertakings in Difficulty, Investments, Composites, Conditions Governing Business, Insurance Special Purpose Vehicles, Group Supervision, Reporting, Surplus Funds, With-Profits, Insurance – Conduct Standards, Insurance – Senior ~~Insurance~~ Management Functions, Insurance – Allocation of Responsibilities and Insurance – Fitness and Propriety Parts of the Solvency II Firms Sector of the *PRA* Rulebook.

2 TRANSITIONAL APPLICATION OF RULES IN RELATION TO RUN-OFF FIRMS

2.1 Notwithstanding the *application rules*, the following Parts apply to a *run-off firm* for so long as it remains a *run-off firm*:

(1) Non-Solvency II Firms - Senior ~~Insurance~~ Management Functions;

...

(4) Non-Solvency II Firms - Senior ~~Insurance~~ Managers Regime - Applications and Notifications.

...

Annex AM

Amendments to the Non-Solvency II Firms – Senior Insurance Management Functions Part

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

Part

Non-Solvency II Firms – Senior Insurance Management Functions

1 APPLICATION AND DEFINITIONS

1.2 In this Part, the following definitions shall apply:

...

~~Small Insurer~~ Chief Actuary function

has the meaning given in 4.1.

...

~~Small Insurer~~ With-Profits Actuary function

has the meaning given in 5.1.

2 GENERAL

2.1 Each of the functions in 3 to 5 is a *controlled function* and a PRA ~~senior insurance~~ management function.

2.2 PRA ~~Senior insurance~~ management function holders must be approved by the PRA to perform the applicable PRA ~~senior insurance~~ management function.

2.3 To the extent that:

...

(2) the appointment is solely to provide cover for a PRA ~~senior insurance~~ management function holder whose absence is:

...

the description of the applicable PRA ~~senior insurance~~ management function does not relate to those activities of that *person*.

2.4 If, in relation to a *firm*:

(1) a PRA senior insurance management function holder also performs FCA activities, performance of the PRA senior insurance management function will include the performance of those FCA activities, provided the following conditions are met:

(a) the PRA's approval to perform that PRA senior insurance management function has been granted and continues in force;

...

(2) a PRA senior insurance management function holder has been performing FCA activities in the circumstances set out in (1), and that person:

(a) ceases to perform the PRA senior insurance management function;

(b) within three months of ceasing performance, is approved to perform a new PRA senior insurance management function at the firm; and

...

performance of the new PRA senior insurance management function will include the performance of those FCA activities, provided the conditions in (1) (a) to (d) are met.

2.5 If a PRA senior insurance management function holder to whom 2.4 applies ceases to perform a PRA senior insurance management function but continues to perform the FCA activities, 2.4 will continue to apply in respect of the performance of the FCA activities until the earlier of:

...

(2) three months from the time that the person ceased to perform that PRA senior insurance management function.

3 SMALL INSURER SENIOR MANAGEMENT FUNCTION

3.1 The *Small Insurer Senior Management function* (SIMF 25) is the function of:

...

4 SMALL INSURER CHIEF ACTUARY FUNCTION

4.1 The ~~Small Insurer~~ *Chief Actuary function* (SIMF 20) is the function of having responsibility for the function specified in Non-Solvency II Firms – Actuarial Requirements 5.1 in relation to a *small non-directive insurer*.

5 SMALL INSURER WITH-PROFITS ACTUARY FUNCTION

5.1 The ~~Small Insurer~~ *With-Profits Actuary function* (SIMF 240a) is the function of having responsibility for the function specified in Non-Solvency II Firms – Actuarial Requirements 6.1 in relation to a *small non-directive insurer*.

Annex AN

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.

Part

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

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

current approved person approval

means

- (1) an approval granted to a *person* under section 59 of *FSMA* (Approval for particular arrangements):
 - (a) by the *PRA* for the performance of a *PRA senior insurance management function*; or
 - (b) by the *FCA* for the performance of a *significant influence function*;
- (2) a deemed approval given by:
 - (a) the *PRA* following the submission of a *conversation notification*; ~~*grandfathering notification*~~ ~~under or:~~
 - (i) ~~Senior Insurance Managers Regime – Transitional Provisions~~;
 - (ii) ~~Large Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions~~;
 - (iii) ~~Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions~~; or
 - (b) by the *FCA* under any relevant equivalent rules in the *FCA Handbook*; or

...

~~*grandfathering notification*~~

has the meaning given in ~~Large Non-Solvency II Firms—Senior Insurance Managers Regime—Transitional Provisions~~ ~~Senior Insurance Managers Regime—Transitional Provisions~~.

...

~~scope of responsibilities form~~

means the form to be completed by a *firm* containing the information referred to in ~~Non-Solvency II Firms—Fitness and Propriety 4.1(2)~~.

~~senior insurance management approval application~~

means an application for approval to perform a ~~senior insurance management function~~ under section 59 of the ~~FSMA~~.

...

2 APPLICATION TO PERFORM A PRA SENIOR INSURANCE-MANAGEMENT FUNCTION

- 2.1 The *PRA* directs that a *firm* must make a *PRA senior insurance management approval application* in accordance with 2.2, before the activities requiring approval commence.
- 2.2 The *PRA* directs that a *firm* must use Form A (long form) for a *PRA senior insurance management approval application* unless:
- ...
- 2.3 The *PRA* directs that, subject to 2.4 and 2.5, a *firm* must use Form E for a *PRA senior insurance-management approval application* if it is being made in respect of a *person* who has a *current approved person approval* and is either:
- (1) ceasing to perform a *PRA senior insurance-management function* and taking up a new *PRA senior insurance-management function* for the same *firm* or another member of its *group*; or
 - (2) ceasing to perform a *significant influence function* and taking up a *PRA senior insurance-management function* for the *firm* or another member of its *group*.
- 2.4 The *PRA* directs that a *firm* must not use Form E for a *PRA senior insurance-management approval application* if:
- (A1) a notification has been or should be made to the *PRA* or *FCA* under any of the following:
 - (a) section 63(2A) of *FSMA* (Duty to notify regulator of grounds for withdrawal of approval);
 - (b) section 64C of *FSMA* (Requirement for authorised person to notify regulator of disciplinary action);
 - (1) a notification has been made or should be made to the *PRA* under any of the rules in Notifications 11 or to the *FCA* under any equivalent provisions of the *FCA Handbook*;
- ...

2.5 The PRA directs that a *firm* must not use Form E if the *person* to whom the PRA senior insurance management approval application relates:

...

2.6 (1) The PRA directs that a *firm* must use Form A (shortened form) for a PRA senior insurance management approval application if:

...

- (b) there have been no matters arising in relation to the fitness and propriety of the *person* to whom the PRA senior insurance management approval application relates which mean that the information provided to the FCA or PRA regarding fitness and propriety in connection with a *current approved person approval* may have changed since the application for the *current approved person approval* was made.

...

2.7 The PRA directs that the form submitted for a PRA senior insurance management approval application must be accompanied by a ~~scope of responsibilities form~~ statement of responsibilities form.

3 WITHDRAWAL OF A PRA SENIOR INSURANCE MANAGEMENT APPROVAL APPLICATION

3.1 The PRA directs that a *firm* withdrawing an outstanding PRA senior insurance management approval application must do so using Form B.

4 CEASING TO PERFORM A PRA SENIOR INSURANCE MANAGEMENT FUNCTION

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

- (a) Form E if a *person* ceases to perform a PRA senior insurance management function and the *firm* is also making an application for the same *person* to perform a new PRA senior insurance management function; and

...

4.2 (1) A *firm* must notify the PRA as soon as practicable after it becomes aware, or has information which reasonably suggests, that it will submit a qualified Form C in respect of a PRA senior insurance management function holder.

(2) Form C is qualified if the information it contains:

- (a) relates to the fact that the *firm* has dismissed, or suspended, the PRA senior insurance management function holder from its employment;
- (b) relates to the resignation by the PRA senior insurance management function holder while under investigation by the *firm*, the PRA or any other *regulatory body*;

- (c) includes a notification under any of the provisions set out in 2.4(A1) or (1); or
- (d) otherwise reasonably suggests that it may affect the *PRA's* assessment of the *PRA senior insurance management function holder's* fitness and propriety.

4A APPLICATION TO VARY A CONDITIONAL APPROVAL

4A.1 The *PRA* directs that a *firm* making an application to the *PRA* under section 63ZA of *FSMA* (for the variation of a conditional approval) must do so by submitting:

- (1) Form I; and
- (2) a statement of responsibilities form for the *PRA* approved person concerned.

4A.2 A *firm* withdrawing an application made under section 63ZA of *FSMA* (Variation of senior manager's approval at request of relevant authorised person) must do so using Form B.

5 CHANGE IN DETAILS RELATING TO PRA SENIOR INSURANCE MANAGEMENT FUNCTION HOLDERS

- 5.1 If a *PRA senior insurance management function holder's* title, name or national insurance number changes, the *firm* for which the *person* performs a *PRA senior insurance management function* must notify the *PRA* of that change within seven *business days* of the *firm* becoming aware of the matter, using Form D.
- 5.2 If, in relation to a *firm* which has submitted an application on either Form A (long or shortened form) or Form E, as required by 2.2, any of the details relating to *PRA senior insurance management functions* are to change, the *firm* must notify the *PRA* using Form D as soon as reasonably practicable after the *firm* becomes aware of the proposed change.
- 5.3 If a *PRA senior management function holder* ceases to perform a *PRA senior management function* for a *firm* but continues to perform one or more *PRA senior management functions* for the same *firm*, the *firm* must submit a revised statement of responsibilities form for the remaining *PRA senior management function(s)*, along with Form J.

6 PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS

...

- 6.3 (1) The *PRA* directs that, if a *firm* is required to submit a revised *statement of responsibilities* under section 62A of *FSMA*, it must do so by submitting Form J with the revised *statement of responsibilities form*.
- (2) A *firm* must not use Form J where the revisions are to be made as part of arrangements involving an application:
- (a) for approval for the *person* performing the *PRA senior management function* concerned to perform another *PRA senior management function* or *FCA-designated senior management function* for the same *firm*; or

- (b) to vary under section 63ZA of FSMA an approval for the *person* performing the *PRA senior management function* concerned to perform another *senior management function* or *FCA-designated senior management function* for the *same firm*.

7 FORMS

- 7.1 (1) Form A (long form) may be found ~~here~~ [here](#).
- (2) Form A (shortened form) may be found ~~here~~ [here](#).
- (3) Form B may be found ~~here~~ [here](#).
- (4) Form C may be found ~~here~~ [here](#).
- (5) Form D may be found ~~here~~ [here](#).
- (6) Form E may be found ~~here~~ [here](#).
- (7) The ~~scope of responsibilities form~~ statement of responsibilities form may be found ~~here~~ [here](#).

Annex AO

Amendments to the Non-Solvency II Firms - Senior Insurance Managers Regime – Transitional Provisions

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

Part

Non-Solvency II Firms – Senior Insurance Managers Regime – Transitional Provisions

1 APPLICATION AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

scope of responsibilities form

has the meaning given in Non-Solvency II Firms – Senior Insurance Managers Regime – Applications and Notifications as at 7 March 2016.

...

Annex AP

Amendments to the Insurance Company – Reporting Part

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

1 APPLICATION AND DEFINITIONS

...

1.3 In this Part, the following definitions shall apply:

...

Head of Third Country Branch function

means the function set out in Large Non-Solvency II Firms – Senior Insurance Management Functions 6.2.

...

Small Insurer Senior Management Function

means the function set out in Non-Solvency II Firms – Senior Insurance Management Functions 3.1.

...

14 TRANSITIONAL AND GRANDFATHERING CONVERSION MEASURES

...

Annex AQ

Amendments to the Transitional Measures 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:

...

Solvency II rules

means the *PRA* rules in the Valuation, Technical Provisions, Own Funds, Solvency Capital Requirement – General Provisions, Solvency Capital Requirement – Standard Formula, Solvency Capital Requirement – Internal Models, Minimum Capital Requirement, Undertakings in Difficulty, Investments, Composites, Conditions Governing Business, Insurance Special Purpose Vehicles, Group Supervision, Reporting, Surplus Funds, With-Profits, Insurance - Certification, Insurance – Conduct Standards, Insurance – Senior ~~Insurance~~-Management Functions, Insurance – Allocation of Responsibilities and Insurance – Fitness and Propriety Parts of the *PRA* Rulebook.

...

Annex AR

Amendments to the Glossary

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

...

certification function

means: has the meaning given in Certification 2.2 – 2.4.

- (1) for a CRR firm, a credit union and a third country CRR firm in relation to the activities of its establishment in the UK has the meaning given in Certification 2.2 – 2.4;
- (2) for a UK Solvency II firm, the Society, a managing agent, a third country branch undertaking (other than a Swiss general insurer) and a UK ISPV has the meaning given in Insurance – Certification 2;
- (3) for a large non-directive insurer and a Swiss general insurer has the meaning given in Large Non-Solvency II Firms – Certification 2; and
- (4) for a small non-directive insurer has the meaning given in Non-solvency II Firms – Certification 2.

certification regime

means the requirements of the *regulatory system* which apply to ~~relevant~~ *authorised persons* insofar as they relate to *persons performing certification functions* including those set out in Certification, and Fitness and Propriety, Insurance – Certification, Insurance – Fitness and Propriety, Large Non-Solvency II Firms – Certification, Large Non-Solvency II Firms – Fitness and Propriety, Non-Solvency II Firms – Certification and Non-Solvency II Firms – Fitness and Propriety and the corresponding *FCA* requirements in SYSC 5.2 and FIT of the *FCA Handbook*.

...

Chair of the Governing Body function

has the meaning given in Senior Management Functions 4.2.

Chair of Audit Committee function

has the meaning given in Senior Management Functions 4.4.

Chair of Remuneration Committee function

has the meaning given in Senior Management Functions 4.5.

Chair of Risk Committee function

has the meaning given in Senior Management Functions 4.3

...

conversion notification

means a notice required to be sent to the PRA under article 2(1) or 11(b) of the Transitional Order including any update to such a notice.

...

disciplinary action

has the meaning given in section 64C of FSMA.

...

full scope regulatory reference firm

means:

...

- (9) a large non-directive insurer;
- (10) a small non-directive insurer.

individual conduct requirements

means:

- (1) the Individual Conduct Rules and Senior Manager Conduct Rules in Conduct Rules 2 and 3;
- (2) the Individual Conduct Standards and Senior Manager Conduct Standards in Insurance – Conduct Standards 3;
- (3) the Individual Conduct Standards and Senior Manager Conduct Standards in Large Non-Solvency II Firms – Conduct Standards 3;
- (4) FIT and APER in the PRA Handbook;
- (5) COCON in the FCA Handbook; and
- (6) APER in the FCA Handbook.

...

material risk taker

means an employee (within the meaning in section 63E(9) of FSMA (certification of employees by authorised persons)) of a firm whose professional activities have a material impact on the firm's risk profile.

...

PRA senior management approval application

means an application to perform a PRA senior management function under section 59 of FSMA.

PRA senior management function

means: a function specified as a controlled function in Senior Management Functions 2 in relation to the carrying on of regulated activity by a firm.

- (1) in respect of a CRR firm, a credit union and a third country CRR firm a function specified as a controlled function in Senior Management Functions 2 in relation to the carrying on of regulated activity by a firm.
- (2) (in respect of a UK Solvency II firm, the Society, a managing agent, a third country branch undertaking (other than a Swiss general insurer) and a UK ISPV) that aspect of any key function relating to the carrying on of a regulated activity by the firm, which is specified by the PRA in Insurance – Senior Management Functions 3 to 10 pursuant to section 59 of FSMA.
- (3) (in respect of a small non-directive insurer) any function which is specified by the PRA in Non-Solvency II Firms – Senior Management Functions 3 to 5 pursuant to section 59 of FSMA.
- (4) (in respect of a large non-directive insurer and a Swiss general insurer) any function which is specified by the PRA in Large Non-Solvency II Firms – Senior Management Functions 3 to 9 pursuant to section 59 of FSMA.

PRA senior management function holder

means a person who has been approved to perform a PRA senior management function in respect of the firm.

...

relevant senior management function

means, for the purposes of section 64A of FSMA, any of the following FCA controlled functions and to the extent applicable, pursuant to the FCA Handbook, to a UK Solvency II firm, the Society, a managing agent, a third country branch undertaking (other than a Swiss general insurer), an ISPV, a large non-directive insurer or a small non-directive insurer.

1. CF1 Director function;
2. CF2A Chair of the Nomination committee function;
3. CF2B Chair of the With-Profits committee function;
4. CF3 Chief executive function;
5. CF5 Director of unincorporated association function;
6. CF6 Small friendly society function; and

7. CF10 Compliance oversight function;²
8. ~~CF28 Systems and control function; and~~
9. ~~CF51 Actuarial conduct function holder in Solvency II third country Insurance undertakings.~~

...

senior insurance management approval application

means an application for approval to perform a *senior insurance management function* under section 59 of *FSMA*.

senior insurance management function

means

(1) ~~(for a UK Solvency II firm, the Society, a managing agent, a third country branch undertaking (other than a Swiss general insurer) and a UK ISPV) that aspect of any key function relating to the carrying on of a regulated activity by the firm, which is specified by the PRA in Insurance—Senior Insurance Management Functions 3 to 10 pursuant to section 59 of FSMA.~~

(2) ~~(for a small non-directive insurer) any function which is specified by the PRA in Non-Solvency II Firms—Senior Insurance Management Functions 3 to 5 pursuant to section 59 of FSMA.~~

(3) ~~(for a large non-directive insurer and a Swiss general insurer) any function which is specified by the PRA in Large Non-Solvency II Firms—Senior Insurance Management Functions 3 to 8 pursuant to section 59 of FSMA.~~

...

senior management application

means an application to perform a *PRA senior management function* under section 59 of *FSMA*.

senior management regime

means the requirements of the *regulatory system*, to the extent applicable to *authorised persons*, insofar as they relate to *approved persons performing PRA senior management functions and relevant senior management functions.*

...

scope of responsibilities form *statement of responsibilities form*

(1) for a UK Solvency II firm, the Society, a managing agent, a UK ISPV and a third country branch undertaking (other than a UK-deposit insurer or a Swiss general insurer), means the form to be completed by a *firm* containing:

- (a) the information referred to in Insurance – Allocations of Responsibilities 5.1(3)²;

- (b) in respect of Insurance – Senior Managers Regime - Applications and Notifications 2.7, 4A.1, 5.3 and 6.3(1), the information required by section 60(2A) of FSMA; and
 - (c) in respect of Insurance – Allocation of Responsibilities 5.5 and for PRA senior management function holders only, the information required by section 60(2A) of FSMA.
- (2) for a large non-directive insurer, means the form to be completed by a firm containing:
- (a) the information referred to in Large Non-Solvency II Firms – Allocation of Responsibilities 5.1(3);
 - (b) in respect of Large Non-Solvency II Firms – Senior Managers Regime – Applications and Notifications 2.7, 4A.1, 5.3 and 6.3(1), the information required by section 60(2A) of FSMA; and
 - (c) in respect of Large Non-Solvency II Firms – Allocation of Responsibilities 5.5 and for PRA senior management function holders only, the information required by section 60(2A) of FSMA.
- (3) for a small non-directive insurer, means the form to be completed by a firm containing:
- (a) the information referred to in Non-Solvency II Firms – Fitness and Propriety 4.1(2); and
 - (b) in respect of Non-Solvency II Firms – Senior Managers Regime - Applications and Notifications 2.7, 4A.1, 5.3 and 6.3(1), the information required by section 60(2A) of FSMA.

...

statement of responsibilities

means a statement of the aspects of the affairs of an authorised person for which it is intended that a person is (or will be) responsible including information required under section 60(2A) or section 62A of FSMA.

...

Transitional Order

means the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015 (SI 2015/492).

...

Annex AS

Amendments to the Glossary

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

...

~~Chairman~~ of the Governing Body function

has the meaning given in Senior Management Functions 4.2.

~~Chairman~~ of Audit Committee function

has the meaning given in Senior Management Functions 4.4.

~~Chairman~~ of Remuneration Committee function

has the meaning given in Senior Management Functions 4.5.

~~Chairman~~ of Risk Committee function

has the meaning given in Senior Management Functions 4.3

...