

**PRA RULEBOOK: DEPOSITOR PROTECTION INSTRUMENT 2023**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
  - (1) section 137G (The PRA’s general rules);
  - (2) section 137T (General supplementary powers);
  - (3) section 213 (The compensation scheme);
  - (4) section 214 (General);
  - (5) section 215 (Rights of the scheme in insolvency); and
  - (6) section 218A (Regulators power to require information).
  
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**Pre-conditions to making**

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

**PRA Rulebook: Depositor Protection Instrument 2023**

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

Part	Annex
Glossary	A
Depositor Protection	B
Financial Conglomerates	C

**Commencement**

- E. This instrument comes into force at 4 p.m. on 12/03/2023.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: Depositor Protection Instrument 2023.

**By order of the Prudential Regulation Committee**

12 March 2023

**Annex A**

**Amendments to the Glossary**

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

...

*authorised electronic money institution*

has the meaning given in regulation 2(1) of the *Electronic Money Regulations*.

*authorised payment institution*

has the meaning given in regulation 2(1) of the *Payment Services Regulations*.

...

*Electronic Money Regulations*

means the Electronic Money Regulations 2011 (SI 2011/99).

...

*Payment Services Regulations*

means the Payment Services Regulations 2017 (SI 2017/752).

...

*small electronic money institution*

has the meaning given in regulation 2(1) of the *Electronic Money Regulations*.

...

*small payment institution*

has the meaning given in regulation 2(1) of the *Payment Services Regulations*.

...

## Annex B

## Amendments to the Depositor Protection Part

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

## 1 APPLICATION AND DEFINITIONS

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...

1.4 Unless otherwise stated, in this Part, the following definitions shall apply:

...

electronic money institution

has the meaning given in regulation 2(1) and in regulation 20(5) of the *Electronic Money Regulations*.

...

*exclusions view*

means a single, consistent view of:

- (1) an account holder's aggregate *deposits* with a *firm* limited to accounts that contain or may contain *eligible deposits* to which the account holder is not absolutely entitled or which are *safeguarded funds*; or
- (2) a *depositor's* aggregate *eligible deposits* with a *firm* limited to accounts that are *not active*

and which contains the information required by 12.9.

...

insolvency event

means:

- (1) in relation to an *electronic money institution*, an *insolvency event* as defined in regulation 22(3) of the *Electronic Money Regulations*;
- (2) in relation to an *authorised payment institution* or *small payment institution*, an *insolvency event* as defined in regulation 23(18) of the *Payment Services Regulations*; or
- (3) in relation to an *electronic money institution*, *authorised payment institution* or *small payment institution*, entry into special administration as defined in regulation 7 of The Payment and Electronic Money Institution Insolvency Regulations 2021 (SI 2021/716).

...

priority creditors

means, in relation to a *deposit* which comprises *safeguarded funds*, the persons whose claims in the event of an *insolvency event* are to be paid from the asset pool in priority to all other creditors.

...

safeguarded funds

means a *deposit* held by a UK establishment of a PRA-*authorised credit institution* and made by:

- (1) an *electronic money institution* for the purposes of regulation 21 or 22 of the *Electronic Money Regulations*; or
- (2) an *authorised payment institution* or a *small payment institution* for the purposes of regulation 23 of the *Payment Services Regulations*.

...

## 2 ELIGIBILITY

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...

### 2.2 ...

(4) Subject to (5), the following are not *eligible deposits*:

...

- (k) a debt security issued by the *DGS member* and any liabilities arising out of own acceptances and promissory notes;

...

(5) But 2.2(4)(a), (d) and (e) shall not exclude from eligibility a *deposit* to the extent this Part provides for compensation to be calculated by reference to the position of:

- (a) a *person*; or
- (b) a grouping without legal personality, other than the *depositor*.

...

## 5 CALCULATING COMPENSATION

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...

### 5.2

- (1) Compensation shall be calculated by reference to *eligible deposits* held on the *compensation date*; or
- (2) Where an *insolvency event* occurs in relation to a *depositor* of *safeguarded funds* after the *compensation date*, compensation relating to its *deposit* shall be calculated by reference to *eligible deposits* held by it, and the position of its *priority creditors*, on the date the *insolvency event* occurred and taking account of any compensation already paid in respect of the *safeguarded funds*.

...

### 5.7A

- (1) Where a *deposit* is part of *safeguarded funds*, the share of each *priority creditor* that relates to those *safeguarded funds* shall be considered separately in calculating the amount payable in relation to that *deposit*;
- (2) Where a *priority creditor* is a *person* whose own *deposit* would not be an *eligible deposit*, the *FSCS* must in calculating the amount payable under (1) adjust the amount of the

overall deposit to eliminate the part of it which, in the FSCS's view, relates to that priority creditor;

- (3) The part of the overall deposit that relates to a priority creditor shall be determined by the FSCS on the basis of the FSCS's reasonable estimate of the amount of the overall deposit that would be used to pay the claims to that priority creditor on the occurrence of an insolvency event.

...

## 6 PAYING COMPENSATION

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...

6.2 The FSCS must pay any compensation to the *depositor*, with the following exceptions:

...

- (5) where the account holder is not absolutely entitled to the *eligible deposit*:
- (a) if another *person* (A) is absolutely entitled to the *eligible deposit*, A is the *person* entitled to compensation in respect of the *deposit*, and accordingly the FSCS must pay any compensation to A (or, where A (or a *person* who has authority to act on behalf of A) directs that any compensation be paid to another *person*, the FSCS may pay the compensation as directed by A (or a *person* who has authority to act on behalf of A)), provided that A has been identified or is identifiable); ~~and~~
  - (b) if no *person* is absolutely entitled to the *eligible deposit*, the FSCS must pay any compensation in accordance with such of 6.3, 6.4, 6.5 and 6.6 as applies; and
- (6) in the case of safeguarded funds, the FSCS must, subject to 6.2A – 6.2C:
- (a) pay compensation to the priority creditors (B) in relation to whom compensation is payable;
  - (b) pay compensation to C, where B (or a person with authority to act on behalf of B (D)) has directed that any compensation payable to B should be paid to C; or
  - (c) if satisfied that B would be in no worse position than B would be if the compensation was paid in accordance with (a), pay compensation to an account maintained by the depositor for the purposes of regulation 21 or 22 of the Electronic Money Regulations; or regulation 23 of the Payment Services Regulations.

6.2A The FSCS may pay compensation:

- (1) under 6.2(6) only where B (and such of C and D as are relevant) has been identified (or is identifiable) and their identity has been verified as required by the MLR;
- (2) under 6.2(6)(a) and (b) only where an insolvency event has occurred in relation to the depositor.

6.2B If it is not the case that the conditions for payment under at least one of 6.2(6)(a), (b) or (c) are met then the FSCS must not pay compensation in respect of safeguarded funds.

6.2C The FSCS must consult the FCA and PRA before making payments under 6.2(6).

...

## 9 TIME LIMITS

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9.3 The applicable time period referred to in 9.2 is the period starting on the day following the *compensation date* and ending:

- (1) until 31 December 2018: twenty *business days* later;
- (2) from 1 January 2019 until 31 December 2020: fifteen *business days* later;
- (3) from 1 January 2021 until 31 December 2023: ten *business days* later;
- (4) from 1 January 2024: seven *business days* later;

unless 6.2(5) applies, (or the FSCS reasonably believes that it may), or in the case of *safeguarded funds*, in which case it ends three months later.

9.4 The FSCS may decide to defer the payment of compensation beyond the time period set out in 9.3 where:

- (1) ~~it is uncertain whether the compensation a person is or may be entitled to receive~~ compensation is uncertain;

...

## 12 SINGLE CUSTOMER VIEW REQUIREMENTS

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12.9 A firm must ensure that each *single customer view* and *exclusions view* contains all the information set out in the table below.

	Field identifier	Field descriptor	Notes
	...		
	<b>Details of accounts(s)</b>		
	...		
37	Exclusion type	<p>If applicable, where the file is an <i>exclusions view</i>, an indication of why the account falls within an <i>exclusions view</i>.</p> <p>Identify all of the following which apply:</p> <ul style="list-style-type: none"> <li>a) The <i>depositor</i> is not absolutely entitled to the sums held in the account <u>or the account comprises <i>safeguarded funds</i></u>;</li> <li>b) The account is a <i>dormant account</i>;</li> <li>c) The account is an account for which the <i>firm</i> has received formal notice of a legal dispute or competing claims to the proceeds of the account;</li> <li>d) The account appears on the “Consolidated list of financial sanctions targets in the United Kingdom” that is maintained by HM Treasury or is otherwise subject to restrictive</li> </ul>	<p>Values:</p> <ul style="list-style-type: none"> <li>a) BEN</li> <li>b) LEGDOR</li> <li>c) LEGDIS</li> <li>d) HMTS</li> </ul> <p>Maximum number of characters in field: 6</p>

		measures imposed by national governments or international bodies.	
	...		

...

## 28 SUBROGATION

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...

28.2A Payment of compensation by the *FSCS* in accordance with 6.2(6)(a) or (b) shall have the immediate effect that B (as defined in 6.2(6)(a)) may not enforce any claims B has against the *depositor* to the value of the compensation paid to B or paid as directed in accordance with 6.2(6)(b).

28.2B Any claim of B against the *depositor* that is suspended in accordance with 28.2A is only deemed to have been paid for the purposes of regulation 24(1)(b) of the *Electronic Money Regulations* or regulation 23(14)(b) of the *Payment Services Regulations* when (and to the extent) the *FSCS* (or the *depositor* where the *FSCS* assigns rights back to the *depositor* in accordance with 29.2) has made recoveries from the *credit institution* or any third party in respect of the *eligible deposit*.

...

28.6 Where 6.2(6) provides for the *FSCS* to pay compensation to a *person* other than the *depositor*, references in 28 to the *compensation recipient* are references to the *depositor*.

## 29 DUTIES ON THE FSCS TO PURSUE RECOVERIES

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...

29.3 Where 6.2(6) provides for the *FSCS* to pay compensation to a *person* other than the *depositor*, references in 29 to the *compensation recipient* are references to the *depositor*.

## 30 RECOVERIES OF ELIGIBLE DEPOSITS: RETURN OF SURPLUS TO COMPENSATION RECIPIENT

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30.1 If the *FSCS*, in relation to a *claim* for *eligible deposits*, makes recoveries from the *credit institution* or any third party in respect of that *eligible deposit*, it must:

...

(2) as soon as reasonably possible after it makes the recoveries;

(a) where the *FSCS* has paid compensation under 6.2(6)(a) or (b), pay any remaining sum to the *depositor*, and otherwise;

(b) pay any remaining sum to the *compensation recipient* (or, if not the *depositor*, as directed by the *depositor* or to any *person* subrogated to the *claim* of the *depositor* against the *credit institution* or to the rights of the *depositor* under this Part or to any *person* otherwise entitled to any remaining sum).

## 43 FUNDING – CLASS A TARIFF BASE CALCULATION

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43.1 The *Class A tariff base* is:

- (1) *covered deposits* (excluding *temporary high balances*) as at 31 December except that, where the *covered deposit* is a *dormant account*, the applicable tariff base is *covered deposit* multiplied by 0.2 as at 31 December; and
- (2) the total balance of any *deposits* in any account which holds funds to which the account holder is not absolutely entitled or which are *safeguarded funds* but may exclude the value of any funds which the *firm* has confirmed are not *covered deposits*.

...

## Annex C

## Amendments to the Financial Conglomerates Part

In this Annex deleted text is struck through.

**1 APPLICATION AND DEFINITIONS**

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1.4 ...

~~authorised electronic money institution~~

~~means in accordance with regulation 2(1) of the *Electronic Money Regulations*:~~

~~(1) a person included by the FCA in the *Financial Services Register* as an authorised electronic money institution pursuant to regulation 4(1)(a) of the *Electronic Money Regulations*; or~~

~~(2) a person deemed to have been granted authorisation by virtue of regulation 74 of the *Electronic Money Regulations*.~~

...

~~*Electronic Money Regulations*~~

~~means the *Electronic Money Regulations 2011 (SI 2011/99)*.~~

...

~~small electronic money institution~~

~~means, in accordance with regulation 2(1) of the *Electronic Money Regulations*, a person included by the FCA in the *Financial Services Register* pursuant to regulation 4(1)(b) of the *Electronic Money Regulations*.~~

...

**PRA RULEBOOK: NON-AUTHORISED PERSONS: FSCS MANAGEMENT EXPENSES LEVY  
LIMIT AND BASE COSTS INSTRUMENT 2023**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137T (General supplementary powers);
  - (2) section 213 (The compensation scheme);
  - (3) section 214 (General); and
  - (4) section 223 (Management expenses).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**Pre-conditions to making**

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

**PRA Rulebook: Non-Authorised Persons: FSCS Management Expenses Levy Limit and Base Costs Instrument 2023**

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

**Commencement**

- E. This instrument comes into force on 1 April 2023.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: Non-Authorised Persons: FSCS Management Expenses Levy Limit and Base Costs Instrument 2023.

**By order of the Prudential Regulation Committee**

20 March 2023

## Annex

## Amendments to the FSCS Management Expenses Levy Limit and Base Costs Part

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

...

**2 LIMIT ON MANAGEMENT EXPENSES LEVIES**

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2.1 The total of all ~~management expenses levies~~ attributable to the period 1 April 2022 to 31 March 2023 of the ~~deposit guarantee scheme~~ or the ~~policyholder protection scheme~~ may not exceed £110,473,324 less whatever ~~management expenses levies~~ the FSCS has imposed in accordance with ~~FCA compensation scheme rules~~ attributable to that period. ~~[Deleted]~~

2.1A The amount which the FSCS may recover from the sums levied under the compensation scheme as management expenses attributable to the period 1 April 2023 to 31 March 2024 may not exceed £109,815,710.

2.2 This amount is the combined limit in respect of the deposit guarantee scheme, the policyholder protection scheme and the FCA compensation scheme rules.

...

**PRA RULEBOOK: CRR FIRMS, NON-CRR FIRMS, SOLVENCY II FIRMS, NON-SOLVENCY II FIRMS: SENIOR MANAGER REGIME FORMS INSTRUMENT 2023**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
  - (2) section 60 (Applications for approval);
  - (3) section 62A (Changes in responsibilities of senior managers);
  - (4) section 63ZA (Variation of senior manager’s approval at request of relevant authorised person); and
  - (5) section 137T (General supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**Pre-conditions to making**

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

**PRA Rulebook: CRR Firms, Non-CRR Firms, Solvency Firms II, Non-Solvency II Firms: Senior Manager Regime Forms Instrument 2023**

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

Part	Annex
Insurance - Senior Managers Regime - Applications and Notifications	A
Large Non-Solvency II Firms – Senior Managers Regime – Applications and Notifications	B
Non-Solvency II Firms – Senior Managers Regime – Applications and Notifications	C
Senior Managers Regime - Applications and Notifications	D

**Commencement**

- E. This instrument comes into force on 11 May 2023.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: CRR Firms, Non-CRR Firms, Solvency II Firms, Non-Solvency II Firms: Senior Manager Regime Forms Instrument 2023.

**By order of the Prudential Regulation Committee**

25 April 2023

## Annex A

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

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

...

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

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...

2.6 ...

- (2) The PRA directs that a ~~A~~ firm must not use Form A (shortened form) if the circumstances set out in 2.3 apply.

...

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

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

- (1) Form E pursuant to the direction in 2.3 if a person permanently ceases to perform a PRA senior management function and the firm is also making an application for the same person to perform a new PRA senior management function; and
- (2) in all other cases, Form C.

...

## **5 CHANGE IN DETAILS RELATING TO PRA SENIOR MANAGEMENT FUNCTION HOLDERS**

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...

5.3 The PRA directs that 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**

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...

6.3 ...

- (2) The PRA directs that a ~~A~~ firm must not use Form J where the revisions are to be made as part of arrangements involving an application:

...

## **7 FORMS**

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- 7.1 (1) Form A (long form) ~~may be found here~~ is available on the PRA's website.
- (2) Form A (shortened form) ~~may be found here~~ is available on the PRA's website.
- (3) Form B ~~may be found here~~ is available on the PRA's website.

...

(6) Form E ~~may be found here~~ is available on the PRA's website.

(6A) Form I is available on the PRA's website.

(6B) Form J is available on the PRA's website.

(7) The *statement of responsibilities form* ~~may be found here~~ is available on the PRA's website.

...

## Annex B

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

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

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

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2.6 ...

- (2) The PRA directs that a ~~A~~ firm must not use Form A (shortened form) if the circumstances set out in 2.3 apply.

...

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

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

- (1) Form E pursuant to the direction in 2.3 if a *person* permanently ceases to perform a *PRA senior management function* and the *firm* is also making an application for the same *person* to perform a new *PRA senior management function*; and
- (2) in all other cases, Form C.

...

#### **4A APPLICATION TO VARY A CONDITIONAL APPROVAL**

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...

4A.2 The PRA directs that a ~~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 MANAGEMENT FUNCTION HOLDERS**

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...

5.3 The PRA directs that 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**

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...

6.3 ...

- (2) The PRA directs that a ~~A~~ firm must not use Form J where the revisions are to be made as part of arrangements involving an application:

...

**7 FORMS**

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- 7.1 (1) Form A (long form) ~~may be found here~~ is available on the PRA's website.
- (2) Form A (shortened form) ~~may be found here~~ is available on the PRA's website.
- (3) Form B ~~may be found here~~ is available on the PRA's website.
- ...
- (6) Form E ~~may be found here~~ is available on the PRA's website.
- (6A) Form I is available on the PRA's website.
- (6B) Form J is available on the PRA's website.
- (7) The *statement of responsibilities* form ~~may be found here~~ is available on the PRA's website.

## Annex C

**Amendments to Non-Solvency II Firms – Senior Managers Regime –  
Applications and Notifications Part**

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

...

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

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...

2.6 ...

- (2) The PRA directs that a~~A~~ firm must not use Form A (shortened form) if the circumstances set out in 2.3 apply.

...

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

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- 4.1 (1) A firm must notify the PRA no later than seven *business days* after a person permanently ceases to perform a PRA senior management function, using:
- (a) Form E pursuant to the direction in 2.3 if a person permanently ceases to perform a PRA senior management function and the firm is also making an application for the same person to perform a new PRA senior management function; and
  - (b) in all other cases, Form C.

...

### **4A APPLICATION TO VARY A CONDITIONAL APPROVAL**

---

...

- 4A.2 The PRA directs that a~~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 MANAGEMENT FUNCTION HOLDERS**

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...

- 5.3 The PRA directs that ~~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**

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...

6.3 ...

- (2) The PRA directs that a~~A~~ firm must not use Form J where the revisions are to be made as part of arrangements involving an application:

...

## 7 FORMS

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- 7.1 (1) Form A (long form) ~~may be found here~~ is available on the PRA's website.
- (2) Form A (shortened form) ~~may be found here~~ is available on the PRA's website.
- (3) Form B ~~may be found here~~ is available on the PRA's website.
- ...
- (6) Form E ~~may be found here~~ is available on the PRA's website.
- (6A) Form I is available on the PRA's website.
- (6B) Form J is available on the PRA's website.
- (7) The *statement of responsibilities form* ~~may be found here~~ is available on the PRA's website.

## Annex D

**Amendments to Senior Managers Regime - Applications and Notifications Part**

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

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

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...

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

...

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

...

(2) The PRA directs that a *firm* must not use Form A (shortened form) if the circumstances set out in 2.3 apply.

2.7 ...

(2) ~~A~~The statement of responsibilities must be in the form set out here form is available on the PRA's website.

...

## **3 APPLICATION TO VARY A CONDITIONAL APPROVAL**

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3.1 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 for the PRA-approved person concerned in the form specified in 2.7(2).

## **4 WITHDRAWAL OF A SENIOR MANAGEMENT APPROVAL APPLICATION OR AN APPLICATION TO VARY A CONDITIONAL APPROVAL**

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...

4.2 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 CEASING TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION**

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

(a) Form E pursuant to the direction in 2.3 if a *person* permanently ceases to perform a *PRA senior management function* and the *firm* is also making an application for the same *person* to perform another *PRA senior management function*; and

(b) in all other cases, Form C.

...

- 5.3 The PRA directs that if a PRA approved person ceases to perform a PRA senior management function for a firm but continues to perform one or more PRA senior management function for the same firm, the firm must submit a revised statement of responsibilities for the remaining PRA senior management function(s), using Form J.

## 6 CHANGE IN DETAILS OR RESPONSIBILITIES RELATING TO PRA APPROVED PERSONS

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...

6.3 ...

- (2) The PRA directs that a firm must not use Form J where the revisions are to be made as part of arrangements involving an application:

...

## 8 FORMS

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- 8.1 (1) Form A (long form) may be found here is available on the PRA's website.
- (2) Form A (shortened form) may be found here is available on the PRA's website.
- (3) Form B may be found here is available on the PRA's website.
- ...
- (6) Form E may be found here is available on the PRA's website.
- (7) Form I may be found here is available on the PRA's website.
- (8) Form J may be found here is available on the PRA's website.

**PRA RULEBOOK: CRR FIRMS: LEVERAGE RATIO INSTRUMENT 2023****Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
  - (2) section 137T (General supplementary powers);
  - (3) section 144H (1) and (2) (Relationship with the CRR); and
  - (4) section 192XA (Rules applying to holding companies).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**Pre-conditions to making**

- C. In accordance with sections 144C (3) and 144E of the Act the PRA consulted the Treasury about the likely effect of the rules on relevant equivalence decisions within the meaning of section 144C (4) of the Act.
- D. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority.
- E. The PRA published a draft of the proposed rules in accordance with section 138J(1)(b) of the Act, accompanied by the information listed in section 138J (2) and the explanation referred to in section 144D of the Act insofar as that section is applicable to the rules.
- F. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

**PRA Rulebook: CRR FIRMS: LEVERAGE RATIO INSTRUMENT 2023**

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

**Commencement**

- G. This instrument comes into force on 1 January 2024.

**Citation**

- H. This instrument may be cited as the PRA Rulebook: CRR Firms: Leverage Ratio Instrument 2023.

**By order of the Prudential Regulation Committee**

25 April 2023.

## Annex

### Amendments to the Reporting (CRR) Part

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

#### 1 APPLICATION AND DEFINITIONS

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...

1.2 In this Part, the following definitions shall apply:

*additional leverage reporting requirements*

means the requirements specified in:

(~~a~~1) paragraphs (2) and (2A) of Article 430 of Chapter 4; ~~and~~

(~~b~~2) templates LV 49.00 to LV 52.00 in Annex X of Chapter 6; and

(~~3~~) paragraphs 14a and 14b of Part II of Annex XI of Chapter 6.

...

#### 5 REPORTING REQUIREMENTS

---

...

#### CHAPTER 7 FORMAT AND FREQUENCY OF REPORTING ON THE LEVERAGE RATIO ON AN INDIVIDUAL AND A CONSOLIDATED BASIS

##### Article 15 Format and Frequency of Reporting on the Leverage Ratio on an individual and a Consolidated Basis

---

1. In order to report information on the *leverage ratio* and the *countercyclical leverage ratio buffer* in accordance with point (a) of Article 430(1) of ~~the~~ Chapter 4 and, for *LREQ firms*, the information specified in Article 430(2) and (2A) of Chapter 4, institutions shall submit the information specified in Annex X of Chapter 6, in accordance with the instructions in Annex XI of Chapter 6, ~~with a quarterly reporting frequency~~ and on the basis required by Chapter 2 of this Chapter with the following reporting frequency:

(1) six-monthly, in the case of Templates LV49.00 to LV 52.00 in Annex X of Chapter 6; and

(2) otherwise, quarterly.

...

#### 6 TEMPLATES AND INSTRUCTIONS

---

...

Annex X

...

6.254 Annex X Template LV 47.00 can be found [here](#).

6.254A Annex X Template LV 49.00 can be found [here](#).

6.254B Annex X Template LV 50.00 can be found [here](#).

6.254C Annex X Template LV 51.00 can be found [here](#).

6.254D Annex X Template LV 52.00 can be found [here](#).

...

**PRA RULEBOOK: PRA FEES AMENDMENT (NO 1) INSTRUMENT 2023****Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
  - (2) section 137T (General supplementary powers); and
  - (3) paragraph 31 (Fees) of Part 3 (Penalties and Fees) of Schedule 1ZB (The Prudential Regulation Authority) of the Act.
- B. The rule-making powers referred to above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

**Pre-conditions to making**

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

**PRA Rulebook: PRA Fees Amendment (No 1) Instrument 2023**

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

**Commencement**

- E. This instrument comes into force on 3 July 2023.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: PRA Fees Amendment (No 1) Instrument 2023.

**By Order of the Prudential Regulation Committee**

27 June 2023

## Annex

## Amendments to the Fees Part

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

...

## 2 OBLIGATION TO PAY FEES

...

2.9 If it appears to a *firm* in relation to any fee that in the exceptional circumstances of a particular case requiring payment or retaining a sum previously paid would be unduly burdensome or would not achieve the purpose for which the fee rule was made, a *firm* may apply to the *PRA* under section 138A *FSMA* for the *PRA* to:

- (1) waive the payment;
- (2) reduce the amount payable; or
- (3) make a whole or partial refund of sums already paid.

[Deleted.]

2.10 A claim by a *fee payer* under section 138A *FSMA*, in accordance with 2.9 and based on the *fee payer's* error must be made within two years of the beginning of the period to which the fee relates.

[Deleted.]

## 3 PERIODIC FEES

...

3.14 If, after the start of the *fee year*, a *firm* applies to cancel its *Part 4A permission* or if a new business activity or event which has given rise to a fee no longer applies to the *firm*, the *firm* is still liable to pay and will not be refunded *periodic* and other fees for that *fee year*, other than in cases where the *PRA* exercises its discretion under section 138A *FSMA*, in accordance with 2.9.

...

### Periodic Fees Schedule – Fee Rates and Modification for the Period from 1 March ~~2022~~2023 to ~~2829~~ February 20232024

...

TABLE IIIA – PERIODIC FEE RATES APPLICABLE TO PRA FEE BLOCKS OTHER THAN THE MINIMUM FEE BLOCK FOR THE FEE YEAR ~~2022~~2023-2324

Column 1 <i>Fee block</i>	Column 2 <i>Tariff base</i>	Column 3 <i>Tariff bands</i>	Column 4 <i>Tariff rates</i>
A1 deposit acceptors fee block	<i>modified eligible liabilities</i>	Bank width (£million of <i>MELs</i> )	Fee payable per million or part million of <i>MELs</i> (£)
		>10 - 140	<del>34.95</del> <u>132.831</u>
		>140 – 630	<del>34.95</del> <u>132.831</u>

		>630 - 1,580	<u>34.95132.831</u>
		>1,580 - 13,400	<u>43.68941.039</u>
		> 13,400	<u>57.66954.171</u>
<b>A3 general insurers fee block</b> <i>gross written premium for fees purposes, best estimate liabilities for fees purposes</i>	<i>gross written premium for fees purposes</i>	<b>Band width (£million of gross written premium for fees purposes)</b>	<b>Fee payable per million of gross written premium for fees purposes (£)</b>
		>0.5	<u>558.66488.57</u>
	<i>best estimate liabilities for fees purposes</i>	<b>Band Width (£ million of best estimate liabilities for fees purposes)</b>	<b>Fee payable per million of best estimate liabilities for fees purposes (£)</b>
		>1	<u>32.2030.81</u>
For UK ISPVs the <i>tariff rates</i> are not relevant and a flat fee of £430.00 is payable in respect of each <i>fee year</i> .			
<b>A4 Life insurers fee block</b> <i>gross written premium for fees purposes, best estimate liabilities for fees purposes</i>	<i>gross written premium for fees purposes</i>	<b>Band width (£million of gross written premium for fees purposes)</b>	<b>Fee payable per million of gross written premium for fees purposes (£)</b>
		>1	<u>308.62301.96</u>
	<i>best estimate liabilities for fees purposes</i>	<b>Band Width (£ million of best estimate liabilities for fees purposes)</b>	<b>Fee payable per million of best estimate liabilities for fees purposes (£)</b>
		>1	<u>17.3520.30</u>
<b>A5 managing agents at Lloyd's</b>	<i>active capacity</i>	<b>Band width (£million of active capacity)</b>	<b>Fee payable per million of active capacity (£)</b>
		>50	<u>48.4139.39</u>
<b>A6 Society of Lloyd's</b>	flat fee	N/A	<b>General periodic fee (£)</b> <u>2,300,201.832,311,994.57</u>
<b>A10 Firms dealing as principal fee block</b>  <i>total assets for fees purposes, total operating income for fees purposes</i>	<i>total assets for fees purposes</i>	<b>Band width (£million of total assets for fees purposes)</b>	Fee payable per million or part million of <i>total assets for fees purposes (£)</i>
		N/A	<u>2.792.41</u>
	<i>total operating income for fees purposes</i>	<b>Band width (£million of total operating income for fees purposes)</b>	Fee payable per million or part million of <i>total operating income for fees purposes (£)</i>
		N/A	<u>361.11316.08</u>

...

Table VIII – MODEL MAINTENANCE FEES

Basis of scale, (aggregated figures for all <i>UK firms</i> within the scope of each model or model type)	Annual fee for <i>CRR firms</i> per model type_(£)				Annual fee for <i>UK Solvency II firms</i> per group or solo internal model (£)	
	IMA	IMM	IRB	AMA	A3 fee block	A4 fee block
<i>CRD credit institutions</i> with <i>modified eligible liabilities</i> in excess of £40,000million, or <i>designated investment firms</i> with <i>total assets for fees purposes</i> in excess of £100,000million	<del>60,000</del> <u>65,000</u>	<del>80,000</del> <u>85,000</u>	<del>110,000</del> <u>120,000</u>	<del>30,000</del> <u>35,000</u>	-	-
<i>CRD credit institutions</i> with <i>modified eligible liabilities</i> greater than £5,000million and less than £40,000million, or <i>designated investment firms</i> with <i>total assets for fees purposes</i> greater than £12,500million and less than £100,000million	<del>20,000</del> <u>25,000</u>	<del>35,000</del> <u>40,000</u>	<del>45,000</del> <u>50,000</u>	<del>12,000</del> <u>15,000</u>	-	-
<i>CRD credit institutions</i> with <i>modified eligible liabilities</i> of £5,000million or less, or <i>designated investment firms</i> with <i>total assets for fees purposes</i> of £12,500million or less	10,000	15,000	20,000	5,000	-	-
The sum of a <i>firm's best estimate liabilities for fees purposes</i> and <i>gross written premium for fees purposes</i> is £1,000 million or more for <i>firms</i> in the <i>general insurance fee block (A3)</i> , or for <i>firms</i> in the <i>life insurance fee block (A4)</i> , £15,000million or more	-	-	-	-	<del>175,000</del> <u>190,000</u>	<del>230,000</del> <u>250,000</u>
The sum of a <i>firm's best estimate liabilities for fees purposes</i> and <i>gross written premium for fees purposes</i> is greater than £300million and less than £1,000million for <i>firms</i> in the <i>general insurance fee block (A3)</i> or greater than £5,000million and less than £15,000million, or for <i>firms</i> in the <i>life insurance fee block (A4)</i>	-	-	-	-	<del>70,000</del> <u>75,000</u>	<del>90,000</del> <u>100,000</u>

The sum of a firm's best estimate liabilities for fees purposes and gross written premium for fees purposes is less than £300million for firms in the general insurance fee block (A3) or less than £5,000million, for firms in the life insurance fee block (A4)	-	-	-	-	30,000	40,000
					35,000	45,000

...

#### 4 REGULATORY TRANSACTION FEES

...

- 4.5 Regulatory transaction fees for *applications* for *new authorisations* are payable in accordance with Table B:

...

Table B – New authorisations	
Application Type	£
Straightforward Type 1: A3 or A4 fee payer which is a friendly society or a fee payer which is an A1 credit union	1,500.00
Moderately complex Type 2: A3 fee payer seeking permission as a <del>UK</del> UK insurance special purpose vehicle A5 fee payer seeking permission as a managing agent at Lloyd's	5,000.00
Complex Type 3: A1 fee payer (other than a credit union) seeking permission to accept deposits A3 fee payer (other than a friendly society or UK insurance special purpose vehicle) A4 fee payer other than a friendly society	25,000.00

...

- (3) Where an *application* is categorised as either ~~straightforward~~ or ~~moderately complex~~ and for a *new authorisation* involves a simple change of legal status as defined in 4.5 (4), the fee payable for a ~~new authorisation~~ for that *new authorisation* is discounted by 50%.

...

4.14A

Table D - Model types under CRR

<b>Applicant</b> (groupings based on <i>tariff data</i> submitted by <i>firms</i> as at 31 December in the <i>fee year</i> prior to the <i>fee year</i> in which the fee is payable).	<b>Fee payable (£)</b>	
Where the application relates to <i>CRD credit institutions</i> or <i>designated investment firms</i> and includes five or more significant overseas entities within the same group.	<b>Model type</b>	<b>£</b>
	<i>advanced IRB, IMM or IMA</i>	<del>315,000.00</del> <u>345,000.00</u>
	<i>foundation IRB</i>	<del>270,000.00</del> <u>300,000.00</u>
	<i>AMA</i>	<del>210,000.00</del> <u>230,000.00</u>
Where the applicant:  (1) has <i>modified eligible liabilities</i> in excess of £40,000million; or  (2) is a <i>designated investment firm</i> with <i>total assets for fees purposes</i> in excess of £100,000million.	<b>Model type</b>	<b>£</b>
	<i>advanced IRB, IMM or IMA</i>	<del>270,000.00</del> <u>295,000.00</u>
	<i>foundation IRB</i>	<del>230,000.00</del> <u>250,000.00</u>
	<i>AMA</i>	<del>170,000.00</del> <u>185,000.00</u>
Where the applicant:  (1) has <i>modified eligible liabilities</i> greater than £5,000million and less than £40,000million; or  (2) is a <i>designated investment firm</i> with <i>total assets for fees purposes</i> greater than £15,000million and less than £100,000million.	<b>Model type</b>	<b>£</b>
	<i>advanced IRB, IMM or IMA</i>	<del>110,000.00</del> <u>120,000.00</u>
	<i>foundation IRB</i>	<del>85,000.00</del> <u>90,000.00</u>
	<i>AMA</i>	<del>60,000.00</del> <u>65,000.00</u>
Where the applicant:  (1) has <i>modified eligible liabilities</i> of 5,000million or less; or  (2) is a <i>designated investment firm</i> with <i>total assets for fees purposes</i> of £15,000million or less.	<b>Model type</b>	<b>£</b>
	<i>advanced IRB, IMM or IMA</i>	<del>50,000.00</del> <u>55,000.00</u>
	<i>foundation IRB</i>	<del>35,000.00</del> <u>40,000.00</u>

	AMA	30,000.00 <u>35,000.00</u>
--	-----	-------------------------------

4.14B

...

Table E – Internal model application fees

Applicant (groupings based on <i>tariff data</i> submitted by <i>firms</i> as at 31 December in the <i>fee year</i> prior to the <i>fee</i> <i>year</i> in which the fee is payable)	Fee payable (£)
<b>Group Internal Model (Full and Partial)</b>	
Sum of <i>best estimate liabilities for fees purposes</i> and <i>gross written premium for fees purposes</i> for groups in the <i>general insurance fee block</i> of £1,000million or more	<del>295,000.00</del> <u>320,000.00</u>
Sum of <i>best estimate liabilities for fees purposes</i> and <i>gross written premium for fees purposes</i> for groups in the <i>general insurance fee block</i> greater than £300million and less than £1,000million	<del>410,000.00</del> <u>120,000.00</u>
Sum of <i>best estimate liabilities for fees purposes</i> and <i>gross written premium for fees purposes</i> for groups in the <i>general insurance fee block</i> less than £300million	<del>55,000.00</del> <u>60,000.00</u>
Sum of <i>best estimate liabilities for fees purposes</i> and <i>gross written premium for fees purposes</i> for groups in the <i>life insurance fee block</i> of £15,000million or more	<del>295,000.00</del> <u>320,000.00</u>
Sum of <i>best estimate liabilities for fees purposes</i> and <i>gross written premium for fees purposes</i> for groups in the <i>life insurance fee block</i> greater than £5,000million and less than £15,000million	<del>410,000.00</del> <u>120,000.00</u>
Sum of <i>best estimate liabilities for fees purposes</i> and <i>gross written premium for fees purposes</i> for groups in the <i>life insurance fee block</i> less than £5,000million	<del>55,000.00</del> <u>60,000.00</u>
<b>Solo Internal Model (Full and Partial)</b>	
Sum of <i>best estimate liabilities for fees purposes</i> and <i>gross written premium for fees purposes</i> for firms in the <i>general insurance fee block</i> of £1,000million or more	<del>232,000.00</del> <u>280,000.00</u>
Sum of <i>best estimate liabilities for fees purposes</i> and <i>gross written premium for fees purposes</i> for firms in the <i>general insurance fee block</i> greater than £300million and less than £1,000million	<del>80,000.00</del> <u>100,000.00</u>
Sum of <i>best estimate liabilities for fees purposes</i> and <i>gross written premium for fees purposes</i> for firms in the <i>general insurance fee block</i> less than £300million	<del>42,000.00</del> <u>50,000.00</u>

Sum of <i>best estimate liabilities for fees purposes and gross written premium for fees purposes for firms in the life insurance fee block of £15,000million or more</i>	<del>232,000.00</del> <u>280,000.00</u>
Sum of <i>best estimate liabilities for fees purposes and gross written premium for fees purposes for firms in the life insurance fee block greater than £5,000million and less than £15,000million</i>	<del>80,000.00</del> <u>100,000.00</u>
Sum of <i>best estimate liabilities for fees purposes and gross written premium for fees purposes for firms in the life insurance fee block less than £5,000million</i>	<del>42,000.00</del> <u>50,000.00</u>

**PRA RULEBOOK: CRR FIRMS, NON-CRR FIRMS AND NON-AUTHORISED PERSONS:  
DEPOSITOR PROTECTION (NO. 2) INSTRUMENT 2023**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (the PRA’s general rules);
  - (2) section 137T (General supplementary powers);
  - (3) section 213(1) (the Compensation Scheme);
  - (4) section 214(1)(g) (limitation to specified kinds of claim);
  - (5) section 214(1)(h) (the procedure to be followed);
  - (6) section 214(1)(j) (limitation to the amount payable on a claim); and
  - (7) section 214 (General).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**Pre-conditions to making**

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

**PRA Rulebook: CRR Firms, Non-CRR Firms and Non-Authorised Persons: Depositor Protection (No. 2) Instrument 2023**

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

Part	Annex
Glossary	A
Depositor Protection	B

**Commencement**

- E. This instrument comes into force on 1 July 2023.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: CRR Firms, Non-CRR Firms and Non-Authorised Persons: Depositor Protection (No. 2) Instrument 2023.

**By order of the Prudential Regulation Committee**

6 June 2023

**Annex A**

**Amendments to the Glossary Part**

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

...

*temporary high balance*

means, ~~in relation to a depositor who is an individual,~~ that part of an *eligible deposit* in excess of the coverage level set out in Depositor Protection 4.2 which meets the additional criteria set out in Depositor Protection 10.2.

[Note: Art. 2(1)(6) of the *DGSD*]

...

## Annex B

## Amendments to the Depositor Protection Part

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

## 1 APPLICATION AND DEFINITIONS

---

...

1.4 Unless otherwise stated, in this Part, the following definitions shall apply:

...

THB person

has the meaning given in 10.1A.

...

*unavailable deposit*

means a *deposit* that is due and payable but has not been paid by a *DGS member* (or, in the case of 3.2(2), a *PRA-authorised person*) under the applicable legal or contractual conditions where either:

- (1) (in accordance with the *deposit guarantee scheme regulations*) the *PRA*, or the *FSCS* in the case of a *credit union* or a *Northern Ireland credit union*, has determined that in its view the *DGS member* or *PRA-authorised person* appears to be unable for the time being, for reasons which are directly related to its financial circumstances, to repay the *deposit* and has no current prospect of being able to do so; or
- (2) a judicial authority has made a ruling for reasons which are directly related to the *DGS member's* or *PRA-authorised person's* financial circumstances and the ruling has had the effect of suspending the rights of *depositors* to make claims against it.

[Note: Art. 2(1)(8) of the *DGSD*]

...

## 2 ELIGIBILITY

---

...

2.2 The provisions in this rule determine whether a *deposit* is an *eligible deposit*:

...

- (3) A *deposit* is, subject to the other rules in this Chapter, an *eligible deposit* if it is held by a *UK* or *Gibraltar* establishment of a *PRA-authorised person*~~firm~~ which:

...

## 3 CIRCUMSTANCES IN WHICH THE FSCS PAYS COMPENSATION IN RESPECT OF ELIGIBLE DEPOSITS

---

...

3.2 The *FSCS* must pay compensation in accordance with this Part in respect of an *eligible deposit* if it is satisfied that the *eligible deposit* is a *deposit* with either:

- (1) a *DGS member* which is *in default*; or

(2) a PRA-~~authorised person~~firm which is in default and which:

...

#### 4 LIMITS ON COMPENSATION PAYABLE

---

...

4.2 The maximum compensation sum payable for the aggregate *eligible deposits* of each *depositor* is £85,000, save that additional compensation may be payable in cases to which 4.3 or 4.4 applyapplies.

[Note: Art. 6(1) of the *DGSD*]

[Note: Regulation 7A of the deposit guarantee scheme regulations provides for a transitional maximum compensation level of £85,000 until 31 December 2015 for depositors who were, or would have been, eligible for compensation before 3 July 2015 and are eligible for compensation on and after 3 July 2015.]

4.3 Subject to 4.4, ~~t~~The maximum compensation sum payable for a *temporary high balance* is £1,000,000, save that no limit shall apply to the compensation payable for a *temporary high balance* arising from a payment in connection with personal injury or incapacity.

[Note: Art. 6(2) of the *DGSD*]

#### 4.4

(1) The maximum compensation sums in 4.2 and/or 4.3 are temporarily increased if, following the death of a holder of a *joint account* in which an *eligible deposit* is held:

(a) the deceased's share passes automatically to at least one other *depositor*; and

(b) at least one *person* is:

(i) an individual absolutely entitled to the whole or part of the *eligible deposit* (including under a trust an individual with a vested beneficial interest in the *eligible deposit* as at the *compensation date*); or

(ii) a trustee holding the *eligible deposit* on behalf of individuals who do not have a vested beneficial interest in it as at the *compensation date* (treating co-trustees as a single *person*, in accordance with 6.5);

(2) the temporary increase under (1) is calculated by dividing each maximum compensation sum that would have been attributable to the deceased between each *person* referred to in (1)(b);

(3) in the absence of contrary provision, such division shall be made equally to the nearest penny;

(4) where more than one holder of the *joint account* dies, the provisions of this rule are cumulative; and

(5) any increase in a maximum compensation sum under this rule applies for a period of six months, beginning with the relevant date of death.

...

## 10 TEMPORARY HIGH BALANCES

---

10.1 This Chapter applies only to the FSCS.

10.1A For the purposes of evaluating *temporary high balances*, a '*THB person*' is:

- (1) an individual absolutely entitled to the whole or part of the *eligible deposit* (including under a trust an individual with a vested beneficial interest in the *eligible deposit* as at the *compensation date*); or
- (2) a trustee holding the *eligible deposit* on behalf of individuals who do not have a vested beneficial interest in it as at the *compensation date* (treating co-trustees as a single *person*, in accordance with 6.5).

10.2 In order to qualify as a *temporary high balance*, a part of an *eligible deposit* in excess of the coverage limit provided for in 4.2 must meet at least one of the following additional criteria:

- (1) it comprises:
  - (a) monies deposited in preparation for the purchase of a *private residential property* (or an interest in a *private residential property*) by or on behalf of the *THB person* depositor;
  - (b) monies which represent the proceeds of sale of a *private residential property* (or an interest in a *private residential property*) of or on behalf of the *THB person* depositor; or
  - (c) monies which represent the proceeds of an equity release by or on behalf of the *THB person* depositor in a *private residential property*;
- (2) it comprises sums paid to or for the benefit of the *THB person* depositor in respect of:
 

...
- (3) it comprises sums paid to or for the benefit of the *THB person* depositor in respect of:
 

...
- (5) it otherwise serves a social purpose provided for, or of the type provided for, in the law of a part of the *United Kingdom*, which is linked to the marriage, civil partnership, divorce, dissolution of civil partnership, retirement, incapacity, death of an individual, or to the buying or selling of a *THB person's* depositor's only or main residence that is not freehold, heritable or leasehold property.

10.3 ~~Following the *compensation date*, the FSCS must review the *single customer view* of each *depositor* with the *DGS member* and provide written notice to an individual with aggregate *eligible deposits* in excess of the coverage levels set out in 4.2 of the following:~~

- ~~(1) that the *depositor* may be entitled to additional compensation if all or part of the *eligible deposit* in excess of the coverage levels provided for in 4.2 qualifies as a *temporary high balance*;~~
- ~~(2) that in order to claim such additional compensation, the *depositor* must provide the FSCS with a written application and evidence supporting the *depositor's claim* that all or part of the *eligible deposit* in excess of the coverage levels provided for in 4.2 qualifies as a *temporary high balance*;~~
- ~~(3) that the *depositor* may make more than one *claim* for a *temporary high balance* if there are multiple events giving rise to a *temporary high balance*; and~~
- ~~(4) the date by which such written application and supporting evidence should be submitted to the FSCS. [Deleted.]~~

## 10.3A

- (1) Following the *compensation date*, the *FSCS* must review the *single customer view* and any *exclusions view* of each *depositor* with the *DGS member*, and
- (2) where an *eligible deposit* is held by or on behalf of a *THB person*, the *FSCS* must give written notice to the *depositor* in respect of any aggregate *eligible deposits* in excess of the coverage levels set out in 4.2 of the following:
- (a) that the *THB person* may be entitled to additional compensation if all or part of the *eligible deposit* in excess of the coverage levels provided for in 4.2 qualifies as a *temporary high balance*;
- (b) that in order to claim such additional compensation, the *depositor* must provide the *FSCS* with a written application and evidence supporting the *claim* that all or part of the *eligible deposit* in excess of the coverage levels provided for in 4.2 qualifies as a *temporary high balance*;
- (c) that the *depositor* may make more than one *claim* for a *temporary high balance* if there are multiple events giving rise to a *temporary high balance* and/or more than one *THB person* with a *claim*; and
- (d) the date by which such written application and supporting evidence should be submitted to the *FSCS*.

10.4 The *FSCS* must pay compensation to a ~~*depositor*~~ in respect of a *temporary high balance* in accordance with 4.3 if it is satisfied that there is a sufficient link between an event giving rise to a *temporary high balance* and the part of the *eligible deposit* in excess of the coverage levels provided for in 4.2, taking into account the following considerations:

...

10.5 The *FSCS* must pay compensation to a *person* entitled to receive compensation~~*depositor*~~ in accordance with 4.3 in respect of each *temporary high balance* that the ~~*person*~~~~*depositor*~~ has with any one *DGS member*.

...

10.7 The protection for *temporary high balances* under 4.3 shall, subject to 4.4, run for a period of six ~~*months*~~*months* from the later of:

- (1) the first date on which a *temporary high balance* is credited to a ~~*depositor's*~~~~*depositor's*~~ account, ~~or to a client account on a person's behalf~~; and
- (2) the first date on which the *temporary high balance* becomes legally transferable to the ~~*depositor*~~~~*depositor*~~ or, as the case may be, the *THB person*.

...

10.8 The *FSCS* must, pay compensation in respect of a *temporary high balance* within three ~~*months*~~*months* of the *compensation date*, ~~pay to the *depositor* a sum representing the amount due to the *depositor* in respect of the *temporary high balance*~~ unless one or more of 10.9 to 10.11 applies.

...

## 17 FIRMS' DISCLOSURE OBLIGATIONS – STATEMENT OF ACCOUNT

17.1 A *firm* must:

...

- (3) at least annually:
- (a) provide to the *depositor* of ~~*eligible deposits*~~*deposits* held by a *UK* or Gibraltar establishment of the *firm*;
    - (i) the *information sheet*; and
    - (ii) the *exclusions list*; ~~and~~
  - (b) ~~if applicable, inform the depositor of the exclusions from deposit guarantee scheme protection that fall within 2.2(4)(b) and 2.2(4)(k); and [deleted.]~~

...

17.3 A *firm* which was, immediately before *IP completion day*, a *credit institution* and an *incoming firm*, and which is a *DGS member* immediately after *IP completion day*, must, within two months after *IP completion day*:

- (1) ~~provide to the depositor of deposits held by a UK establishment of the firm:~~
  - (a) ~~the information sheet; and~~
  - (b) ~~the exclusions list; and~~
- (2) ~~if applicable, inform the depositor of the exclusions from deposit guarantee scheme protection that fall within 2.2(4)(b) and 2.2(4)(k). [Deleted.]~~

...

## 19 DISCLOSURE OF TRANSFER OF DEPOSITS

---

19.1 In the case of a merger, conversion of *subsidiaries* into *branches*, transfer or similar operations, a *firm* must:

- (1) inform *depositors* at least one ~~*month*~~*month* before the operation takes legal effect, save where the *PRA* allows a shorter deadline on grounds of commercial secrecy or financial stability; and
- (2) where a consequence of the operation will be a reduction in the aggregate amount of a depositor's coverage compared with what would have been the case if the operation had not occurred, give *depositors* a three ~~*month*~~*month* period following notification in accordance with (1), to withdraw or transfer to another *institution*, without incurring any penalty, such part of their *eligible deposits*, together with any accrued interest and other benefits, as exceed the coverage level pursuant to 4.2 at the time of the operation.

## 20 DISCLOSURE OF WITHDRAWAL OR EXCLUSION FROM DEPOSIT GUARANTEE SCHEME

---

...

20.3 A *firm* must inform *depositors* of *deposits* which:

- (1) ~~immediately prior to IP completion day, were eligible deposits; and~~
- (2) ~~on IP completion day, ceased to be eligible deposits by virtue of not being held at a UK or Gibraltar establishment,~~

~~that such deposits ceased to be eligible deposits on IP completion day, and must do so as soon as practicably possible after IP completion day and in any event within one month after IP completion day. [Deleted.]~~

20.4 An overseas firm must as soon as practically possible provide the information in (1) and (2) to depositors if deposits it holds will, within twelve months, cease to be eligible deposits by virtue of such deposits no longer being held at a UK establishment of the overseas firm:

(1) the date on which it is anticipated that deposits will cease to be eligible deposits;

(2) details of any compensation scheme that may cover the deposits in whole or in part from that date.

...

**PRA RULEBOOK: NON-CRR FIRMS: CREDIT UNIONS INSTRUMENT 2023**

**Powers exercised**

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

**Pre-conditions to making**

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

**PRA Rulebook: Non-CRR Firms: Credit Unions Instrument 2023**

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

**Commencement**

- E. This instrument comes into force on 29 August 2023.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: Non-CRR Firms: Credit Unions Instrument 2023.

**By order of the Prudential Regulation Committee**

18 July 2023

**Annex**  
**Amendments to the Credit Unions 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:

*additional activity*

means:

- (1) an additional activity carried out or additional service provided by a *credit union* as described in 3.3, 3.5, Chapter 4, 6.4 or Chapter 7;
- (2) entering into a *conditional sale agreement*, as the seller, with a *member* of the *credit union* pursuant to section 11E of the Credit Unions Act 1979;
- (3) entering into a *hire purchase agreement*, as the *person* from whom goods are bailed or (in Scotland) hired, with a *member* of the *credit union* pursuant to section 11E of the Credit Unions Act 1979;
- (4) providing credit cards; or
- (5) lending to *corporate members*.

...

*conditional sale agreement*

has the meaning given in section 31(1) of the Credit Unions Act 1979.

*corporate bond*

means a senior sterling-denominated bond issued by a company and traded on a regulated market in the UK that is not a bond issued by a *credit institution* or a bond issued by a *holding company* of a *credit institution*.

*corporate members*

has the meaning given:

- (1) in relation to a *Great Britain credit union*, in section 5A of the Credit Unions Act 1979;  
or
- (2) in relation to a *Northern Ireland credit union*, in article 14A of the Credit Unions (Northern Ireland) Order 1985.

*counterparty*

means:

- (1) an *undertaking*;
- (2) a *qualifying money market fund*;
- (3) the government of the *United Kingdom*, together with all the public bodies, local authorities or nationalised industries; or

(4) a supranational institution,

in which a credit union has made investments or against whom it has rights whether under a contract entered into by the credit union or otherwise. Where a counterparty is an undertaking, the definition also includes a group undertaking.

credit rating

has the meaning given in Article 3(1)(a) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

credit rating agency

has the meaning given in Article 3(1)(b) Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

...

group undertaking

has the meaning given in section 1161(5) of the Companies Act 2006.

hire purchase agreement

has the meaning given in section 31(1) of the Credit Unions Act 1979.

holding company

has the meaning given in section 1159(1) of the Companies Act 2006.

...

non-UK bank bond

means a senior sterling-denominated bond issued by a credit institution that has permission under Part 4A of FSMA to carry on the regulated activity of accepting deposits (excluding a UK bank) and traded on a regulated market in the UK.

...

qualifying money market fund

has the meaning given in the Glossary to the FCA Handbook.

...

supranational bond

means a sterling-denominated bond issued by a supranational institution.

supranational institution

means:

- (1) African Development Bank;
- (2) Asian Development Bank;
- (3) Bank for International Settlements;
- (4) Caribbean Development Bank;

- (5) Council of Europe Development Bank;
- (6) Development Bank of Latin America;
- (7) European Company for the Financing of Railroad Rolling Stock;
- (8) European Bank for Reconstruction and Development;
- (9) European Central Bank;
- (10) European Investment Bank;
- (11) European Investment Fund;
- (12) European Union;
- (13) Inter-American Development Bank;
- (14) International Bank for Reconstruction and Development;
- (15) International Finance Corporation;
- (16) International Finance Facility for Immunisation;
- (17) International Monetary Fund;
- (18) Islamic Development Bank; or
- (19) Nordic Investment Bank.

...

UK bank bond

means a senior sterling-denominated bond issued by a UK bank and traded on a regulated market in the UK.

### 3 LENDING

---

...

- 3.2 Subject to 3.3, a *credit union* must not make:
- (1) an *unsecured loan, a conditional sale agreement, or a hire purchase agreement* that is repayable within more than five years from the date of its provision; or
  - (2) a *secured loan, that is not a conditional sale agreement, or a hire purchase agreement,* that is repayable within more than ten years from the date of its provision.
- 3.3 If a *credit union* complies with 10.3, it may make:
- (1) an *unsecured loan, a conditional sale agreement, or a hire purchase agreement* that is repayable within ten years from the date of its provision; or
  - (2) a *secured loan, that is not a conditional sale agreement, or a hire purchase agreement,* that is repayable within 25 years from the date of its provision.
- 3.4 Subject to 3.5, 3.6 and 3.7 the outstanding balance of ~~a~~ loans by a credit union:
- ...
- 3.5 Subject to 3.6 and 3.7, the outstanding balance of ~~a~~ loans by a credit union that satisfies ~~satisfy~~ the requirements in 10.3:

...

## 6 INVESTMENT

---

...

6.2 ~~Surplus funds must be invested in capital-protected products~~ must be invested in accordance with this Chapter or held as cash in the custody of *officers* of a *credit union*.

6.3 A *credit union* must not hold *investments*, save that it may hold an *investment* that is:

- (1) a *deposit* placed with a *credit institution* or with a *credit union* which is authorised in the *UK* to *accept deposits* on terms that the *deposit* shall be repayable within at most twelve months from the date on which that *investment* is made;

6.4 If a *credit union* complies with 10.3, it may hold an *investment* that is:

- (4) a fixed-interest sterling-denominated security guaranteed by the government of the *UK*, with a *maturity* of up to five years from the date on which that *investment* is made, provided that such guarantee is unconditional in respect of the payment of both principal and interest on the security; ~~or~~
- (5) any ~~other capital-protected~~ product provided by a *credit institution* authorised in the *UK* to accept deposits, with a *maturity* of up to five years from the date on which that *investment* is made, ~~provided it satisfies the requirement in 6.2;~~
- (6) a *UK bank bond* which has a *maturity* that is up to five years from the date on which that *investment* is made;
- (7) a *corporate bond*, a *non-UK bank bond* or a *supranational bond* which:
- (a) has a *maturity* that is up to five years from the date on which that *investment* is made;  
and
- (b) has been assigned a *credit rating* of investment grade or higher by at least two *credit rating agencies* which are registered with the *FCA*; or
- (8) in a *qualifying money market fund* which:
- (a) is authorised by the *FCA*; and
- (b) has assets under management of at least £100 million.

6.4A A *credit union* shall not:

- (1) directly invest more than 5% of its *capital* in *non-UK bank bonds* or *corporate bonds* issued by a particular *counterparty*; or
- (2) invest more than 30% in total of its *capital* in *investments* permitted by 6.4(7)-(8).
- ...

**PRA RULEBOOK: SOLVENCY II FIRMS, NON-SOLVENCY II FIRMS: INSURERS IN FINANCIAL DIFFICULTIES: NOTIFICATION OF AFFECTED PERSONS INSTRUMENT 2023**

**Powers exercised**

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

**Pre-conditions to making**

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

**PRA Rulebook: Solvency II Firms, Non-Solvency II Firms: Insurers in Financial Difficulties: Notification of Affected Persons Instrument 2023**

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

**Commencement**

- E. This instrument comes into force on 19 September 2023.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: Solvency II Firms, Non-Solvency II Firms: Insurers in Financial Difficulties: Notification of Affected Persons Instrument 2023.

**By order of the Prudential Regulation Committee**

5 September 2023

**Annex**

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

**Part**

# **INSURERS IN FINANCIAL DIFFICULTIES: NOTIFICATION OF AFFECTED PERSONS**

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**Chapter content**

- 1. APPLICATION AND DEFINITIONS**
- 2. AFFECTED PERSONS**
- 3. SPECIFIED INFORMATION**
- 4. FORM AND MANNER OF NOTIFICATION**

## 1 APPLICATION AND DEFINITIONS

---

1.1 Unless otherwise stated, this Part applies to every *insurer under write-down* but not to *affected market participants* or the *Society*.

1.2 In this Part, the following definitions shall apply:

*affected person*

has the meaning given in 2.1.

*capital market investment*

means an agreement which is, or forms part of, an arrangement involving the issue of a capital market investment, as defined in paragraph 6 of Schedule ZA2 to the Insolvency Act 1986.

*client money*

has the meaning given in the *FCA Handbook* for the purposes of CASS 5 of the *FCA Handbook*.

*financial contract*

has the meaning given in paragraph 6 of Schedule 19C to *FSMA* (Relevant contracts).

*financial counterparty*

means any party to a *financial contract* other than the *insurer under write-down*.

*relevant contract of insurance*

has the meaning given in sub-paragraph 3(2) of Schedule 19C to *FSMA* (Restriction on policyholder surrender rights).

*specified information*

means the information specified in Chapter 3.

*trade creditor*

means any *person* who supplies goods or services to the *insurer under write-down* in circumstances where:

- (1) a liability in respect of such supply has been reduced pursuant to a *write-down order*,  
or
- (2) the supplier is affected by paragraph 2 of Schedule 19B to *FSMA* (Moratorium on proceedings) or paragraph 7 of Schedule 19C to *FSMA* (Restrictions on termination etc).

*write-down manager*

has the meaning given to the term 'manager' in section 377G(1) of *FSMA* (The manager).

*write-down order*

has the meaning given in section 377A(1) of *FSMA* (Write-down orders).

## 2 AFFECTED PERSONS

---

2.1 For the purposes of section 377F(3) of *FSMA*, an *affected person* in relation to an *insurer under write-down* is:

- (1) every *policyholder* of the *insurer under write-down*;
- (2) every *reinsurer* of the *insurer under write-down*;
- (3) every *trade creditor* of the *insurer under write-down*;
- (4) every *financial counterparty* of the *insurer under write-down*;
- (5) every holder of a *capital market investment* issued by the *insurer under write-down* (or a trustee acting on behalf of such persons); and
- (6) every *intermediary* who has placed business with the *insurer under write-down* where that business may be affected by the write-down, or where the *intermediary* is a debtor or creditor of the *insurer under write-down* or holds *client money* in connection with such business.

### 3 SPECIFIED INFORMATION

---

3.1 For the purposes of section 377F(4)(a) of *FSMA*, the following information is specified:

- (1) the fact a *write-down order* has been made;
- (2) details of where a copy of the *write-down order* may be obtained or inspected;
- (3) an explanation of why the application for a *write-down order* was made and by whom;
- (4) an explanation of the effect of the *write-down order* and of the impact of Chapter 5A of the Policyholder Protection Part, and must in particular include a summary of:
  - (a) how the contractual and associated rights and obligations of *affected persons* are affected as a result of the *write-down order*;
  - (b) how payments will be made by the *insurer under write-down* and whether and in what quantity payments will be reduced, including after taking into account the effect of Chapter 5A of the Policyholder Protection Part;
  - (c) the rights and obligations *affected persons* have in connection with the *write-down order* and the *write-down manager*, including the right to apply to court to vary or revoke a *write-down order* or to challenge the actions of the *write-down manager*; and
  - (d) where the *insurer under write-down* carries out *relevant contracts of insurance*, the effect of Part 2 of Schedule 19C to *FSMA* (Policyholder surrender rights), including the process for applying for consent under paragraph 5 of Schedule 19C of *FSMA* (Consent to exceed surrender limit);
- (5) a summary of the effect of Part 3 of Schedule 19C to *FSMA* (Termination etc of relevant contracts), including the process for applying for consent under paragraph 8 of Schedule 19C of *FSMA* (Consent to terminate relevant contracts);
- (6) a statement that the *insurer under write-down* continues to be regulated by the *PRA* and the *FCA*;
- (7) a summary of the functions of the court, the *write-down manager* and the *insurer under write-down*, the *PRA* and the *FCA*; and
- (8) contact details for the *insurer under write-down* and the *write-down manager*, with a statement directing *affected persons* to contact those parties with queries.

### 4 FORM AND MANNER OF NOTIFICATION

---

4.1 For the purposes of section 377F(4)(b) of *FSMA*, this Chapter specifies the form and manner in which *specified information* must be given.

- 4.2 *Specified information* may be provided in different packs for different purposes, with each such pack containing only such information as is relevant to the intended recipient. This may include:
- (1) a pack intended for *policyholders* which contains only such *specified information* as is relevant to them; and
  - (2) a pack intended for other *affected persons* which contains only such *specified information* as is relevant to them.
- 4.3 *Specified information* must be given in writing in English on paper or another format available and accessible to the *affected person*, provided that:
- (1) anything which enables the *affected person* to store *specified information* addressed personally to them is accessible for future reference and for a period of time adequate for the purposes of the *specified information* and which allows the unchanged reproduction of the *specified information* stored; and
  - (2) the provision of *specified information* by means of electronic communications shall be treated as appropriate if there is evidence that the *affected person* has regular access to the internet. The provision by the *affected person* of an e-mail address is sufficient evidence.
- 4.4 An *affected person* is entitled, upon request and without charge, to receive *specified information* on paper. An *affected person* is also entitled to change the means of communication used.
- 4.5 Copies of *specified information* must also be available on a website, and:
- (1) *affected persons* must be notified of the address of the website, and the place on the website where the *specified information* may be accessed;
  - (2) the *specified information* must be up to date; and
  - (3) the *specified information* must be accessible continuously by means of that website for a period of time adequate for the purposes of the *specified information*.

**PRA RULEBOOK: SOLVENCY II FIRMS, NON-SOLVENCY II FIRMS, NON-AUTHORISED PERSONS: POLICYHOLDER PROTECTION AMENDMENT INSTRUMENT 2023**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
  - (2) section 137T (General supplementary powers);
  - (3) section 213 (The compensation scheme);
  - (4) section 214 (General);
  - (5) section 215 (Rights of the scheme in insolvency);
  - (6) section 216 (Continuity of long-term insurance policies);
  - (7) section 217 (Insurers in financial difficulties);
  - (8) section 217ZA (Insurers subject to write-down orders);
  - (9) section 217ZB (Recovery of financial assistance under section 217ZA);
  - (10) section 218A (Regulators’ power to require information);
  - (11) section 219 (Scheme manager’s power to require information).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**Pre-conditions to making**

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

**PRA Rulebook: Solvency II Firms, Non-Solvency II Firms, Non-Authorised Persons: Policyholder Protection Amendment Instrument 2023**

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

Part	Annex
Glossary	A
Policyholder Protection	B

**Commencement**

- E. This instrument comes into force on 19 September 2023.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: Solvency II Firms, Non-Solvency II Firms, Non-Authorised Persons: Policyholder Protection Amendment Instrument 2023.

**By order of the Prudential Regulation Committee**  
5 September 2023

**Annex A**

**Amendments to the Glossary Part**

In this Annex new text is underlined.

...

*affected market participant*

has the meaning given in regulation 2(1) of The Insurers (Reorganisation and Winding Up) (Lloyd's) Regulations 2005 (2005/1998).

...

*insurer under write-down*

means an *insurer* other than a *friendly society*, in respect of which a *write-down order* has effect.

...

*write-down manager*

has the meaning given to the term 'the manager' in 377G(1) of FSMA (The manager).

*write-down order*

has the meaning given in section 377A(1) of FSMA (Write-down orders).

...

## Annex B

## Amendments to the Policyholder Protection Part

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

## 1 APPLICATION AND DEFINITIONS

---

1.1 This Part applies to the *FSCS*, and:

(a) for the purposes of Chapter 5A, this Part also applies to *insurers under write-down* and *insurers that have been so*, but not to *affected market participants* or the *Society*; and

(b) for the purposes of chapter 21, 22.6 - 22.8 and Annex 2, this Part also applies to *participant firms* and the *Society*.

...

1.2 In this Part, the following definitions shall apply:

...

*compensation costs*

means the costs incurred:

- (1) in paying compensation in accordance with this Part;
- (2) as a result of making the arrangements contemplated in 4.1 or 4.3 or taking the measures contemplated in 5.1; ~~or~~

(2A) as a result of taking the other measures contemplated in 5A.1; or

- (3) in making payments or giving indemnities under 18.2.

...

*participant firm*

means:

- (1) a firm which is an insurer, or a member (except:
  - (a) 21, 22.6 - 22.8 and Annex 2 in respect of a *member*; and
  - (b) 21 and Annex 2 in respect of a *relevant person* which is an *insurer under write-down*); or
- (2) a *CRO insurer*.

...

*top-up amount*

has the meaning given in 5A.4(2).

...

*trust account*

means the bank account referred to in 5A.2(1)(c).

*trust deed*

means the trust deed referred to in 5A.2(2)(a).

written-down claim

means a claim as reduced by virtue of a write-down order.

...

### 3 QUALIFYING CONDITIONS FOR PAYING COMPENSATION

---

...

3.4 Notwithstanding any provision in this Part to the contrary, the FSCS may:

...

- (3) make a payment to an *eligible claimant* in accordance with 4.3;~~or~~
- (4) take such measures as it considers appropriate in accordance with 5.1; or
- (5) make a payment to an insurer under write-down in accordance with 5A.1, so as to enable the insurer under write-down to pay a top-up amount in respect of a written-down claim in accordance with 5A.4;

without fully or at all investigating the eligibility of the claimant and/or the validity and/or amount of the *claim*, if in the opinion of the FSCS:

- (a) the costs of investigating the merits of the *claim* are reasonably likely to be disproportionate to the likely benefit of such investigation; and
- (b) (as a result or otherwise) it is reasonably in the interests of *relevant persons* to do so.

...

### 5A INSURERS UNDER WRITE-DOWN

---

#### 5A.1

- (1) The FSCS must pay an insurer under write-down in accordance with 5A.3 if the conditions in 5A.2(1) are satisfied.
- (2) The FSCS may also take such measures as it considers appropriate in respect of an insurer under write-down in accordance with:
  - (a) Chapter 4 (in respect of contracts of long-term insurance), as if the insurer under write-down were within the scope of 4.1; and/or
  - (b) Chapter 5, as if the insurer under write-down were in financial difficulties within the meaning of 5.4.

#### 5A.2

- (1) The conditions referred to in 5A.1(1) are:
  - (a) the FSCS has been notified in accordance with section 377F of FSMA and 2.1(7) of the Insurers in financial difficulties: Notification of Affected Persons Part that a write-down order has been made in respect of the insurer under write-down;
  - (b) a write-down manager has been appointed in respect of the insurer under write-down;
  - (c) an account has been opened in the name of the insurer under write-down for the purpose of receiving payments from the FSCS which will then fund top-up amounts (the 'trust account'); and

- (d) a trust has been entered into in respect of any funds from time-to-time held in the *trust account* which satisfies the minimum criteria in (2).
- (2) The minimum criteria of the trust are that:
- (a) it is established and documented under a *trust deed* entered into by the *insurer under write-down*;
- (b) it has the *insurer under write-down* as the trustee;
- (c) it is over any funds from time-to-time held in the *trust account* (including any interest that accrues on the account);
- (d) the only funds to be held in the *trust account* will be those received from the *FSCS* under this Chapter and any accrued interest;
- (e) it is a discretionary trust with the following beneficiaries:
- (i) first, any *policyholder* of the *insurer under write-down*, insofar as the *policyholder* is an *eligible claimant* with a *written-down claim* by virtue of the *write-down order* (to be described in the *trust deed* by class of *contract of insurance*); and
- (ii) second, the *FSCS*, in respect of any residual amounts held in the *trust account* (including residual amounts existing upon the *write-down order* ceasing to have any further effect in accordance with section 377H of *FSMA*); and
- (f) in accordance with section 217ZA(5)(a) of *FSMA*, amounts paid into the *trust account* by the *FSCS* under 5A.1(1) shall not be used by the *insurer under write-down* (whether or not by the *write-down manager* acting on its behalf) for any other purpose.

### 5A.3

- (1) Payments to be made by the *FSCS* in accordance with 5A.1(1) must be paid into the *trust account* in such amounts and at such times as the *FSCS* determines sufficient for the *insurer under write-down* to be able to pay *top-up amounts* to *eligible claimants*.
- (2) Such payments must include an amount sufficient for such *top-up amounts* to be paid by the *insurer under write-down* in respect of any due and payable *written-down claim* (or such a *claim* that would be due and payable but for the effect of the *write-down order*) including an amount in respect of any such interest as the *FSCS* may consider appropriate.
- (3) In determining payments under (1) and (2), the *FSCS* must have regard in each case to any representations or other relevant information provided by the *insurer under write-down*.

### 5A.4

- (1) The *insurer under write-down* must pay a *top-up amount* to a *policyholder* that is an *eligible claimant* with a due and payable *written-down claim* (or that would be due and payable but for the *write-down order*), but only if:
- (a) there are sufficient funds in the *trust account* to do so; and
- (b) the *written-down claim* is less than the amount that the *FSCS* would pay if, rather than the *claim* being subject to the *write-down order*, the circumstances were such that the *claim* gave rise to an entitlement to compensation under Chapter 3.
- (2) The *top-up amount* in respect of an *eligible claimant* in respect of a *claim* is:  $A \times B\% - C$  where:
- 'A' is the *claim* (as if the *write-down order* were not in effect);

'B', expressed as a percentage, is the level of cover that would apply under Chapter 17 in respect of the *claim* if, rather than the *claim* being subject to the *write-down order*, the circumstances were such that the *claim* gave rise to an entitlement to compensation under Chapter 3; and

'C' is the *written-down claim*.

- (3) The insurer under write-down must add interest to the top-up amount, if the FSCS has provided funding for it to do so.

#### 5A.5

- (1) Where a write-down order ceases to have any further effect in accordance with section 377H of FSMA, the FSCS shall have a right of recovery from the insurer to which that write-down order applied, in respect of any amounts paid to it by the FSCS under this Chapter.
- (2) The FSCS must pursue all and only such recoveries under (1) as it considers are likely to be both reasonably possible and cost effective to pursue.
- (3) The FSCS may not seek any form of recovery under (1) from current or former policyholders of the insurer to which that write-down order applied (whether or not the policyholder received payment of a top-up amount).
- (4) Chapters 12, 13 and 14 do not apply in respect of amounts paid under this Chapter by the FSCS to an insurer under write-down and their recovery by the FSCS.

#### 5A.6 For the purposes of this Chapter, where a write-down order is varied (but not terminated):

- (1) this Chapter applies as if references to the write-down order were to the order as varied; and
- (2) the insurer under write-down and the FSCS shall take such steps as may be necessary to amend the trust deed so as to ensure that the arrangements of the trust established under the trust deed reflects the write-down order as varied.

...

## 10 RELEVANT PERSONS IN DEFAULT

---

...

10.3 Subject to 10.6 and 10.7, and provided that the FSCS is not taking measures for the purpose of safeguarding the rights of *eligible claimants* in accordance with 5, the FSCS may determine a *relevant person* to be *in default* when it is, in the opinion of the FSCS or the PRA:

- (1) unable to satisfy *protected claims* against it; or
- (2) likely to be unable to satisfy *protected claims* against it.

...

10.7 The FSCS may not declare an insurer under write-down to be in default while the write-down order is in effect.

...

## 18 PAYMENT OF COMPENSATION

---

18.1 If the FSCS determines that compensation is payable (or any recovery or other amount is payable by the FSCS to the claimant), it must pay it to the claimant, or if the FSCS so decides, as directed by the claimant, unless:

(1) arrangements have or are being made to secure continuity of insurance under 4.1; or

(1A) the FSCS is taking measures it considers appropriate to safeguard *eligible claimants* under 5.1;

(1B) the FSCS is making payments to an *insurer under write-down*, or taking any other permitted action in respect of *written-down claims of eligible claimants* under Chapter 5A;  
or

(2) 18.2 applies.

...

## 19 CALCULATING COMPENSATION – GENERAL

---

...

19.5A For the purposes of 19.5, where a *relevant person* was an *insurer under write-down* and paid a *top-up amount* in relation to a *relevant claim*, the FSCS must take that payment into account when calculating the claimant's overall *claim*.

...

## 20 THE COMPENSATION CALCULATION

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...

20.2A Where a *relevant person* was an *insurer under write-down* and paid a *top-up amount* in relation to a *claim* in respect of a *contract of insurance* to which this Chapter applies, the FSCS must take that payment into account when calculating the liability under that *contract of insurance*.

**PRA RULEBOOK: CRR FIRMS: REMUNERATION AND DISCLOSURE INSTRUMENT 2023****Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
  - (2) section 137H (General rules about remuneration);
  - (3) section 137T (General supplementary powers); and
  - (4) section 192XA (Rules applying to holding companies).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**Pre-conditions to making**

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.
- D. In accordance with sections 144C(3) and 144E of the Act, the PRA consulted the Treasury about the likely effect of the rules on relevant equivalence decisions within the meaning of section 144C (4) of the Act.

**PRA Rulebook: CRR Firms: Remuneration and Disclosure Instrument 2023**

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

<b>Part</b>	<b>Annex</b>
Remuneration	A
Disclosure (CRR)	B

**Commencement**

- F. This instrument comes into force on 31 October 2023.

**Citation**

- G. This instrument may be cited as the PRA Rulebook: CRR Firms: Remuneration and Disclosure Instrument 2023.

**By order of the Prudential Regulation Committee**

5 September 2023

## Annex A

## Amendments to the Remuneration Part

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

...

## 2 APPLICATION DATES AND TRANSITIONAL PROVISIONS

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...

2.2 ~~A firm must apply 15.9(3) and 15.10 in relation to remuneration awarded for services provided or performance from the year 2014 onwards, whether due on the basis of contracts concluded before, on or after 31 December 2013.~~[Deleted]

~~[Note: Art. 162(3) of the CRD]~~

~~[Note: CRD]~~

...

## 3 MATERIAL RISK TAKERS

---

...

3.1B For the purposes of 3.1(1)(c)(i):

(1) ...

(2) a firm must value variable remuneration that has been awarded but has not yet been paid as at the date of the award without taking into account ~~the application of the discount rate referred to in 15.13 or~~ reductions in pay-outs through clawback, malus or otherwise.

...

## 15 REMUNERATION STRUCTURES

---

...

15.9 A firm must set an appropriate ratio between the fixed and variable components of total remuneration and ensure that:

(1) fixed and variable components of total remuneration are appropriately balanced; and

(2) the level of the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component; and

(3) ~~subject to 15.10, the level of the variable component of total remuneration must not exceed 100% of the fixed component of total remuneration for each material risk taker.~~[Deleted]

~~[Note: Arts. 94(1)(f) and 94(1)(g)(i) of the CRD]~~

~~[Note: CRD]~~

15.10 ~~A firm may set a higher maximum level of the ratio between the fixed and variable components of remuneration provided:~~

- ~~(1) the overall level of the variable component does not exceed 200% of the fixed component of the total remuneration for each material risk taker, and~~
- ~~(2) is approved by the shareholders or owners or members of the firm in accordance with 45.11. [Deleted]~~

15.11 ~~A firm must ensure that any approval by the shareholders or owners or members of the firm for the purposes of 15.10 is carried out in accordance with the following procedure:~~

- ~~(1) the firm must give reasonable notice to all shareholders or owners or members of the firm that the firm intends to seek approval of the proposed higher ratio;~~
- ~~(2) the firm must make a detailed recommendation to all shareholders or owners or members of the firm giving the reasons for, and the scope of, the approval sought, including the number of staff affected, their functions and the expected impact on the requirement to maintain a sound capital base;~~
- ~~(3) the firm must, without delay, inform the PRA of the recommendation to its shareholders or owners or members, including the proposed higher ratio and the reasons therefor and must demonstrate to the PRA that the proposed higher ratio does not conflict with the firm's obligations under the CRR and provisions implementing the CRD, having regard in particular to the firm's own funds obligations;~~
- ~~(4) the firm must ensure that employees who have an interest in the proposed higher ratio are not allowed to exercise, directly or indirectly, any voting rights they may have as shareholders or owners or members of the firm in respect of the approval sought; and~~
- ~~(5) the higher ratio is approved by:
 
  - ~~(a) at least 66% of the shares or equivalent ownership rights represented, if at least 50% of the shares or equivalent ownership rights in the firm are represented; or~~
  - ~~(b) at least 75% of the shares or equivalent ownership rights represented if less than 50% of the shares or equivalent ownership rights in the firm are represented. [Deleted]~~~~

~~[Note: Art. 94(1)(g)(ii) of the CRD]~~

~~[Note: CRD and CRR]~~

15.12 ~~A firm must notify without delay the PRA of the decisions taken by its shareholders or members or owners including any approved higher maximum ratio. [Deleted]~~

~~[Note: Art. 94(1)(g)(ii) of the CRD]~~

~~[Note: CRD]~~

15.13 ~~A firm may apply a discount rate to a maximum of 25% of an employee's total variable remuneration provided it is paid in instruments that are deferred for a period of not less than five years. [Deleted]~~

~~[Note: Art. 94(1)(g)(iii) of the CRD and EBA Guidelines on the applicable notional discount rate for variable remuneration]~~

~~[Note: CRD]~~

...

**Annex B**

**Amendments to the Disclosure (CRR) Part**

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

...

**4 DISCLOSURE (PART EIGHT CRR)**

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...

**TITLE II TECHNICAL CRITERIA ON TRANSPARENCY AND DISCLOSURE**

...

**ARTICLE 450 DISCLOSURE OF REMUNERATION POLICY**

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1. ...

- (d) the ratios between fixed and variable *remuneration* set in accordance with rules 15.9 to 15.13 of the Remuneration Part of the ~~PRA Rulebook~~;

...

**6 PILLAR 3 TEMPLATES AND INSTRUCTIONS**

---

...

6.90 Annex XXXIII Table UK REMA can be found ~~here~~ [here](#).

...

**PRA RULEBOOK: CRR FIRMS: DEDUCTIONS FOR NON-PERFORMING EXPOSURES  
(REVOICATIONS) (CRR) INSTRUMENT 2023**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
  - (2) section 137T (General supplementary powers); and
  - (3) section 192XA (Rules applying to holding companies).
- B. The rule-making powers referred to above are specified for the purpose of section 138G (2) (Rule-making instrument) of the Act.

**PRA Rulebook: CRR Firms: Deductions for Non-performing Exposures (Revocations) (CRR) Instrument 2023**

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

Part	Annex
Own Funds and Eligible Liabilities (CRR)	A
Disclosure (CRR)	B
Regulatory Reporting	C
Reporting (CRR)	D

**Notes**

- D. In Annex A to this instrument, the note (indicated by “Note”) is included for the convenience of readers but does not form part of the legislative text.

**Commencement**

- E. This instrument comes into force on 14 November 2023.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: Deductions for Non-performing Exposures (Revocations) (CRR) Instrument 2023.

**By order of the Prudential Regulation Committee**

7 November 2023.

## Annex A

## Own Funds and Eligible Liabilities (CRR) Part

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

...

### 3 OWN FUNDS AND ELIGIBLE LIABILITIES (PART TWO CRR)

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...

#### ARTICLE 36 DEDUCTIONS FROM COMMON EQUITY TIER 1 ITEMS

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1. Institutions shall deduct the following from Common Equity Tier 1 items:

...

(l) any tax charge relating to Common Equity Tier 1 items foreseeable at the moment of its calculation, except where the institution suitably adjusts the amount of Common Equity Tier 1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses;

(m) ~~the applicable amount of insufficient coverage for non-performing exposures.~~[deleted]

...

[Note: This rule, except for the deletion of Article 36.1(m), corresponds to Article 36 of the *CRR* as it applied immediately before revocation by the *Treasury*.]

...

**Annex B**

**Disclosure (CRR) Part**

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

...

**6 PILLAR 3 TEMPLATES AND INSTRUCTIONS**

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...

6.51 Annex XX can be found ~~can be found here~~ [here](#).

...

**Annex C**

**Regulatory Reporting Part**

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

...

**16 DATA ITEMS AND OTHER FORMS**

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...

16.26 PRA101 can be found ~~here~~[here](#).

16.27 PRA102 can be found ~~here~~[here](#).

...

**Annex D**

**Reporting (CRR) Part**

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

...

**5 REPORTING REQUIREMENTS**

---

...

**ARTICLE 5 INDIVIDUAL BASIS – QUARTERLY REPORTING**

---

...

15. ~~Information on the prudential backstop for non-performing exposures shall be submitted as specified in templates C 35.01 to C 35.03 of Annex I, in accordance with the instructions in point 8 of Part II of Annex II.~~[Deleted]

...

**6 TEMPLATES AND INSTRUCTIONS**

---

**ANNEX I**

---

- 6.1 Annex I Template C 01.00 can be found ~~here~~here.

...

- 6.54 ~~Annex I Template C 35.01 can be found here.~~[Deleted]

- 6.55 ~~Annex I Template C 35.02 can be found here.~~[Deleted]

- 6.56 ~~Annex I Template C 35.03 can be found here.~~[Deleted]

...

**ANNEX II**

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- 6.57 Annex II can be found ~~here~~here.

...

**PRA RULEBOOK: CRR FIRMS: REMUNERATION INSTRUMENT 2023****Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
  - (2) section 137H (General rules about remuneration);
  - (3) section 137T (General supplementary powers); and
  - (4) section 192XA (Rules applying to holding companies).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**PRA Rulebook: CRR Firms: Remuneration Instrument 2023**

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

Part	Annex
Glossary	A
Remuneration	B

**Commencement**

- D. This instrument comes into force on 8 December 2023.

**Citation**

- E. This instrument may be cited as the PRA Rulebook: CRR Firms: Remuneration Instrument 2023.

**By order of the Prudential Regulation Committee**

28 November 2023

## Annex A

## Amendments to the Glossary Part

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

...

CSD

has the meaning given in Article 2(1)(1) of CSDR.

CSDR

means Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012.

...

non-UK credit institution

means a *credit institution* whose registered office or, if it does not have a registered office, whose head office, is outside the *UK*.

...

operator

in relation to a *payment system* has the same meaning as in Part 5 of the Banking Act 2009 (see section 183 of that Act).

...

payment system

has the meaning given in section 182 of the Banking Act 2009.

...

SSS

has the meaning given in Article 2(1)(10A) of CSDR.

...

third-country CSD

has the meaning given in Article 2(1)(2) of CSDR.

...

**Annex B****Amendments to the Remuneration Part**

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

Part

**REMUNERATION**

---

**Chapter content**

1. APPLICATION AND DEFINITIONS
2. APPLICATION DATES AND TRANSITIONAL PROVISIONS
- 2A. SMALL CRR FIRM CONDITIONS
- 2B. SMALL THIRD COUNTRY CRR FIRM CONDITIONS
3. MATERIAL RISK TAKERS
4. GROUPS
5. PROPORTIONALITY
6. REMUNERATION POLICIES
7. GOVERNANCE
8. CONTROL FUNCTIONS
9. REMUNERATION AND CAPITAL
10. EXCEPTIONAL GOVERNMENT INTERVENTION
11. RISK ADJUSTMENT
12. PENSION POLICY
13. PERSONAL INVESTMENT STRATEGIES
14. NON-COMPLIANCE
15. REMUNERATION STRUCTURES
- 15A. BUY-OUTS
16. BREACH OF THE REMUNERATION RULES
17. REMUNERATION BENCHMARKING REPORTING REQUIREMENT
18. HIGH EARNERS REPORTING REQUIREMENT

## 1 APPLICATION AND DEFINITIONS

---

...

### 1.3

- (1) In this Part, the following definitions shall apply:

~~Article 273a(3) method~~

~~means the method for calculating the size of a firm's on- and off-balance-sheet derivative business set out in Article 273(a)(3) of CRR amended by point (73) of CRR2.~~

...

~~average total assets~~

~~means the arithmetic mean of the firm's total assets over its last four accounting reference dates. the recent average of the firm's total assets calculated as follows:~~

- ~~(1) for a CRR firm:~~

- ~~(a) identify the occasions (due dates) in the preceding 36 months by which the firm was required to report its total assets; and~~
- ~~(b) calculate the arithmetic mean of the total assets that the firm was required to report on those occasions; or~~

- ~~(2) for a third country CRR firm, calculate the arithmetic mean of the firm's total assets on each of the last three accounting reference dates.~~

...

~~small CRR firm~~

~~means a CRR firm that satisfies both Condition 1 and, where the firm is part of a group containing any other firm subject to this Part on an individual basis, Condition 2, where:~~

- ~~(1) Condition 1 is that the firm is not a large institution and either:~~

- ~~(a) has average total assets not exceeding £4 billion; or~~
- ~~(b) the firm satisfies the conditions in 2A.1 and has average total assets exceeding £4 billion but not exceeding £4320 billion;~~

~~and where (in the case of Condition 1(b)):~~

- ~~(i) it is appropriate for the firm not to be required to comply with the rules specified in 5.3, taking into account the nature, scope, and complexity of its activities, its internal organisation and, if applicable, the characteristics of the group to which it belongs;~~
- ~~(ii) the firm has a small trading book;~~
- ~~(iii) the total value of the firm's derivative positions held with trading intent does not exceed 2% of its total on- and off-balance-sheet assets and the total value of its overall derivative positions does not exceed 5%, both calculated in accordance with the Article 273a(3) method; and~~
- ~~(iv) the firm is not subject to any obligations, or is subject to simplified obligations, in relation to recovery and resolution planning;~~

and

- (2) Condition 2 is that ~~the firm is not part of a group containing another firm which; where the firm is a member of a group, the criteria in (a) or (b) are satisfied in respect of any other firm in the group which is subject to this Part on an individual basis:~~
- (a) ~~is subject to this Part on an individual basis; and~~
- (i) ~~the average total assets of each CRR firm in the group do not exceed £4 billion on an individual basis;~~
- (ii) ~~the average total assets relating to the activities of the branch operation in the UK of each third country CRR firm in the group do not exceed £4 billion on an individual basis; and~~
- (iii) ~~where any CRR firm or third country CRR firm in the group is a member of a consolidation group, the consolidation group has average total assets not exceeding £4 billion on a consolidated basis; or~~
- (b) ~~has average total assets exceeding £13 billion either on an individual basis, consolidated basis or sub-consolidated basis.~~
- (i) ~~the average total assets of each CRR firm in the group do not exceed £20 billion on an individual basis;~~
- (ii) ~~the average total assets relating to the activities of the branch operation in the UK of each third country CRR firm in the group do not exceed £20 billion on an individual basis;~~
- (iii) ~~where any CRR firm or third country CRR firm in the group is a member of a consolidation group, the consolidation group has average total assets not exceeding £20 billion on a consolidated basis;~~
- (iv) ~~for each CRR firm in the group each of the conditions in 2A.1 are satisfied on an individual basis;~~
- (v) ~~for each third country CRR firm in the group each of the conditions in 2B.1 are satisfied on an individual basis; and~~
- (vi) ~~where any CRR firm or third country CRR firm in the group is a member of a consolidation group, each of the conditions (1), (2) and (3) in 2A.1 are satisfied in respect of the consolidation group on a consolidated basis,~~

provided that, if a firm has not yet been required to report its total assets, the calculations in respect of average total assets in Conditions 1 and 2 shall instead be done on the basis of the firm's reasonable forecast of its total assets as at the first occasion on which it will be required to report them.

[Note: Art. 94(3) and (4) of the CRD]

#### *small third country CRR firm*

means ~~a third country CRR firm that satisfies both Condition 1 and, where the firm is part of a group containing any other firm subject to this Part on an individual basis, Condition 2, where~~

- (1) Condition 1 is that the ~~firm~~average total assets that relate to the activities of the branch operation of the third country CRR firm in the UK either:
- (a) ~~do not exceed~~has average total assets that relate to the activities of the branch operation of the firm in the UK not exceeding £4 billion; or

- (b) ~~exceeds~~satisfies the conditions in 2B.1 and has average total assets that relate to the activities of the *branch* operation of the *firm* in the *UK* exceeding £4 billion but ~~do not exceeding~~ £1320 billion;

and where (in the case of Condition 1(b)):

- (i) ~~it is appropriate for the *third country CRR firm* not to be required to comply with the rules specified in 5.3, taking into account the nature, scope, and complexity of the activities and internal organisation of its *branch* operation in the *UK* and, if applicable, the characteristics of the *group* to which it belongs;~~
- (ii) ~~the *firm's branch* operation in the *UK* has a *small trading book*; and~~
- (iii) ~~the total value of the derivative positions held with trading intent relating to its *branch* operation in the *UK* does not exceed 2% of its total on- and off-balance-sheet assets and the total value of its overall derivative positions does not exceed 5%, both calculated in accordance with the Article 273a(3) method.~~

and

- (2) Condition 2 is that ~~the *third country CRR firm* is not part of a *group* containing another *firm* which;~~ where the *firm* is a member of a *group*, the criteria in (a) or (b) are satisfied in respect of any other *firm* in the *group* which is subject to this Part on an individual basis:

- (a) ~~is subject to this Part on an individual basis; and~~

(i) the average total assets of each *CRR firm* in the *group* do not exceed £4 billion on an individual basis;

(ii) the average total assets relating to the activities of the *branch* operation in the *UK* of each *third country CRR firm* in the *group* do not exceed £4 billion on an individual basis; and

(iii) where any *CRR firm* or *third country CRR firm* in the *group* is a member of a *consolidation group*, the *consolidation group* has average total assets not exceeding £4 billion on a *consolidated basis*; or

- (b) ~~has average total assets exceeding £13 billion either on an individual basis, *consolidated basis* or *sub-consolidated basis*.~~

(i) the average total assets of each *CRR firm* in the *group* do not exceed £20 billion on an individual basis;

(ii) the average total assets relating to the activities of the *branch* operation in the *UK* of each *third country CRR firm* in the *group* do not exceed £20 billion on an individual basis;

(iii) where any *CRR firm* or *third country CRR firm* in the *group* is a member of a *consolidation group*, the *consolidation group* has average total assets not exceeding £20 billion on a *consolidated basis*;

(iv) for each *CRR firm* in the *group* each of the conditions in 2A.1 are satisfied on an individual basis;

(v) for each *third country CRR firm* in the *group* each of the conditions in 2B.1 are satisfied on an individual basis; and

(vi) where any CRR firm or third country CRR firm in the group is a member of a consolidation group, each of the conditions (1), (2) and (3) in 2A.1 are satisfied in respect of the consolidation group on a consolidated basis,

provided that, if a firm has not yet been required to report its total assets, the calculations in respect of average total assets in Conditions 1 and 2 shall instead be done on the basis of the firm's reasonable forecast of its total assets as at the first occasion on which it will be required to report them.

...

*total assets*

means:

- (1) in relation to a *CRR firm*, its total assets as set out in its balance sheet on the relevant *accounting reference date*; and
- (2) in relation to a *third country CRR firm*, the total assets of the *third country CRR firm* as set out in its balance sheet on the relevant *accounting reference date* that cover the activities of the *branch* operation in the *UK*;

except that, for the purpose of identifying whether a firm is a small CRR firm and calculating the average total assets for that purpose, it means:

- (3) for a firm that is required to submit data item template F 01.01 of Annex III Part 1 of Reporting (CRR) Part, the sum of the firm's assets as required to be recorded at row 380 of that data item; or
- (4) for a firm that is required to submit data item template F 01.01 of Annex IV Part 1 of Reporting (CRR) Part, the sum of the firm's assets as required to be recorded at row 380 of that data item.

...

## **2 APPLICATION DATES AND TRANSITIONAL PROVISIONS**

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...

2.9 A firm must apply this Part as it applied on 7 December 2023 to remuneration awarded in respect of a performance year starting before 8 December 2023.

### **2A SMALL CRR FIRM CONDITIONS**

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2A.1 The conditions referred to in (1)(b) and (2)(b) of the definition of small CRR firm and in (2)(b) of the definition of small third country CRR firm are the following:

- (1) Subject to 2A.2, the size of the firm's on- and off- balance-sheet trading book business was less than or equal to both £44 million and 5% of the firm's total assets, on the basis of the assessment set out in Article 94(3) of Chapter 3 of Trading Book (CRR) Part:
  - (a) on the last day of at least one of the preceding three months, and
  - (b) on the last day of at least six of the preceding twelve months;
- (2) The firm's overall net foreign-exchange position, calculated using the method set out in Article 352 of CRR, does not exceed 3.5% of its own funds and, subject to 2A.2, did not on average exceed 2% of its own funds:
  - (a) in one or more of the preceding three months, and

- (b) in six or more of the preceding twelve months,  
as determined in accordance with 2A.3;
- (3) The firm does not hold positions in commodities or commodity derivatives;
- (4) The firm does not provide clearing, transaction settlement, custody or correspondent banking services to a UK bank, a building society, or a non-UK credit institution, including by acting as an intermediary for a UK bank, a building society, or a non-UK credit institution to access the facilities or services of:
- (a) a payment system, CSD, third-country CSD, SSS or central counterparty in which the firm is a direct or indirect participant or member, or
- (b) an exchange, other trading facility, clearing house or any other financial market utility or infrastructure, either directly or indirectly,
- except that the firm may provide clearing, transaction settlement, custody or correspondent banking services in sterling to a UK bank, building society or non-UK credit institution that is a member of the firm's immediate group; and
- (5) The firm is not an operator of a payment system.
- 2A.2 The criteria in 2A.1(1)(a) and 2A.1(2)(a) do not apply in respect of a CRR firm that was not a firm on the last day of the preceding month and the criteria in 2A.1(1)(b) and 2A.1(2)(b) do not apply in respect of a CRR firm that was not a firm on the last day of each of the preceding six months.
- 2A.3 For the purpose of 2A.1(2), a firm's overall net foreign-exchange position does not on average exceed 2% of its own funds in a given month if the arithmetic mean of the firm's daily overall net foreign-exchange positions over the course of the month is less than or equal to 2% of the firm's own funds on the last day of the month.

## **2B SMALL THIRD COUNTRY CRR FIRM CONDITIONS**

- 2B.1 The conditions referred to in (1)(b) and (2)(b) of the definition of small third country CRR firm and in (2)(b) of the definition of small CRR firm are the following:
- (1) Subject to 2B.2, the size of the on- and off- balance-sheet trading book business of the firm's branch operation in the UK was less than or equal to both £44 million and 5% of the total assets of the firm, on the basis of the assessment set out in Article 94(3) of Chapter 3 of Trading Book (CRR) Part:
- (a) on the last day of at least one of the preceding three months, and
- (b) on the last day of at least six of the preceding twelve months;
- (2) The overall net foreign-exchange position of the firm's branch operation in the UK, calculated using the method set out in Article 352 of CRR, does not exceed 3.5% of the firm's own funds and, subject to 2B.2, did not on average exceed 2% of the firm's own funds:
- (a) in one or more of the preceding three months, and
- (b) in six or more of the preceding twelve months,
- as determined in accordance with 2B.3;
- (3) The firm's branch operation in the UK does not hold positions in commodities or commodity derivatives;

(4) The firm's branch operation in the UK does not provide clearing, transaction settlement, custody or correspondent banking services to a UK bank, a building society, or a non-UK credit institution, including by acting as an intermediary for a UK bank, a building society, or a non-UK credit institution to access the facilities or services of:

(a) a payment system, CSD, third-country CSD, SSS or central counterparty in which the firm is a direct or indirect participant or member, or

(b) an exchange, other trading facility, clearing house or any other financial market utility or infrastructure, either directly or indirectly,

except that the firm's branch operation in the UK may provide clearing, transaction settlement, custody or correspondent banking services in sterling to a UK bank, building society or non-UK credit institution that is a member of the firm's immediate group; and

(5) The firm's branch operation in the UK is not an operator of a payment system.

2B.2 The criteria in 2B.1(1)(a) and 2B.1(2)(a) do not apply in respect of a third country CRR firm that was not a firm on the last day of the preceding month and the criteria in 2B.1(1)(b) and 2B.1(2)(b) do not apply in respect of a third country CRR firm that was not a firm on the last day of each of the preceding six months.

2B.3 For the purpose of 2B.1(2), the overall net foreign-exchange position of a firm's branch operation in the UK does not on average exceed 2% of the firm's own funds in a given month if the arithmetic mean of the daily overall net foreign-exchange positions of the firm's branch operation in the UK over the course of the month is less than or equal to 2% of the firm's own funds on the last day of the month.

...

## **5 PROPORTIONALITY**

---

...

5.3 12.2 and, 15.15 to 15.19, 15.20(2) and (3A), 15.20A to 15.23 and 15A do not apply to a firm that is a small CRR firm or a small third country CRR firm.

[Note: Art 94(3) and (4) of the CRD.]

...

## **15 REMUNERATION STRUCTURES**

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...

15.A1 In this Chapter:

(1) All the requirements of this Chapter apply to a firm that is neither a small CRR firm nor a small third country CRR firm.

(2) 15.1 to 15.14, and 15.20(1), ~~(2) and 15.21 to 15.23~~ apply to a small CRR firm or a small third country CRR firm.

...

15.20 A firm must ensure that:

(1) any variable remuneration, including a deferred portion, is paid or vests only if it is sustainable according to the financial situation of the firm as a whole, and justified on the basis of the performance of the firm, the business unit and the individual concerned; but in the case of a small CRR firm or a small third country CRR firm, this does not require a firm to impose malus or clawback;

...

**EXTERNALLY DEFINED TERM**

<b>Term</b>	<b>Definition source</b>
immediate group	Section 421ZA <i>FSMA</i>

**PRA RULEBOOK: CRR FIRMS: SDDT REGIME INSTRUMENT 2023****Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
  - (2) section 137T (General supplementary powers); and
  - (3) section 192XA (Rules applying to holding companies).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**PRA Rulebook: CRR Firms: SDDT Regime Instrument 2023**

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

Part	Annex
Glossary	A
SDDT Regime – General Application	B
Disclosure (CRR)	C
Liquidity (CRR)	D
Reporting (CRR)	E

**Commencement**

- D. Annexes A, B and C come into force on 1 January 2024.
- E. Annexes D and E come into force on 1 July 2024.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: SDDT Regime Instrument 2023.

**By order of the Prudential Regulation Committee**

28 November 2023

**Annex A**

**Amendments to the Glossary Part**

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

...

SDDT

has the meaning given in SDDT Regime – General Application 3.1.

SDDT consolidation entity

has the meaning given in SDDT Regime – General Application 3.2.

...

**Annex B**

**SDDT Regime – General Application Part**

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

**Part**

# **SDDT REGIME – GENERAL APPLICATION**

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**Chapter content**

- 1. APPLICATION AND DEFINITIONS**
- 2. SMALL DOMESTIC DEPOSIT TAKERS CRITERIA**
- 3. SMALL DOMESTIC DEPOSIT TAKERS**

## 1 APPLICATION AND DEFINITIONS

---

1.1 Unless otherwise stated, this Part applies to:

- (1) a *firm* that is a *CRR firm*; and
- (2) a *CRR consolidation entity*.

1.2 In this Part, the following definitions shall apply:

*MLAR*

means the Mortgage Lenders and Administrators Return at SUP 16 Annex 19A R of the *FCA Handbook*.

*parent undertaking*

has the meaning given in section 1162 of (together with Schedule 7 to) the Companies Act 2006.

*relevant credit exposures*

means the exposures referred to in template C 09.04 of Annex 1 to the Reporting (CRR) Part and in the instructions for completion of that template in point 3.4.3 of Part II of Annex II to the Reporting (CRR) Part.

*SDDT consolidation criteria*

has the meaning given in 2.2.

*SDDT criteria*

has the meaning given in 2.1.

*total assets*

means:

- (1) for a *firm* that is required to submit *data item* template F 01.01 of Annex III Part 1 of Reporting (CRR) Part, the sum of the *firm's* assets as required to be recorded at row 380 of that *data item*; or
- (2) for a *firm* that is required to submit *data item* template F 01.01 of Annex IV Part 1 of Reporting (CRR) Part, the sum of the *firm's* assets as required to be recorded at row 380 of that *data item*.

## 2 SMALL DOMESTIC DEPOSIT TAKERS CRITERIA

---

2.1 The *SDDT criteria*, in respect of a *UK bank* or *building society*, are the following criteria.

- (1) Either:
  - (a) the recent average of the *firm's* *total assets*, calculated in accordance with 2.3, does not exceed £20 billion, or
  - (b) if the *firm* has not yet been required to report its *total assets*, the *firm* reasonably forecasts that its *total assets* will not exceed £20 billion on the first occasion on which it will be required to report them.
- (2) At least 75% of the *firm's* total *relevant credit exposures* are located in the *UK*, and either:
  - (a) the recent average of the ratio of the *firm's* *relevant credit exposures* that are located in the *UK* to the *firm's* total *relevant credit exposures*, calculated in accordance with 2.4, is at least 85%, or

- (b) if the *firm* has not yet been required to report the geographical location of its *relevant credit exposures*, the *firm* reasonably forecasts that, on the first occasion on which it will be required to do so, at least 85% of the *firm's* total *relevant credit exposures* will be located in the *UK*.
  - (3) Subject to 2.7, the size of the *firm's* on- and off- balance-sheet trading book business was less than or equal to both £44 million and 5% of the *firm's* total assets, on the basis of the assessment set out in Article 94(3) of Chapter 3 of Trading Book (CRR) Part:
    - (a) on the last day of at least one of the preceding three *months*, and
    - (b) on the last day of at least six of the preceding twelve *months*.
  - (4) The *firm's* overall net foreign-exchange position, calculated using the method set out in Article 352 of *CRR*, does not exceed 3.5% of its own funds and, subject to 2.7, did not on average exceed 2% of its own funds:
    - (a) in one or more of the preceding three *months*, and
    - (b) in six or more of the preceding twelve *months*,
 as determined in accordance with 2.8.
  - (5) The *firm* does not hold positions in commodities or commodity derivatives.
  - (6) The *firm* does not apply the Internal Ratings Based Approach to calculate its risk-weighted exposure amounts for credit risk.
  - (7) The *firm* does not provide clearing, transaction settlement, custody or correspondent banking services to a *UK bank*, a *building society*, or a *non-UK credit institution*, including by acting as an intermediary for a *UK bank*, a *building society*, or a *non-UK credit institution* to access the facilities or services of:
    - (a) a *payment system*, *CSD*, *third-country CSD*, *SSS* or *central counterparty* in which the *firm* is a direct or indirect participant or member, or
    - (b) an exchange, other trading facility, clearing house or any other financial market utility or infrastructure, either directly or indirectly,
 except that the *firm* may provide clearing, transaction settlement, custody or correspondent banking services in sterling to a *UK bank*, *building society* or *non-UK credit institution* that is a member of the *firm's immediate group*.
  - (8) The *firm* is not an *operator* of a *payment system*.
  - (9) Any *parent undertaking* of the *firm* is a *UK undertaking*.
- 2.2 The *SDDT consolidation criteria*, in relation to members of a *consolidation group*, are the following criteria.
- (1) Criteria (1) to (6) of the *SDDT criteria* are satisfied:
    - (a) in respect of the *CRR consolidation entity* on a *consolidated basis*, and
    - (b) subject to 2.7, in respect of each *UK bank* and *building society* in the *consolidation group*,
 and for this purpose references in those criteria to the *firm* are to be read accordingly.
  - (2) Criteria (7) and (8) of the *SDDT criteria* are satisfied in respect of each *UK bank* and *building society* in the *consolidation group*, and for this purpose references in those criteria to the *firm* are to be read accordingly.
- 2.3 The recent average of a *firm's total assets* referred to in 2.1(1)(a) is to be calculated as follows.

- (1) Identify the occasions (due dates) in the preceding 36 *months* by which the *firm* was required to report its *total assets*.
  - (2) Calculate the arithmetic mean of the *total assets* that the *firm* was required to report on those occasions.
- 2.4 The recent average of the ratio referred to in 2.1(2)(a) is to be calculated as follows.
- (1) Identify the occasions (remittance dates) in the preceding 36 *months* by which the *firm* was required to report the geographical location of its *relevant credit exposures* using template C 09.04 of Annex I of Reporting (CRR) Part.
  - (2) For each of those occasions, using the information that the *firm* was required to report subject to any adjustment in accordance with 2.6, calculate the ratio of the amount of *relevant credit exposures* located in the *UK* to the total amount of *relevant credit exposures* across all jurisdictions.
  - (3) Calculate the arithmetic mean of those ratios (expressed as a percentage).
- 2.5 For the purpose of 2.1(2) and 2.4(2), whether a *relevant credit exposure* is located in the *UK* is to be determined in accordance with the instructions in point 3.4.3 of Part II of Annex II of Reporting (CRR) Part for completing template C 09.04 of Annex I of that Part, subject to any adjustment in accordance with 2.6.
- 2.6 A *firm* may treat *relevant credit exposures* as located in the *UK* if they would qualify as 'residential loans to individuals' for the purpose of the *MLAR* (whether or not they would otherwise be treated as located in the *UK*).
- 2.7 The criteria in 2.1(3)(a) and 2.1(4)(a) do not apply in respect of a *UK bank* or *building society* that was not a *firm* on the last day of the preceding *month* and the criteria in 2.1(3)(b) and 2.1(4)(b) do not apply in respect of a *UK bank* or *building society* that was not a *firm* on the last day of each of the preceding six *months*.
- 2.8 For the purpose of 2.1(4), a *firm's* overall net foreign-exchange position does not on average exceed 2% of its own funds in a given *month* if the arithmetic mean of the *firm's* daily overall net foreign-exchange positions over the course of the *month* is less than or equal to 2% of the *firm's* own funds on the last day of the *month*.

### 3 SMALL DOMESTIC DEPOSIT TAKERS

---

- 3.1 An *SDDT* means a *UK bank* or *building society* to which the *PRA* has given a *waiver* modifying the effect of this rule such that the *UK bank* or *building society* is an *SDDT*.
- 3.2 An *SDDT consolidation entity* means a *CRR consolidation entity* to which the *PRA* has given a *waiver* modifying the effect of this rule such that the *CRR consolidation entity* is an *SDDT consolidation entity*.
- 3.3 If a *firm* consents to a *waiver* modifying 3.1 such that the *firm* becomes an *SDDT*, the *firm* must certify to the *PRA* that, as of the day of giving the consent, the *firm* meets the *SDDT criteria*.
- 3.4 If an *SDDT* ceases to meet the *SDDT criteria*, it must notify the *PRA* within the period of 14 days beginning with the day on which the *firm* ceases to meet the *SDDT criteria*.
- 3.5 If a *CRR consolidation entity* consents to a *waiver* modifying 3.2 such that the *CRR consolidation entity* becomes an *SDDT consolidation entity*, the *CRR consolidation entity* must certify to the *PRA* that, as of the day of giving the consent, the *SDDT consolidation criteria* are satisfied.

- 3.6 If the *SDDT consolidation criteria* cease to be satisfied, the *SDDT consolidation entity* must notify the *PRA* within the period of 14 days beginning with the day on which the *SDDT consolidation criteria* cease to be satisfied.

**EXTERNALLY DEFINED TERM**

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<b>Term</b>	<b>Definition source</b>
immediate group	Section 421ZA <i>FSMA</i>

**Annex C**

**Amendments to the Disclosure (CRR) Part**

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

**Part**

**DISCLOSURE (CRR)**

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**Chapter content**

...

**7. APPLICATION DATES AND TRANSITIONAL PROVISIONS**

## 1 APPLICATIONS AND DEFINITIONS

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...

1.2 In this Part, the following definitions shall apply:

...

non-listed institution

means an institution that has not issued securities that are admitted to trading on a regulated market.

small CRR firm

has the meaning given in the Remuneration Part.

...

## 4 DISCLOSURE (PART EIGHT CRR)

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...

### Article 433a DISCLOSURES BY LARGE INSTITUTIONS

---

...

2. By way of derogation from paragraph 1, large institutions other than G-SIIs that are ~~non-listed institutions~~ non-listed institutions shall disclose the information outlined below with the following frequency:

- (a) all the information required under this Part on an annual basis;
- (b) the key metrics referred to in Article 447 on a semi-annual basis.

...

### Article 433b DISCLOSURES BY SMALL DOMESTIC DEPOSIT TAKERS, SDDT CONSOLIDATION ENTITIES AND SMALL AND NON-COMPLEX INSTITUTIONS

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1. ~~SDDTs and SDDT consolidation entities~~ SDDTs and SDDT consolidation entities ~~Small and non-complex institutions~~ shall disclose the information outlined below with the following frequency:

- (a) on an annual basis the information referred to in:
  - (i) ~~points (a), (e) and (f) of Article 435(1)[deleted];~~
  - (ii) point (d) of Article 438;
  - (iii) points (a) to (d), (h)(i) and (h)(ii)(h), ~~and (i) of Article 450(1);~~
- (b) on a semi-annual basis the key metrics referred to in Article 447.

2. By way of derogation from paragraph 1 of this Article, SDDTs ~~small and non-complex institutions~~ that are non-listed institutions are not required to make the disclosures specified in that paragraph. ~~non-listed institutions shall disclose the key metrics referred to in Article 447 on an annual basis.~~

3. In relation to any disclosure relating to a period ending on or before 30 June 2027, this Article as it stood immediately before 1 January 2024 applies, with the modification in paragraph 4, to any institution that:
- (a) was a small and non-complex institution immediately before 1 January 2024 and continues to be so; and
  - (b) is not an SDDT or an SDDT consolidation entity.
4. The modification referred to in paragraph 3 is that for any institution subject to that paragraph that is a *small CRR firm* the disclosure required in relation to the information referred to in Article 450 is as follows:
- (a) for a *non-listed institution*, no disclosure is required;
  - (b) otherwise, points (a)-(d), (h)(i) and (h)(ii) of Article 450(1).

#### Article 433c DISCLOSURES BY OTHER INSTITUTIONS

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...

2. By way of derogation from paragraph 1 of this Article, other institutions that are ~~non-listed institutions~~ *non-listed institutions* shall disclose the following information on an annual basis:
- (a) points (a), (e) and (f) of Article 435(1);
  - (b) points (a), (b) and (c) of Article 435(2);
  - (c) point (a) of Article 437;
  - (d) points (c) and (d) of Article 438;
  - (e) the key metrics referred to in Article 447;
  - (f) points (a) to (d), (h) to (k) of Article 450(1).
3. Notwithstanding paragraphs 1 and 2, for institutions subject to this Article that are *small CRR firms*, the disclosure required in relation to the information referred to in Article 450 is as follows:
- (a) for *non-listed institutions*, no disclosure is required;
  - (b) otherwise, points (a)-(d), (h)(i) and (h)(ii) of Article 450(1).

...

#### Article 447 DISCLOSURE OF KEY METRICS

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...

- (h) their own funds and eligible liabilities ratios and their components, numerator and denominator, as calculated in accordance with Articles 92a and 92b and broken down at the level of each resolution group, where applicable.

[Note: With effect from 1 July 2024, paragraph (g) is disappplied for *SDDTs* and *SDDT consolidation entities* by Chapter 5 of the Liquidity (CRR) Part where certain conditions are met]

...

**7 APPLICATION DATES AND TRANSITIONAL PROVISIONS**

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7.1 In relation to any disclosure made after 31 December 2023 but relating to a period ending on or before 31 December 2023, a *small CRR firm*, an *SDDT* and an *SDDT consolidation entity* must apply this Part in accordance with Articles 433b and 433c as those Articles had effect on 31 December 2023.

## Annex D

## Amendments to the Liquidity (CRR) Part

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

Part

## LIQUIDITY (CRR)

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### Chapter content

...

#### 4. LIQUIDITY (PART SIX CRR)

Article 428ai DEROGATION FOR SMALL AND NON-COMPLEX INSTITUTIONS  
[DELETED]

Article 428aj SIMPLIFIED CALCULATION OF THE AMOUNT OF AVAILABLE STABLE  
FUNDING [DELETED]

Article 428ak RESIDUAL MATURITY OF A LIABILITY OR OWN FUNDS [DELETED]

Article 428al 0% AVAILABLE STABLE FUNDING FACTOR [DELETED]

Article 428am 50% AVAILABLE STABLE FUNDING FACTOR [DELETED]

Article 428an 90% AVAILABLE STABLE FUNDING FACTOR [DELETED]

Article 428ao 95% AVAILABLE STABLE FUNDING FACTOR [DELETED]

Article 428ap 100% AVAILABLE STABLE FUNDING FACTOR [DELETED]

Article 428aq SIMPLIFIED CALCULATION OF THE AMOUNT OF REQUIRED STABLE  
FUNDING [DELETED]

Article 428ar RESIDUAL MATURITY OF AN ASSET [DELETED]

Article 428as 0% REQUIRED STABLE FUNDING FACTOR [DELETED]

Article 428asa 2.5% REQUIRED STABLE FUNDING FACTOR [DELETED]

Article 428at 5% REQUIRED STABLE FUNDING FACTOR [DELETED]

Article 428au 10% REQUIRED STABLE FUNDING FACTOR [DELETED]

Article 428av 20% REQUIRED STABLE FUNDING FACTOR [DELETED]

Article 428aw 50% REQUIRED STABLE FUNDING FACTOR [DELETED]

Article 428ax 55% REQUIRED STABLE FUNDING FACTOR [DELETED]

Article 428axa 65% REQUIRED STABLE FUNDING FACTOR [DELETED]

Article 428ay 85% REQUIRED STABLE FUNDING FACTOR [DELETED]

Article 428az 100% REQUIRED STABLE FUNDING FACTOR [DELETED]

#### 5. APPLICATION OF THE NET STABLE FUNDING REQUIREMENT TO SMALL DOMESTIC DEPOSIT TAKERS AND SDDT CONSOLIDATION ENTITIES

## 1 APPLICATION AND DEFINITIONS

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- 1.1 The *Liquidity Parts* apply to:
- (a) a *firm* that is a *CRR firm*; and
  - (b) a *CRR consolidation entity*.

[Note: Chapter 5 makes provision for the application of the *NSFR provisions to SDDTs and SDDT consolidation entities*]

1.2 ...

### NSFR provisions

means:

- (a) Article 413(2);
- (b) Article 415, as it relates to Articles 428a-428ah;
- (c) Articles 416-428ah;
- (d) Article 17 of the Reporting (CRR) Part; and
- (e) Article 447(g) of the Disclosure (CRR) Part.

...

## 4 LIQUIDITY (PART SIX CRR)

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...

### Article 414 COMPLIANCE WITH LIQUIDITY REQUIREMENTS

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...

3. An institution with *total assets*:
- (a) equal to or greater than GBP 5 billion on an individual basis or consolidated basis must be capable at all times of reporting to the *competent authority* at a daily frequency by *the end of the business day* all of the following templates:
    - (i) (unless it is an SDDT or an SDDT consolidation entity) Annex XVIII Template C 70 as specified in the Reporting (CRR) Part of the *PRA Rulebook*;

...

## CHAPTER 5 DEROGATION FOR SMALL AND NON-COMPLEX INSTITUTIONS [DELETED]

### Article 428ai DEROGATION FOR SMALL AND NON-COMPLEX INSTITUTIONS [DELETED]

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By way of derogation from Chapters 3 and 4 of Title IV (The Net Stable Funding Ratio), small and non-complex institutions may, subject to giving reasonable notice to the *competent authority*, calculate the ratio between an institution's available stable funding as referred to in Chapter 6 of Title IV (The Net Stable Funding Ratio), and the institution's required stable funding as referred to in Chapter 7 of Title IV (The Net Stable Funding Ratio), expressed as a percentage.

**CHAPTER 6 AVAILABLE STABLE FUNDING FOR THE SIMPLIFIED CALCULATION OF THE NET STABLE FUNDING RATIO [DELETED]**

**SECTION 1 GENERAL PROVISIONS [DELETED]**

**Article 428aj SIMPLIFIED CALCULATION OF THE AMOUNT OF AVAILABLE STABLE FUNDING [DELETED]**

- 
1. ~~Unless otherwise specified in this Chapter 6 of Title IV (The Net Stable Funding Ratio), the amount of available stable funding shall be calculated by multiplying the accounting value of various categories or types of liabilities and own funds by the available stable funding factors to be applied under Section 2. The total amount of available stable funding shall be the sum of the weighted amounts of liabilities and own funds.~~
  2. ~~Bonds and other debt securities that are issued by the institution, sold exclusively in the retail market, and held in a retail account, may be treated as belonging to the appropriate *retail deposit* category. Limitations shall be in place, such that those instruments cannot be bought and held by parties other than retail customers.~~

**Article 428ak RESIDUAL MATURITY OF A LIABILITY OR OWN FUNDS [DELETED]**

- 
1. ~~Unless otherwise specified in this Chapter 6 of Title IV (The Net Stable Funding Ratio), institutions shall take into account the residual contractual maturity of their liabilities and own funds to determine the available stable funding factors to be applied under Section 2.~~
  2. ~~Institutions shall take into account existing options in determining the residual maturity of a liability or of own funds in a prudent manner. They shall do so on the assumption that the counterparty will redeem call options at the earliest possible date. For options exercisable at the discretion of the institution, the institution shall take into account reputational factors that may limit an institution's ability not to exercise the option, in particular market expectations that institutions should redeem certain liabilities before their maturity.~~
  3. ~~Institutions shall treat deposits with fixed notice periods in accordance with their notice period, and shall treat term deposits in accordance with their residual maturity. By way of derogation from paragraph 2 of this Article, institutions shall not take into account options for early withdrawals where the depositor has to pay a material penalty for early withdrawals which occur in less than one year, such penalty being laid down in Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook, to determine the residual maturity of term *retail deposits*.~~
  4. ~~In order to determine the available stable funding factors to be applied under Section 2, for liabilities with a residual contractual maturity of one year or more, any portion that matures in less than six *months* and any portion that matures between six *months* and less than one year, shall be treated as having a residual maturity of less than six *months* and between six *months* and less than one year, respectively.~~

**SECTION 2 AVAILABLE STABLE FUNDING FACTORS [DELETED]**

**Article 428al 0% AVAILABLE STABLE FUNDING FACTOR [DELETED]**

- 
1. ~~Unless otherwise specified in this Section, all liabilities without a stated maturity, including short positions and open maturity positions, shall be subject to a 0% available stable funding factor, with the exception of the following:
 
    - (a) ~~deferred tax liabilities, which shall be treated in accordance with the nearest possible date on which such liabilities could be realised;~~~~

- (b) ~~minority interests, which shall be treated in accordance with the term of the instrument concerned.~~
2. ~~Deferred tax liabilities and minority interests as referred to in paragraph 1 shall be subject to one of the following factors:~~
- (a) ~~0%, where the effective residual maturity of the deferred tax liability or minority interest is less than one year;~~
- (b) ~~100%, where the effective residual maturity of the deferred tax liability or minority interest is one year or more.~~
3. ~~The following liabilities and capital items or instruments shall be subject to a 0% available stable funding factor:~~
- (a) ~~trade date payables arising from purchases of financial instruments, of foreign currencies and of commodities, that are expected to settle within the standard settlement cycle or period that is customary for the relevant exchange or type of transaction, or that have failed to settle but are nonetheless expected to settle;~~
- (b) ~~liabilities that are categorised as being interdependent with assets in accordance with Article 428f;~~
- (c) ~~liabilities with a residual maturity of less than one year provided by:~~
- (i) ~~the *Bank of England*;~~
- (ii) ~~the *central bank of a third country*;~~
- (iii) ~~*financial customers*;~~
- (d) ~~any other liabilities and capital items or instruments not referred to in this Article and Articles 428am to 428ap.~~
4. ~~Institutions shall apply a 0% available stable funding factor to the absolute value of the difference, if negative, between the sum of fair values across all netting sets with positive fair value and the sum of fair values across all netting sets with negative fair value calculated in accordance with Article 428d.~~
- ~~The following rules shall apply to the calculation referred to in the first subparagraph:~~
- (a) ~~variation margin received by institutions from their counterparties shall be deducted from the fair value of a netting set with positive fair value, only up to the extent that it results in the netting set having zero fair value, where the collateral received as variation margin qualifies as a *level 1* asset pursuant to Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the *PRA* Rulebook, excluding extremely high quality covered bonds specified in that Chapter, and where institutions are legally entitled and operationally able to reuse that collateral;~~
- (b) ~~all variation margin posted by institutions with their counterparties shall be deducted from the fair value of a netting set with negative fair value, only up to the extent that it results in the netting set having zero fair value.~~

#### **Article 428am 50% AVAILABLE STABLE FUNDING FACTOR [DELETED]**

~~The following liabilities and capital items or instruments shall be subject to a 50% available stable funding factor:~~

- (a) ~~deposits received that fulfil the criteria for operational deposits set out in Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the *PRA* Rulebook;~~

- (b) ~~liabilities and capital items or instruments with a residual maturity of less than one year provided by:~~
- ~~(i) the central government of the *United Kingdom* or of a third country;~~
  - ~~(ii) regional governments or local authorities in the *United Kingdom* or in a third country;~~
  - ~~(iii) public sector entities of the *United Kingdom* or of a third country;~~
  - ~~(iv) multilateral development banks referred to in Article 117(2) and international organisations referred to in Article 118;~~
  - ~~(v) non-financial corporate customers;~~
  - ~~(vi) *credit unions* authorised by the *competent authority*, *personal investment companies* and clients that are *deposit brokers*, with the exception of deposits received, that fulfil the criteria for operational deposits as set out in Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the *PRA Rulebook*.~~

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#### Article 428an 90% AVAILABLE STABLE FUNDING FACTOR [DELETED]

~~Sight *retail deposits*, *retail deposits* with a fixed notice period of less than one year and term *retail deposits* having a residual maturity of less than one year that fulfil the relevant criteria for stable *retail deposits* set out in Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the *PRA Rulebook* shall be subject to a 95% available stable funding factor.~~

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#### Article 428ao 95% AVAILABLE STABLE FUNDING FACTOR [DELETED]

~~Sight *retail deposits*, *retail deposits* with a fixed notice period of less than one year and term *retail deposits* having a residual maturity of less than one year that fulfil the relevant criteria for stable *retail deposits* set out in Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the *PRA Rulebook* shall be subject to a 95% available stable funding factor.~~

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#### Article 428ap 100% AVAILABLE STABLE FUNDING FACTOR [DELETED]

~~The following liabilities and capital items and instruments shall be subject to a 100% available stable funding factor:~~

- ~~(a) the Common Equity Tier 1 items of the institution before the adjustments required pursuant to Articles 32 to 35, the deductions pursuant to Article 36 and the application of the exemptions and alternatives laid down in Articles 48, 49 and 79;~~
- ~~(b) the Additional Tier 1 items of the institution before the deduction of the items referred to in Article 56 and before Article 79 has been applied thereto, excluding any instruments with explicit or embedded options that, if exercised, would reduce the effective residual maturity to less than one year;~~
- ~~(c) the Tier 2 items of the institution before the deductions referred to in Article 66 and before the application of Article 79, having a residual maturity of one year or more, excluding any instruments with explicit or embedded options that, if exercised, would reduce the effective residual maturity to less than one year;~~
- ~~(d) any other capital instruments of the institution with a residual maturity of one year or more, excluding any instruments with explicit or embedded options that, if exercised, would reduce the effective residual maturity to less than one year;~~
- ~~(e) any other secured and unsecured borrowings and liabilities with a residual maturity of one year or more, including term deposits, unless otherwise specified in Articles 428al to 428ao.~~

**CHAPTER 7 REQUIRED STABLE FUNDING FOR THE SIMPLIFIED CALCULATION OF THE NET STABLE FUNDING RATIO [DELETED]**

**SECTION 1 GENERAL PROVISIONS [DELETED]**

**Article 428aq SIMPLIFIED CALCULATION OF THE AMOUNT OF REQUIRED STABLE FUNDING [DELETED]**

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1. ~~Unless otherwise specified in this Chapter 7 of Title IV (The Net Stable Funding Ratio), for small and non-complex institutions the amount of required stable funding shall be calculated by multiplying the accounting value of various categories or types of assets and off-balance sheet items by the required stable funding factors to be applied in accordance with Section 2 of this Chapter. The total amount of required stable funding shall be the sum of the weighted amounts of assets and off-balance sheet items.~~
  2. ~~Assets that institutions have borrowed or otherwise acquired in securities financing transactions shall be subject to the required stable funding factors to be applied under Section 2 of this Chapter where those assets are accounted for on the balance sheet of the institution or where the institution is exposed to all or substantially all of the economic risk and reward in respect of those assets. Otherwise, such assets shall be excluded from the calculation of the amount of required stable funding.~~
  3. ~~Assets that institutions have lent or otherwise disposed of in securities financing transactions which the institution keeps on balance sheet or in respect of which the institution retains exposure to all or substantially all of the economic risk and reward, shall be considered as encumbered assets for the purposes of this Chapter 7 of Title IV (The Net Stable Funding Ratio) and shall be subject to required stable funding factors to be applied under Section 2. Otherwise, such assets shall be excluded from the calculation of the amount of required stable funding.~~
  4. ~~Assets that are encumbered for a residual maturity of six *months* or longer shall be assigned either the required stable funding factor that would be applied under Section 2 to those assets if they were held *unencumbered* or the required stable funding factor that is otherwise applicable to those encumbered assets, whichever factor is higher. The same shall apply where the residual maturity of the encumbered assets is shorter than the residual maturity of the transaction that is the source of encumbrance.~~

~~Assets that have less than six *months* remaining in the encumbrance period shall be subject to the required stable funding factors to be applied under Section 2 to the same assets if they were held *unencumbered*.~~
  5. ~~Where an institution reuses or repledges an asset that was borrowed, including in securities financing transactions, and that is accounted for off-balance sheet, the transaction through which that asset has been borrowed shall be treated as encumbered to the extent that the transaction cannot mature without the institution returning the asset borrowed.~~
  6. ~~The following assets shall be considered to be *unencumbered*:~~
    - (a) ~~assets included in a pool which are available for immediate use as collateral to obtain additional funding under committed or, where the pool is operated by a central bank, uncommitted but not yet funded credit lines available to the institution;~~
    - (b) ~~assets that the institution has received as collateral for credit risk mitigation purposes in secured lending, secured funding or collateral exchange transactions and that the institution may dispose of;~~
    - (c) ~~assets attached as non-mandatory over-collateralisation to a covered bond issuance.~~

For the purposes of point (a) of the first subparagraph of this paragraph, institutions shall assume that assets in the pool are encumbered in order of increasing liquidity on the basis of the liquidity classification set out in Chapter 2 of the Liquidity Coverage Ratio (LCR) Part of the PRA Rulebook, starting with assets ineligible for the *liquidity buffer*.

8. ~~Institutions shall exclude assets associated with collateral recognised as variation margin posted in accordance with point (b) of Article 428a(4) and Article 428az(2) or as initial margin posted or as contribution to the default fund of a CCP in accordance with points (a) and (b) of Article 428ay from other parts of calculation of the amount of required stable funding in accordance with this Chapter 7 of Title IV (The Net Stable Funding Ratio) in order to avoid any double counting. This paragraph 8 does not apply to collateral assets associated with excess variation margin posted and not already recognised in point (b) of Article 428a(4) or Article 428az(2), which institutions shall take into account in other parts of the calculation of the amount of required stable funding in accordance with this Chapter 7 of Title IV (The Net Stable Funding Ratio).~~
9. ~~Institutions shall include in the calculation of the amount of required stable funding financial instruments, foreign currencies and commodities for which a purchase order has been executed. They shall exclude from the calculation of the amount of required stable funding financial instruments, foreign currencies and commodities for which a sale order has been executed, provided that those transactions are not reflected as derivatives or secured funding transactions on the institutions' balance sheet and that those transactions are to be reflected on the institutions' balance sheet when settled.~~
10. ~~Institutions shall apply appropriate stable funding factors to off-balance sheet exposures that are not referred to in this Chapter 7 of Title IV (The Net Stable Funding Ratio) to ensure that they hold an appropriate amount of available stable funding for the portion of those exposures that are expected to require funding over the one-year horizon of the net stable funding ratio. When considering those factors, institutions shall, in particular, take into account the material reputational damage to the institution that could result from not providing that funding.~~

#### **Article 428ar RESIDUAL MATURITY OF AN ASSET [DELETED]**

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1. ~~Unless otherwise specified in this Chapter 7 of Title IV (The Net Stable Funding Ratio), institutions shall take into account the residual contractual maturity of their assets and off-balance sheet transactions when determining the required stable funding factors to be applied to their assets and off-balance sheet items under Section 2.~~
2. ~~Institutions shall treat assets that have been segregated in accordance with Article 11(3) of Regulation (EU) No 648/2012 in accordance with the underlying exposure of those assets. Institutions shall, however, subject those assets to higher required stable funding factors, based on the term of encumbrance of those assets. For these purposes, segregated assets are encumbered when the institution is not able freely to dispose of or exchange such assets. Institutions shall consider the term of encumbrance to be the same as the term of the liabilities which generated the segregation requirement.~~
3. ~~When calculating the residual maturity of an asset, institutions shall take options into account in a prudent manner. Institutions shall assume that the issuer or counterparty will exercise any option to extend the maturity of an asset. For options that are exercisable at the discretion of the institution, the institution shall take into account reputational factors that may limit the institution's ability not to exercise the option, in particular markets' and clients' expectations that the institution should extend the maturity of certain assets at their maturity date.~~
4. ~~In order to determine the required stable funding factors to be applied in accordance with Section 2, for amortising loans with a residual contractual maturity of one year or more, the portions that mature in less than six *months* and between six *months* and less than one year~~

shall be treated as having a residual maturity of less than six *months* and between six *months* and less than one year respectively.

## **SECTION 2    REQUIRED STABLE FUNDING FACTORS [DELETED]**

### **Article 428as    0% REQUIRED STABLE FUNDING FACTOR [DELETED]**

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1. The following assets shall be subject to a 0% required stable funding factor:
  - (a) ~~unencumbered assets that are eligible as level 1 high quality liquid assets pursuant to Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook, excluding extremely high quality covered bonds specified in that Chapter, regardless of whether they comply with the operational requirements as set out in that Chapter;~~
  - (b) ~~all reserves held by the institution in the Bank of England or the central bank of a third country, including required reserves and excess reserves;~~
  - (c) ~~all claims on the Bank of England or the central bank of a third country that have a residual maturity of less than six months;~~
  - (d) ~~assets that are categorised as being interdependent with liabilities in accordance with Article 428f.~~
2. By way of derogation from point (b) of paragraph 1, institutions shall apply a higher required stable funding factor to required reserves which shall be:
  - (a) ~~the required stable funding factor for required reserves that is prescribed by the national law of the third country in which the relevant central bank is located; or~~
  - (b) ~~if there is no national law prescribing the required stable funding for required reserves, an appropriate required stable funding factor, taking into account, in particular, the extent to which reserve requirements exist over a one-year horizon and therefore require associated stable funding.~~

### **Article 428asa    2.5% REQUIRED STABLE FUNDING FACTOR [DELETED]**

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~~Trade finance off balance sheet related products as referred to in Annex I of the CRR with a residual maturity of less than one year shall be subject to a 2.5% required stable funding factor.~~

### **Article 428at    5% REQUIRED STABLE FUNDING FACTOR [DELETED]**

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1. ~~The undrawn portion of committed credit and liquidity facilities specified in Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook shall be subject to a 5% required stable funding factor.~~
2. ~~Subject to Article 428da, for all netting sets of derivative contracts, institutions shall apply a 5% required stable funding factor to the absolute fair value of those netting sets of derivative contracts, gross of any collateral posted, where those netting sets have a negative fair value. For the purposes of this paragraph, institutions shall determine the fair value as gross of any collateral posted or settlement payments and receipts related to market valuation changes of such contracts.~~
3. ~~Trade finance off balance sheet related products as referred to in Annex I of the CRR with a residual maturity of one year or more shall be subject to a 5% required stable funding factor.~~

### **Article 428au    10% REQUIRED STABLE FUNDING FACTOR [DELETED]**

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~~Unencumbered assets that are eligible as level 1 extremely high quality covered bonds pursuant to Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook shall be subject to a 10%~~

~~required stable funding factor, regardless of whether they comply with the operational requirements and with the requirements on the composition of the *liquidity buffer* as set out in that Chapter.~~

#### **Article 428av 20% REQUIRED STABLE FUNDING FACTOR [DELETED]**

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~~*Unencumbered* assets that are eligible as level 2A assets pursuant to Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the *PRA* Rulebook, and *unencumbered* shares or units in CIUs pursuant to that Chapter shall be subject to a 20% required stable funding factor, regardless of whether they comply with the operational requirements and with the requirements on the composition of the *liquidity buffer* as set out in that Chapter.~~

#### **Article 428aw 50% REQUIRED STABLE FUNDING FACTOR [DELETED]**

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The following assets shall be subject to a 50% required stable funding factor:

- ~~(a) secured and unsecured loans with a residual maturity of less than one year and provided that they are encumbered less than one year;~~
- ~~(b) any other assets with a residual maturity of less than one year, unless otherwise specified in Articles 428as to 428av;~~
- ~~(c) assets encumbered for a residual maturity of at least six *months* but less than one year, except where those assets would be assigned a higher required stable funding factor in accordance with Articles 428ax, 428 axa, 428ay and 428az if they were held *unencumbered*, in which case the higher required stable funding factor that would apply to those assets if they were held *unencumbered* shall apply.~~

#### **Article 428ax 55% REQUIRED STABLE FUNDING FACTOR [DELETED]**

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~~Assets that are eligible as level 2B assets pursuant to Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the *PRA* Rulebook, and shares or units in CIUs pursuant to that Chapter shall be subject to a 55% required stable funding factor, regardless of whether they comply with the operational requirements and with the requirements on the composition of the *liquidity buffer* as set out in that Chapter, provided that they are encumbered less than one year. For these purposes Article 12(1)(c)(i) to (iii) of Chapter 2 of the Liquidity Coverage Ratio (CRR) Part shall be replaced with the following eligibility criteria:~~

- ~~(a) the shares form part of the Financial Times Stock Exchange 100 (FTSE 100) in the *United Kingdom* or a major stock index of a third country composed of leading companies in the relevant jurisdiction;~~
- ~~(b) the shares are denominated in the domestic currency of the institution's home jurisdiction or in the currency of the jurisdiction where the institution's liquidity risk is taken; and~~
- ~~(c) the shares have a proven record as a reliable source of liquidity in the markets (through repo or outright sale) even during stressed market conditions, i.e.:~~
  - ~~(i) a maximum decline of price over a 30-day period not exceeding 40%; or~~
  - ~~(ii) an increase in haircut over a 30-day period not exceeding 40 percentage points, during a relevant period of significant liquidity stress.~~

#### **Article 428axa 65% REQUIRED STABLE FUNDING FACTOR [DELETED]**

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- ~~1. *Unencumbered* loans secured by mortgages on residential property with a residual maturity of one year or more, provided that those loans are assigned a risk weight of 35% or less in~~

accordance with Chapter 2 of Title II of Part Three of the CRR, shall be subject to a 65% required stable funding factor.

2. ~~Institutions shall apply a 65% required stable funding factor to the most senior tranche or, if the institution has retained all tranches, all tranches of *unencumbered* securitisations:~~
- ~~(a) with a residual maturity of one year or more;~~
  - ~~(b) where the underlying exposures were originated by:
 
    - ~~(i) the institution;~~
    - ~~(ii) a subsidiary of the institution; or~~
    - ~~(iii) a third party provided the exposures were purchased by any of the entities in paragraph (2)(b)(i) to (ii) of this Article prior to the securitisation; and~~~~
  - ~~(c) whose underlying exposures would be subject to paragraph 1 of this Article had the underlying exposures not been securitised.~~

#### **Article 428ay 85% REQUIRED STABLE FUNDING FACTOR [DELETED]**

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The following assets and off-balance sheet items shall be subject to a 85% required stable funding factor:

- ~~(a) any assets and off-balance sheet items, including cash, posted as initial margin for *derivative contracts* or posted as contribution to the default fund of a CCP, unless those assets would be assigned a higher required stable funding factor in accordance with Article 428az if held *unencumbered*, in which case the higher required stable funding factor that would apply to those assets if they were held *unencumbered* shall apply;~~
- ~~(b) *unencumbered* loans with a residual maturity of one year or more, excluding loans to *financial customers*, which are not past due for more than 90 days, unless otherwise specified in Article 428axa(1);~~
- ~~(c) trade finance on balance sheet related products with non *financial customers* with a residual maturity of one year or more;~~
- ~~(d) *unencumbered* securities with a residual maturity of one year or more that are not in default in accordance with Article 178 and that are not eligible as liquid assets pursuant to Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the *PRA* Rulebook, unless otherwise specified in Article 428axa(2);~~
- ~~(e) *unencumbered* exchange-traded equities that are not eligible as level 2B assets pursuant to Article 428ax;~~
- ~~(f) physically traded commodities, including gold but excluding commodity derivatives, unless otherwise specified in Article 428f;~~
- ~~(g) *unencumbered* loans secured by mortgages on residential property with a residual maturity of one year or more, provided that those loans are assigned a risk weight of more than 35% in accordance with Chapter 2 of Title II of Part Three of the *CRR*.~~

#### **Article 428az 100% REQUIRED STABLE FUNDING FACTOR [DELETED]**

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1. ~~The following assets shall be subject to a 100% required stable funding factor:~~
- ~~(a) any assets encumbered for a residual maturity of one year or more;~~
  - ~~(b) any assets other than those referred to in Articles 428as to 428ay, including loans to *financial customers* having a residual contractual maturity of one year or more, non-~~

~~performing exposures, items deducted from own funds, fixed assets, non-exchange traded equities, retained interest, insurance assets, defaulted securities.~~

- ~~2. Institutions shall apply a 100% required stable funding factor to the difference, if positive, between the sum of fair values across all netting sets with positive fair value and the sum of fair values across all netting sets with negative fair value calculated in accordance with Article 428d.~~

~~The following rules shall apply to the calculation referred to in the first subparagraph:~~

- ~~(a) variation margin received by institutions from their counterparties shall be deducted from the fair value of a netting set with positive fair value, only up to the extent that it results in the netting set having zero fair value, where the collateral received as variation margin qualifies as a level 1 asset pursuant to Chapter 2 of the Liquidity Coverage Ratio (CRR) Part of the PRA Rulebook, excluding extremely high quality covered bonds specified in that Chapter, and where institutions are legally entitled and operationally able to reuse that collateral;~~
- ~~(b) all variation margin posted by institutions with their counterparties shall be deducted from the fair value of a netting set with negative fair value, only up to the extent that it results in the netting set having zero fair value.~~

## **5 APPLICATION OF THE NET STABLE FUNDING REQUIREMENT TO SMALL DOMESTIC DEPOSIT TAKERS AND SDDT CONSOLIDATION ENTITIES**

- 5.1 This chapter applies only to SDDTs and SDDT consolidation entities.
- 5.2 An SDDT must comply with this chapter on an individual basis.
- 5.3 An SDDT consolidation entity must comply with this chapter on the basis of its consolidated situation and for that purpose the term firm shall be read as including an SDDT consolidation entity (if it would not otherwise be included).
- 5.4 The NSFR provisions do not apply to a firm where the retail deposit ratio condition in 5.5 is met.
- 5.5 The retail deposit ratio condition is where a firm's four quarter moving average of its retail deposit ratio was greater than or equal to 50% on:
- (1) the most recent quarterly reporting reference date in respect of which the quarterly reporting remittance date has occurred; and
  - (2) on each of the three quarterly reporting reference dates preceding the quarterly reporting reference date in (1).
- 5.6 Where a firm ceases to meet the retail deposit ratio condition in 5.5 the NSFR provisions do not apply for a period of one year beginning with the day after the remittance date on which the firm ceased to meet the retail deposit ratio condition.
- 5.7 A firm must notify the PRA without delay where:
- (1) it ceases to meet the retail deposit ratio condition in 5.5; and
  - (2) it meets the retail deposit ratio condition in 5.5, having previously notified the PRA that it ceased to do so.
- 5.8 For the purpose of this chapter:
- (1) The quarterly reporting reference date for each quarterly reporting period is the date specified in Article 2 of the Reporting (CRR) Part for template C 68.00 at 6.277 of Annex XVIII.

(2) The quarterly reporting remittance date for each quarterly reporting period is the date specified in Article 3 of the Reporting (CRR) Part for template C 68.00 at 6.277 of Annex XVIII.

(3) The retail deposit ratio is the ratio of the firm's total retail deposits to its total funding and shall be expressed as a percentage in accordance with the following formula:

$$\frac{\text{Total retail deposits}}{\text{Total funding}} = \text{retail deposit ratio \%}$$

where total funding means the sum of the firm's:

total retail deposits;

unsecured wholesale funding as required to be reported in row 110 column 010 of template C 68.00 at 6.277 of Annex XVIII of the Reporting (CRR) Part; and

secured wholesale funding as required to be reported in row 150 column 010 of template C 68.00 at 6.277 of Annex XVIII of the Reporting (CRR) Part.

(4) The four quarter moving average of a firm's retail deposit ratio equals:

$$\frac{\text{RDR}_{Q_{t-3}} + \text{RDR}_{Q_{t-2}} + \text{RDR}_{Q_{t-1}} + \text{RDR}_{Q_t}}{4}$$

where:

RDR is the retail deposit ratio for a quarterly reporting reference date;

Qt is the quarterly reporting reference date to which the calculation relates;

Qt-1 is the quarterly reporting reference date immediately preceding that in Qt;

Qt-2 is the quarterly reporting reference date immediately preceding that in Qt-1; and

Qt-3 is the quarterly reporting reference date immediately preceding that in Qt-2.

## Annex E

### Amendments to the Reporting (CRR) Part

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

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#### 5 REPORTING REQUIREMENTS

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#### Article 17 REPORTING ON STABLE FUNDING

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In order to report information on stable funding in accordance with point (d) of Article 430(1) of the Reporting (CRR) Part of the *PRA* Rulebook on an individual and a consolidated basis, institutions shall submit the information specified in Annex XII, in accordance with the instructions in Annex XIII, with a quarterly frequency as follows:

- (a) ~~small and non-complex institutions that have chosen to calculate their net stable funding ratio using the methodology set out in Chapters 6 and 7 of Title IV of Part Six of the CRR, with the prior permission of their competent authority in accordance with Article 428ai of the CRR, shall submit templates C 82.00 and C 83.00 of Annex XII, in accordance with the instructions in Annex XIII[deleted];~~
- (b) all ~~other~~ institutions shall submit templates C 80.00 and C 81.00 of Annex XII, in accordance with the instructions in Annex XIII;
- (c) all institutions shall submit template C 84.00 of Annex XII, in accordance with the instructions in Annex XIII.

[Note: Article 17 is disapplied for *SDDTs* and *SDDT consolidation entities* by Chapter 5 of the Liquidity (CRR) Part where certain conditions are met]

#### CHAPTER 9 FORMAT AND FREQUENCY OF REPORTING ON ADDITIONAL LIQUIDITY MONITORING METRICS ON AN INDIVIDUAL AND A CONSOLIDATED BASIS

#### Article 18 FORMAT AND FREQUENCY OF REPORTING ON ADDITIONAL LIQUIDITY MONITORING METRICS ON AN INDIVIDUAL AND A CONSOLIDATED BASIS

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...

2. By way of derogation from paragraph 1:

- (a) an institution that is an *SDDT* or an *SDDT consolidation entity*:
  - (i) may omit the information on additional liquidity monitoring metrics specified in Templates C67, C69 and C70 of Annex XVIII and Template C71 in Annex XX; and
  - (ii) shall report the information on additional liquidity monitoring metrics specified in Template C68 in Annex XVIII with a quarterly frequency and without distinguishing product types showing concentrations greater than 1% of total liabilities from other product types.
- (b) up to and including returns remitted in relation to the reporting reference date of 30 June 2027 an institution that meets all the conditions set out in point (145) of Article 4(1) of the CRR is not an *SDDT* or an *SDDT consolidation entity* but immediately before 1 July 2024

was a small and non-complex institution and continues to be so may report the information on additional liquidity monitoring metrics with a quarterly frequency.

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## 6 TEMPLATES AND INSTRUCTIONS

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Annex XII

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6.260 ~~Annex XII Template C 82.00 can be found here.~~[\[Deleted\]](#)

6.261 ~~Annex XII Template C 83.00 can be found here.~~[\[Deleted\]](#)

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Annex XIII

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6.263 Annex XIII can be found ~~here~~[here](#).

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Annex XVIII

6.277 Annex XVIII Template C 68.00 can be found ~~here~~[here](#).

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Annex XIX

6.280 Annex XIX can be found ~~here~~[here](#).

**PRA RULEBOOK: CRR FIRMS, NON-CRR FIRMS, SOLVENCY II FIRMS, NON-SOLVENCY II FIRMS: SENIOR MANAGER REGIME FORMS (NO. 2) INSTRUMENT 2023**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
  - (2) section 137T (General supplementary powers);
  - (3) section 60 (Applications for approval);
  - (4) section 62A (Changes in responsibilities of senior managers); and
  - (5) section 64C (Requirement for authorised person to notify regulator of disciplinary action).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**PRA Rulebook: CRR Firms, Non-CRR Firms, Solvency Firms II, Non-Solvency II Firms: Senior Manager Regime Forms (No. 2) Instrument 2023**

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

Part	Annex
Senior Managers Regime – Applications and Notifications	A
Insurance – Senior Managers Regime – Applications and Notifications	B
Large Non-Solvency II Firms – Senior Managers Regime – Applications and Notifications	C
Non-Solvency II Firms – Senior Managers Regime – Applications and Notifications	D
Notifications	E

**Forms**

- D. The rules in this instrument include any forms referred to in the rules. Where indicated by “here”, the rules when published electronically will include a hyperlink to the appropriate document.

**Commencement**

- E. This instrument comes into force on 21 December 2023.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: CRR Firms, Non-CRR Firms, Solvency II Firms, Non-Solvency II Firms: Senior Manager Regime Forms (No. 2) Instrument 2023.

**By order of the Prudential Regulation Committee**

13 December 2023

**Annex A**

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

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

...

**8 FORMS**

---

8.1 ...

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

(5) Form D may be found ~~here~~ here.

...

**Annex B**

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

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

...

**7 FORMS**

---

7.1 ...

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

(5) Form D may be found ~~here~~here.

...

## Annex C

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

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

...

#### **7 FORMS**

---

7.1 ...

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

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

...

**Annex D**

**Amendments to Non-Solvency II Firms – Senior Managers Regime –  
Applications and Notifications Part**

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

...

**7 FORMS**

---

7.1 ...

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

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

...

**Annex E**

**Amendments to Notifications Part**

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

...

**11 CONDUCT RULES: NOTIFICATIONS**

---

...

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

(2) Form D may be found ~~here~~here.

...

**PRA RULEBOOK: CRR FIRMS, NON-CRR FIRMS, NON-AUTHORISED PERSONS: DEPOSITOR PROTECTION (NO.3) INSTRUMENT 2023**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
  - (2) section 213 (The compensation scheme);
  - (3) section 214(1)(h) (General).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

**PRA Rulebook: CRR Firms, Non-CRR Firms, Non-Authorised Persons: Depositor Protection (No.3) Instrument 2023**

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

**Commencement**

- D. This instrument comes into force on 22 December 2023.

**Citation**

- E. This instrument may be cited as the PRA Rulebook: CRR Firms, Non-CRR Firms, Non-Authorised Persons: Depositor Protection (No.3) Instrument 2023.

**By order of the Prudential Regulation Committee**

13 December 2023

**Annex**

**Amendments to the Depositor Protection Part**

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

...

**9 TIME LIMITS**

---

...

9.2 The *FSCS* must ~~pay~~make available the compensation in respect of *eligible deposits* within the applicable time period and as soon as reasonably practicable after:

(1) it is satisfied that the conditions in 3.2 have been met; and

(2) it has calculated the amount of compensation due to the *compensation recipient*.

...

**PRA RULEBOOK: MISCELLANEOUS AMENDMENTS INSTRUMENT 2023****Powers exercised**

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

**PRA Rulebook: Miscellaneous Amendments Instrument 2023**

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

Part	Annex
Glossary	A
Auditors	B

**Commencement**

- D. This instrument comes into force on 22 December 2023.

**Citation**

- E. This instrument may be cited as the PRA Rulebook: Miscellaneous Amendments Instrument 2023.

**By order of the Prudential Regulation Committee**

13 December 2023

## Annex A

## Amendments to the Glossary Part

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

...

*accounting principles*

~~means whichever of the following are applicable:~~

- ~~(1) the *insurance accounts rules*;~~
- ~~(2) the Friendly Societies (Accounts and Related Provisions) Regulations 1994;~~
- ~~(3) Financial Reporting Standards and Statements of Standard Accounting Practice issued or adopted by the Accounting Standards Board;~~
- ~~(4) Statements of Recommended Practice, issued by industry or sectoral bodies recognised for this purpose by the Accounting Standards Board;~~
- ~~(5) international accounting standards within the meaning of EC Regulations No.1606/2002 of the European Parliament and of the council of 19 July 2002 on the application of international accounting standards, adopted from time to time by the European Commission in accordance with that Regulation;~~
- ~~(6) the Companies Act 1985; and~~
- ~~(7) the Companies Act 2006,~~

~~as applicable to the *firm* for the purpose of its external financial reporting (or as would be applicable if the *firm* was a company with its head office in the UK).~~

means in the case of:

- (1) a *firm* which is a company, the applicable accounting requirements for the company concerned specified in Part 15 of the Companies Act 2006 or in any provision made under that Act;
- (2) an *overseas firm*, the accounting requirements as would be applicable if that *firm* was a company with its registered or head office in the UK; or
- (3) any other *firm*, the applicable accounting requirements for the type of *firm* concerned as specified in any relevant legislation;

and for this purpose 'accounting requirements' means accounting requirements for the purposes of external financial reporting and 'company' has the same meaning as in section 1(1) of the Companies Act 2006.

...

*defined benefit liability*

means the shortfall of the value of the assets in a *defined-benefit occupational pension scheme* below the present value of the scheme liabilities, to the extent that a *firm*, as employer, in accordance with the ~~accounting principles~~ accounting principles applicable to it, should recognise that shortfall as a liability in its balance sheet.

...

**Annex B****Amendments to the Auditors Part**

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

...

**2 APPOINTMENT OF AUDITORS**

---

2.1 *A firm* must:

...

(5) when a new auditor is appointed:

(a) notify the *PRA* of that appointment; and

(b) advise the *PRA* of the name and business address of the auditor appointed and the date from which the appointment has effect,

using the form referred to in Notifications 10.32.

...

**PRA RULEBOOK: SOLVENCY II FIRMS: GROUP SUPERVISION INSTRUMENT 2023**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
  - (2) section 137T (General supplementary powers); and
  - (3) section 192J (Rules requiring provision of information by parent undertakings).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**PRA Rulebook: Solvency II Firms: Group Supervision Instrument 2023**

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

**Commencement**

- D. This instrument comes into force on 22 December 2023.

**Citation**

- E. This instrument may be cited as the PRA Rulebook: Solvency II Firms: Group Supervision Instrument 2023.

**By order of the Prudential Regulation Committee**

13 December 2023

**Annex**

**Amendments to the Group Supervision 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:

...

*participating Solvency II undertaking*

means a *Solvency II undertaking* that holds a *participation* in another *undertaking*.

...

## PRA RULEBOOK: SOLVENCY II ADMINISTRATIVE INSTRUMENT 2023

### Powers exercised

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

### PRA Rulebook: Solvency II Administrative Instrument 2023

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

Part	Annex
Glossary	A
External Audit	B
Financial Conglomerates	C
Group Supervision	D
Own Funds	E

### Commencement

- D. This instrument comes into force on 31 December 2023.

### Citation

- E. This instrument may be cited as the PRA Rulebook: Solvency II Administrative Instrument 2023.

### By order of the Prudential Regulation Committee

13 December 2023

**Annex A**

**Amendments to the Glossary Part**

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

...

*Solvency II Regulations*

means the directly applicable EU regulations adopted in accordance with the *Solvency II Directive*, as they have effect as *retained direct EU legislation* as at 31 December 2023.

...

## Annex B

### Amendments to the External Audit 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:

...

*delegated act*

means Commission Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), as it has effect as *retained direct EU legislation* as at 31 December 2023.

...

## Annex C

### Amendments to the Financial Conglomerates Part

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

#### 1 APPLICATION AND DEFINITIONS

---

...

1.4 In this Part, the following definitions shall apply:

...

*delegated acts*

means Commission Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), as it has effect as *retained direct EU legislation* as at 31 December 2023.

...

## Annex D

## Amendments to the Group Supervision 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:

...

*delegated act*

means Commission Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), as it has effect as *retained direct EU legislation* as at 31 December 2023.

...

## Annex E

### Amendments to the Own Funds Part

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

#### 1 APPLICATION AND DEFINITION

---

...

1.2 In this Part, the following definition shall apply:

*delegated act*

means Commission Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), as it has effect as *retained direct EU legislation* as at 31 December 2023.

...