

PRA RULEBOOK: CRR FIRMS, NON-CRR FIRMS, SOLVENCY II FIRMS, NON-SOLVENCY II FIRMS: SENIOR MANAGERS REGIME AND SENIOR INSURANCE MANAGERS REGIME AND INDIVIDUAL ACCOUNTABILITY (CONSEQUENTIALS) INSTRUMENT 2016

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 59 (approval for particular arrangements);
 - (2) section 60 (applications for approvals);
 - (3) section 61 (determination of applications);
 - (4) section 137G (the PRA's general rules); 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 II firms, Non-Solvency II firms: Senior Managers Regime and Senior Insurance Managers Regime and Individual Accountability (Consequential) Instrument 2016

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

Commencement

- E. This instrument comes into force on 7 March 2016.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR firms, Non-CRR firms, Solvency II Firms, Non-Solvency II Firms: Senior Managers Regime and Senior Insurance Managers Regime and Individual Accountability (Consequential) Instrument 2016

By order of the Board of the Prudential Regulation Authority

10 February 2016.

Annex A

Amendments to the Glossary Part

Insert the following new definitions into the Glossary Part of the PRA Rulebook.

Credit Union Senior Manager function

has the meaning given in Senior Management Functions 6.2.

FCA-authorised person

means (in accordance with section 31 of *FSMA* (Authorised persons)) an *authorised person* who is not a *PRA-authorised person*.

FCA-designated senior management function

means an *FCA controlled function* specified in SUP 10C.4.3R of the *FCA Handbook*.

FCA responsibilities

means any of:

- (1) the responsibilities set out in SYSC 4.7.7R (Table of senior management responsibilities) of the *FCA Handbook*;
- (2) the responsibilities allocated under SYSC 4.7.8R of the *FCA Handbook*;
- (3) the responsibilities set out in SYSC 4.8.9R (Table: the FCA prescribed senior management responsibilities for third country relevant authorised persons) of the *FCA Handbook*; and
- (4) the responsibilities allocated under SYSC 4.8.10R of the *FCA Handbook*.

management responsibilities map

has the meaning given in Allocation of Responsibilities 6.

In the Glossary Part of the PRA Rulebook, make the following amendments. New text is underlined and deleted text is struck through.

~~*notified non-executive director*~~

~~means a *non-executive director* of a *CRR firm* who is not an *approved person* in relation to that *firm*.~~

regulatory system

means the arrangements for regulating a *firm* or other *person* in or under *FSMA*, the Bank of England Act 1998, the Banking Act 2009, the Friendly Societies Act 1974, the Friendly Societies Act 1992, the Credit Unions Act 1979, including the *threshold conditions*, the *Fundamental Rules* and other ~~rules~~ rules, the *Statements of Principle*, codes and ~~guidance~~ guidance given by the *PRA*, the Bank of England or the FCA and including any relevant directly applicable provisions of an *EU Directive* or *Regulation* including those specified under section 204A(2) of *FSMA*.

Annex B

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

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

...

2 APPLICATION TO PERFORM A SENIOR INSURANCE MANAGEMENT FUNCTION

...

~~2.8 A firm must (as part of its assessment of whether a person is a fit and proper person to perform a senior insurance management function and in order to verify the information contained in the application to carry out the senior insurance management function) obtain the fullest information that it is lawfully able to obtain about the person under Part V of the Police Act 1997 (Certificates of Criminal records, etc.) and related subordinated legislation of the UK or any part of the UK before making the application.~~

...

7 FORMS

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

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Annex C

Amendments to the Senior Insurance Managers Regime – Transitional Provisions Part

In this Annex, new text is underlined.

1. APPLICATION AND DEFINITIONS

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6. TABLE OF EQUIVALENT FUNCTIONS FOR GRANDFATHERING

...

6 TABLE OF EQUIVALENT FUNCTIONS FOR GRANDFATHERING

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Annex D

Amendments to the Conduct Rules Part

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

1 APPLICATIONS AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

~~*FCA-designated senior management function*~~

means an *FCA-controlled function* specified in SUP 10C.4.3R of the *FCA Handbook*.

...

Annex E

Amendments to the General Organisational Requirements Part

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

1 APPLICATIONS AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

chief executive function

means ~~PRA controlled function CF3 in the table of PRA controlled functions, described more fully in SUP10B.6.7R of the PRA Handbook.~~

PRA controlled function

means a function, relating to the carrying on of a *regulated activity* by a *firm*, which is specified by the *PRA* (in the ~~table of PRA controlled functions~~), under section 59 of *FSMA*.

...

table of PRA controlled functions

means the table of ~~PRA~~ controlled functions in ~~SUP 10B.4.3R of the PRA Handbook.~~

...

5 MANAGEMENT BODY

...

5.7 ~~A firm must ensure that the chairman of the firm's management body does not exercise simultaneously the chief executive function within the same firm, unless justified by the firm and authorised by the PRA.~~

Additional Notes

[Note: Art. 88(1)(e) CRD]

5.8 A firm that maintains a website must explain on the website how it complies with the requirements of this Chapter and Senior Management Functions 8.2.

Additional Notes

[Note: Art. 96 of the CRD]

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Annex F

Amendments to the Notifications Part

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

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2 GENERAL NOTIFICATION REQUIREMENTS

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2.4 (1) A *firm* must notify the *PRA* of:

(a) a significant breach of a *rule* or ~~*Statement of Principle*~~;

...

Annex G

Amendments to the Senior Management Functions Part

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

1 APPLICATIONS AND DEFINITIONS

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1.2 In this Part, the following definitions shall apply:

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Head of Internal Audit function

has the meaning given in 3.5

...

Credit Union Senior Manager function

has the meaning given in Senior Management Functions 6.2.

...

FCA responsibilities

means any of:

- (1) ~~the responsibilities set out in SYSC 4.7.7R (Table of senior management responsibilities) of the FCA Handbook;~~
- (2) ~~the responsibilities allocated under SYSC 4.7.8R of the FCA Handbook;~~
- (3) ~~the functions set out in SYSC 4.8.9R (Table: the FCA prescribed senior management responsibilities for third country relevant authorised persons) of the FCA Handbook; and~~
- (4) ~~the responsibilities allocated under SYSC 4.8.10R of the FCA Handbook.~~

Head of Internal Audit function

has the meaning given in 3.5

...

Head of Overseas Branch function

has the meaning given in Senior Management Functions 7.2.

...

Annex H

Amendments to the Senior Management Regime – Applications and Notifications Part

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

1 APPLICATIONS AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

~~FCA designated senior management function~~

~~means an FCA controlled function specified in SUP 10C.4.3R of the FCA Handbook.~~

...

~~management responsibilities map~~

~~has the meaning given in Allocation of Responsibilities 6.~~

...

2 APPLICATION TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION

...

~~2.8 A firm must (as part of its assessment of whether a person is a fit and proper person to perform a PRA senior management function and in order to verify the information contained in the application to carry out the PRA senior management function obtain the fullest information that it is lawfully able to obtain about the person under Part V of the Police Act 1997 (Certificates of Criminal records, etc.) and related subordinated legislation of the UK or any part of the UK before making the application.~~