

PRA RULEBOOK: CRR FIRMS: GENERAL ORGANISATIONAL REQUIREMENTS (CAPITAL REQUIREMENTS DIRECTIVE V) INSTRUMENT 2020

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 192V (Rules imposing consolidated requirements).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Pre-conditions to making

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

PRA Rulebook: CRR Firms: General Organisational Requirements (Capital Requirements Directive V) Instrument 2020

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

Commencement

- E. This instrument comes into force on 29 December 2020.

Citation

- F. This instrument may be cited as the PRA Rulebook: CRR Firms: General Organisational Requirements (Capital Requirements Directive V) Instrument 2020

By order of the Prudential Regulation Committee

28 December 2020

Annex

Amendments to the General Organisational Requirements Part

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

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5 MANAGEMENT BODY

5.2 A *firm* must ensure that the members of the *management body* of the *firm*:

...

(6) act with honesty, integrity and independence of mind to effectively assess and challenge the decisions of *senior management* where necessary and to effectively oversee and monitor management decision-making. Being a member of the management body of *affiliated companies* does not in itself constitute an obstacle to acting with independence of mind.

Additional Notes

[Note: Art. 91(1)-(2) and (7)-(8) of the *CRD* and Art. 9(1) and (4) of *MiFID II*]

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7 GROUP ARRANGEMENTS

7.1 Where an *Article 109 undertaking*~~*firm*~~ is a member of a *consolidation group* or a *sub-consolidation group*, the *Article 109 undertaking*~~*firm*~~ must ensure that the governance arrangements, risk management processes and internal control mechanisms at the level of the *consolidation group* or *sub-consolidation group* of which it is a member comply with the obligations set out in 2.1, 2.6, Chapter 5 and Chapter 6 of this Part and 2.3 to 2.5 in the Related Party Transaction Risk Part on a *consolidated basis* or a *sub-consolidated basis*.

7.1A If this Part applies to an *Article 109 undertaking*~~*firm*~~ on a *consolidated basis* or on a *sub-consolidated basis*, the *Article 109 undertaking*~~*firm*~~ must carry out consolidation to the same extent and in the same manner as it is required to comply with the obligations laid down in Parts Two to Eight of the *CRR* on a *consolidated basis* or *sub-consolidated basis*.

...

[Note: Art 109(2) of the *CRD*]