

Appendix 1.6

PRA RULEBOOK: CLOSE LINKS INSTRUMENT 2015

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: Close Links Instrument 2015

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

Commencement

- E. This instrument comes into force on 3 August 2015.

Citation

- F. This instrument may be cited as the PRA Rulebook: Close Links Instrument 2015.

By order of the Board of the Prudential Regulation Authority

31 July 2015

Annex A

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

Part

CLOSE LINKS

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. REQUIREMENT TO NOTIFY CHANGES IN CLOSE LINKS**
- 3. ELECTION TO NOTIFY CHANGES IN CLOSE LINKS ON A MONTHLY BASIS**
- 4. ANNUAL CLOSE LINKS REPORT**
- 5. FORMS**

Links

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to every *firm* except an *incoming firm*.

1.2 In this Part, the following definitions shall apply:

close links

has the meaning given in *threshold condition* 5F(3) (Effective Supervision).

Close Links Annual Report

means the form referred to at 5.3.

Close Links Monthly Report

means the form referred to at 5.2.

Close Links Notification Form

means the form referred to at 5.1.

2 REQUIREMENT TO NOTIFY CHANGES IN CLOSE LINKS

2.1 A *firm* must notify (or procure that another *firm* in its *group* notifies) the *PRA* that it has begun to have or ceased to have *close links* with any *person*.

2.2 Where a *firm* has elected to report changes in *close links* on a monthly basis under 3.1, it must:

- (1) within fifteen *business days* of the end of each month, report (or procure that another *firm* in its *group* reports) electronically for that month, by completing the *Close Links Monthly Report* and submitting it through the relevant platform provided by the *PRA*;
- (2) on a quarterly basis, submit (or procure that another *firm* in its *group* submits) a *group* organisation chart, unless there have been no changes since the submission of the previous organisation chart to the *PRA*, in which case the *group* organisation chart is not required.

2.3 The *Close Links Monthly Report* must include the information specified in the form.

2.4 Where a *firm* has not elected to report changes in *close links* on a monthly basis under 3.1, it must make (or procure that another *firm* in its *group* makes) a notification by completing the *Close Links Notification Form* as soon as reasonably practicable and no later than one month after it becomes aware that it has begun to have or ceased to have *close links* with any *person*.

2.5 The notification submitted under 2.4 must be made by completing the *Close Links Notification Form* and must include all the relevant information specified therein.

3 ELECTION TO NOTIFY CHANGES IN CLOSE LINKS ON A MONTHLY BASIS

- 3.1 A *firm* wishing to report changes in *close links* on a monthly basis must send a written notice of election to the *firm's* usual supervisory contact at the *PRA*.
- 3.2 A *firm* wishing to cease reporting changes in *close links* on a monthly basis must send a written notice of that intention to its usual supervisory contact at the *PRA* at least one month before changing its *close links* reporting practice.

4 ANNUAL CLOSE LINKS REPORT

- 4.1 A *firm* must submit (or procure that another *firm* in its *group* submits) annually by electronic means to the *PRA* the *Close Links Annual Report*, within four months of the *firm's* *accounting reference date*.
- 4.2 An unincorporated *friendly society* is only required to submit a report under 4.1 if it is aware that it has *close links*.
- 4.3 The *Close Links Annual Report* must include the information specified in the form.

5 FORMS

- 5.1 The *Close Links Notification Form* can be found [here](#).
- 5.2 The *Close Links Monthly Report* can be found [here](#).
- 5.3 The *Close Links Annual Report* can be found [here](#).

Part

CLOSE LINKS

Externally defined glossary terms

Term	Definition source
<i>friendly society</i>	<i>s417 FSMA</i>
<i>group</i>	<i>s421 FSMA</i>
<i>person</i>	<i>Schedule 1 Interpretation Act 1978</i>
<i>threshold condition</i>	<i>s55B(1) FSMA</i>