

**PRA RULEBOOK: SOLVENCY II FIRMS: SENIOR INSURANCE MANAGERS REGIME –  
TECHNICAL RULES (NO. 2) 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 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: Senior Insurance Managers Regime – Technical Rules (No. 2) Instrument 2016**

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

**Commencement**

- E. This instrument comes into force on 15 February 2016.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: Solvency II Firms: Senior Insurance Managers Regime – Technical Rules (No. 2) Instrument 2016.

**By order of the Board of the Prudential Regulation Authority**

10 February 2016.

## Annex A

This Annex amends the rules made in PS22/15 Appendix 3 (PRA Rulebook: Solvency II Firms: Senior Insurance Managers Regime – Technical Rules Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

# KEY FUNCTION HOLDER – NOTIFICATIONS

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## 1 APPLICATION AND DEFINITIONS

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1.2 In this Part, the following definitions shall apply:

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*notified non-executive director*

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

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*transitional notified non-executive director*

means, in relation to a firm, a person who is approved to perform controlled function CF2 or CF5 on 6 March 2016 and who will be a notified non-executive director at that firm on the commencement date.

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## 2 KEY FUNCTION HOLDER NOTIFICATION

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2.1 This Chapter does not apply in relation to a:

- (1) *transitional key function holders*, in relation to *key functions* held as at 1 January 2016;
- (2) *grandfathering key function holders*, in relation to *key functions* held as at ~~7 March 2016~~ the commencement date; ~~or~~
- (3) *new SIMF applicants*; or
- (4) *transitional notified non-executive director*.

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## 6 TRANSITIONAL ARRANGEMENTS FOR KEY FUNCTION HOLDERS

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6.1 This Chapter applies only in relation to a:

- (1) *transitional key function holders*, in relation to *key functions* held as at 1 January 2016;
  - (2) *grandfathering key function holders*, in relation to *key functions* held as at the commencement date ~~7 March 2016~~; and
  - (3) *new SIMF applicants*; and
  - (4) *transitional notified non-executive director*, in relation to his or her position as a notified non-executive director as at the commencement date.
- 6.2 A firm must provide the information required by Insurance – Fitness and Propriety 4.1 for each *transitional key function holder*, *grandfathering key function holder*, ~~and~~ *new SIMF applicant* and transitional notified non-executive director in accordance with 6.3 ~~to 6.5~~.
- ...
- 6.5 In respect of a *transitional notified non-executive director*, the requirement in 6.2 will be satisfied where the firm records the *transitional notified non-executive director* in the firm's governance map on or before the commencement date.
- 6.6 In respect of a *transitional key function holder* who is not a *grandfathering key function holder*, ~~or a new SIMF applicant or a transitional notified non-executive director~~, the PRA directs that a firm must provide the information referred to in 6.2 to the PRA by sending the *key function holder notification form* to the PRA in accordance with 3.3 by 7 September 2016.

## Annex B

This Annex amends the rules made in PS2/15 Appendix 2.9 (PRA Rulebook: Solvency II Firms: Group Supervision Instrument 2015). In this Annex, underlining indicates new text and striking through indicates deleted text.

Part

## GROUP SUPERVISION

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### 17 RISK MANAGEMENT AND INTERNAL CONTROL

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- 17.1 (1) Where 2.1(1) or 2.1(2) applies, the following requirements apply with any necessary changes at the level of the *group*:
- (a) Conditions Governing Business 2.2 to 2.6;
  - (b) Conditions Governing Business 3;
  - (c) Conditions Governing Business 4.1 to 4.2;
  - (d) Conditions Governing Business 5;
  - (e) Conditions Governing Business 6;
  - (f) Conditions Governing Business 7.1 to 7.3;
  - (g) Fitness and Propriety 2.1 to 2.3, 4.1, 4.3 and 4.4; ~~and~~
  - (h) Allocation of Responsibilities 4; and
  - (i) Key Function Holder – Notifications 2 to 6, in accordance with 17.4.

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

(1) *grandfathering key function holder*

means a *key function holder* at the level of the *group* who is seeking *continuing approval* in relation to a *PRA-authorised person* in that *group*.

(2) *new SIMF applicant*

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

(3) *transitional key function holder*

means a person who is a key function holder at the level of the group as at the commencement date.

(4) transitional notified non-executive director

means a key function holder at the level of the group who, in relation to a PRA-authorised person in that group, is approved to perform controlled function CF2 or CF5 on 6 March 2016 and who will be a notified non-executive director at that PRA-authorised person on the commencement date.

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