

**PRA RULEBOOK: SOLVENCY II FIRMS: INSURANCE SPECIAL PURPOSE VEHICLES
INSTRUMENT (NO 2) 2025**

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 Firms: Insurance Special Purpose Vehicles Instrument (No 2) 2025

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

Commencement

- D. This instrument comes into force on 23 December 2025.

Citation

- E. This instrument may be cited as the PRA Rulebook: Solvency II Firms: Insurance Special Purpose Vehicles Instrument (No 2) 2025.

By order of the Prudential Regulation Committee

16 December 2025

Annex

Amendments to the Insurance Special Purpose Vehicle Part

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

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2 SOLVENCY REQUIREMENTS

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2.2A A UK ISPV may only use assets that are used to cover its *aggregate maximum risk exposure* under a risk transfer agreement ('risk transfer A') to cover all or part of its *aggregate maximum risk exposure* under a different risk transfer agreement ('risk transfer B'), subject to the following conditions:

- (1) the assets are not used to cover the *aggregate maximum risk exposure* of the UK ISPV under both risk transfer agreements, simultaneously;
- (2) the *risk transformation transaction* relating to risk transfer A and the *risk transformation transaction* relating to risk transfer B clearly define the extent to which the assets may be used to cover the *aggregate maximum risk exposure* under each risk transfer agreement, respectively;
- (3) subject to 2.2B, the assets that are used to cover the *aggregate maximum risk exposure* under risk transfer A are identified and kept separate from the assets that are used to cover the *aggregate maximum risk exposure* under risk transfer B, and the UK ISPV has effective arrangements in place to ensure that those assets are not co-mingled;
- (4) using the assets to cover all or part of the *aggregate maximum risk exposure* under risk transfer B would not result in the UK ISPV not satisfying all the requirements under this Part in respect of the *risk transformation transaction* relating to risk transfer A or in respect of the *risk transformation transaction* relating to risk transfer B, including the requirements in 2.1, 2B.2 and 2B.4.

2.2B The requirements in 2.2A(3) that assets are kept separate and are not co-mingled do not apply when there is a sole investor that is the same investor in relation to both risk transfer A and risk transfer B.

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