

SCHEDULE 2

Regulation 3

Matters on which the PRA may make technical standards

1. Regular supervisory reporting(1).
2. The procedures for decisions to set, calculate and remove capital add-ons(2).
3. The procedures for assessing external credit assessments(3).
- 4.—(1) The following requirements, and other key functions.
(2) The requirements are that all persons who effectively run an insurance or reinsurance undertaking or have other key functions at all times fulfil the following requirements—
 - (a) their professional qualifications, knowledge and experience are adequate to enable sound and prudent management; and
 - (b) they are of good repute and integrity(4).
5. Specifying further the conditions for outsourcing, in particular to service providers located in third countries.
6. Specifying further the elements of the own risk and solvency assessment(5).
7. The procedures, formats and templates of the annual report of solvency and financial conditions(6).
8. Establishing an exhaustive list of information to be included by proposed acquirers in their notification(7).
- 9.—(1) Specifying the adjustments of the following criteria for suitability of the proposed acquirer and the financial soundness of the proposed acquisition.
(2) The criteria are—
 - (a) the reputation of the proposed acquirer;
 - (b) the reputation and experience of any person who will direct the business of the insurance or reinsurance undertaking as a result of the proposed acquisition;
 - (c) the financial soundness of the proposed acquirer, in particular in relation to the type of business pursued and envisaged in the insurance or reinsurance undertaking in which the acquisition is proposed;
 - (d) whether the insurance or reinsurance undertaking will be able to comply and continue to comply with prudential requirements, in particular, whether the group of which it will become part has a structure that makes it possible to exercise effective supervision, effectively exchange information among the supervisory authorities and determine the allocation of responsibilities among the supervisory authorities;
 - (e) whether there are reasonable grounds to suspect that, in connection with the proposed acquisition, money laundering or terrorist financing is being or has been committed or attempted, or that the proposed acquisition could increase the risk thereof(8).
10. Specifying—

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- (1) Article 35 of the Solvency 2 Directive.
 - (2) Article 37 of the Solvency 2 Directive.
 - (3) Article 44 of the Solvency 2 Directive.
 - (4) Article 50 of the Solvency 2 Directive.
 - (5) Article 50 of the Solvency 2 Directive.
 - (6) Article 56 of the Solvency 2 Directive.
 - (7) Article 58 of the Solvency 2 Directive.
 - (8) Article 58 of the Solvency 2 Directive.

Status: This is the original version (as it was originally made).

- (a) to the extent that United Kingdom legislation or regulatory rules require the use of international accounting standards as adopted by the United Kingdom Government, the consistency of those accounting standards with the valuation approach of assets and liabilities;
- (b) the methods and assumptions to be used where quoted market prices are either not available or where international accounting standards as adopted by the United Kingdom Government are either temporarily or permanently inconsistent with the valuation approach of assets and liabilities;
- (c) the methods and assumptions to be used in the valuation of assets and liabilities, where the United Kingdom law which implemented Solvency 2 allow for the use of alternative valuation methods⁽⁹⁾.

11. Specifying—

- (a) the methodologies to be used when calculating the counterparty default adjustment to the calculation of amounts recoverable from reinsurance contracts and special purpose vehicles, designed to capture expected losses due to default of the counterparty;
- (b) where necessary, simplified methods and techniques to calculate technical provisions, to ensure the actuarial and statistical methods are proportionate to the nature, scale and complexity of the risks supported by insurance and reinsurance undertakings, including captive insurance and reinsurance undertakings⁽¹⁰⁾.

12. The procedures for the approval of the application of a matching adjustment⁽¹¹⁾.

13. Specifying the criteria and procedures for granting supervisory approval for the use of ancillary own funds⁽¹²⁾.

14. Specifying the methods to be used when approving the assessment and classification of own-fund items which are not covered by the lists specified in Articles 69, 72, 74, 76 and 78 of [Regulation \(EU\) 2015/35](#)⁽¹³⁾.

15. Specifying quantitative limits and asset eligibility criteria where the risks of particular asset classes or financial instruments are not adequately covered by a standard formula sub-module. Those technical standards must apply to assets covering technical provisions, excluding assets held in respect of life insurance contracts where the investment risk is borne by the policy holders⁽¹⁴⁾.

16. The procedures for supervisory approval of undertaking-specific parameters⁽¹⁵⁾.

17. The procedures for—

- (a) the approval of an internal model, and
- (b) the approval of major changes to an internal model and changes to the policy for changing an internal model⁽¹⁶⁾.

18. Specifying the methodologies for the calculation of a proportionate additional capital charge where the requirements set out in Article 256(2) or (3) of [Regulation \(EU\) 2015/35](#) have been breached⁽¹⁷⁾.

⁽⁹⁾ Article 75 of the Solvency 2 Directive.
⁽¹⁰⁾ Article 86 of the Solvency 2 Directive.
⁽¹¹⁾ Article 86 of the Solvency 2 Directive.
⁽¹²⁾ Article 92 of the Solvency 2 Directive.
⁽¹³⁾ Article 97 of the Solvency 2 Directive.
⁽¹⁴⁾ Article 111 of the Solvency 2 Directive.
⁽¹⁵⁾ Article 111 of the Solvency 2 Directive.
⁽¹⁶⁾ Article 114 of the Solvency 2 Directive.
⁽¹⁷⁾ Article 135 of the Solvency 2 Directive.

19. Specifying the recovery plan and the finance scheme required where there is non-compliance, or a risk of non-compliance, with the Solvency Capital Requirement, and with respect to the PRA's powers arising from the Financial Services and Markets Act 2000 to take all measures necessary to safeguard the interests of policy holders in the case of insurance contracts, or the obligations arising out of reinsurance contracts, taking due care to avoid pro-cyclical effects**(18)**.

20. The procedures for granting supervisory approval to establish special purpose vehicles and on the formats and templates to be used for accounting, prudential and statistical information requirements**(19)**.

21. Specifying the identification of a significant risk concentration and the determination of appropriate thresholds for the purposes of identifying the types of risks insurance and reinsurance undertakings in a particular group must report**(20)**.

22. The forms and templates for reporting on significant risk concentrations**(21)**.

23. Specifying the identification of a significant intra- group transaction for the purposes of identifying the type of intra-group transaction insurance and reinsurance undertakings in a particular group must report**(22)**.

24. The procedures, forms and templates for the reporting on significant intra-group transactions by insurance and reinsurance undertakings in a group, including those performed with a natural person with close links to an undertaking in the group**(23)**.

25. The procedures and templates for, and the means of, disclosure of the single and group solvency and financial condition report**(24)**.

(18) Article 143 of the Solvency 2 Directive.

(19) Article 211 of the Solvency 2 Directive.

(20) Article 244 of the Solvency 2 Directive.

(21) Article 244 of the Solvency 2 Directive.

(22) Article 245 of the Solvency 2 Directive.

(23) Article 245 of the Solvency 2 Directive.

(24) Article 256 of the Solvency 2 Directive.