



LEGAL ALERT FOR: All clients with insurance & reinsurance business

TOPIC OF INTEREST: Matching Adjustment Reforms

Caroline Stevenson

**PARTNER, HEAD OF
FINANCIAL REGULATION**

+44(0)131 473 6326

+44(0)7918 766 825

caroline.stevenson@burnesspaull.com



Scotland's largest Financial Regulation team at Burness Paull

Why is this alert being published?

- The PRA has published their policy statement, PS10/24, Review of Solvency II: Reform of the Matching Adjustment.

Highlights

- This statement provides feedback to responses to CP 19/23 and sets out the final policy changes implementing MA reforms.

Final Policy Changes

- A new Matching Adjustment section of the PRA Rulebook
- Amendments to the Technical Provisions, Conditions Governing Business and Glossary Parts of the PRA Rulebook
- Updated SS7/18 – Solvency II: Matching Adjustment
- Updated SS1/20 – Solvency II: Prudent Person Principle
- Updated SS3/17 – Solvency II: Illiquid unrated assets
- Updated SS8/18 – Solvency II: Internal models – modelling of the matching adjustment
- Updated SS11/16 – Solvency II: External audit of, and responsibilities of the governing body in relation to, the public disclosure requirement
- A new statement of policy – Solvency II: Matching Adjustment Permissions
- Minor amendments to the PRA's existing SoP, The PRA's approach to the publication of Solvency II technical information
- The PS contains near-final rules amending the Reporting Part of the PRA Rulebook.

Implementation

- These reforms will come into force on **30 June 2024**, with further Solvency II updates implemented from 31 December 2024. Firms that use MA may benefit from the changes on MA in advance of the remainder of the Solvency II reforms being implemented.