



HM Treasury

Regulations implementing a new regulatory and tax framework for Insurance Linked Securities:

consultation

November 2016



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Foreword

London is the largest global hub for commercial and speciality insurance and reinsurance risks and can offer a cluster of insurance and capital market expertise unmatched in the global market. The government recognises the importance of the London insurance market and is committed to work with the insurance industry to strengthen the sector's contribution to the UK economy and enhance the UK's position as a leader in this global industry.

Insurance Linked Securities (ILS) have now become an important feature of the global reinsurance market and sustained expansion in ILS business suggests that it will continue to grow in importance. However, it is clear that the UK does not currently have a fit-for-purpose corporate, tax, and regulatory framework to compete in this growing market for alternative risk transfer.

I believe that with the right framework, the UK can make a major contribution to the continued growth and development of the global ILS market. By supporting innovation within a trusted and robust regulatory environment, the UK is perfectly placed to become a global leader in the alternative risk transfer (ILS) market.

Since Budget 2015, HM Treasury, HM Revenue and Customs (HMRC), the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) have worked closely with the London Market Group's ILS Taskforce to develop a robust and efficient framework for UK-based ILS vehicles. HM Treasury has now developed a set of detailed draft regulations designed to implement a competitive ILS regime in the UK, and this consultation sets out the draft regulatory framework the government intends to place before Parliament early in 2017. It should be read in conjunction with the PRA/FCA joint consultation paper on the authorisation and supervision of ILS vehicles.

I am pleased to invite comments from industry and the public on these draft regulations. I would like to thank everyone who responded to the previous consultation, and in particular the London Market Group's ILS Taskforce for their invaluable contribution to this project.



Simon Kirby MP
Economic Secretary to the Treasury

1 Introduction

Insurance Linked Securities: an overview

1.1 Insurance Linked Securities (ILS) are an alternative form of risk mitigation for insurance and reinsurance firms. In contrast to conventional cover arranged with a reinsurance company, they offer insurance and reinsurance firms a means of transferring risk to the capital markets. ILS has helped to expand the capacity of the reinsurance market and it has also provided protection buyers with cover which is generally less exposed to counter-party default risk.

1.2 ILS is commonly used to mitigate catastrophic risk arising from natural disasters. The ILS market has provided much needed capacity in the global reinsurance market following large catastrophic events – not least Hurricane Andrew in 1992 which saw the genesis of this market – and through this helps to ensure that homes and businesses across the world are able to continue to access affordable insurance cover. For investors, ILS deals have offered attractive returns, and because ILS is considered to be uncorrelated with the economic cycle, they have been used to diversify investment portfolios.

1.3 Use of ILS has grown very significantly in recent years and is now an established part of the global reinsurance market. ILS or alternative reinsurance capital now stands at around \$70 billion, about 12% of overall reinsurance capital. The University of St. Gallen in Switzerland has estimated that the ILS market could grow to a value of \$87 billion by 2019.

The Insurance Linked Securities project

1.4 The government continues to work with the insurance industry to help strengthen the sector's contribution to the UK economy and enhance the UK's position as a leader in a truly global industry. At Budget 2015, the Chancellor announced that the government would work with the London market and the UK's regulators to develop a new competitive corporate, tax and regulatory framework for ILS vehicles, also called Insurance Special Purpose Vehicles (ISPVs).

1.5 The government believes that, with the right framework, the UK can make a major contribution to the continued growth and development of the global ILS market. London is the largest global hub for commercial and speciality insurance and reinsurance risks and can offer a cluster of specialist insurance and capital market expertise that is unmatched. By supporting innovation within a trusted and robust regulatory framework, the UK should be well placed to become a leading market for alternative risk transfer.

1.6 Following the Budget 2015 announcement on ILS, the London Market Group established the ILS Taskforce, a group of industry practitioners with expertise in specialist reinsurance and alternative risk transfer business. Since May 2015, HM Treasury, HM Revenue and Customs (HMRC), the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) have been working closely with the ILS Taskforce to understand the ILS market and the structures used in ILS deals.

Purpose of this consultation

1.7 This consultation sets out the government's proposed regulatory framework for ILS. In particular it publishes for consultation two sets of draft regulations: the Risk Transformation Regulations 2017 (at Annex A) which will introduce a new corporate structure for multi-arrangement ISPVs (mISPVs), and propose a new regulated activity of insurance risk

transformation under the Financial Services and Markets Act 2000; and the Risk Transformation (Tax) Regulations (at Annex B) which set out the tax treatment of ISPVs.

1.8 Separately, the PRA and FCA will be consulting on their approach to the authorisation and supervision of ISPVs in the UK. A joint PRA/FCA consultation paper is available to view on the Bank of England website at:

<http://www.bankofengland.co.uk/pr/Pages/publications/cp/2016/cp4216.aspx>. Responses should be made directly to the PRA and FCA as outlined in the consultation paper.

How to respond

1.9 The government would welcome the views of all stakeholders on the issues raised in this consultation and the draft regulations at Annex A and B. The consultation begins with the publication of this document and will last for a period of 8 weeks.

1.10 Please respond by midnight on 18 January 2017. Responses for the consultation should be sent to: ILS.Consultation@HMTreasury.gsi.gov.uk

1.11 When responding please state whether you are responding as an individual or as part of an organisation. If responding on behalf of an organisation, please make it clear whom the organisation represents and, where applicable, how the members' views were assembled.

Consultation principles

1.12 This consultation is being run in accordance with the government's consultation principles. The government will be consulting for 8 weeks.

Confidentiality

1.13 Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act (DPA) and the Environmental Information Regulations 2004). If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, among other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality will be maintained in all circumstances.

1.14 An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the department. The department will process your personal data in accordance with the DPA, and in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

Freedom of Information

1.15 Any Freedom of Information Act queries should be directed to:

Correspondence and Enquiry Unit

Freedom of Information Section

HM Treasury

1 Horse Guards Road

London SW1A 1HQ

Tel: 020 7270 4558 Email: public.enquiries@hmtreasury.gsi.gov.uk

2 Previous ILS consultation

2.1 At Budget 2015, the government announced that HM Treasury, HMRC, the PRA and the FCA would work closely with the London reinsurance market to develop a more efficient regulatory framework for Insurance Linked Securities (ILS) business within the parameters of Solvency II.

2.2 On 1 March 2016, the government published an initial consultation setting out the overall approach for designing an effective and competitive framework for Insurance Special Purpose Vehicles (ISPVs) in the UK and asked for respondents' views. In particular, the consultation set out the approach to the corporate structure, taxation, and authorisation and supervision of ILS vehicles in the UK. The consultation closed on 29 April 2016.

2.3 The consultation document is available at:
<https://www.gov.uk/government/consultations/insurance-linked-securities-consultation>

2.4 The government received 21 responses from insurers and reinsurers, professional services firms, investment banks, industry groups and private individuals. All responses were supportive of the government's intention to create a competitive framework for ILS and were broadly supportive of the proposals set out to implement a competitive regulatory and tax regime for ILS.

2.5 Due to the detailed nature of responses received to the 60 questions asked in the consultation, this chapter will not list responses to each question. Where appropriate, references are made to particular responses.

2.6 The responses to the consultation supported the government's view that a competitive regime is needed for ILS, to ensure that the UK is able to adapt and innovate in the very competitive global market for reinsurance.

2.7 Responses agreed that a "protected cell company" corporate structure was appropriate for a new ILS framework; that a bespoke approach to the taxation of ISPVs would be needed; and stressed that a robust but streamlined supervision of ISPVs from the PRA and FCA would be key to the success of the regime.

2.8 These consultation responses have contributed to the development of the draft regulations set out at Annexes A and B. The consultation responses have been considered by the PRA and FCA in developing their proposed approach to authorisation and supervision of ISPVs. Alongside this we have continued to engage closely with the ILS Taskforce whose support and expertise has been used to inform these proposals.

2.9 For a list of all respondents to the consultation, please see Annex C.

Corporate structure for multi-arrangement ISPVs (mISPVs)

3

3.1 This chapter sets out the government's approach to the corporate structure of new Insurance Special Purpose Vehicle (ISPVs) which take on multiple contracts for risk transfer. Following the government's initial consultation on Insurance Linked Securities (ILS), the government proposes to create a protected cell company (PCC) regime for multi-arrangement ISPVs (mISPVs). Responses to the previous ILS consultation agreed that a straightforward and robust approach to the segregation of assets and liabilities would be needed for companies permitted to handle multiple ILS deals.

3.2 The draft Risk Transformation Regulations at Annex A aim to create this new regime. They amend companies and insolvency law in the UK where necessary for PCCs. Protected Cell Companies will be familiar to ILS cedants, investors and deal arrangers, and the ability to use a PCC which is backed by English law should be a significant benefit for ILS practitioners.

Multi-arrangement ISPVs under Solvency II

3.3 It has become common practice to manage a group of ILS deals from one ISPV. Collateralised reinsurance deals are often managed in this way. For parties to ILS deals, this saves time and administrative expense as a new ISPV will not need to be established for each transaction. In managing a group of ILS deals this way, it is crucial to ensure that the different contracts for risk transfer are segregated within the ISPV in a way which ensures that the insolvency of any one transaction does not affect the solvency of the others. Cedants and investors now routinely expect use of a protected cell company to ensure their interests are adequately protected through effective segregation of deals within an ISPV.

3.4 mISPVs are permitted under Solvency II, but the core requirements of the Solvency II regime will apply in respect of each individual contractual arrangement, such as the subordination of investors' claims, fully funding of each transfer of risk, and ensuring that the mISPV's solvency is not affected by the winding up of any one cedant. The proposed UK protected cell company regime is designed to meet these Solvency II requirements through a strict segregation of risk transfer contracts, therefore providing confidence to cedants and investors that deals will be robustly segregated. It will also provide an administratively efficient means for managing multiple deals from one ISPV.

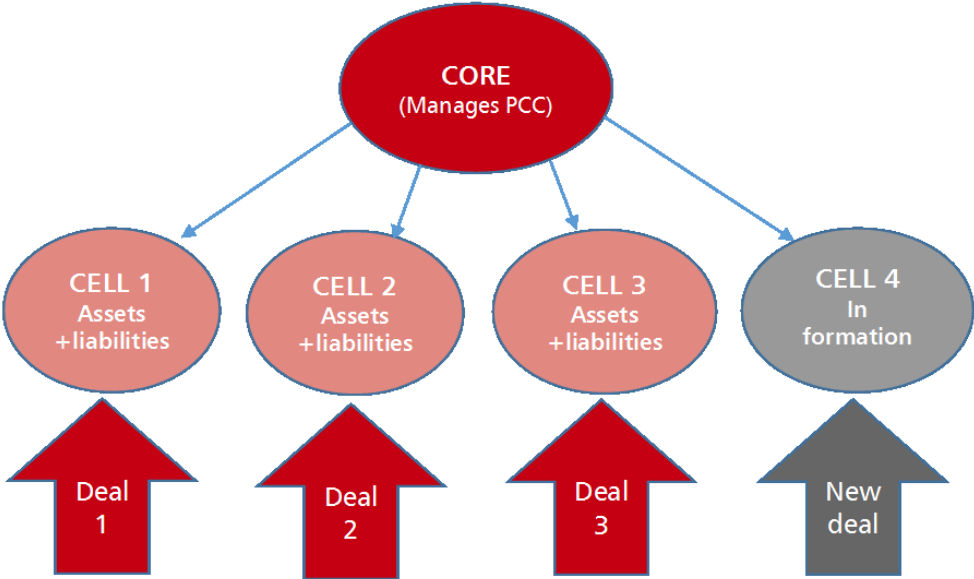
The proposed approach for protected cell companies

3.5 Part 4 of the draft regulations (at Annex A) contains rules for the new protected cell company regime. A PCC will be a private company limited by shares. Given the government's view that public offerings for investment in ISPVs would be not be appropriate, PCCs will not be available as public limited companies.

3.6 A PCC will comprise the core and any number of cells needed to manage the ILS deals it takes on. The cells do not individually have legal personality, rather it is the PCC as a whole that has legal personality. The core is the administrative function of the PCC, which manages all of the cells and enters into transactions on behalf of the cells.

3.7 PCCs are designed to provide for efficient and robust management of multiple ILS deals. Cells can be added as needed with a simple resolution of the PCC board of directors. Cells can also be dissolved by board resolution, in line with the dissolution procedure. No separate incorporation procedure is required for a cell. Nevertheless, the assets and liabilities assigned to a cell will be strictly ring-fenced from other cells in the PCC.

Figure 3.A: How a PCC will be used to segregate ILS deals



3.8 The PCC will be able to issue securities on behalf of the cells, whether equity or debt instruments, in order to fund the insurance risk they take on. Given that ISPVs need to be operated in a way which delivers reliable protection for cedants, it is standard practice for investors in an ISPV to have no voting rights and no means of influencing the management of an ISPV. This is reflected in the regulations for PCCs which restrict shares that can be issued on behalf of a cell to non-voting shares.

3.9 PCCs introduced under the Risk Transformation Regulations will only be available for use as authorised mISPVs. Applicants wishing to use a PCC will need to include a PCC application as part of the application to the PRA to carry out the regulated activity of insurance risk transformation. If the PRA, with the consent of the FCA, decides to grant authorisation to carry out insurance risk transformation through a mISPV, the FCA may permit that ISPV to be incorporated as a PCC. If the PRA refuses authorisation for a mISPV, the FCA will not incorporate an associated PCC.

Use of protected cell companies for other purposes

3.10 Some consultation responses argued that a protected cell regime would add value across a range of financial services activities and expressed the view that protected cell companies should be available as a corporate structure for other regulated activities. The government will keep the potential broader use of PCCs under review, but will not extend the purpose of PCCs at this stage.

Box 3.A: Incorporating and registering a protected cell company

The FCA will be responsible for the incorporation and registration of protected cell companies in the UK. An applicant wishing to use a PCC to carry out insurance risk transformation will need to apply for a PCC as part of the mISPV application it submits to the PRA. The PRA will then forward the PCC application to the FCA for processing.

The application for a PCC must include:

- name of the proposed PCC
- address of the proposed PCC's registered office
- names, particulars and signed statements of consent for proposed directors
- names and signed statements of consent for persons who will hold the joint voting shares in the PCC
- a proposed instrument of incorporation (this will be the governing instrument for the PCC)

If the PRA, with the consent of the FCA, decides to grant authorisation for the applicant to carry out the regulated activity of insurance risk transformation as a mISPV, the FCA will be permitted to incorporate and register the proposed PCC.

Directors' Duties

3.11 As set out in the previous consultation, a PCC will have one board of directors. Under the PCC regime the duties of the directors should be no different to directors' duties in relation to a conventional company incorporated under the Companies Act 2006, except where beneficial to the regime – for example, there is an additional duty on directors to comply with the Risk Transformation Regulations 2017. As with companies incorporated under the Companies Act 2006, the Companies Directors Disqualification Act 1986 will apply to directors of PCCs, with appropriate consequential modifications for PCCs. **The government would welcome views on the extent to which this provides a suitable framework for PCCs.**

Reports and accounts

3.12 In line with the general position for companies incorporated under the Companies Act 2006, we propose that PCCs should be able to choose between International Financial Reporting Standards (IFRS) and UK Generally Accepted Accounting Practices (GAAP) for accounting purposes. This preserves the position whereby companies, other than charities, are free to choose the most appropriate accounting standard for preparation of their individual and/or consolidated financial statements.

3.13 We have considered that the "Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008" comprise the relevant framework for accounts of PCCs. During the course of the consultation we received no responses to suggest that PCCs would be set up with less in assets and turnover than the thresholds for Small Companies (£5.1 million and £10.2 million, respectively). The current accounting framework includes a separate schedule for insurance companies. **The government would welcome views on the extent to which this provides a suitable framework for PCC accounts; or whether we should consider if modifications to the Large and Medium-sized Companies and Groups Regulations 2008 are needed in order to make these applicable to PCCs.**

3.14 The audit requirements for PCCs will follow the Companies Act approach, with necessary modifications to make these applicable to PCCs. Some respondents to the consultation raised concerns that publishing statutory accounts for each individual cell could force the PCC to publish market confidential information. **We would welcome views on whether a reduced disclosure regime might alleviate such concerns.**

Insolvency

3.15 The previous consultation asked about the approach to insolvency for the core of a PCC, and in relation to individual cells. Responses were unanimous in suggesting that insolvency arrangements would be necessary for both the core and individual cells. It was highlighted that the latter should be able to benefit from an individual insolvency procedure that does not affect the core or any other cells in the PCC. Having considered the responses, the government's view is that a standard insolvency regime (modified for PCCs) would be the simplest approach for both core insolvency, and that of cells. The modified regime excludes company voluntary arrangements, voluntary liquidations and receiverships.

3.16 In order to allow for the effective insolvency of individual cells, Schedule 2 of the draft Regulations sets out modifications of insolvency legislation to allow for the administration and liquidation of individual cells. This is in line with consultation responses that argued for cells to be treated as if they were separate legal entities for insolvency purposes.

3.17 Whilst noting that an insolvency of the core of a PCC should be very unlikely given the very limited functions it will perform, we agree with respondents that provision for insolvency of a core is still necessary. The government considers that the modifications to the standard approach to insolvency for body corporates, as set out in Schedule 3 of the draft Regulations, would be most appropriate.

3.18 In particular, whilst noting that it is not possible to ring-fence insolvency proceedings in respect of the core because the core controls the PCC, the regulations follow an approach whereby cells of an insolvent core are treated as separate legal entities for these purposes. **The government would welcome views on the extent to which this provides a suitable framework for PCCs.**

4 Taxation

4.1 The government's Insurance Linked Securities (ILS) consultation document, published in March, set out several possible options to make the UK tax regime more attractive for ILS vehicles. These treatments were designed to:

- 1 make the UK more competitive with jurisdictions that have bespoke tax regimes for ILS vehicles
- 2 make the tax treatment of ILS vehicles consistent with the UK's broader approach to taxing funds and investment vehicles, i.e. by taxing investors as if they had invested in assets directly
- 3 do this in a way that is targeted and protected against avoidance and abuse

4.2 The aim is not to create an opportunity for aggressive tax planning or tax avoidance.

4.3 The government also sought to produce a tax outcome in keeping with the UK's general approach to taxing funds and investment vehicles. This approach minimises tax at the fund level so that investors are taxed in the same way as if they invested directly, avoiding double taxation which is unfair and distortive. This means that investors will be taxed where they are resident, which may be outside the UK.

Responses to the consultation

4.4 Respondents emphasised the need for tax to be minimised at the level of the Insurance Special Purpose Vehicles (ISPV) if the UK is going to be an attractive domicile for ILS vehicles. Respondents thought the simplest and most effective approach for achieving this would be a bespoke corporation tax exemption for both debt- and equity-backed ISPVs. Simplicity was cited as a key reason for this preference.

4.5 Additionally, responses indicated that a withholding tax on payments to foreign investors would make the UK regime less competitive in comparison to other ILS jurisdictions where no withholding tax is applied. It was also pointed out that where the cost could be mitigated through treaty benefits, administering such a system would be complicated and burdensome.

Proposed tax approach

4.6 After careful consideration of the responses to the consultation and engagement with stakeholders, the government proposes to introduce a bespoke taxation regime for ILS in the UK. The regulations at Annex B set out what this will involve, including:

- exempting the insurance risk transformation of ISPVs from corporation tax
- a complete withholding tax exemption for foreign investors
- UK investors being taxed as normal according to their facts and circumstance

4.7 As set out above, the government's aim is to create a regime that is internationally competitive and in line with the UK's move towards a territorial tax system.

4.8 During the consultation process it became clear that exempting the ISPV's core insurance risk transformation activity from corporation tax would be necessary to compete with jurisdictions where ISPVs are currently located. Without such a tax treatment, ILS vehicles would

be unlikely to establish themselves in the UK, meaning the UK would lose out on the growing ILS market.

4.9 The government's view is that a corporation tax exemption is appropriate for the economic reality of ILS deals and is consistent with existing UK policy. ILS vehicles are similar to funds and investment vehicles in that they are effectively conduits, with investors making a profit rather than the ISPV. As described above, the UK's general approach to taxing funds and investment vehicles is to tax the investors as if they had invested directly. Indeed, ISPVs in the UK are already subject to a tax regime that leaves them tax neutral, although achieving this outcome is administratively complex. A corporation tax exemption would achieve the same policy outcome more effectively for ISPVs.

4.10 Furthermore, it was clear from the consultation that imposing a withholding tax at the level of the ISPV would also make the UK less competitive than jurisdictions where ISPVs are already established, and would be inconsistent with treatment of the ISPV as a conduit.

4.11 In the UK there is already no requirement to withhold on dividends, while a number of exemptions apply to withholding tax on interest payments. The government's proposal here is to fully exempt debt and equity payments made from an ISPV to investors from withholding tax.

4.12 Our proposed approach at Annex B therefore means that UK investors would be taxed as normal on their investment income, with overseas investors taxed according to the regime in their home country.

Anti-avoidance provisions

4.13 The government will ensure that the regime is narrowly targeted and protected against abuse. The regulations will ensure there is appropriate treatment of investment in these vehicles and that tax is paid at the appropriate level.

4.14 The tax treatment will be strictly limited to ISPVs. It will be contingent on regulatory rules being met and vehicles receiving authorisation from the PRA and FCA. If an ISPV is not authorised to carry out insurance risk transformation under the Financial Services and Markets Act 2000 (the new regulated activity set out in the draft regulations published with this consultation document) then the bespoke tax treatment for ISPVs will not be available.

4.15 Furthermore, the tax advantages given by the regime will be fully switched off if an ISPV is used as part of a tax avoidance scheme. The proposed ILS tax treatment should only be available where there has been genuine transfer of risk to an ISPV. Ahead of finalising the regulations in spring 2017, the government will continue to consider provisions to ensure that the tax treatment is not available where risk is effectively retained through a cedant's investment in an ISPV. This will mean that existing traditional reinsurance cannot be routed through ISPVs to achieve outcomes which are not in line with our policy approach. We have outlined a potential solution in the regulations that would limit the cedant's investment in an ISPV. We are aware, however, of the potential need to refine this in order to allow for legitimate commercial transactions where significant investments by cedants are intended to be temporary.

5 Authorisation and supervision

5.1 In the previous Insurance Linked Securities (ILS) consultation, the government, the PRA and the FCA set out an initial overall approach to the authorisation and supervision of ISPVs under Solvency II.

5.2 Taking into account the consultation responses, the PRA and FCA have now developed a proposed authorisation and supervisory approach which is set out in the joint PRA/FCA consultation paper.

The PRA and FCA's consultation paper is available at:

<http://www.bankofengland.co.uk/prapublications/cp/2016/cp4216.aspx>

Rationale for the approach to authorisation and supervision of ISPVs

5.3 The previous consultation set out the rationale for a bespoke supervisory approach consistent with the requirements set out in Solvency II.

5.4 It recognised that Insurance Special Purpose Vehicles (ISPVs) are materially different in substance and form to insurance or reinsurance firms. They are typically time-limited entities that exist to service a particular transaction or a group of transactions for risk transfer, with those risks being pre-funded. These structural features offer protection to insurers or reinsurers that cede risk to an ISPV. This is recognised by Solvency II which sets out bespoke authorisation and supervisory requirements for ISPVs.

Content of the joint PRA and FCA consultation paper

5.5 The PRA and FCA outline the proposed approach to authorisation and supervision of ISPVs consistent with the Financial Services and Markets Act and Solvency II.

5.6 This approach is designed to ensure the prudent authorisation and supervision of ISPVs used for the regulated activity of insurance risk transformation, while providing for efficient authorisation and supervision processes which should meet the needs of the ILS market.

5.7 Key elements of the authorisation and supervision framework covered in the joint PRA and FCA consultation paper include:

- the authorisation of ISPVs
- the authorisation of mISPVs
- how the PRA will expect key SII requirements to be met
- how the senior managers insurance regime will apply to ISPVs

5.8 We would encourage interested parties who wish to provide feedback on the draft supervisory statement to respond to the PRA and FCA consultation.

6 Summary and Next Steps

6.1 This consultation sets out the government's proposed corporate, tax and regulatory framework for Insurance Linked Securities (ILS), and in particular the government's aim for an efficient and streamlined regime for multi-arrangement ISPVs (mISPVs) in the UK. The draft regulations at Annex A and B set out the new corporate structure for mISPVs, and the proposed taxation of ISPVs.

6.2 The government would welcome views on the extent to which these regulations achieve the government's objectives (outlined above) and further points of consideration in relation to the regulations. There are a small number of specific questions in relation to the governance of PCCs where the government would welcome more detailed comments, in particular on:

- 1 **directors duties:** the directors should be no different to directors' duties in relation to a conventional company incorporated under the Companies Act 2006, with appropriate modifications. **The government would welcome views on the extent to which this provides a suitable framework for PCCs**
- 2 **reporting and accounts:** The current accounting framework includes a separate schedule for insurance companies. **The government would welcome views on the extent to which this provides a suitable framework for PCC accounts; or whether we should consider if modifications to the Large and Medium-sized Companies and Groups Regulations 2008 are needed in order to make these applicable to PCCs**
- 3 the audit requirements for PCCs will follow the Companies Act approach, with necessary modifications to make these applicable to PCCs. **We would welcome views on whether a reduced disclosure regime might be appropriate for PCCs**
- 4 **insolvency:** The government's view is that the modifications to the standard approach to insolvency for body corporates, as set out in Schedules 2 and 3 of the draft Regulations, would be most appropriate. **The government would welcome views on the extent to which this provides a suitable framework for PCCs**

6.3 Separately, the PRA and FCA will be consulting on their approach to the authorisation and supervision of ISPVs in the UK. A joint PRA and FCA consultation paper has been published for consultation on the Bank of England website at:
<http://www.bankofengland.co.uk/prc/Pages/publications/cp/2016/cp4216.aspx>.

6.4 The consultation begins with the publication of this document and will last for a period of eight weeks. Please respond by midnight on 18 January 2017. Responses for the consultation should be sent to: ILS.Consultation@HMTreasury.gsi.gov.uk

A The Risk Transformation Regulations 2017

A.1 Please see attachment.

B The Risk Transformation (Tax) Regulations 2017

B.1 Please see attachment.

C Respondents to the previous consultation

C.1 The following were respondents to the March 2016 consultation on Insurance Linked Securities:

- Alecson Feld
- Andrew M Martin, Chief Executive, OptexGroup
- Association of British Insurers
- BNY Mellon
- Hiscox Group
- Hogan Lovells International LLP
- Institute and Faculty of Actuaries
- International Underwriting Association of London
- Legal & General Group Plc
- London and International Insurance Brokers' Association
- London Market Group
- Louis Tucker, Director, Barbican Insurance Group
- Martin Schramm, Insurance Practice Leader, CITE Investments
- Morton Lane, President, Lane Financial LLC
- Norton Rose Fulbright LLP
- Pool Reinsurance Company Limited
- PwC LLP
- Risk Management Solutions (RMS) Limited
- Securis Investment Partners LLP
- Wilkie Farr & Gallagher LLP
- Willis Towers Watson

HM Treasury contacts

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