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| **APPLICATION FORM IF010****APPLICATION FOR APPROVAL FOR THE TRANSFERABILITY AND FUNGIBILITY OF OWN FUNDS** |

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| **Purpose of this document**This application form needs to be completed when applying for approval for the transferability and fungibility of own fund items for the purpose of determining the eligibility of the group own funds of an insurance group, as required in terms of section 5.8 of Financial Soundness for Insurance Groups Deduction And Aggregation Method (FSG 2) made under section 36(6)(a) of the Insurance Act, 2017 (the Act). |

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| **Important information to complete this form**Before completing this form, read the Fact Sheet Application and Notification Forms (Fact Sheet) that is available on the website of the SARB. The Fact Sheet contains important information on consent and declarations required. Please note: this application could include a prescribed fee, in accordance with [Prudential Standard IAF](http://www.resbank.co.za/PrudentialAuthority/Insurers/Post%20Insurance%20Act/Legislation%20and%20Regulatory%20instruments/Prudential%20Standards/Documents/Prudential%20Standard%20IAF.pdf), 2019 with the process for payment found [here](http://www.resbank.co.za/PrudentialAuthority/Insurers/Post%20Insurance%20Act/Legislation%20and%20Regulatory%20instruments/Prudential%20Standards/Documents/Process%20for%20payment%20of%20fees%20prescribed%20in%20terms%20of%20the%20Insurance%20Act.pdf). |

## Reason for approval

* 1. Describe the reason for seeking this approval

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## Specific Information

* 1. Specification of the own fund items

#### Select the appropriate reason(s) why approval is sought and complete the relevant section as well as the remainder of section 3.1:

[ ]  **Own funds that may be restricted due to legal or regulatory requirements** 🡺 Complete section 2.2

[ ]  **Ancillary own funds** 🡺 Complete section 2.3

[ ]  **Encumbered assets** 🡺 Complete section 2.4

[ ]  **Hybrid capital instruments and subordinated liabilities that are not issued or guaranteed by the controlling company of the insurance group** 🡺 Complete section 2.5

[ ]  **Own funds related to deferred tax assets** 🡺 Complete section 2.6

#### Provide the name of the solo entity within the insurance group that recognises the own fund item(s) to which this approval form relates for the purposes of determining the eligibility of own funds of that solo entity.

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#### Explain why the own fund item(s) to which this approval form relates should be deemed transferable and fungible and thus appropriate for determining the eligibility of group own funds.

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#### Provide the value of the own fund item(s) to which this approval form relates and express it as a percentage of the total own funds of the insurance group for financial soundness purposes.

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#### Provide the group solvency ratio of the insurance group, allowing for the effect of the own fund item(s) to which this approval form relates and disallowing the effect of the own fund item(s).

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#### Provide a description of the control mechanisms that have been put in place to monitor the ongoing transferability and fungibility of the own fund item(s) to which this approval form relates at an insurance group level.

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* 1. Own funds that may be restricted due to legal or regulatory requirements

#### Provide details of the legal or regulatory requirements that has led to the restriction of the own funds.

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* 1. Ancillary own funds

#### Describe the form of the ancillary own funds to which the approval form relates, in line with section 7 of Financial Soundness Standards for Insurers Determination of Eligible Own Funds (FSI 2.3).

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#### For the approval of the transferability and fungibility of ancillary own funds, confirm whether approval has been obtained from the Prudential Authority to include the ancillary own funds to which this approval form relates for determining the eligibility of own funds at a solo entity level.

[ ]  **No**

[ ]  **Yes**

#### Provide the tiers of the ancillary own funds item and the basic own funds item of the insurance group that will come into existence when the ancillary own funds item has been called and paid, as approved by the Prudential Authority.

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#### Does the contract terms of the ancillary own funds item to which this approval form relates contain any provisions which might limit the transferability and fungibility of the ancillary own funds?

[ ]  **No** 🡺 Continue to section 3

[ ]  **Yes** 🡺 Continue question 2.3.5

#### Describe the provisions in question 2.3.4 and explain why they do not prevent the ancillary own funds item from being transferable and fungible at an insurance group level.

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* 1. Encumbered assets

#### For the approval of the transferability and fungibility of the encumbered assets, confirm whether approval has been obtained from the Prudential Authority to recognise the encumbered asset(s) for determining the eligibility of own funds at a solo entity level.

[ ]  **No**

[ ]  **Yes**

#### Describe any contractual terms of the encumbered assets that might limit the transferability and fungibility of the encumbered assets

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#### Explain why the provisions in question 2.4.2 does not prevent the encumbered assets from being transferable and fungible at an insurance group level.

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* 1. Hybrid capital instruments and subordinated liabilities that are not issued or guaranteed by the controlling company of the insurance group

#### Describe the hybrid capital instruments or the subordinated liabilities to which this approval form relates, highlighting the institution(s) party to the transaction.

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#### Does the contract terms of the hybrid capital instrument or subordinated liabilities to which this approval form relates contain any provisions which might limit the transferability and fungibility of the ancillary own funds?

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#### Explain why the provisions in question 2.5.2 does not prevent the hybrid capital instrument or subordinated liabilities from being transferable and fungible at an insurance group level

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#### Attach the contract of the hybrid capital instrument or the subordinated liabilities to which this approval form relates.

* 1. Own funds related to deferred tax assets

#### Provide a breakdown of the deferred tax assets (of the solo entity), highlighting which component of the deferred tax asset has resulted from prior financial year losses and which component has resulted from differences between the values ascribed to assets and liabilities in accordance with the principles of FSIs and the values ascribed to assets and liabilities reported for tax purposes.

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#### Provide, as an attachment, evidence that the total deferred tax assets of the insurance group (after the proposed contribution of the deferred tax assets to which this approval form relates) will be utilised from the ensuing three years’ profit of the insurance group.

* 1. Other information

#### Is there any additional information that is not requested elsewhere in this form, that is relevant for the Prudential Authority to assess this form?

[ ]  **No** 🡺 Continue to section 3.

[ ]  **Yes** 🡺 Complete question 2.7.2

#### Provide a summary or list of the additional information, including the reasons for providing this additional information and attach to this form.

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## Attachment Checklist

* 1. Compulsory attachments

Complete the following table with details of the attachments provided.

| **Attachment Number** | **Question Number** | **Description** | **Number of pages/sheets** | **Attached** |
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| A1 | 5 | Consent and Declarations |   | [ ]   |

* 1. Other Attachments

Complete the following table with details of the attachments provided, also indicating the number of pages or sheets of each attachment. For example, attachments might be required if there was not sufficient space to include the information in the form itself or if your responses in this form refer to external documents. *Add additional rows for each attachment included:*

| **Attachment Number** | **Question Number** | **Description** | **Number of pages/sheets** | **Attached** |
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| e.g. B1 | 2.2 | Contact details of professional advisors | 8 | [ ]  |

## Consent and Declarations

To assess the application or notification, the Prudential Authority needs to ensure that the information in the application or notification is accurate and complete, and may be verified and shared with other regulatory authorities. Please see the Fact Sheet on the SARB website for the required consent and declarations that must accompany this form.