

Extending the Senior Managers & Certification Regime to insurers – Feedback to CP17/26 and CP17/41 and near-final rules

Policy Statement

PS18/15***

July 2018

How to respond

In this Policy Statement we report on the main issues arising from Consultation Papers 17/26 *Individual Accountability: Extending the Senior Managers & Certification Regime to insurers* and 17/41 *Individual Accountability: Transitioning insurers and individuals to the Senior Managers & Certification Regime* and publish the near-final rules.

We have developed the policy in the underlying rules in the context of the existing UK and EU regulatory framework. We will keep the policy under review to assess whether any amendments will be required due to changes in the UK regulatory framework, including as a result of any negotiations following the UK's vote to leave the EU.

Please send any comments or queries to: Governance & Professionalism Policy Strategy & Competition
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returns you to the contents list



takes you to helpful abbreviations

Contents

1	Overview	3
Part 1:		
Feedback to CP17/26:		
Extending the Senior Managers & Certification Regime to insurers		
2	Senior Managers Regime	8
3	Certification Regime	32
4	Fit and Proper Requirements	41
5	Conduct Rules	49
6	UK Branches of Foreign Firms	57
7	Insurance Special Purpose Vehicles	59
8	Feedback to our Cost-Benefit Analysis	61
Part 2:		
Feedback to CP17/41:		
Transitioning insurers and individuals to the Senior Managers & Certification Regime		
9	Transitional Arrangements	65
10	Conversion – Solvency II firms and large Non-Directive Firms	69
11	Conversion – Small Non-Directive Firms, small run-off firms	75
12	Conversion – Insurance Special Purpose Vehicles	78
13	Forms	80
14	Consequential amendments	90
Annex 1		
List of non-confidential respondents to CP17/26 and CP17/41		
		92
Annex 2		
Abbreviations in this document		
		93
Annex 3		
Combined list of FCA and PRA Senior Management Functions		
		95
Annex 4		
Combined list of FCA and PRA Prescribed Responsibilities		
		96
Appendix 1		
Near-final Rules		
		100

1 Overview

Introduction

- 1.1** We have created a new regime for firms and the individuals within them – the Senior Managers & Certification Regime (SM&CR) – to strengthen accountability in financial services.
- 1.2** In July 2017, our Consultation Paper 17/26 (CP17/26), 'Individual accountability: extending the Senior Managers and Certification Regime to insurers' asked for views on our proposal to extend the SM&CR to insurers.
- 1.3** In December 2017 we published a second Consultation Paper, CP17/41, 'Individual accountability: Transitioning insurers and individuals to the Senior Managers & Certification Regime.' This set out how we proposed to move insurers and individuals from the revised Approved Persons Regime (revised APR) to the SM&CR.
- 1.4** This Policy Statement (PS) sets out our response to the feedback received to these two consultations.
- 1.5** We published a separate PS that sets out our response to the feedback received on our consultations for the extension of SM&CR to solo-regulated firms. Please see PS18/14.
- 1.6** The instrument in Appendix 1 provides the near final rules, which will apply to both Insurers and FCA solo-regulated firms.
- 1.7** HMT has confirmed that the SM&CR will apply to insurance firms from 10 December 2018. This start date for the regime is reflected in the Handbook Instrument in Appendix 1.
- 1.8** We have provided a separate 'Guide to the SM&CR'. This sets out the main features of the regime and gives the details of how the move to the SM&CR will happen. If you are a firm preparing for the SM&CR, we recommend that you read the guide.
- 1.9** This PS should be read with the PRA's PS15/18.

Who does this affect?

- 1.10** This PS will interest all insurers and reinsurers regulated by the FCA and the PRA. It will be of specific interest to:
 - **Solvency II firms** (all firms in scope of the UK rules implementing the Solvency II Directive). This includes the Society of Lloyd's, managing agents, incoming branches of non-UK firms and Insurance Special Purpose Vehicles (ISPVs).



- All insurers outside the scope of the Solvency II Directive Non-Directive (referred to in this PS as **Non-Directive firms** or **NDFs**). A small NDF is a firm where the value of assets for all the regulated activities it carries out is £25m or less. NDFs who exceed this threshold are 'large' NDFs. Both the Prudential Regulation Authority (PRA) and the FCA use these definitions.
- **Small run-off firms** (all insurers with less than £25m technical provisions that no longer have permission to write or acquire new business). This category also includes firms that are not treated as Solvency II firms because they have had the rules which implement the Solvency II Directive dis-applied to them (Rule 2 of the PRA's Rulebook 'Solvency II firms: Transitional Measures').

1.11 This PS will not be relevant to the following:

- FCA solo-regulated firms in scope of the proposals set out in CP17/25 and CP17/40 (please read PS18/14 for the relevant rules for these firms)
- firms that come under the existing Banking SM&CR
- incoming EEA firms providing cross-border services only – these firms do not come under the SM&CR
- Payment Services firms – these firms do not come under the SM&CR

1.12 This PS will not affect Approved Persons or Appointed Representatives of firms. Principal firms, including the Senior Managers of principal firms, remain fully responsible for ensuring that their Appointed Representatives and networks comply with our rules.

Context

1.13 This Policy Statement sets out changes to how we regulate people working in insurance firms. The SM&CR replaces the FCA's revised Approved Persons Regime (APR) and amends PRA's Senior Insurance Managers Regime (SIMR) that currently apply to insurers.

1.14 The aim of the new SM&CR is to reduce harm to consumers and strengthen market integrity by creating a system that:

- encourages staff to take personal responsibility for their actions
- improves conduct at all levels
- makes sure firms and staff clearly understand, and can demonstrate, who does what.

1.15 In this PS we summarise changes to our rules that will apply:

- The Senior Managers Regime (SMR) to all insurers. This focuses regulatory approval on fewer senior individuals in a firm than under the current APR.

- The Certification Regime to all insurers. This requires firms to assess the fitness and propriety of specific individuals who could harm the firm, its customers or the market.
- The Conduct Rules to most staff in insurers.

Summary of feedback and our response

- 1.16** We received 21 responses to CP17/26 and 10 to CP17/41, including firms and trade associations.
- 1.17** We received over 300 responses to the consultations for extending SM&CR to insurers and solo-regulated firms (CP17/26, CP17/25, CP17/41 and CP17/40).
- 1.18** We also engaged with various trade bodies and firms in several events, following publication of our proposals. We considered their feedback to our proposals in this PS.
- 1.19** Most of these responses supported our proposals or asked for further clarification on how the rules apply.
- 1.20** We will implement the proposals set out in CP17/26 and CP17/41 as proposed.

Equality and diversity considerations

- 1.21** We have considered the equality and diversity issues that may arise from the measures in this PS.
- 1.22** Overall, we don't consider our rules adversely impact any of the groups with protected characteristics ie age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment.
- 1.23** A consumer body suggested that we review whether the fit and proper requirements support the recruitment of diverse candidates into leadership positions in firms. We have responded to this feedback in Chapter 4.
- 1.24** The same respondent considered that the SM&CR should be used to address diversity on boards across the industry. While we agree that diversity is an important issue for firms and industry to address, we don't think SM&CR is the best mechanism to deal with this. There are a number of other initiatives at the UK and EU level that we believe are better placed to improve diversity. Our supervision teams will continue to impress on senior management the importance of diversity in their teams, and we may ask firms directly about gender diversity policies.¹

¹ www.fca.org.uk/news/speeches/women-finance-keeping-pressure-progress



Next steps and implementation dates

- 1.25** The legal instrument accompanying this Policy Statement contains near-final rules. Although they are near-final in most respects, they:
- may be amended by subsequent Handbook changes, for example those relating to the UK's exit from the European Union, or SM&CR optimisations
 - are subject to commencement regulations to be made by HM Treasury
- 1.26** Insurers will move to the new regime on 10 December 2018. Please refer to Chapter 9 of this PS where we describe transitional arrangements for insurance firms.
- 1.27** Firms should check whether they have the appropriate people in the correct approved functions before the move of approved individuals from the revised APR to the SM&CR takes place. This will help to make the transition to the new regime as effective as possible.



Part 1: Feedback to CP17/26: Extending the Senior Managers & Certification Regime to insurers



2 Senior Managers Regime

- 2.1** In this chapter, we summarise the feedback we received on our proposed rules and guidance for the Senior Managers Regime (SMR). Most respondents supported our proposals. However, some asked us to clarify aspects of our rules and guidance. Others asked for illustrative examples.

Who should read this section?

Solvency II firms and large NDFs should read this chapter.

If you are a small NDF or a small run-off firm, paragraphs 2.61 – 2.63 will be relevant to you.

Senior Management Functions for Solvency II firms and large Non-Directive Firms

Our proposals

- 2.2** In CP17/26, we proposed the following executive functions as FCA Senior Management Functions, as set out in Table 1. We also proposed two Oversight roles as Senior Management Functions, which are set out in Table 2.

Table 1: Executive Senior Management Functions – Solvency II firms & large NDFs

FCA Functions	Description
SMF3 – Executive Director	A director of a firm, other than a Non-Executive Director.
SMF16 – Compliance Oversight	This is the person responsible for the compliance function in the firm and reporting to the governing body on this.
SMF17 – Money Laundering Reporting Officer	This is the person who has responsibility for overseeing the firm's compliance with the FCA's rules on systems and controls against money laundering.
SMF18 – Other Overall Responsibility	This function applies where a senior executive is the most senior person responsible for an area of the firm's business but they do not perform any other Senior Management Function. Many firms won't need this function as the people ultimately responsible for everything the business does will already be covered by other Senior Management Functions. But it gives flexibility and recognises the diversity of business structures in different types of firms. This is discussed in more detail below in the section on 'Overall Responsibility'.

FCA Functions	Description
SMF23b – Conduct Risk Oversight Officer (Lloyd's only)	<p>The function will be responsible for overseeing the conduct of business standards required by the Society for the Managing Agents that write business at Lloyd's.</p> <p>Our aim is that a Senior Manager in Lloyd's is clearly accountable for monitoring and overseeing Managing Agents' compliance with the Lloyd's conduct of business standards.</p> <p>This accountability won't overlap with the accountabilities that SMFs in Managing Agents must have. Senior Managers in Managing Agents have a role to play in ensuring the highest standard of conduct within their firms. They should already be accountable for mitigating conduct of business risks. This won't change, following the introduction of this function.</p>
SMF27 – Partner Function	A partner in a firm, other than a limited partner in a partnership registered under the Limited Partnership Act 1907.

PRA Executive functions (for information)

SMF1 – Chief Executive
SMF2 – Chief Finance Function
SMF4 – Chief Risk Function
SMF5 – Head of Internal Audit
SMF6 – Head of Key Business Area
SMF7 – Group Entity Senior Manager
SMF24 – Chief Operations Function
SMF20 – Chief Actuary
SMF21 – With-Profits Actuary
SMF22 – Chief Underwriting Function
SMF23 – Underwriting Risk Oversight Function (Lloyd's only)

Table 2: Oversight Senior Management Functions – Solvency II firms & large NDFs

FCA Functions	Description
SMF13 – Chair of Nominations Committee	If the firm has a Nominations Committee, this is the person who chairs this committee.
SMF15 – Chair of the With-Profits Committee or the person(s) responsible for the with-profits advisory arrangement	<p>If the firm has a With-Profits committee, this is the person who chairs this committee.</p> <p>The person(s) responsible for the With-Profits advisory arrangement are also covered by the definition of the Chair of the With-Profits committee.</p>

PRA Senior Management functions (for information)

SMF9 – Chair
SMF10 – Chair of Risk Committee



FCA Functions	Description
SMF11 – Chair of the Audit Committee	
SMF12 – Chair of Remuneration Committee	
SMF14 – Senior Independent Director	

Feedback received

2.3 In CP17/26, we asked the following three questions:

- Q1: Does the proposed list of FCA Senior Managers cover the appropriate roles, ie the most senior decision makers within a firm?**
- Q2: Are there any other roles that the FCA should consider specifying as SMFs?**
- Q3: Are there any proposed Senior Managers that the FCA should consider excluding?**

2.4 Most respondents supported the list of SMFs we proposed for SII firms and large NDFs.

2.5 Several respondents asked for more clarity about how our SMFs worked with the PRA's rules. For example, the difference between the PRA SMF 6 (Head of Business Unit) and the FCA SMF 18 ('Other Overall Responsibility'). Some respondents thought that the 'Overlap Rule' (the rule that explains what happens if a person holds a specific FCA role and PRA role that 'overlap') could confuse firms, particularly which roles have been applied for and when, and what approvals have been granted. They felt this would increase firms' workload. Several respondents said they were particularly concerned that differences between the FCA and PRA Senior Management Functions could cause duplicated roles and inconsistent practice for firms.

2.6 Some respondents said there could be confusion if there wasn't an SMF assigned to every business unit. Some suggested that the Head of HR and the Chair or members of the Product Oversight & Governance Committee should be specific SMFs.

2.7 One respondent asked whether all Executive Directors should be designated under SMF3, and some asked us to clarify if general insurers needed to appoint a Money Laundering Reporting Officer (MLRO).

2.8 Respondents also asked us to confirm that Non-Executive Directors who were not specified as Chairs of key committees would not be SMFs.

2.9 A few respondents suggested excluding the legal function from the SM&CR to protect and maintain legal privilege. Some also asked for more clarity on the FCA's expectations on the roles of the General Counsel and Heads of Legal Function under the regime.

Our response

We are introducing our proposals as consulted on.

Who should hold a Senior Management Function

We expect that the people that hold Senior Management Functions (Senior Managers) will be the most senior people in a firm responsible for a business area, function or activity.

Interaction with the PRA

There may be cases where a Senior Manager applies to perform both a PRA and FCA Senior Management Function at the same time. In this case, we would apply an 'Overlap Rule'. The Overlap Rule in SUP10C.9.8 applies when a firm is seeking approval from the PRA for a candidate to perform a PRA-designated SMF and also intend this candidate will perform an FCA SMF, once the PRA gives its approval.

For example, if a firm is seeking approval for an SMF2 – Chief Finance Officer (CFO) who will also be appointed to the Board (SMF3 – Executive Director) at the same time, then they only need to make one application to the PRA. The Overlap Rule ensures the approval covers both roles.

In this example, the Overlap Rule works by dis-applying the FCA SMF3 – Executive Director function. The function will not appear on the register. But, the Senior Manager's SoR must clearly describe the individual's accountabilities under both roles. The rule aims to reduce the administrative burden on firms by streamlining the approvals process.

The Overlap Rule only applies if the firm's application for PRA approval states that the person will also be performing an FCA-designated SMF. Where the Overlap Rule doesn't apply, firms should also apply to the FCA for approval of the FCA SMF. It is important that firms and individuals understand that we (and the PRA) will still hold the individual to account for both halves of their role. The Overlap Rule is simply to avoid the need for two applications for the same person and so reduce the administrative burden.

The Overlap Rule applies to FCA **governing functions** only. For example, if an individual is put forward for an SMF2 (a PRA function) and an SMF16 Compliance Oversight Function, which is an FCA 'required function', the firm will need to apply to both the FCA and PRA separately. In all cases, the individual's SOR would need to reflect details of all the functions and roles they perform at SMF level. Removing the Overlap Rule would increase the workload and administrative burden on firms. Also, FSMA requires the FCA to minimise the circumstances in which the same person needs FCA and PRA approval for performing a controlled function in the same firm. So we will proceed with our proposals as consulted in CP17/26.

We encourage firms to refer to SUP10C.9.9G, which gives some examples of how the Overlap Rule works in practice.



The PRA leads on looking at approval applications for PRA-designated SMFs. But the PRA need our consent before approving an application. If we don't give this, the PRA will refuse the approval application.

Duplication of roles between the FCA and PRA

We have assessed respondents' feedback and do not consider there is an overlap or duplication of roles between the PRA and FCA's functions. We recognise that the Other Overall Responsibility Function (SMF18) may be causing confusion. We have set out additional feedback on this in the section on Overall Responsibility below.

Firms take different approaches to the way they allocate Overall Responsibility for human resources, so we have not proposed a separate function for Head of Human Resources. Firms may want to consider whether this function in their firm meets the definition of an SMF18. If so, they should choose to allocate an SMF18 where appropriate.

Money Laundering Reporting Officer (MLRO)

We are not introducing any new requirements on firms to have a MLRO. Firms only need to have an MLRO if the Money Laundering Regulations apply to them. They still need to have appropriate systems and controls to prevent financial crime.

Executive Directors

Any person who meets the definition of an Executive Director will fall under the Senior Managers Regime. For example, if a firm has five Executive Directors that meet the definition, all will be Senior Managers.

Non-Executive Directors

We confirm that only Non-Executive Directors (NEDs) who chair a committee listed in Table 2 will be Senior Managers. We consider it is important to have a proportionate regime and focus regulatory resource on the individuals within a firm that can most directly affect our objectives, including those directors who chair important advisory Committees. This does not reduce NEDs' responsibilities for providing appropriate oversight and independent challenge.

Senior Managers Regime roles

Solvency II firms must ensure that one or more persons performs each of the following Senior Insurance Management Functions on its behalf:

- the Chief Executive Function
- the Chief Finance Function
- the Chairman

This is a PRA rule in PRA Rulebook – Solvency II firms – Insurance – Senior Management Functions 2.3.

Additionally, as per the Solvency II Systems of Governance, all Solvency II firms are required to have at least four Key Function Holders, ie Chief Risk Officer, Head of Internal Audit, Chief Actuary and Compliance Officer.

The first three will be PRA Senior Management Functions under the new regime.

With the exception of the above requirements for Solvency II firms, the Senior Managers Regime does not set a minimum number of functions that firms are required to have in place, unless required so by other legislation. If someone is performing a role that falls within the definition of a Senior Management Function, then the Senior Managers Regime applies. However, if firms do not have an individual carrying out that role, they are not required by the SMR to hire people to fill specific roles or functions.

Head of the Legal Function

As set out in CP17/26, under our current rules, each of the firm's areas, activity and management function must have a Senior Manager with Overall Responsibility for it. This is the 'Overall Responsibility' requirement.

In September 2016 we published a discussion paper about the legal function, which discussed whether the Overall Responsibility requirement applies to the legal function as currently drafted and whether as a matter of policy it should. We have not yet published definitive rules or guidance on what the position is. We will publish a further consultation paper in due course. In light of this, we recognise that firms may not be able to make a decision, with full certainty, about whether or not they need approval for the individual in charge of their legal function.

In some cases, that individual may require our approval – for example, if they have responsibility for another area that clearly comes under the SMF definition, such as risk management. So any firm that decides in good faith that the individual does or does not require approval, on the basis of the published rules and guidance, does not need to change their approach until the FCA has published definitive guidance or rules settling the position. Please see our response to Q5 for more information on 'Overall Responsibility'.

The Conduct Risk Oversight Officer (Lloyd's only)

Who should read this section?

This section applies only to Lloyd's.

Our proposals

2.10

In CP17/26 we proposed creating a specific FCA Conduct Risk Oversight function for Lloyd's. We said this function would be responsible for overseeing the conduct of business standards required by the Society for the Managing Agents that write business at Lloyd's.



Feedback received

2.11 In CP17/26, we asked the following question:

Q4: Do you agree with our proposal to introduce a Conduct Risk Oversight Officer for Lloyd's?

2.12 Most respondents supported our proposal, but asked that we clarify our expectations of the role holder and their responsibilities. Some respondents also asked us to clarify that the responsibility of the Lloyd's Conduct Risk Oversight Officer should be limited to oversight of Lloyd's conduct of business standards.

2.13 One respondent considered that the introduction of this SMF is unnecessary, as they felt Lloyd's already places strong emphasis on managing conduct risk.

Our response

Having considered the feedback we received, we are proceeding with our proposal as consulted in CP17/26. But, we agree we need to better clarify our expectation of the function's scope.

We decided to introduce a Conduct Risk Oversight Officer because of the size, scale and structurally-unique role of the Lloyd's market. This function will be consistent with the PRA's current Underwriting Risk Oversight Function, which is also Lloyd's-only.

The Conduct Risk Oversight Officer for Lloyd's will be responsible for overseeing the conduct of business standards required by the Lloyd's market for the Managing Agents that write business at Lloyd's only.

Our aim is that there is a Senior Manager in Lloyd's who is clearly accountable for monitoring and overseeing Managing Agents' compliance with the Lloyd's conduct of business standards.

We don't consider that this accountability will overlap with the role of SMFs in Managing Agents. Senior Managers in Managing Agents should ensure the highest standard of conduct within their firms. They must already be accountable for mitigating conduct of business risks and we do not expect this to change after the introduction of the Conduct Risk Oversight Officer.

Overall Responsibility requirement and Other Overall Responsibility function (SMF18)

Who should read this section?

This will apply to SII firms (excluding small run-off firms and ISPVs) and large NDFs.

Our proposals

- 2.14** In CP17/26, we proposed applying an Overall Responsibility requirement to all Solvency II firms (excluding small run-off firms and ISPVs) and large NDFs. This means these firms will need to ensure that every activity, business area and management function in the firm has a Senior Manager with Overall Responsibility for it. Our proposal aimed to prevent unclear allocation of responsibilities that could result in issues being missed or areas not having an accountable Senior Manager.
- 2.15** The most senior person with Overall Responsibility for a specific business area might already be an existing Senior Manager. If that is not the case, the most senior person with Overall Responsibility for this area would need to be approved by us as a Senior Manager under the Other Overall Responsibility function (SMF18).
- 2.16** We proposed that the scope of this rule should be the same as the scope of the Conduct Rules. This means it applies to a firm's regulated and unregulated financial services activities, including any related ancillary activities.

Feedback received

- 2.17** In CP17/26, we asked the following question:

Q5: Do you agree with the proposed Overall Responsibility SMF?

- 2.18** Most respondents supported our proposals. A number of respondents asked us to clarify how to apply the Overall Responsibility requirement. In particular, respondents asked us how to apply the requirement to individuals who are PRA Key Functions Holders or who they identify as being within the Certification Regime of the PRA or FCA.
- 2.19** A few respondents were concerned that SMF18s might be seen as less senior than other Senior Managers. This is because, under our proposals, SMF18s cannot hold Prescribed Responsibilities, apart from the CASS Prescribed Responsibility.

Our response

Having considered the feedback we received, we are proceeding with our proposal as consulted in CP17/26. However, some respondents misunderstood the Other Overall Responsibility Function (SMF18) and we provide clarifications below.

In CP17/26, we explained that the most senior person with overall responsibility for an activity, business area or management function might already be an existing Senior Manager. For example, a Chief



Executive, an Executive Director or any other FCA or PRA Senior Management Function. We expect that this will be the case most of the time.

The Significant Management Function (CF29) and SMF18

In CP17/26, we proposed that certain roles will no longer require FCA approval and may come under the Certification Regime. The CF29 – Significant Management Function is one of these roles.

We accept that someone currently approved as a CF29 will be eligible to be converted into the Other Overall Responsibility function (SMF18). However, conversion to SMF18 will only be possible if they meet the definition of an SMF18, which is covered in our Handbook in SUP10C.7.

The SMF18 does not apply to someone who has been approved for any other Senior Management Function. So, conversion will not be possible, if, when the Regime starts applying to them, they already have an approval from the PRA or the FCA for another controlled function for the same firm.

SMF18 and its relation to other Senior Management Functions, Key Function Holders and Certified staff

SMF18 only applies when an individual with Overall Responsibility for a business area does not hold any other Senior Management Function that can be either an FCA or PRA function. For example, if an individual holds the Head of Key Business Area Function (SMF6) and has Overall Responsibility for this business area, they will not need to apply to be approved as an SMF18.

Some respondents asked us to explain how the Overall Responsibility requirement will apply to individuals responsible for a business area who are already Key Function Holders under Solvency II or within the Certification Regime. Steps that firms might want to consider are:

- Identify whether the firm has allocated Overall Responsibility for a particular business area to one of its managers. If it has, continue with the following steps. If not, SMF18 will not apply.
- Identify whether any of these individuals' roles meet any of the definitions of any of the Senior Management Functions, whether FCA or PRA, other than SMF18.
- If so, they need to seek approval to perform that Senior Management Function. Once approved, they will be Senior Managers and they will not come under the Certification Regime (see following bullet points).
- If they already hold a Senior Management Function (other than SMF18) with Overall Responsibility for a specific business area, they will not need to be approved for the Other Overall Responsibility Function (SMF18).
- If they do not, and do not need to have, approval to perform another Senior Management Function, whether FCA or PRA, then they will

need to be approved for the Other Overall Responsibility Function (SMF18).

- A person appointed to have Overall Responsibility for a particular business area will not be covered by the Certification Regime in that role.
- The firm must record the Senior Manager's responsibilities on their Statement of Responsibilities (SoR).

Clarifications

SMF18s should not be seen as less senior because they don't hold Prescribed Responsibilities, other than the CASS compliance PR. Every Senior Manager, including an SMF18, must be the most senior person responsible for managing an area overall. They must also be sufficiently senior and credible, and with sufficient resources and authority, to exercise their management and oversight responsibilities effectively.

More information on this point is set out in the Guide to the SM&CR for Insurers.

The Compliance Oversight Function

Who should read this section?

All insurers should read this section.

Our proposals

- 2.20** In CP17/26, we proposed to broaden the Compliance Oversight Function (SMF16) to cover all insurers for all requirements of the regulatory system for which the FCA is responsible. This included all FCA rule requirements, as well as any directly applicable UK or EU legislation where the FCA has responsibility for ensuring compliance.

In CP17/26, we asked the following question:

Q6: Do you agree with our proposal to extend the scope and definition of SMF16 to cover all FCA requirements?

Feedback received

- 2.21** Most of the respondents agreed with our proposals. Some respondents expressed concerns about the scope of the role of the Compliance Oversight Function. They felt that broadening the scope risked creating an overlap of responsibilities between the Compliance Oversight Function and other Senior Managers.
- 2.22** A small number of respondents said that broadening the scope of the Compliance Oversight Function could risk blurring the lines of defence within firms. In their view, our proposal risked undermining the Compliance Function's second line of defence role.



2.23 Respondents asked us to clarify our expectations on a number of points:

- whether the SMF16 can be shared between individuals
- whether firm Boards can collectively hold the responsibility for the Compliance Oversight Function. This would mean that firms would not need to have what is currently a CF10 – Compliance Oversight Function.

Our response

Having considered respondents' feedback, we are proceeding with our approach as consulted on in CP17/26. We note respondents' concerns and have addressed these below.

Broadening the Compliance Oversight Function's scope vs. Compliance Function's second line of defence role

We considered the scope of the Compliance Oversight Function's role (currently limited to our COBS, COLL and CASS sourcebooks) to be too narrow to be fully effective. So, we decided to broaden the Compliance Oversight Function's scope for insurers. This will mean that the Compliance Oversight Function's scope will apply in the same way to insurers as it currently applies for banking firms.

We don't consider that our rules undermine the compliance function's second line of defence role. Under our current rules, an insurer must seek to establish and maintain effective systems and controls for complying with applicable requirements under the regulatory system. Depending on the nature, scale and complexity of its business, it may be appropriate for an insurer to have a separate compliance function. When this happens, we expect the compliance function to operate independently and report to the firm's governing body on compliance matters.

Senior Managers' vs the Compliance Oversight Function Senior Manager's accountabilities

We expect all Senior Managers to play an active role in helping their firm to be compliant, taking reasonable steps to make sure that breaches of FCA rules don't occur in the business areas they are accountable for. Where breaches do occur, we expect the accountable Senior Manager to take appropriate actions to address them. The Senior Manager performing the Compliance Oversight Function will not directly be accountable for every breach of FCA rules and requirements that occur in the firms' business areas.

Instead, the Senior Manager performing the Compliance Oversight Function is accountable for carrying out the compliance function's second line of defence responsibilities appropriately and effectively. These are:

- to oversee the effectiveness of the firm's compliance with the requirements and standards of the FCA's regulatory system

- to report to the governing body on compliance matters, and
- to monitor actions taken by the first line of defence to address any problems in the firm's compliance with its obligations.

Sharing an SMF16 between two individuals

A firm should not normally share a Senior Management Function between two or more Senior Managers. However, it may be appropriate, for example, as part of a job-share arrangement or when outgoing and incoming Senior Managers work together temporarily as part of a handover. In general, where responsibilities for a function are shared, each Senior Manager will be jointly accountable for these and their responsibilities should be reflected in their respective SoRs.

We do not require firms to restructure their compliance function. Firms who already have a CF10 will be able to map the role directly to SMF16, within current reporting lines.

The Board's role

Under PRA's Corporate governance: Board responsibilities (SS5/16), the Board and its relevant committees exercise effective oversight of risk management and controls, supported with meaningful and well-targeted management information used to inform board discussions. Also, the Board needs to ensure that it has robust arrangements for oversight of control functions, such as compliance. A firm's Board cannot collectively hold the responsibility for the Compliance Oversight Function in a way that means that the firm would not need to appoint someone to perform the Compliance Oversight Function.

Solvency II Key Function Holder

Solvency II firms are required to have a Key Function Holder who is accountable for:

- a compliance function that advises the governing body on compliance with all the Solvency II rules and regulations,
- the identification and assessment of compliance risk, and
- an assessment of the possible impact of any changes in the legal environment on the operations of the firm.

The Chair of the With-Profits Committee

Who should read this section?

Solvency II firms and large NDFs should read this section.



Our proposals

2.24 In CP17/26, we proposed making the Chair of the With-Profits Committee a Senior Manager. We also proposed extending the Chair of the With-Profits Committee to cover any persons performing the With-Profits advisory arrangement under COBS 20.5 With-profits governance – FCA Handbook.

2.25 In CP17/26, we asked the following question:

Q7: Do you agree with our proposal to extend the Chair of the With-Profits Committee to cover any person(s) performing the With-Profits advisory arrangement?

Feedback received

2.26 All respondents welcomed our proposal.

Our response

We will proceed to make near-final rules in line with our proposed approach. But, we want to clarify that the Chair of the With-Profits Committee function will only apply where firms are required to establish such a committee. If they do not have a With-Profits fund and so are not required to have such a committee or advisory arrangement, then firms do not need to seek approval for the related SMF.

The 12-week rule

Who should read this section?

Solvency II firms and large NDFs should read this section.

Our proposals

2.27 Under the revised APR, individuals are allowed to cover for an Approved Person or a Senior Manager without being approved, where the absence is temporary or cannot be reasonably foreseen, and the appointment is for less than 12 consecutive weeks.

2.28 In CP17/26 we proposed extending this 12-week rule to apply to responsibilities under the 'Overall Responsibility' requirement (which is described above in the section of this chapter titled "Overall Responsibility requirement and Other Overall Responsibility function (SMF18)"). The 12-week rule allows someone to cover for a Senior Manager without being approved, where the absence is temporary or reasonably unforeseen, and the appointment is for less than 12 consecutive weeks.

2.29 We proposed to allow any responsibility that the absent manager holds under the Overall Responsibility requirement to be reallocated to someone who is not approved during their absence.

Feedback received

2.30 In CP17/26, we asked the following question:

Q8: Do you agree with our proposal to extend the 12-week rule to apply to responsibilities under the 'Overall Responsibility' requirement? If not, please explain why.

2.31 We received two responses to this question, both of which agreed with our proposal.

2.32 One respondent suggested that this approach should be applied to the Certification Regime as well, while another suggested a longer period.

Our response

We intend to implement the 12-week rule as proposed. This rule applies whatever the reason for the Senior Manager's absence.

We recognise that recruitment processes can take longer than 12 weeks. However, we don't believe that it would be appropriate for an individual to perform a Senior Management Function for longer than this without approval. As such, if someone is covering an absence for longer than 12 weeks, they will need to be approved for the relevant Senior Management Function they are covering, or the firm would need to apply for a waiver.

We also considered whether the 12-week rule would be appropriate for Certification Functions. However, as Certification Functions do not require FCA approval, firms should be able to undertake the relevant certification processes within the specified 4-week period.

Prescribed Responsibilities for SII firms and large NDFs

Who should read this section?

Solvency II firms and large NDFs should read this section.

Our proposals

2.33 As set out in CP17/26, we proposed introducing three FCA-only Prescribed Responsibilities (PRs):

- a PR for meeting firms' obligations under the Code of Conduct (COCON), to ensure the firm trains its staff in the Conduct Rules and complies with the FCA notification requirements
- a CASS Compliance PR, which will only apply where there is an underlying obligation on the firm to comply with these rules



- a PR for overseeing the firm's policies and procedures for countering the risk that the firm might be used to further financial crime

2.34 We also proposed that firms would only be able to divide or share a Prescribed Responsibility in limited circumstances and where they can show that this is appropriate and justifiable.

Feedback received

2.35 In CP17/26, we asked the following two questions:

Q9: Do you agree with our approach to Prescribed Responsibilities and our proposed list of PRs?

Q10: Do you agree with our approach to dividing and sharing Prescribed Responsibilities?

2.36 Most respondents supported our approach to Prescribed Responsibilities. Some suggested we better align our proposals with the PRA's to ensure a common set of PRs across both solo and dual-regulated firms. A small number of respondents disagreed with our approach, citing the potential cost and complexity to firms.

2.37 Two respondents said we should:

- allow firms to allocate PRs on a group basis, rather than on a legal entity basis, and
- consider changing our approach and allow the SMF18 – Other Overall Responsibility to hold any Prescribed Responsibility, not only the CASS Compliance Prescribed Responsibility.

2.38 A respondent suggested we expand the list of PRs to add the following:

- 'Assess and report on alignment between strategy, governance, culture and attitudes to consumers'
- 'Development of culture'

2.39 All respondents supported our proposed approach for dividing and sharing Prescribed Responsibilities, but a small number asked us to clarify whether our approach is different from the PRA's.

Our response

Having considered the feedback we received, we are proceeding with our proposal as consulted in CP17/26. But, we provide our response to suggestions and clarifications requests below.

Additional Prescribed Responsibilities

We are proceeding with the approach that we consulted on. We consider that the list of PRs is proportionate to SII and large NDFs' business models and complexity. Annex 4 includes the final list of PRs specified by both the FCA and the PRA.

The seven shared PRs are areas where both regulators have an interest in how these responsibilities are met. The three FCA PRs ensure a Senior Manager is accountable for key conduct risks.

We have decided not to require additional PRs. We consider the proposed list to be sufficient to achieve the aims of the SM&CR and reinforce and clarify the expectations of individuals within different governance structures.

A 'Culture' PR

We haven't introduced a PR for culture as we consider that every individual in a firm is accountable for the firm's culture, from the governing body down. This reinforces our own focus on culture and governance, as this is one of our top priorities for firms.²

All Senior Managers have a role to play in driving an appropriate culture and should each take accountability for their actions, shaping the firm's culture by taking accountability for their own behaviour and taking reasonable steps to manage the behaviour of those in their area of responsibility.

Culture will also be reinforced by applying the Conduct Rules throughout every level of a firm. Conduct Rules aim to drive up standards of individual behaviour in financial services and shape the firm's culture, standards and policies as a whole. As such, our PR for Conduct Rules will ensure that there is a Senior Manager who is accountable for making sure the firm complies with its Conduct Rule obligations.

We view the responsibility for culture holistically. So, we consider that Boards should be collectively responsible for setting and monitoring firms' cultures. Boards need to ensure culture remains high on their agenda and be able to demonstrate how they satisfy themselves that the firm's culture does not cause harm.

The PRA's PRs on 'overseeing the adoption of the firm's culture' and 'leading the development of the firm's culture by the governing body as a whole' have a prudential focus. This is consistent with PRA's objectives to promote the financial soundness of the firms they regulate.

Allocation of PRs at a Group Level Vs Legal Entity Level

Some respondents asked whether they could apply the PRs on a group basis, rather than at a legal entity basis. As the SM&CR applies to legal entities, rather than to groups, firms must allocate the PRs on a legal entity basis.

Prescribed Responsibilities for solo and dual-regulated firms

The Guide to the Regime includes the final list of Prescribed Responsibilities which are split into three distinct categories: FCA PRs, PRA PRs and those shared between the FCA and the PRA.

² In March 2018 we published a Discussion Paper on transforming culture in financial services. This is part of our drive to promote a discussion and consensus on the essential features of a healthy culture within financial services. For more information, read DP18/2 – 'Transforming Culture in Financial Services'.



We note respondents' request for a common set of PRs for solo and dual-regulated firms. We have intentionally taken a different approach to the requirements that apply to solo firms compared to insurers. This is to clearly reflect the different risks that each type of firm poses to our objectives. For example, additional Prescribed Responsibilities apply to Solvency II firms and large NDFs to reflect the specific governance risks in these firms. So, these PRs won't be suitable for solo-regulated firms. Also, we don't think that this would be proportionate to some of the FCA solo-regulated firms' business models.

Dividing and Sharing Prescribed Responsibilities

Dividing and sharing PRs should not be a common practice across firms. But, we do recognise that there might be limited circumstances when this can happen. Firms must show that this is appropriate and justifiable and that this doesn't leave a gap in responsibilities.

For example, it would be appropriate to share a Prescribed Responsibility or a function as part of a job share. Alternatively, where departing and incoming Senior Managers work together temporarily as part of a handover, or where a particular area of a firm is run by two Senior Managers.

Firms will need to be able to clearly explain shared PRs in the relevant Statements of Responsibilities. Where responsibilities are shared, each Senior Manager will be jointly accountable for them.

The PRA's set out its approach for dividing and sharing prescribed responsibilities in their updated SS35/15. We recognise that our approach is different to the PRA's. Under FCA rules, there might be limited circumstances when dividing and sharing PRs can happen. This reflects the wider remit of our objectives, when compared to the PRA's.

It is for firms to show that sharing a PR is appropriate and justifiable in the circumstances and doesn't leave a gap in responsibilities.

Overall Responsibility and PRs

In CP17/26, we proposed applying an 'Overall Responsibility' requirement to all SII and large NDFs. This means that these firms will need to ensure that every activity, business area and management function has a Senior Manager with Overall Responsibility for it. This is to prevent unclear allocation of responsibilities that could result in issues being missed or areas where no Senior Manager is accountable.

As set out in CP17/26, we consider that the most senior person with Overall Responsibility for an activity, business area or management function might already be an existing Senior Manager. Our proposals noted that we expected this to be the case most of the time. Feedback received hasn't changed our opinion, so we consider that the identification and designation of a Senior Manager holding Overall Responsibility (SMF18) in firms is the exception, rather than the norm.

As such, we consider it appropriate to restrict the allocation of other Prescribed Responsibilities (other than the CASS compliance)

to the SMF18. This will reinforce a culture of accountability and encourage firms to identify who actually has Overall Responsibility at the most senior level, for each of its activities, business areas and management functions.

Statements of Responsibilities

Who should read this section?

All firms should read this section.

Our proposals

- 2.40** In CP17/26 we proposed renaming the 'Scope of Responsibilities' document as a Statement of Responsibilities (SoR).
- 2.41** Insurers will be required to submit a SoR when applying for approval of a new Senior Manager. They will also need to update and re-submit this document through Form J, whenever there is a significant change in Senior Managers' responsibilities.

Feedback received

- 2.42** In CP17/26, we asked the following question:

Q11: Do you agree with our proposals on Statements of Responsibilities?

- 2.43** Most respondents agreed with the proposals.
- 2.44** A few asked for more guidance on the appropriate level of detail required in a SoR.
- 2.45** Some respondents were concerned that updating Statements of Responsibilities on a legal entity basis would need them to increase their resources significantly and run the risk that documents covering responsibilities could be inconsistent.

Our response

A SoR is a document that every Senior Manager will need to have, clearly setting out their role and what they are responsible and accountable for. It needs to be kept up to date. It is required under FSMA and all insurers need to submit a SoR with their application for FCA approval for a Senior Manager. They will also need to update and re-submit this document whenever there is a significant change in their responsibilities. It is important that firms and the regulator are clear who is accountable for what.

The SM&CR will apply on a legal entity basis – this is a FSMA requirement. This means that every firm must prepare a SoR for each Senior Manager. This must cover every Senior Management Function for which the Senior



Manager has approval and clearly show what they are accountable for in each of their roles.

Our rules already include guidance on what the SoR should contain. You can find the existing guidance set out in the FCA's Handbook in the new version of SUP10C.11 in Appendix 1. To help firms meet this requirement, we are developing best practice examples of how firms can prepare their SoRs. Our experience of applying the SM&CR to banks has shown that having a SoR has been very useful for both firms and regulators. Both the process of drafting and submitting the SoR clarifies what a Senior Manager is responsible and accountable for.

Responsibilities Maps

Our proposals

- 2.46** In CP17/26 we proposed renaming the existing 'governance map' that insurers currently have to maintain under the PRA's Senior Insurance Managers Regime (SIMR) to a 'Management Responsibilities Map'.

Feedback received

- 2.47** In CP17/26, we asked the following question:

Q12: Do you agree with our proposal to require firms to maintain, produce and, where relevant, submit Responsibilities Maps?

- 2.48** Most respondents agreed with our proposal, with many suggesting that all firms should maintain a Management Responsibilities Map.
- 2.49** There was some confusion on the level of detail required in the Map and whether the information in the SoR should be repeated. Some firms asked for guidance on how to create the Map and what lessons were learned when deposit takers implemented this. A few respondents asked us whether to include details about the Prescribed Responsibilities.
- 2.50** Some respondents raised concerns about the resources they would require creating the Maps and keeping them up to date.
- 2.51** A small number of respondents suggested that, instead of updating Responsibilities Maps when there is a significant change, firms should update the Maps periodically.
- 2.52** Some respondents requested alignment with the PRA to make it simpler for groups that have legal entities falling under both the insurance and solo regulated regimes. We were also asked to clarify how the PRA and FCA requirements work together.
- 2.53** A small number of respondents also asked for feedback on previously submitted governance maps.

Our response

Having considered the feedback we received, we are proceeding with our proposal as consulted in CP17/26. But, we provide our response to suggestions and clarifications requests below.

Under Principle 3, all insurers need to take reasonable care to organise and control their affairs responsibly and effectively. All firms can use the principles and practice of the Management Responsibilities Map. But, we will only require Solvency II firms and large NDFs to create and maintain them, and to submit them to us when there is a material change. It is important that all firms document their governance arrangements as an important part of organising and controlling their affairs. However, we think it would be disproportionate to prescribe a specific way for smaller insurers to do this.

We encourage respondents to refer to our rule in SYSC 25.2.3, which describes what a Management Responsibilities Map must include. This includes, for example, how the Prescribed Responsibilities have been allocated, details on who has Overall Responsibility for the firm's activities, business areas and management functions, details of individuals' and committees' reporting lines, and how, if any, responsibilities are shared or divided between different people.

When considering the level of detail to include, firms should remember that Maps aim to clearly describe the firm's management and governance arrangements. They can also be helpful to give a collective view of how responsibilities have been allocated and to help highlight any issues or gaps in a firm's governance arrangements. To help firms meet this requirement, we are developing further guidance and best practice examples of how firms can prepare Responsibilities Maps.

Updating Maps

We recognise respondents' feedback on the resources required to update the Maps and Statements of Responsibilities. However, we think that the requirements are proportionate. Firms with a simple allocation of responsibilities will only need to produce simple documents. Likewise, small changes to responsibilities will create small changes to the Maps and Statements of Responsibilities.

We don't expect any need for increased resources for Solvency II firms and large NDFs. This is because these firms were previously required to prepare governance maps under the FCA's revised Approved Persons Regime and the PRA's Senior Insurance Managers Regime.

We consider it important for both firms and regulators to be able to refer to a single document that clearly describes the firm's management and governance arrangements.

Our rules state that Maps must be up-to-date at all times, but we are not prescriptive about how a firm does this and do not require changes to be notified to us, except in specified circumstances (such as a notification of a change to a Senior Manager's SoR or an application for approval of a



Senior Management Function). If there is a significant change in a firm's management arrangements, every affected Senior Manager will need to update their SoR and re-submit them through Form J, along with an updated Responsibilities Map. Updating SoR is required by FSMA and explained in SUP10C.11, where we also give examples of what is and isn't a 'significant change' in relation to the SoR.

FCA-PRA Responsibilities Maps

Our rules will see a change in the name of the Maps from 'Governance Maps' to 'Responsibilities Maps' but the contents will remain the same.

There is no obligation on firms to create two separate Management Responsibilities Maps for the FCA and PRA.

We expect that insurers will create one Management Responsibilities Map and submit it to both the FCA and the PRA. Although there are some differences in the Prescribed Responsibilities and Senior Manager Functions required by the PRA and the FCA, firms should represent these on one document that clearly describes its governance and management arrangements overall.

Firms which operate within a group should note that the SM&CR applies to legal entities individually, rather than to a group as a whole. So it is not appropriate for firms to submit one Management Responsibilities Map for the entire group. However, the guidance in SYSC 25 recognises that a firm may share management or governance arrangements with other members of the group. Firms should include these details in their Maps to show how the firm's management and governance arrangements fit together with its group.

Handover Procedures

Our proposals

2.54 In CP17/26, we proposed to introduce a requirement for all Solvency II firms and large NDFs to take all reasonable steps to ensure that a person taking on a Senior Manager role has all the information and materials they could reasonably expect to have in order to do their job effectively.

2.55 We also proposed that a firm must have a policy in place explaining how it complies with this requirement, and keep adequate records of the steps it has taken.

Feedback received

2.56 In CP17/26, we asked the following question:

Q13: Do you agree with our proposal to apply handover requirements to Solvency II firms and large NDFs? If not, please explain why.

- 2.57** Most respondents welcomed our proposal. A number of firms told us that they have already developed some form of handover procedures as part of organising the business.
- 2.58** Some respondents felt the FCA should not prescribe or dictate handover procedures. Other respondents were concerned that applying our proposal may cause problems when Senior Managers stop doing the role suddenly and fail to prepare handover materials. So they recommend we consider issuing the handover rule as guidance instead of a rule.
- 2.59** Other suggestions included that we remove the specific requirements and only maintain the generic 'all reasonable steps to inform' test in our rules.
- 2.60** We were also asked:
- for clarity about the detail that should be recorded in the handover template. A respondent suggested we provide a template with further guidance on what we expect firms should include in the handover note.
 - if we expect firms to disclose in a regulatory reference (under the catch-all of 'any other matters') the fact that a Senior Manager has failed to prepare and leave handover materials.

Our response

Having considered the feedback we received, we are proceeding with our proposal as consulted in CP17/26. However, we provide our answer to respondents' feedback and requests for clarity below.

Handover certificates

We have considered respondents' feedback, and will implement our proposals with no changes. We consider that many respondents may have misunderstood the intention of this policy, especially handover arrangements and certificates. We want to clarify that it isn't mandatory to prepare a handover certificate. While this is one way that firms can meet the handover requirements, we expressly acknowledge that there may be cases where this is impractical. We think this is clear in our Handbook in SYSC 25.9.8 (see Appendix 1).

Solvency II firms and large NDFs, however, need to take all reasonable steps to ensure that a person taking on a Senior Manager role has all the information and materials they could reasonably expect to have in order to do their job effectively. A handover certificate is one way that firms can meet these requirements. This is set out in the guidance in SYSC 25.9.8.

Handover arrangements

Firms should also have arrangements for an orderly transition between Senior Managers. It is for the firms to decide how to ensure this happens. We don't want to prescribe how they do this, as every firm is structured and organised differently. What a firm chooses to include in its handover material will depend on the business model and governance structure, as well as the specific individual's position and responsibilities.



A handover policy and ensuring Senior Managers are aware and trained could help firms show the reasonable steps they've taken to give a new Senior Manager the information and materials they need to do their job effectively, even if the previous Senior Manager leaves suddenly.

Reasonable steps

Respondents' asked for clarity on how firms should be demonstrating 'reasonable steps'. This is for every firm to decide based on their business model and governance structure.

Our Decision Procedure and Penalties Manual (DEPP), list some of the main factors we consider when deciding whether a Senior Manager has taken reasonable steps for the purposes of the Duty of Responsibility. One particular factor is whether the Senior Manager took reasonable steps to ensure an orderly transition when someone else replaced them in performing their function. This reflects similar guidance in COCON 4.2.8 in Senior Management Conduct Rule 1: 'You must take reasonable steps to ensure that the business of the firm for which you are responsible is controlled effectively'. What is reasonably expected of a Senior Manager when handing over will vary from case to case, depending on the circumstances.

Rules and Guidance

We acknowledge the respondent's recommendation to consider revising our Handover rule requirements and to set them out as guidance instead of a rule in the Handbook. However, we consider it proportionate to require SII firms and large NDFs to comply with our handover requirements, given the importance of robust governance in these firms in particular. This is because our proposals aim to improve the clarity and strength of the firm's arrangements and reinforce a culture of accountability. This is consistent with the approach we have taken for FCA solo-regulated 'enhanced' firms and banks, described in PS18/15.

Handover materials and regulatory references

Under the regulatory references requirements, firms must share specific information between one another in a standard template. This information covers details of any disciplinary action taken due to breaches of the Conduct Rules and any findings that the individual wasn't fit and proper. Our guidance on Senior Manager Conduct Rule 1 specifies what we expect of a Senior Manager when handing over. If a Senior Manager fails to provide handover material it is for the firm to consider what steps it needs to take, if any, to ensure adequate handover. It also needs to consider whether or not such a failure would result in further disciplinary action being taken by the firm.

The firm should consider it under the requirement to disclose information that it reasonably considers to be relevant to the new employer's assessment of whether the employee is fit and proper.

Small Non-Directive Firms and small run-off firms

Our proposals

2.61 In CP17/26, we proposed a proportionate and streamlined regime for small NDFs and small run-off firms. We summarise this as follows:

- a shorter list of roles requiring approval, including no requirement for approval of the Chairs of Nomination and With-Profits Committees
- a shorter list of Prescribed Responsibilities
- no requirement for a Management Responsibilities Map or Handover procedures
- no 'Overall Responsibility' requirements

2.62 We asked the following questions:

Q14: Do you agree with our proposals for small NDFs?

Q15: Do you agree with our proposals for small run-off firms?

Feedback received

2.63 All respondents agreed with our proposals. As a result, we are not making any changes to the proposals we consulted on.



3 Certification Regime

Who should read this section?

All insurers should read this section.

3.1 This chapter sets out the feedback received to our proposed:

- Certification Functions
- territorial application of the Certification Regime
- approach to allocating CASS Prescribed Responsibilities

Our proposals

3.2 In CP17/26 we proposed 8 Certification Functions, building on existing functions in the Approved Persons Regime, set out in Table 3 below.

3.3 The Certification Regime covers people whose jobs mean they can have a significant impact on customers, the firm or market integrity. We won't approve these people, but firms will need to check and confirm ('certify') at least once a year that these people are suitable to do their job. This is a requirement under FSMA.

Table 3: Certification Functions

Certification Function	Overview
Significant Management Function (based on current CF29)	<p>These individuals perform functions that would have been Significant Influence Functions under our Approved Persons Regime.</p> <p>These important roles can seriously affect the way the firm conducts its business.</p>
Functions subject to qualification requirements	<p>These are set out in our Training and Competence Sourcebook. For example, life insurers should identify individuals:</p> <ul style="list-style-type: none"> • advising on long-term care insurance contracts • overseeing administrative functions for insurance contracts that are life policies and for pension schemes • giving advice or performing activities related to pension transfers (current CF30s)
Anyone who supervises or manages a Certified Function (directly or indirectly), but isn't a Senior Manager	<p>This will ensure that people who supervise certified employees are held to the same standard of accountability. It also ensures a clear chain of accountability between junior certified employees and the Senior Manager ultimately responsible for that area. For example, if a firm employs a customer-facing financial adviser, every manager above them in the same chain of responsibility will have to be certified (until the Senior Manager approved under the SMR is reached).</p>

Certification Function	Overview
Material Risk Takers	<p>For dual-regulated insurers, these individuals are those that Solvency II firms already need to identify under Solvency II regulations on remuneration.</p> <p>Solvency II firms need to identify those individuals whose professional activities have a material impact on the firm's risk profile. This function will not apply to firms which are not currently subject to the Solvency II requirements on remuneration.</p>
The client dealing function	<p>This function has been expanded from the current CF30 function to apply to any person dealing with clients, including retail and professional clients and eligible counterparties.</p> <p>This will cover people who:</p> <ul style="list-style-type: none"> • advise on investments (other than a noninvestment insurance contract) and perform other related functions, such as dealing and arranging • deal, as principal or agent, and arrange (bring about) deals in investments • act in the capacity of an investment manager and all functions connected with this • act as a bidder's representative
Proprietary traders (covered by current CF29)	<p>These individuals perform functions that would have been Significant Influence Functions under our Approved Persons Regime.</p>
CASS oversight function (current CF10a)	<p>These important roles can seriously affect the way the firm conducts its business.</p> <p>These roles are unlikely to apply to most insurance firms.</p>
Algorithmic trading	<p>This function includes people with responsibility for:</p> <ul style="list-style-type: none"> • approving the use of a trading algorithm or a material part of one • approving the use of a material amendment to a trading algorithm or a material part of one, or the combination of trading algorithms • monitoring or deciding whether or not the use or deployment of a trading algorithm is or remains compliant with the firm's obligations <p>This role is unlikely to apply to most insurance firms.</p>

3.4 We took account of feedback to our question about whether details of certified staff should be included on a public register in the proposals we made in CP18/19. We do not cover it here.

Certification Functions

Feedback received

3.5 In this section we summarise the feedback we received to these questions in CP17/26:

Q16: Do you agree with the functions we have proposed making Certification Functions?



Q17: Are there any other functions that we should make a Certification Function?

- 3.6** Most respondents supported our proposed Certification Functions.
- 3.7** Several respondents were concerned that the scope of the regime could become too wide and make it difficult to identify those accountable within firms. Another said that extending Certification to more people and several layers below Senior Managers could dilute individual accountability and transparency.
- 3.8** Other respondents noted the broadening of the Client Dealing Function and that this would bring a larger group of individuals within scope of the regime.
- 3.9** A number of respondents suggested that we should provide a transition period to help firms adjust to the Certification Regime. They felt we should allow groups to certify individuals at the group level, where an individual performs the same role at multiple organisations.
- 3.10** Some respondents asked us to clarify:
- how the Certification Regime will work in practice, given the regulators' different proposed Certification Functions
 - whether certified individuals under the PRA and FCA regime will need one certificate or two
 - how firms should identify business units
 - how firms should assess fitness and propriety in practice

Our response

Having considered the feedback we received, we are proceeding with our proposals as consulted in CP17/26. However, we provide the following clarifications as a response to the feedback received.

The Certification Regime

The Certification Regime is a new requirement under FSMA for all insurers. We recognise that this is one of the biggest changes for insurers compared to the current SIMR and revised APR.

The Certification Regime will apply to those individuals who perform certain functions, known as 'Significant Harm Functions'. The term 'Significant Harm function' comes from FSMA. It describes a person performing these functions as someone 'involved in one or more aspects of the firm's affairs, so far as relating to a regulated activity, and those aspects involve, or might involve, a risk of significant harm to the firm or any of its customers'. A 'specified Significant Harm Function' is a Significant Harm Function that has been specified by the FCA in rules. The Certification Regime applies to specified Significant Harm Functions. In our Handbook, we have changed the term to 'FCA Certification Function' instead.

The regime only applies if the firm has individuals performing a Certification Function, where it relates to a regulated activity. It applies to individuals within a regulated firm who meet the definition of one or more Certification Functions. If a Senior Manager performs one of these roles and it isn't related to their Senior Management Function, then they will also need to be certified. We think these cases will be uncommon in insurers.

For example, if someone is approved as an SMF and also meets the definition of the Client Dealing Function under the Certification Regime, they must be certified for the latter function. In practice, once we have approved someone as an SMF, firms may decide to assess the individual's fitness and propriety for both roles in one assessment on an ongoing basis or at least once a year.

Certification aims to ensure that firms assess their staff as fit and proper on a regular basis. But it is for firms to decide the best way of meeting the requirements in the context of their business. Firms do not need to adopt the same criteria for fitness and propriety, regardless of an individual's particular role or seniority – we would expect firms to act in a proportionate manner. This means, for example, that where a trainee retail investment adviser practises under supervision, they can be certified as fit and proper for the Client Dealing Function on the condition that someone appropriately supervises them.

We set out the functions across all FSMA firms that we consider meet the FSMA definition and we list those in our Handbook at the new SYSC 27 (see Appendix 1). We recognise that some of the functions are less likely to apply to insurers, for example, algorithmic trading and proprietary trading.

Firms need to make sure that anyone performing a Certification Function is fit and proper to do the job, and issue them with a certificate stating this. This certificate needs to be renewed at least once a year.

Firms should note that the list of Certification Functions is an exhaustive one. They will need to identify those individuals performing the Certification Functions. It is possible that in some firms, there will be no one in the Certification Regime, especially if there are only a handful of senior individuals (who will be Senior Managers) supported by administrative staff.

The Certification Regime does not reduce personal accountability. Ultimate responsibility and accountability sit with the Senior Manager responsible for each area of the firm's business, but we expect all individuals caught by the SM&CR to take responsibility for their conduct and actions.

FCA and PRA Certification Functions

The Certification Regime is a FSMA requirement and so applies equally to all insurers. We recognise that there are differences in the Certification Functions specified by us and the PRA. But we don't think the two



conflict. PRA's Certification Functions are presented below and in PRA's PS15/18:

- all Key Function Holders (KFHs)³ for all Solvency II insurers and large NDFs along with Insurance Special Purpose Vehicles (ISPVs)
- Material Risk Takers (MRTs)⁴ – this will only apply to large⁵ Solvency II insurers and large NDFs
- individuals who are managing a Material Risk Taker

The set of the Certification Functions specified by the FCA is wider than those specified by the PRA. This is to reflect the different statutory objectives of the two regulators. It also recognises that there is a wider set of functions within insurers that might pose harm to the FCA's statutory objectives.

Insurers need to:

- identify their Certification Functions,
- undertake one certification exercise per individual, and
- issue one certificate covering an individual's FCA and PRA functions.

Firms should determine which Certification Functions apply according to their circumstances.

Our FIT Sourcebook gives guidance on the steps firms should take to ensure the Fitness and Propriety of their Certification Staff.

Scope of the Client Dealing Function

The scope of the new Client Dealing Function is broader than the CF30 in the current, revised APR. It covers any individuals advising or dealing for clients, including retail and professional clients and eligible counterparties. This would, for example, include any call centre staff involved in dealing, arranging or advising on investments. But it does not include advising on or arranging non-investment insurance products.

Significant Business Units

As we said in CP17/26, it is for firms to decide whether a business unit is significant in the context of their business. This is not limited to units which generate revenue or deal with clients. Factors to consider include:

- the size and significance of the firm's UK business
- the risk profile of the business unit

3 Individuals who are responsible for a 'key function' at Solvency II insurers, ie risk, actuarial, Internal Audit, Compliance and Finance.

4 Those employees of an insurer whose professional activities have a material impact on the firm's risk profile as per the Solvency II remuneration requirements.

5 The PRA define 'large' as a firm with premium income of more than £1bn in each of the last three years, or with assets of more than £10bn at the end of the last three years.

- the business unit's use of the firm's capital
- its contribution to the firm's profit and loss account
- the number of employees, Certification Functions and SMFs within the unit
- the number of customers in the unit

For more guidance firms need to refer to SYSC 27.8.5 to SYSC 27.8.9 in Appendix 1, which has our near-final rules.

Certification – Territorial Application

Our proposals

- 3.11** In CP17/26, we proposed that, for UK firms, the Certification Regime be limited to people performing a Certification Function who are either based in the UK or, if based elsewhere, have contact with UK clients. We called this the 'territorial limitation'.

Feedback received

- 3.12** In CP17/26, we asked the following question:

Q19: Do you agree with our proposed territorial limitation for the Certification Regime? If not, please explain why.

- 3.13** Most respondents asked if it is necessary for overseas employees to be monitored when they are not dealing with UK risks and UK clients.

- 3.14** They also asked us to clarify what we meant by 'people who have contact with UK clients'. Respondents asked whether this would include individuals who have direct contact with UK clients or individuals whose role can affect UK clients.

Our response

Having considered the feedback we received, we are proceeding with our proposals as consulted in CP17/26.

We intend to apply the territorial scope of the regime as proposed. Firms must ensure that employees are certified if:

- they perform a certification role and are either based in the UK,
- spend more than 30 days a year in the UK, or
- dealing with UK customers.

There is no territorial limitation if the person is performing the Material Risk Taker Certification Function for a UK firm.



In CP17/26, we provided a flow chart summarising how the Certification Regime applies to overseas staff.

As our guidance states under SYSC 27.3.2 in Appendix 1, the FCA interprets the phrase 'dealing with' as including having contact with clients. But this extends beyond 'dealing' as used in the phrase 'dealing in investments'.

Firms should refer to SYSC 27.3 for more information on territoriality.

CASS Responsibilities

Our proposals

3.15 As set out in CP17/26, if a firm is subject to CASS, it must have a Senior Manager who is responsible and accountable for all elements of CASS compliance under the CASS Prescribed Responsibility. A firm can allocate the Prescribed Responsibility to any Senior Manager, but this should be the most senior person responsible for this area.

3.16 We respond to feedback received below, which may be more relevant to insurance intermediaries or investment firms subject to CASS, rather than to insurers. Insurance intermediaries and investment firms should refer to our feedback to CP17/25 in PS18/14 to understand how the SM&CR will apply to them.

Feedback received

3.17 In CP17/26, we asked the following question:

Q20: Do you agree with the approach we have proposed to allocating CASS responsibilities? If not, please explain why.

3.18 Most respondents agreed with our approach of allocating CASS Prescribed Responsibilities. Some disagreed with our proposal to include the CASS Operational Oversight Function – CF10a under the Certification Regime. They felt the CASS Oversight Function should be kept as an approved function. They felt that this would allow the CASS PR to be allocated to either the CASS Operational Oversight Function holder or the Compliance Oversight Function holder.

3.19 Some respondents asked us to clarify how we consider firms should be allocating the CASS Prescribed Responsibility. They also wanted clarification on which types of firms will be subject to the CASS PR.

3.20 A small number of respondents felt that including the CASS Operational Oversight Function in the Certification Regime would contradict MiFiD II rules. These rules require a single officer of sufficient skill and authority to have oversight of CASS. These respondents felt the rules suggest that firms must appoint two individuals – one internally (responsible for reporting to the firm's governing body) and one externally (responsible for reporting to the regulator).

3.21 One respondent asked us whether we expect allocating CASS responsibilities to apply to all firms with client money permissions or only those which hold client money.

Our response

Having considered the feedback we received, we are proceeding with our proposals as consulted in CP17/26. However, we provide the following clarifications as a response to the feedback received.

Who do the CASS PR and CASS Operational Oversight Function apply to?

Firms holding client money or client assets must comply with specific requirements set out in the CASS module of our Handbook. They also owe particular duties to their clients. The SM&CR reflects and reinforces these requirements.

The CASS Prescribed Responsibility applies to every firm subject to CASS and the way the CASS Operational Oversight Function is defined is by the application rules in CASS.

We do not expect insurers to be subject to CASS and so they should not have the related Prescribed Responsibility or CASS Operational Oversight Function. Some insurers may have firms in their groups who are subject to CASS. These firms should see our feedback to CP17/25 in PS18/14 to understand how the SM&CR will apply to them.

If a firm is subject to CASS, it must have a Senior Manager accountable for all elements of CASS compliance under the CASS Prescribed Responsibility. These are described in the FCA Prescribed Responsibilities table of our rules. A firm can allocate this Prescribed Responsibility to any Senior Manager, but this should be the most senior person accountable for this area.

CASS Operational Oversight Function

In CP17/26 we didn't propose making the current CF10a CASS Operational Oversight Function a Senior Management Function. This is because firms currently allocate responsibility for overseeing client assets in a number of different ways and the person performing this role may not always meet the definition of a Senior Manager.

We have made overall responsibility for compliance with CASS a Prescribed Responsibility. This is because we want to ensure that there is always a Senior Manager with ultimate responsibility for overseeing a firm's CASS obligations in firms that hold client money or assets. However, recognising that the person with day-to-day responsibility is not always a Senior Manager, the CASS Operational Oversight Function forms part of the Certification Regime. This means that the person performing the CASS Operational Oversight Function will always be certified or a Senior Manager.

Our rules in the CASS module of our Handbook do not allow firms to allocate the CASS Operational Oversight Function to more than one person. This is only allowed if it is done as part of a job-share arrangement between individuals.



We expect firms to maintain a permanent and effective compliance function that operates independently from the firm's business areas. The aim of the SM&CR is not to change how firms are organised or structured. As such, it is up to firms to determine who, in the context of the firm's business model, is the most appropriate Senior Manager to be allocated the CASS PR.

MiFiD II rules and CASS PR

We don't consider that our proposal to include the CF10a under the Certification Regime contradicts MiFiD II rules. Following the implementation of MiFiD II, we recognise that there is a possibility that the Senior Manager that is given the CASS Prescribed Responsibility is the same person performing the responsibilities under CASS 1A.3.1R and CASS 1A.3.1AR.

The SM&CR regime allows a firm to allocate both the CASS prescribed responsibility (in SYSC 24) and the CASS Operational Oversight function (in CASS 1A) to a single Senior Manager. Following the implementation of MiFiD II, the CASS rules are clear that if the firm can satisfy itself on reasonable grounds that this person will still be able to discharge their CASS oversight responsibilities effectively and that the firm's full compliance with CASS will not be compromised, the firm can allocate additional responsibilities to that person. This is set out in CASS 1A.3.2AR.

These responsibilities should not be confused with the SM&CR's Prescribed Responsibility for complying with the CASS requirements.

Dividing PRs and MiFiD II rules

The introduction of MiFiD II brought a new rule for CASS small, medium and large firms in CASS 1A.3.1R and CASS 1A.3.1AR. This rule requires these firms to allocate to a single director or senior manager responsibility for the oversight of the firm's operational compliance with CASS.

We recognise that sometimes, firms may allocate the Prescribed Responsibility for CASS compliance to the same person that has been given the responsibility for overseeing the firm's operational compliance with CASS. In these cases, the introduction of the new rule under MiFiD II implies that dividing the CASS Prescribed Responsibility won't be permitted. This is because our rule for the CASS compliance Prescribed Responsibility refers to the MiFiD II rule.

4 Fit and Proper Requirements

This chapter is relevant to all firms.

Our proposals

- 4.1** In CP17/26 we proposed new rules for how firms should assess whether Senior Managers and individuals under the Certification Regime are fit and proper to do their job. These included:
- a requirement that firms must assess whether these individuals are fit and proper for their role, at least annually
 - the evidence we expect firms to gather when making their assessment, including:
 - a requirement to carry out criminal records checks as part of an application for approval of a Senior Manager
 - extending the requirement for regulatory references to all insurers and to cover Certified Staff
- 4.2** This chapter sets out the feedback we received on these topics and our response.

The Fit and Proper Test

Feedback received

- 4.3** In CP17/26, we asked the following question:
- Q21: Do you agree with our proposed approach to rules and guidance on fit and proper tests? If not, please explain why.**
- 4.4** Respondents broadly agreed with our proposals for assessing fitness and propriety. One respondent asked us to clarify whether:
- firms needed to carry out full fit and proper assessments every year, or
 - whether individuals can simply state that their circumstances haven't changed for certain aspects, such as financial soundness.
- 4.5** One respondent suggested that the FCA set out a complete list of requirements for fitness and propriety that firms can then supplement with their own requirements, such as corporate governance or professional bodies' rules.



- 4.6** One respondent was concerned that our fit and proper requirements may not help in recruiting diverse candidates. They felt these requirements could potentially cause discrimination against people with criminal convictions or older staff with experience rather than formal training.
- 4.7** One respondent asked us to provide guidance on the level of evidence that we expect firms to have in place to formally document individual competence.
- 4.8** Some respondents felt that we should change the existing rules and guidance on fit and proper assessments and training and competence to improve standards of individual behaviour. They also suggested making it compulsory to undertake continuous professional development of skills and knowledge.

Our response

Having considered the feedback we received, we are implementing the fit and proper requirements as consulted in CP17/26. However, we provide the following clarifications as a response to the feedback received.

A key feature of the SM&CR is to reinforce that firms need to take more responsibility for their staff being fit and proper to do their jobs, rather than rely on an FCA assessment. This requirement stems from legislation and followed recommendations from the Parliamentary Commission on Banking Standards (PCBS).

Similarly, FSMA, rather than FCA rules, requires firms to assess fitness and propriety of their Senior Managers and Certification Staff at least annually. So we don't have discretion to change this.

It is for firms to decide how best to carry out their fit and proper assessments. A firm assessing the fitness and propriety of staff should be guided by substantially the same criteria set out in FIT, as it applies to the individual firm. But these should not be seen as a definitive list of factors the firm should consider. We expect firms to supplement FCA guidance with their own fitness and propriety criteria.

Firms should already have processes in place to assess the fitness and propriety of their employees and to monitor and record information about employees' performance and suitability. They must also ensure that employees have the skills, knowledge and expertise necessary for their responsibilities, as required by the Competent Employees Rule and corresponding EU rules.

We appreciate that firms must meet different regulations and requirements. These can come from different regulatory bodies and may focus on the same objective, such as ensuring employees' fitness and propriety. However, as these requirements are often specific to a firm's activities or business, we have not consolidated them into the SM&CR framework, which applies to all firms.

We don't consider that our expectation for people to be fit and proper will discriminate against the recruitment of diverse candidates. In our view, the most important considerations that are relevant to fitness and propriety include:

- honesty, integrity and reputation,
- competence and capability, and
- financial soundness.

We don't think that recruiting with these considerations in mind should affect staff diversity and they provide important protections.

In addition, conviction for a criminal offence will not automatically mean that someone isn't fit and proper. We have guidance in FIT that makes it clear that this should be a case-by-case assessment.

We haven't introduced any new qualification requirements in the SM&CR or amended existing ones; these are all existing Handbook requirements. For those roles that do have specific qualification requirements, we think this is necessary and appropriate to ensure consumer protection.

Overall, we consider that applying SM&CR will drive up standards of individual behaviour and accountability and the assessments of whether people working in financial services are fit and proper are important parts of making this happen.

Criminal Records Checks

Feedback received

4.9 In CP17/26, we asked the following question:

Q22: Do you agree with our proposed requirements on criminal records checks? If not, please explain why.

4.10 Most respondents agreed with our proposals on criminal records checks. However, some respondents were concerned that our requirements under the SM&CR could conflict with the Insurance Distribution Directive (IDD). Several respondents suggested criminal background checks should be run on all staff in senior positions, including certified staff. They felt this was particularly important as the General Data Protection Regulation (GDPR) may limit the criminal records checks firms can conduct, where this isn't required by the FCA.

4.11 Respondents proposed that the FCA should follow the PRA approach. The PRA does not require criminal records checks when an individual changes role within a firm and where the individual has been in continuous employment by the same firm. They also suggested that we should consider the requirement for approved persons to declare any personal changes, including criminal issues.



- 4.12** Some respondents asked whether criminal records checks are required every year, or only on appointment. One respondent asked us to outline when we expect firms to undertake criminal records checks for Certification Functions.

Our response

Having considered the feedback we received, we are proceeding with our proposals as consulted in CP17/26. However, we provide the following clarifications as a response to the feedback received.

IDD

The type of roles that must be subject to criminal records checks under the good repute requirements of the IDD is wider than SM&CR. This is because they are driven by IDD requirements rather than FCA rules. We have considered respondents' feedback, but don't consider that the requirements conflict. The SM&CR imposes specific obligations on all firms to conduct criminal records checks on their Senior Managers. The IDD is complementary to this, and requires firms subject to the IDD to conduct criminal records checks for a wider range of staff than the SM&CR.

GDPR

We don't think it's appropriate for us to give detailed guidance on complying with the GDPR and the UK's Data Protection Act 2018. However, we do want firms to be confident that they can comply with both the SM&CR and data protection laws. We don't think these obligations conflict, as they acknowledge that employers have legal obligations to process sensitive personal data such as criminal records. Firms may find it helpful to read Article 6 of the GDPR and Schedule One of the UK's Data Protection Act to understand more.

Criminal Records Checks

Carrying out criminal records checks is an important tool for firms when assessing the fitness and propriety of Senior Managers, including as part of preparing the application to us for their approval. Almost all respondents agreed with this. We will therefore require a criminal records check for every application for a Senior Management Function, even if that person already performs a role in the firm or the group. While the PRA doesn't require that, we consider this appropriate and in line with the wider remit of our objectives.

We only require criminal records checks when a candidate is applying for a Senior Management Function. There is no requirement for annual criminal records checks, although firms can choose to do this as part of their ongoing fit and proper assessments. We have made this clearer in our Handbook in SUP 10C.10.23A.

If a candidate for a Senior Management Function has spent considerable time overseas in the last six years, firms should consider carrying out a criminal records check in those jurisdictions. We provide guidance in the Handbook, but it is up to the firm to decide if this is appropriate.

Candidates themselves are asked to disclose all related matters, whether in the United Kingdom or overseas, in our forms.

Guidance in FIT makes it clear that conviction for a criminal offence will not automatically mean someone cannot be considered fit and proper – this is a case-by-case assessment. If a candidate gives false information on a form, a firm should consider this when deciding on a person's honesty, integrity and reputation. If someone who is currently employed by the firm provides false information, this could also be a breach of the Conduct Rules. Firms need to report breaches of Conduct Rules that result in disciplinary action to us, using REPO08 on GABRIEL.

We have discussed our requirements in this area with the Disclosure and Barring Service (DBS), as well as the likely increase in requests for criminal records checks it will receive. We haven't extended criminal records checks to all certified staff, as we think this would be disproportionately burdensome and costly for firms. It is for firms to decide if they want to undertake criminal records checks for these staff.

Regulatory References

Feedback received

4.13 In CP17/26, we asked the following question:

Q23: Do you agree with our proposals to extend the requirement for regulatory references to all insurers and to cover Certified persons? If not, why not?

4.14 Most respondents agreed with our proposals about regulatory references, but asked for clarification on some practical issues. These included:

- how firms should approach reportable matters where the relevant individual has left the firm,
- how firms should approach circumstances where an individual's current or previous employer will not provide a regulatory reference,
- whether regulatory references would need to be requested before an individual has handed in their notice,
- the procedures an employer should follow if a prospective employee has acted in breach of regulatory requirements in a previous role, and
- the actual content of references and what are reasonable steps.

4.15 A few respondents suggested that Certified persons shouldn't be subject to regulatory references as they aren't subject to regulatory approval.



- 4.16** One respondent suggested that the FCA should require all firms to make public the name of the relevant individual or department that deals with processing regulatory reference requests.
- 4.17** A few respondents noted that providing and getting regulatory references would lead to increased costs and workloads for firms.
- 4.18** Another respondent suggested getting a six year reference from non-financial employers would be burdensome and would not deliver benefit to consumers.
- 4.19** One respondent suggested adding to the template to include the requirement to provide competency-based information such as competent adviser status, persistency, debt and complaints information.

Our response

Having considered the feedback we received, we are implementing our rules on regulatory references as consulted on. However, we provide the following clarifications below.

New information after an employee has left the firm

If new information about someone's conduct comes to light after they have left a firm, the rules require the firm to update their new employer. However, to ensure fairness, these rules are limited. The standards that apply to an updated reference are the same as apply to the original reference based on what firms reasonably consider to be relevant. The test is whether the new information arising would have caused the providing firm to have written the original reference differently had the information been known at the time, and the new information would change an assessment of the fitness and propriety of the individual.

Secondly, firms only need to update the individual's new employer if these are regulated under FSMA, and the individual still works there. In practice this will need to be checked with the firms that were last sent references.

The updating requirement applies:

- to any notice period served between providing a reference and the individual leaving a firm
- for ex-employers, six years from the date the individual left the firm

Also, misconduct that occurred more than six years ago, but which came to light within six years from the date the individual left the firm, may require disclosure if that misconduct is serious.

This avoids data protection concerns about sharing personal information with firms that may not have a legitimate reason for receiving this information. We think this requirement is a valuable tool to encourage good conduct. In practice, such updated disclosures are likely to be

infrequent. Nonetheless, on the occasions that they are necessary, they are likely to provide important information to the current employer.

Timing of references

We recognise that there may be situations where a candidate has not told their current employer that they are leaving. However, a Fit & Proper assessment can't be made until the new firm can confirm that its due diligence is complete. This includes getting a reference from the candidate's previous employer. For Senior Managers, firms should ideally get references before they submit an application for approval. However, we know there will inevitably be circumstances where this may not be possible. In these cases, firms can get references no later than one month before the end of the application process. For Certified Staff, the firm must receive the reference before they issue the certificate.

Scope of individuals who need regulatory references

The FCA and the PRA applied the Fair and Effective Markets Review (FEMR) recommendations and made new rules on regulatory references that came into force in March 2017. FEMR found that there was little benefit in creating an FCA portal of references. Under the SM&CR, firms will be directly responsible and accountable for ensuring the fitness and propriety of the people working for them. So we think it's important that firms have access to a minimum set of information from a candidate's previous employers. There is a risk to the financial system if individuals with a record of poor conduct move from firm to firm without future employers having relevant information about them. This is just as important for the controlled functions that we approve, as for the Certification Functions under the Certification Regime. So we are maintaining the scope of individuals who need regulatory references.

Cooperation between firms

Any FCA-authorized firm is already required to respond appropriately to reference requests. Our Handbook guidance states that we expect regulated firms to do so within six weeks. While references from non-financial services firms are likely to be general employment references, they can still provide important information to the hiring firm. In cases where it is difficult to get references, such as when the firm providing the reference is overseas, firms requesting the references should take all reasonable steps to obtain them.

Clarifications

Firms may choose to give the name of the person dealing with regulatory references but we think it would be disproportionate for us to make this a requirement.

We have not expanded the information that must be disclosed in a regulatory reference. This is because we think questions around training and qualifications are better addressed to candidates directly or to third parties such as professional bodies, rather than former employers.

A firm is only required to respond to a request for a regulatory reference that it receives from another FCA-regulated firm. Firms don't need to respond to speculative references submitted before an individual has



been proposed for a function. For example, a recruitment agency vetting a candidate before a firm has considered appointing that person to a specific function.

Mandatory template

We consider that using a mandatory standard template will make references from different firms more consistent. In addition, our Handbook in SYSC 22 gives guidance on how firms should complete references, including examples of factors to take into account when deciding whether old misconduct is sufficiently serious to disclose.

Disciplinary actions

When and how a firm decides to undertake disciplinary action is a matter for individual firms to decide. We have not imposed a wider duty on firms to investigate all potential breaches or disclose information that has not been properly verified.

It is a requirement under SYSC 22 that firms must disclose in the reference, all information they are aware of that could reasonably be considered relevant to the hiring firm's assessment of the candidate's fitness and propriety. If a firm fails to disclose all information that could be relevant in deciding fitness and propriety, then this is likely to be a breach of our rules. In these cases, we will consider what regulatory action should be taken and in certain circumstances this may include enforcement action.

If a former employer is not willing to provide a regulatory reference and is an authorised firm, you should:

- explain you are requesting the reference under chapter 22 of the FCA Senior Management Arrangements, Systems and Controls Manual
 - inform your FCA case officer (if you have one), call our helpline on 0300 500 0597 or email us at firm.queries@fca.org.uk
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5 Conduct Rules

This chapter is relevant to all insurers.

- 5.1** In this chapter, we summarise the feedback we received to the proposed:
- scope and content of the Conduct Rules
 - training and notification requirements that are linked to the Conduct Rules
- 5.2** We also set out our response.

Our proposals

- 5.3** In CP17/26, we proposed to apply the Conduct Rules in our Code of Conduct Sourcebook (COCON) to the following types of role:
- all Senior Managers
 - all Certification staff
 - all Directors, whether or not they are Senior Managers
 - all other employees, except ancillary staff (ie people who don't perform a role specific to financial services, such as receptionists, catering staff, etc)
- 5.4** The first tier is a general set of rules that applies to most employees in a firm. The second tier is rules that only apply to Senior Managers.

Table 4: Conduct Rules

	First Tier – Individual Conduct Rules
1.	You must act with integrity
2.	You must act with due care, skill and diligence
3.	You must be open and cooperative with the FCA, the PRA and other regulators
4.	You must pay due regard to the interests of customers and treat them fairly
5.	You must observe proper standards of market conduct
SC1.	You must take reasonable steps to ensure that the business of the firm for which you are responsible is controlled effectively
SC2.	You must take reasonable steps to ensure that the business of the firm for which you are responsible complies with the relevant requirements and standards of the regulatory system



Second Tier – Senior Manager Conduct Rules	
SC3.	You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate person and that you oversee the discharge of the delegated responsibility effectively
SC4.	You must disclose appropriately any information of which the FCA or PRA would reasonably expect notice

5.5 We proposed to apply the Conduct Rules to a firm’s regulated and unregulated financial services activities. This includes any related ancillary activities carried on in connection with a regulated activity. We also proposed certain training and notification requirements. These included:

- for Senior Managers, the requirement for firms to notify us of breaches leading to a disciplinary action, within seven business days of the firm concluding disciplinary action, through Form D on Connect. Disciplinary action in this context means:
 - issuing a formal written warning
 - suspending or dismissing the individual
 - reducing or recovering any of the person’s remuneration
- for all other staff that come under the Conduct Rules, the firm should make a report every year using REP008 on our electronic reporting system, GABRIEL

5.6 CP17/26 also set out a list of ‘ancillary’ roles that fall outside the scope of the Conduct Rules (the same complete list as used in the banking regime).

Scope of the Conduct Rules

Feedback received

5.7 In CP17/26, we asked two questions:

Q24: Do you agree with our proposal to apply the Conduct Rules to all employees, except ancillary staff? If not, why not?

Q25: Do you agree with our proposed scope of the Conduct Rules to financial services activities whether regulated or unregulated? If not, why not?

5.8 A number of respondents asked us to clarify the scope of activities the Conduct Rules apply to.

5.9 We were also asked how the Conduct Rules relate to the fitness and propriety requirements and Senior Managers’ obligations regarding culture.

5.10 A small number of respondents disagreed with our proposals. They said that most staff employed in UK financial services are already subject to their employers’ codes of conduct or similar regulation.

- 5.11** A couple of firms queried whether employment status is relevant when considering who is in scope of the Conduct Rules.
- 5.12** Some respondents suggested additional roles for the ancillary staff list or that the list should not be exhaustive. Other respondents argued that certain roles on the ancillary staff list shouldn't be excluded, or that all staff should be in scope.
- 5.13** Respondents asked us to clarify:
- the scope of the Conduct Rules where individuals who are not on the ancillary staff list do not undertake any financial services activities
 - whether the Conduct Rules apply to trustees
 - how the Conduct Rules apply where firms carry out a mixture of financial services and non-financial services
 - whether the Conduct Rules apply to employees of retailers who pass insurance or credit transactions to colleagues
 - what the narrower application of the Conduct Rules means compared to that for banking firms
- 5.14** A number of respondents suggested that the scope of application of the Conduct Rules should be the same as the banking regime. Some also asked us whether anything prevented a firm from applying the Conduct Rules to all of their staff.

Our response

Having considered the feedback we received, we are proceeding with our proposals as consulted in CP17/26. However, we provide the following clarifications below.

Section 64A of FSMA allows the FCA to make rules about the conduct of individuals working for firms. These requirements apply to every firm that is a separate legal entity and apply identically to all insurers.

Our Conduct Rules are intended to drive up standards of behaviour in financial services. They provide a meaningful change in the standards of behaviour we expect from people working in the industry.

Scope of application

The scope of activities covered by the Conduct Rules, for firms other than banking firms, is set out in COCON 1.1.7A. Generally, this covers:

- a firm's regulated activities
- an activity carried on in connection with a regulated activity, or held out as being for the purposes of a regulated activity, or an activity listed in points 2 to 15 of Annex 1 to the CRD (List of activities subject to mutual recognition)



- any activities (whether or not regulated activities) that:
 - could affect the integrity of the UK financial system,
 - may impair the ability of a firm to meet the fit and proper threshold conditions, or
 - can affect the ability of the firm to meet requirements relating to the firm's financial resources.

This is the same for all firms whether they are Solvency II firms, small NDFs, small run-off firms or ISPVs.

The Conduct Rules don't apply to people who only perform an 'ancillary role'. We have provided a list of ancillary roles the Conduct Rules don't apply to. This is set out in COCON 1.1.2 R (6). These are roles which would be the same whether or not they are performed at a financial services firm or a non-financial services firm.

This means that individuals performing a role on the ancillary roles list and also undertaking other activities would be in scope of the Conduct Rules for any part of their role that falls into COCON 1.1.7A (ie the financial services part of their role), but not a part of their activities that falls outside COCON 1.1.7A. Equally, individuals at firms who are in no way involved in financial services activities would not fall within scope of the Conduct Rules.

Ultimately, it is for firms to decide where individuals performing ancillary roles need to be trained on the Conduct Rules.

Trustees

The Conduct Rules only apply to SMFs, non-SMF directors and employees of firms. FSMA defines 'employees' as including contractors, temps and secondees. On this basis, whether a trustee is in scope will depend on whether they meet the definition of an 'employee'.

Senior Managers and Culture

Senior Managers in firms play a crucial role when it comes to preventing and dealing with cases of misconduct. Senior Manager Conduct Rules alongside our requirements in the FIT, SYSC and other relevant sourcebooks set out the minimum standards we expect of firms when it comes to managing their people.

Senior Managers are responsible for setting the culture and conduct in their organisation. They are also responsible for establishing appropriate systems and controls to ensure that misconduct does not happen and, if it does happen, that the firm detects it and takes appropriate action.

Relationship between the conduct rules and FIT

FIT 2.1.1G states that in determining a person's honesty, integrity and reputation, the FCA will consider all relevant matters including, but not limited to, those set out in FIT 2.1.3G. These include whether the person has breached any of the requirements or standards of the regulatory

system (FIT 2.1.3G(5)). So we will consider the full circumstances of each case when deciding whether or not to take enforcement action for a breach of the FCA rules, including the conduct rules.

Employment status

If someone is working for an SM&CR firm as an employee, the Conduct Rules apply to them – even if they don't have a contract of employment. FSMA provides a specific definition of 'employee' for the purpose of the SM&CR, which differs from the usual meaning in law and defines an employee as including '*... a person who:*

- (a) personally provides, or is under an obligation personally to provide, services to A under an arrangement made between A and the person providing the services or another person, and*
- (b) is subject to (or to the right of) supervision, direction or control by A as to the manner in which those services are provided.'*

The Conduct Rules also apply to those approved to perform a Senior Management Function and Board Directors, whether or not they come within this definition of 'employee'.

Wider application of Conduct Rules

Firms can apply the Conduct Rules to all of their staff if they want to. However, the training obligations, the requirement to report breaches and the FCA's enforcement powers in relation to the Conduct Rules only apply to individuals in the scope of our Handbook rules.

In short, firms can choose to have a single standard for all employees if they want to, but our rules (including the mandatory training and reporting obligations) only apply to the population of staff described above.

Firms may wish to consider whether there are any impacts on contracts of employment where they intend to apply the Conduct Rules to staff who are not within scope of our rules.

Clarifications

Some firms conduct a mix of financial and non-financial activities. For them, whether something is in scope of the Conduct Rules depends on whether it meets the definition of activities covered by the Conduct Rules. Generally, this will only be the case where there is a connection between the financial activity and non-financial activity. We don't expect that this will be common for insurers, as it is unlikely that insurers will do many activities with no connection to financial services.

This approach is narrower than the one we took for banking firms, because everything that a bank does will be captured by the Conduct Rules. For solo-regulated firms and insurers, activity will only come under the Conduct Rules if it meets the definition set out in COCON 1.1.7A.



Conduct Rule Breach Reporting

Our proposals

5.15 In CP17/26, we proposed to require that firms notify us of disciplinary action they have taken against individuals who breach the Conduct Rules. Our proposal was that:

- for breaches by Senior Managers, firms will notify us within seven business days of the firm concluding disciplinary action
- for breaches by all other staff, firms will notify us once a year during a designated reporting period

Feedback received

5.16 In CP17/26, we asked three questions:

- Q26:** Do you agree with our proposals about notifications under the Conduct Rules? If not, please explain why.
- Q27:** Do you agree with our proposal to link notification requirements for disciplinary action to breaches of the Conduct Rules?
- Q28:** Do you agree with our proposed frequency of Conduct Rules notifications? If not, please explain why.

5.17 All respondents agreed with our proposals.

5.18 Two respondents noted that there are existing obligations on firms to report concerns about an individual and questioned whether additional reporting for the Conduct Rules was needed.

5.19 Some respondents asked us:

- to ensure that Conduct Rules notification requirements are the same as those of the PRA,
- whether the breach reporting requirements could be met on a group basis, and
- for further detail on the timing of notification requirements for Senior Managers.

Our response

Having considered the feedback we received, we are proceeding with our proposals as consulted in CP17/26. However, we provide the following clarifications.

Section 64C of FSMA requires firms to notify the FCA of disciplinary action taken against relevant individuals because of breaches of the Conduct Rules. Under FSMA, disciplinary action covers:

- issuing a formal written warning

- suspending or dismissing an individual
- reducing or recovering any of the person's remuneration

So unless the report is required under another rule (see below) firms should only report Conduct Rule breaches to us where they result in one of these courses of action, and once the relevant disciplinary process has been completed. This means that if an individual leaves the firm during the disciplinary process and so the process cannot be completed, the firm should not submit a report.

We consider that the requirement that only completed disciplinary proceedings should be reported should be enough to prevent malicious reporting. It will also mean only proven Conduct Rule breaches will be reported to us.

For all Conduct Rules staff other than Senior Managers, firms are required to notify the FCA of any breaches on an annual basis, during the designated reporting period. Where a firm has no breaches to report, they must complete a nil return.

The PRA's approach is different, as they require notification within seven business days. This notification rule would apply to PRA's Senior Managers, Conduct Rules Non-Executive Directors and other employees under the PRA's conduct rules. This includes those holding a 'Certification Function' and Key Function Holders.

For Senior Managers, notifications made due to breaches of the Conduct Rules should be reported to the FCA within 7 business days using Form D on our Connect system. The 7-day period begins once disciplinary action has been concluded. This is the same as the equivalent PRA rule for Senior Managers.

We have considered whether it would be appropriate to extend the notification period for Senior Managers to one month, but have decided not to do so. The potentially serious nature of breaches by Senior Managers means that swift notification will often be important in ensuring we can supervise effectively.

If a firm takes disciplinary action for a Conduct Rule breach but the employee appeals, or plans to, this should still be reported to us. In some circumstances, individuals will appeal the outcome of a concluded disciplinary process and the decision will be overturned. Where an appeal is successful, firms should update us in the following REP008 submission. We believe that these instances will be rare given the annual submission cycle. This should only usually occur where a disciplinary process is concluded shortly before the due date for REP008 and there is not time to assess the appeal before submission. In the case of a Senior Manager, a firm should report the result of a successful appeal as soon as reasonably practicable after the appeal.



The Conduct Rule notification requirements do not change or remove firms' obligations to report concerns about an individual's conduct under existing rules or principles, such as Principle 11.

As with the wider regime, the notification and reporting requirements apply on a legal entity basis and should not be reported at a group level.

6 UK Branches of Foreign Firms

- 6.1** In this chapter we summarise the feedback we received to our proposed approach for applying the SM&CR to UK branches of European Economic Area firms (EEA branches) and third-country branches (non-EEA branches). EEA branches are branches of insurance firms that are headquartered in the EEA and subject to the Solvency II Directive.

Our proposals

- 6.2** In CP17/26 we proposed that EEA branches would have two executive Senior Management Functions. These would be the SMF17 – Money Laundering Reporting Officer and SMF21 – EEA Branch Senior Manager. These Senior Managers would have responsibility for the management and conduct of the business of the branch.
- 6.3** It would be for the home member state to decide whether a Senior Manager is Fit & Proper and allocate responsibilities, but branches would still be required to provide and maintain a Management Responsibilities Map.
- 6.4** For third country (non-EEA) branches, we proposed five Senior Management Functions. The requirement for the Actuarial Conduct Function (CF51) would be removed, as this responsibility is covered by COCON and by the PRA's rules on the management of the Third-Country Branch.
- 6.5** Unlike EEA branches, third-country branches will be required to allocate Prescribed Responsibilities and should also submit a Management Responsibilities Map.
- 6.6** The Certification Regime and the Conduct Rules would apply in the same way they do for Solvency II firms.

Feedback received

- 6.7** We received a small number of responses to our proposals. There was a request for clarity about whether general insurers in EEA branches should apply the SMF21 – EEA Branch Senior Manager, as SUP 10C.8.4R does not list this activity (see below).
- 6.8** A minority of respondents were concerned about removing the Actuarial Conduct Function from the list of approved functions in non-EEA branches. They asked how this is compatible with Solvency II requirements. They stated that an external assessment of actuarial qualifications helps ensure that role holders meet the COCON standards.



Our response

Having considered the feedback we received, we are proceeding with our proposals as consulted in CP17/26.

The SMF21 - EEA Branch Senior Manager Function applies to the activities set out in SUP 10C.8.4R. This means that unless they also do designated investment business or activities subject to CASS, per SUP 10C.8.4R(d), general insurers are unlikely to need to apply this function.

We think that keeping the requirement for an Actuarial Conduct Function (CF51) would not be proportionate. We have worked with the PRA to simplify rules which duplicate or overlap with other parts of the FCA or PRA's Handbook. In this case, we consider that the PRA's rules for Head of Third-Country Branch function and our rules in COCON already provide appropriate protection for consumers.

Territorial Scope

Most respondents agreed with the proposed territorial application of the regime for branches, so we have maintained this approach in our rules. We believe this reflects the different regulatory requirements that apply to incoming branches. This includes rules on fitness and propriety, and conduct, which apply to staff under their home state regulations.

7 Insurance Special Purpose Vehicles

7.1 In this chapter we summarise the feedback we received to our proposed approach for applying the SM&CR to Insurance Special Purpose Vehicles (ISPVs).

Our proposals

7.2 In CP17/26, we proposed applying the three pillars of the SM&CR to ISPVs. This included the Senior Managers Regime, Certification Regime and Conduct Rules.

7.3 As firms with simple governance structures wouldn't actually have many other SMFs, we proposed applying only the following Senior Management Functions:

- SMF 3 – Executive Director
- SMF16 – Compliance Oversight

7.4 We also proposed that:

- the requirements for Overall Responsibility, SMF18 and Management Responsibilities Map wouldn't apply
- a SoR would be required (as well as the six-year record keeping obligation as per small NDFs proposals)
- a short list of Prescribed Responsibilities would be applied to reflect the limited risk that ISPVs pose to our objectives

7.5 We proposed to apply the Certification Regime and the Conduct Rules as for Solvency II firms.

Feedback Received

7.6 Most respondents supported our proposed approach. One respondent disagreed with it. In their view, the governance structure of ISPVs made it inappropriate to apply the SM&CR to them.

Our response

We are introducing these proposals as consulted on.

ISPVs are authorised and regulated by the FCA and the PRA. As with all other FSMA authorised firms, the SM&CR will apply to ISPVs. But, the SM&CR has been tailored in order to apply to ISPVs in a proportionate way, taking into consideration the size, structure and



relative risk profile of the firm type. For example, the list of Senior Management Functions and Prescribed Responsibilities is shorter than other Solvency II firms. Also, the requirements for Other Overall Responsibility (SMF18) and for Management Responsibilities Maps won't apply to these firms.

8 Feedback to our Cost-Benefit Analysis

8.1 When proposing rules, we must publish a cost benefit analysis (CBA) under Section 138I(2)(a) of FSMA. The CBA must include an analysis and estimate of the costs arising from, and the benefits brought about by, our proposed rules. We published a CBA for our proposals in July alongside CP17/26.

8.2 This chapter sets out our response to the feedback we received on our CBA. We have separately published an updated CBA [alongside this Policy Statement](#).

Feedback received

8.3 In CP17/26, we asked the following question:

Q39: Based on the summary above and the full analysis⁶, do you agree with our findings and conclusions to the cost-benefit analysis? If not, please explain why.

8.4 Some respondents agreed with the core benefits identified from the regime, particularly that a reduction in harm of between 1-2% would be needed to exceed the cost of compliance. They also called for a post-implementation review to understand whether the costs and benefits set out were accurate.

8.5 A number of respondents were concerned that both the one-off costs of implementation and the ongoing costs were underestimated in the Consultation Paper. Some also felt that the incremental additional costs for firms would be disproportionate to the overall benefits for consumers.

8.6 A respondent was unable to endorse the expectation that the SM&CR will deliver a net benefit because the CBA was based on a small number of survey responses from insurers.

8.7 A small number of respondents asked us to clarify how we can conclusively state that our proposals are proportionate, given that we don't justify in detail our statement that the additional non-quantifiable benefits will outweigh the indirect costs to insurers.

8.8 One respondent suggested that the approach taken within the CBA doesn't adequately reflect existing business structures. In their view, this may lead to greater compliance costs which are not reflected in the CBA. They suggested that we review business structures firm by firm as a way to address this.

8.9 One respondent noted that the numbers used in the CBA to reflect average numbers of employees in certain types of firm varied both within the document and compared to reality. In their view, this will impact on the likely regime costs for a specific firm type, likely bringing it down.

6 www.fca.org.uk/publication/research/cba-extension-senior-managers-certification-regime.pdf



Our response

We note that some insurers agree with our findings of the original CBA (published alongside CP17/25 and CP17/26) which suggests that insurers will face non-negligible compliance costs, but also that the expected benefits will far outweigh these.

Generally we carry out post-implementation reviews after significant policy changes; we are considering if and when to do a post-implementation review for the SM&CR extension.

Our per firm estimates are based on weighted averages of the firms in our sample so some firms will incur higher costs than the average and others will incur lower costs. It is likely that insurers who suggested that our analysis underestimates the compliance costs are firms which are larger or have a more complex governance structure than most other insurers. We note that none of the respondents has provided us with any additional evidence that would allow us to amend our estimates, or demonstrate that the compliance costs would be disproportionate to the benefits.

We are satisfied with our position because we surveyed a large number of firms (ca. 2020 of which 330 insurers) and see no reason to believe that the number of 37 responses by insurers is too small for reliable conclusions. We have consulted on the CBA and have not received evidence that we reached a wrong conclusion.

Since we weighted the survey responses to ensure that these cost estimates are as representative as possible for the industry, the estimates reflect the existing business structures of insurance firms. Recognising that the number of responses is much smaller than for solo-regulated firms, we have used the cost estimates for insurers with some caution. Considering that only a very small reduction in the total estimated harm in the insurance sector is required for the SM&CR to be net beneficial, we see no reasons to doubt our conclusion that the reduction in harm in the insurance sector is likely to outweigh the implementation costs for insurers, and hence that the SM&CR will be net beneficial for the sector.

We noted in the original CBA that the benefits and the indirect costs could neither be reasonably estimated nor that it was reasonably practicable to estimate them. In light of the fairly extensive discussion of those costs and benefits in chapter 4 and 5 of the CBA, and that we have not had further evidence on this from respondents, we remain of the view that benefits such as improved conduct and trust in financial services, though unquantifiable, are likely to outweigh the indirect costs. The indirect costs cannot be included in the break-even calculation but we consider that the net benefit from that calculation justify those additional costs.

We note that we refer to the number of employees in the different tiers only at table 4 of the original CBA. These figures were estimated based on survey responses. We have not used the number of employees to derive the compliance costs. The original CBA notes that the estimated compliance costs might overestimate the actual costs (albeit for reasons unrelated to the number of employees; see in particular paragraphs 3.19 to 3.21). To the extent that the original CBA over-estimates compliance costs, we have greater confidence in our assessment that the benefits will outweigh the costs.



Part 2: Feedback to CP17/41: Transitioning insurers and individuals to the Senior Managers & Certification Regime

9 Transitional Arrangements

Conversion

In CP17/26 and CP17/41, we set out our intention for Approved Persons who will be performing a corresponding Senior Management Function in a relevant firm to be eligible for conversion into the new function without needing to reapply.

9.1 This chapter contains our response to feedback on the transitional arrangements we consulted on in CP17/41, including:

- the phased implementation of the Certification Regime
- the phased implementation of the Conduct Rules
- the requirement to check that the firm's information is correct on the Financial Services Register after automatic conversion

SM&CR Commencement

The Treasury announced that the Senior Managers and Certification Regime (SM&CR) will apply to insurers from 10 December 2018.

Our proposals

Conversion

9.2 In CP17/41, we proposed that if someone is currently approved by us for their role, and the equivalent role exists in the SMR, they would not need to apply for re-approval. Instead, Solvency II firms and large NDFs would need to submit a conversion notification form (Form K) on our Connect system. This would enable us to convert the individual's controlled function from the revised Approved Persons Regime (revised APR) to a Senior Management Function (SMF).

9.3 Small Non-Directive firms (small NDFs), small run-off firms and Insurance Special Purpose Vehicles (ISPVs) will have their existing controlled functions converted automatically. This is explained in Chapters 10 and 11.

Notification deadline

9.4 In CP17/41, we said that we would tell firms the date by which all Solvency II firms and large NDFs would need to have submitted the appropriate conversion documentation to move their relevant approved individuals into the new regime.

9.5 We proposed that firms should submit all Form K conversion notifications no later than one week prior to the start of the new regime. So Solvency II firms and large NDFs will need to submit their Form K conversion notifications by 3 December 2018. If a

Solvency II firm or large NDF doesn't submit a Form K conversion notification, it will be in breach of regulatory requirements. Please refer to 'our response' section below for more information.

9.6 We proposed that firms would be required to check the updated Financial Services Register after the start of the new regime, to ensure that they hold the correct approval, after automatic conversion has taken place.

Certified Staff

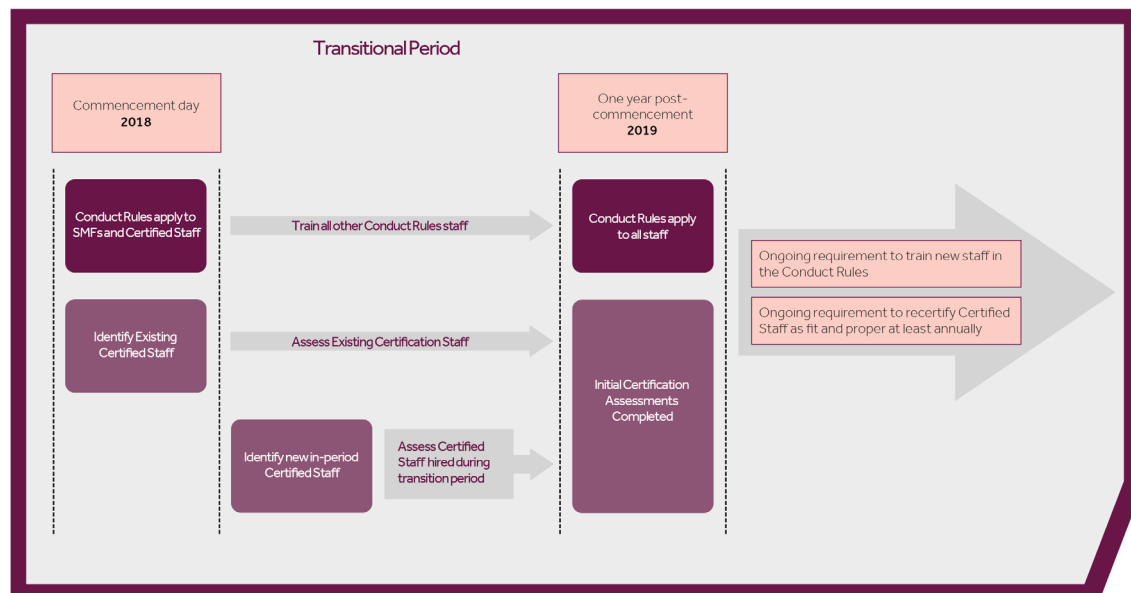
9.7 We proposed that firms should identify all their Certified staff and ensure they meet the Conduct Rules when the Regime starts on 10 December 2018. Firms will have 12 months to complete their fitness and propriety assessments and to get the certification paperwork in place.

9.8 We proposed that firms would not have to get regulatory references for existing employees who will be performing the same role after the start of the new regime.

Other Conduct Rules staff

9.9 We proposed that the Conduct Rules would apply to firms' Other Conduct Rules staff after 12 months from the Regime's start on 10 December. Other Conduct Rules staff includes staff who come under the Conduct Rules in COCON, but who do not hold a Senior Management Function or Certification Function.

Figure 1: Summary of transitional arrangements



Feedback received

9.10 In CP17/41, we asked the following question:

Q1: Do you have any comments on our proposed transitional arrangements?

9.11 Most respondents agreed with our proposed transitional arrangements.

- 9.12** Some respondents asked us to clarify the deadline by which all Solvency II and large NDFs must submit conversion documentation.
- 9.13** A respondent asked us to clarify why a conversion form is required by Solvency II firms and large NDFs.

Our response

Having considered the feedback we received, we are proceeding with our proposals as consulted in CP17/26. However, we provide the following clarifications as a response to the feedback received.

In CP17/41, we proposed that the cut-off date for Form K conversion notifications will be one week before the start of the new regime. So the deadline by which all Solvency II firms and large NDFs must submit their conversion documentation to us is 3 December 2018.

If a Solvency II firm or large NDF doesn't submit a Form K, it will be in breach of regulatory requirements. APR approvals will lapse and a firm will not have any FCA approvals under the new Regime. This means that a firm will no longer have an approved person holding a FCA Senior Management Function and so will be in breach of our rules. We are considering what further regulatory action we will need to take, including possible enforcement action, if the firm cannot resolve any such breaches.

All Solvency II firms and large NDFs must tell us who they want to assign to the new Senior Management Function. This is why we require Solvency II firms and large NDFs to submit the following documentation:

- Form K, detailing all the approved persons to be converted to SMFs on 10 December 2018
- Statements of Responsibilities (SoRs) for all of the Senior Managers listed in Form K
- a Management Responsibilities Map

Firms will need to submit Form A when seeking approval for a new individual.

They will need to submit Form E, when an approved individual is going to give up an existing controlled function and take up another controlled function before 10 December, with the intention that this will be converted to a relevant Senior Management Function.

Firms won't have to re-apply for approval of an Approved Person if the proposed Senior Management Function can be mapped directly from the controlled function for which the approved person has approval under the revised APR. Firms won't need to do extra checks, for example mandatory criminal records checks and regulatory references, on the individuals that are being automatically converted or on individuals whose approvals are converted under the Form K process.



As flagged in the Introduction, the actual time firms have to complete their fitness and propriety assessments is subject to commencement regulations to be made by HM Treasury.

10 Conversion – Solvency II firms and large Non-Directive Firms

Who should read this section?

Solvency II and large NDFs should read this chapter. If you are a small NDF or a small run-off firm, Chapter 11 is relevant to you.

ISPVs should read Chapter 12.

Our proposals

- 10.1** This chapter contains our response to the feedback we received on the conversion approach we consulted on in CP17/41, including:
- mapping of revised APR controlled functions to SMFs
 - the conversion of individuals at Solvency II firms and large NDFs
 - our approach to new and in-flight applications for Solvency II firms and large NDFs
 - our approach to firms applying for authorisation before the new Regime starts

Function mapping for SII firms and large NDFs

- 10.2** In CP17/41, we asked the following question:

Q2: Do you have any comments on our proposed mapping of functions for Solvency II firms and large NDFs?

Feedback received

- 10.3** All respondents agreed with our proposed mapping of functions for Solvency II firms and large NDFs.
- 10.4** One respondent asked us to clarify the steps firms should follow to convert the CF29 – Significant Management Function.
- 10.5** We set out the mapping of revised APR to SM&CR controlled function at Solvency II firms and large NDFs, in table 5, below.



Table 5: Function mapping for Solvency II firms and large NDFs

Current controlled function	Possible corresponding Senior Management Function(s)
CF1 – Director	SMF3 – Executive Director
	SMF23b – Conduct Risk Oversight Officer
CF2a – Chair of the Nominations Committee	SMF13 – Chair of the Nomination Committee
CF2b – Chair of the With-Profits Committee	SMF15 – Chair of the With-Profits Committee
CF5 – Director of Unincorporated Association	SMF3 – Executive Director
CF6 – Small Friendly Society Function	SMF3 – Executive Director
CF10 – Compliance Oversight	SMF16 – Compliance Oversight
CF10a – CASS Operational Oversight Function As stated in Chapter 3, this function is unlikely to apply to insurers. However, if insurers have a firm in their group that has to comply with CASS, they need to ensure that the conversion arrangements required for this type of firm are followed.	SMF18 – Other Overall Responsibility SMF22 – Other Local Responsibility Function (third-country branches only)
CF11 – Money Laundering Reporting Officer (MLRO)	SMF17 – MLRO
CF28 – Systems and Controls Function This currently only applies to non-EEA branches and ISPVs. Please refer to paragraph 7.19 in CP17/26.	SMF22 – Other Local Responsibility Function (third-country branches only)
CF29 – Significant Management Function	SMF18 – Other Overall Responsibility
	SMF21 – EEA Branch Senior Manager Function
	SMF22 – Other Local Responsibility Function (third-country branches only)

Our response

We are introducing the proposed mapping as consulted on.

In CP17/26, we proposed that the CF29 – Significant Management Function applies to someone with 'significant responsibility for a significant business unit'. This means people below Senior Managers who are responsible for business units that, because of their size, nature or impact, the firm considers 'significant'.

We included the CF29 – Significant Management Function in the list of the Certification Functions. This means that this role will no longer require FCA approval and may come under the Certification Regime.

However, there will be some limited instances where the CF29 – Significant Management Function will be able to be converted to one or more of the SMFs set out in Table 5.

Please see Chapter 2 in the section 'Overall Responsibility requirement and Other Overall Responsibility function (SMF18)' which helps firms decide whether the SMF18 – Other Overall Responsibility function applies.

Firms should follow the steps set out below to identify whether any current CF29s can map to SMF18 or SMF22 as set out in Table 5, or if they will fall into the Certification Regime. The following list of steps apply in relation to conversion to SMF18 and SMF22:

- identify whether individuals currently performing the CF29 – Significant Management Function are among the most senior people in the firm
- assess whether they meet any of the definitions of any of the Senior Management Functions listed in Table 5 (SMF18, SMF22)
- if they don't meet any of these definitions, they will not need to submit the conversion notification form (Form K) and accompanying documents and they will fall into the Certification Regime
- if firms decide these individuals meet any of the definitions of the Senior Management Functions listed in Table 5 (relating to SMF18 or SMF22), they will convert to one of the corresponding SMFs:
 - SMF18 – Other Overall Responsibility
 - SMF22 – Other Local Responsibility Function
- firms will need to submit Form K, detailing all the approved persons to be converted to any of these corresponding functions on 10 December 2018; SoRs for all of the Senior Managers listed in Form K, and a Responsibilities Map will need to be submitted with Form K.

Conversion for Solvency II and large NDFs and applicant firms

Feedback received

10.6 In CP17/41, we asked the following question:

Q3: Do you have any comments on our approach to conversion for Solvency II firms and large NDFs?

10.7 Most respondents agreed with the proposed approach to conversion for Solvency II firms and large NDFs.

10.8 One respondent asked us to explain how the conversion process will work for individuals that hold SMFs for both insurance and solo-regulated entities within a group.

10.9 One respondent asked how we expect firms to demonstrate they have robust decision-making processes.



Our response

Having considered the feedback we received, we are proceeding with our proposals as consulted in CP17/26. However, we provide the following clarifications as a response to the feedback received.

We recognise that some individuals currently hold controlled functions (CFs) for both insurance and solo regulated entities within the same group. SM&CR applies at a legal entity basis, so firms must submit the conversion notifications on the specific dates that apply to the different types of firm.

For example, Solvency II firms and large NDFs must tell us who they want to assign to the new Senior Management Function by 3 December 2018. On 10 December 2018, the designation for these individuals on our Financial Services Register will change from CF to SMF.

There might be cases where individuals hold CFs at both a Solvency II entity and a solo-regulated firm within the same group, such as an Enhanced firm. In this case, these firms will not need to do anything for the non-insurance entities until the relevant commencement dates. Their approval status for these firms will stay the same and they will still appear on our register as CFs.

Our rules do not require firms to change how they organise themselves. It is for firms to decide how best to structure and demonstrate their decision-making process, taking into account factors such as size, complexity, best practice, and legal and regulatory requirements.

New and in-flight applications for SII firms and large NDFs

Feedback received

10.10 In CP17/41, we asked the following question:

Q4: Do you agree with our approach to new and in-flight applications approved before Commencement?

10.11 All respondents agreed with our proposals for new and in-flight applications by Solvency II firms and large NDFs.

10.12 One respondent asked whether we would allow firms to seek approval for individuals in more than one Senior Manager role. They felt this would provide flexibility for changes in firms' operating model and minimise the need for re-approvals.

Our response

Having considered the feedback we received, we are proceeding with our proposals as consulted in CP17/26. However, we provide the following clarifications as a response to the feedback received.

A firm may want someone who does not hold a mapped APR function to perform a Senior Management Function after the start of the new Regime (10 December 2018), but not before. In these cases, the firm will need to submit the new SM&CR Form A to apply for the individual's approval.

Firms are allowed to seek approval for individuals that need to perform multiple roles, but individuals' SoRs should reflect their accountabilities under the different roles they will be performing.

Additionally, applications submitted to take effect on or after 10 December 2018 (using the SM&CR versions of the forms) must meet the majority of the SM&CR application requirements, even if they are submitted before the start of the new regime. This includes criminal records checks, but will not include regulatory references.

Applicant firms

Feedback received

10.13 In CP17/41, we asked the following question:

Q5: Do you agree with our approach to Solvency II and large NDF applicant firms?

10.14 All respondents agreed with our proposed approach to Solvency II and large NDF applicant firms.

10.15 One respondent was concerned that requiring firms to seek approval for CF29 – Significant Management Function and CF30 – Customer Function was against the SM&CR requirements for those functions under the new regime. This is because we proposed that these functions may fall into the Certification Regime.

Our response

Having considered the feedback we received, we are proceeding with our proposals as consulted in CP17/26. We recognise that firms might need to seek approval, in the period between our near-final rules and Commencement, for current controlled functions that do not map across to the new Senior Management Functions, such as CF29 and CF30.

Conversion to the SMR only applies for the controlled functions and corresponding Senior Management Functions listed in Table 5. All



other current controlled functions will not require regulatory approval and existing approvals will lapse when the SM&CR begins. People who currently hold the CF30 – Customer Function will fall into the Certification Regime and will no longer require FCA approval.

People who currently hold the CF29 – Significant Management Function will most likely fall into the Certification Regime and will no longer require FCA approval.

We have explained above the steps that firms should follow when considering whether the CF29 – Significant Management Function maps to one of the functions in Table 5. This is set out in the section 'function mapping for Solvency II firms and large NDFs'.

We want to clarify that if individuals are actively performing controlled functions for a firm, then approval is required, regardless of how close we are to the start of the Regime.

A firm must take reasonable steps to ensure that no person performs a controlled function unless that person has been given approval by the appropriate regulator. Firms who allow individuals to perform controlled functions without prior approval will be in breach of our rules.

11 Conversion – Small Non-Directive Firms, small run-off firms

Automatic conversion

In CP17/41 we proposed that individuals at small NDFs and small run-off firms will be automatically converted to their corresponding Senior Management Functions by the FCA, with no action required by firms.

Who should read this section?

Small NDFs and small run-off firms should read this chapter.

ISPVs should read Chapter 12.

Solvency II firms or large NDFs should read Chapter 10.

Our proposals

- 11.1** This chapter contains our response to feedback on the conversion approach we consulted on in CP17/41, including:
- the mapping of the revised APR controlled functions to SMFs
 - our proposal to automatically convert relevant approvals at small NDFs and small run-off firms
 - our approach to new and in-flight applications for small NDFs and small run-off firms
 - our approach to small NDFs or small run-off firms that apply for authorisation before the new Regime starts

Function mapping for Small NDFs, small run-off firms

Feedback received

- 11.2** In CP17/41, we asked the following two questions:

- Q6:** Do you have any comments on our proposed mapping of functions for small NDFs and small run-off firms?
- Q7:** Do you have any comments on our conversion approach for small NDFs and small run-off firms?



11.3 We set out the final mapping of the revised APR to SM&CR controlled functions at small NDFs and small run-off firms below:

Table 6: Function mapping for small NDFs and small run-off firms

Current controlled function	Corresponding Senior Management Function(s)
CF1 – Director	SMF3 – Executive Director
CF2a – Chair of the Nominations Committee	N/A
CF2b – Chair of the With-Profits Committee Function	N/A
CF3 – Chief Executive Function (applies only to small NDFs)	SMF3 – Executive Director (applies only to small NDFs)
CF5 – Director of Unincorporated Association	SMF3 – Executive Director
CF6 – Small Friendly Society Function	SMF3 – Executive Director
CF10 – Compliance Oversight	SMF16 – Compliance Oversight
CF11 – Money Laundering Reporting Officer (MLRO)	SMF17 – MLRO

11.4 Respondents agreed to the proposed mapping of functions for small NDFs and small run-off firms.

11.5 No respondents commented on our approach to conversion for small NDFs and small run-off firms.

Our response

We are implementing our proposals as consulted upon.

New and in-flight applications for Small NDFs, small run-off firms

Feedback received

11.6 In CP17/26, we asked the following question:

Q8: Do you agree with our approach to new and in-flight applications by small NDFs and small run-off firms?

11.7 Respondents agreed with the approach to new and in-flight applications by small NDFs and small run-off firms.

Our response

We are implementing our proposals as consulted upon.

Applicant firms

Feedback received

11.8 In CP17/26, we asked the following question:

Q9: Do you agree with our approach to small NDF and small run-off applicant firms?

Our response

We are implementing our proposals as consulted upon.



12 Conversion – Insurance Special Purpose Vehicles

Automatic conversion

In CP17/41 we proposed that individuals at Insurance Special Purpose Vehicles (ISPVs) will be automatically converted to their corresponding Senior Management Functions by the FCA, with no action required by firms

Who should read this section?

ISPVs only should read this Chapter.

If you are a Solvency II firm or a large NDF, Chapter 10 will be relevant to you.

Small NDFs and small run-off firms should read Chapter 11.

Our proposals

12.1 This chapter contains our response to the feedback we received on the conversion approach we consulted on in CP17/41, including:

- the mapping of the revised APR controlled functions to SMFs
- our proposal to automatically convert relevant approvals at ISPVs
- our approach to applicant firms

Function mapping for Small NDFs, small run-off firms and ISPVs

12.2 In CP17/41, we asked the following question:

Q10: Do you have any comments on our proposed mapping of functions for ISPVs?

Feedback received

12.3 We set out the final mapping of the revised APR to SM&CR controlled functions at ISPVs below:

Table 7: Function mapping for ISPVs

Current controlled function	Corresponding Senior Management Function(s)
CF1 – Director	SMF3 – Executive Director
CF2a – Chair of the Nominations Committee	N/A

Current controlled function	Corresponding Senior Management Function(s)
CF2b – Chair of the With-Profits committee function	N/A
CF5 – Director of Unincorporated Association	SMF3 – Executive Director
CF10 – Compliance Oversight	SMF16 – Compliance Oversight
CF10a – CASS operational oversight function	N/A
CF11 – Money Laundering Reporting Officer (MLRO)	N/A
CF29 – Significant management function	N/A

12.4 Respondents agreed with the proposed mapping of functions for ISPVs.

Our response

We are implementing our proposals as consulted upon.

Applicant firms

12.5 In CP17/41, we asked the following question:

Q11: Do you agree with our approach to ISPVs applicant firms?

Feedback received

12.6 The majority of respondents agree with the approach to ISPV applicant firms.

12.7 One respondent asked us to confirm that the proposals for ISPVs also apply to Multi-arrangement Insurance Special Purpose Vehicles (MISPVs).

Our response

We are implementing our proposals as consulted upon.

Under Solvency II, multi-arrangement Insurance Special Purpose Vehicles (MISPVs) have the same definition as ISPVs and so have the same requirements. These requirements are mirrored in the FCA's Handbook and so, for the purposes of SM&CR, MISPVs and ISPVs will be treated the same under our rules.



13 Forms

This chapter applies to all insurers.

Changes to forms

In CP17/41 we outlined some changes to forms to extend the SM&CR to Insurers. We simplified and combined a number of forms to make it easier for firms to understand which forms they need to complete under different circumstances.

We also moved the APR application sections for Appointed Representatives into the new versions of forms to reduce the overall number of forms.

- 13.1** This chapter contains our response to the feedback we received on the changes to forms we consulted on in CP17/41.

Our proposals

- 13.2** We have simplified and combined a number of forms to make things easier for firms, and they can be submitted via our Connect system. For example, there is now only one version of Long and Short Forms A for Solvency II firms, large NDFs and small NDFs, rather than three separate versions.
- 13.3** For Appointed Representatives (ARs), we have moved the APR application sections for ARs into these new versions to reduce the number of forms.
- 13.4** We give a summary of the forms and their use within the Senior Managers and Certification Regime in SUP 10C Annex 2G of the legal instrument. The forms and the significant changes are set out in the table below:

Table 8: List of amended/amalgamated forms for insurers

Form Name	Affected Firms	Purpose
Form A (Long) – Application to perform controlled functions including Senior Management Functions	All	An application for an individual to perform a specified Senior Management Function (or, for Appointed Representatives only, <i>controlled function</i>) at the firm(s).
Form A (Short) – Application to perform controlled functions including Senior Management Functions	All	An application for an individual to perform a specified Senior Management Function (or, for Appointed Representatives only, <i>controlled function</i>) at the firm(s).

Form Name	Affected Firms	Purpose
Long Form A – UK and Overseas Firms (not Incoming EEA) for MiFID authorisation applications		An application for unauthorised firm to apply for permission to carry out MiFID activities and where an authorised firm which does not have permission to carry out MiFID activities applies for permission to carry out those activities.
Form C – Notice of ceasing to perform controlled functions including senior management functions	All	An application form used to cancel an individual approval.
Form D – Changes to personal information/ application details and conduct breaches/disciplinary action related to conduct	All	Used to notify the FCA of Conduct Rule breaches by Senior Managers, disciplinary action taken against Senior Managers and changes to personal information.
Form E – Internal transfer of a person performing a controlled function for dual regulated firms	All	An application for an individual to change the approved function being performed.
Form I – Application for the variation of a conditional approval of a Senior Management Function	All	An application for changes to the conditions associated with a conditional approval to perform a Senior Management Function.
Form J – Notification of Significant Changes in Responsibilities of a person performing a Senior Management Function	All	A notification submitted to inform the FCA of significant changes to a Senior Manager's SoR.
Form K – Conversion Notification Form Solvency II and large NDFs	Solvency II and large NDFs	An application to convert the firm's approved individuals from the Approved Persons regime to new functions under the SM&CR. This form can also be used to submit updates to a previous Form K. Solvency II firms and large NDFs will be required to submit a Form K setting out how they propose to allocate SMFs when the Regime commences.
REP008 – Notification of Conduct Rule Breaches and Disciplinary Action	All	Used to notify the FCA of Conduct Rule breaches by Certification and Conduct Rules Staff but not SMFs, or to submit a nil return.
SoR	All	A firm must use this template to create a Senior Manager's SoR. At approval it should be attached to a Form A, Form E or Form K submission. A firm must also use this template when preparing an updated SoR and it should be attached to a Form I (application for the variation of a conditional approval) or Form J (notification of a significant change to a SoR) application.



New Forms for insurers

13.5 In CP17/41, we asked the following question:

Q12: Do you have any comments on our proposed changes to forms?

Feedback received

- 13.6** The majority of respondents supported our proposals to make these changes to forms.
- 13.7** Some respondents said that the declarations in the forms referred only to the FCA's COCON and the PRA's Conduct Rules and did not explicitly refer to APER – Statements of Principle and Code of Practice for Approved Persons. Respondents also asked whether Appointed Representatives are in scope of Question 5.05.2. in Long Form A, because the title of this section in the instrument referred to Solvency II firms.
- 13.8** Respondents asked whether we would be making any amendments to forms in the light of the Ministry of Justice's current consultation on default county court judgments.
- 13.9** Some respondents asked whether they should submit Short Form A, or Form E, if a Senior Manager was transferring between entities in a group.
- 13.10** A small number of respondents gave feedback on the formatting of the forms, and asked:
- if the PRA's address had been removed in error
 - if we can ensure templates can be edited
 - for the Handbook form to be more aligned with Connect, particularly in terms of formatting. This included aligning the numbering of sections and the formatting of the date
- 13.11** Some respondents gave feedback on user experience with Connect. These included the ability to print one document rather than printing in sections and changes to users' permissions.
- 13.12** A number of respondents made suggestions as to how we might further improve the forms. Suggestions included:
- ensuring the offline and online forms are entirely consistent
 - updating the forms to refer to the GDPR and Data Protection Act 2018 rather than the Data Protection Act 1998
 - addressing the difference between the Long Form A, which asks for a five year employment history, and the regulatory references requirements in our Handbook, which ask for a six year employment history

Clarifications

13.13 Respondents asked us to clarify a number of points:

- which forms or sections Appointed Representatives should use
- whether they should submit forms electronically or by post
- whether Groups would be able to submit a report via GABRIEL that covers a number of legal entities rather than on an individual basis

Our response

Forms and Appointed Representatives (ARs)

As part of our proposals for the extension of the SM&CR, we sought to streamline and reduce the number of regulatory forms. As part of this, we worked with the PRA to remove the APR forms and relocate the sections that remain relevant to ARs into the new SM&CR versions.

So ARs should use the same forms as firms that come under the SM&CR. There are some sections of forms that only apply to ARs and these are clearly signposted. We think that incorporating these sections into the new forms is a better solution than having a separate form specifically for ARs.

To make it clear that ARs must adhere to the Approved Persons Regime, we have amended the declarations on forms to refer explicitly to the Statements of Principle and Code of Practice for Approved Persons (APER). We confirm that Question 5.05.2 is not relevant for ARs.

Form A

We recognise that our requirements for employment history between Form A and the regulatory reference requirements may not appear consistent. When firms apply for Senior Managers to be authorised, we ask for information on their employment history for the last five years.

Our regulatory reference requirements require firms to obtain six years of employment history for Senior Managers and Certified Persons. This was introduced with the banking regime and is mirrored in the extension of the SM&CR. For firms subject to MiFID, European regulations require that we ask for ten years employment history.

While the requirements differ, they are not contradictory. We therefore don't intend to change these rules at this time, as we don't consider it would be proportionate for all firms not subject to MiFID to provide 10 years' employment history.

Long Form A should always be used for a Senior Manager or Appointed Representative application, unless the individual meets the criteria for the submission of a Short Form A.



Short Form A should be used where there has been no change to an individual's fitness and propriety since their last approval and:

- a) a currently approved individual is applying for an additional controlled function at the same firm
- b) an individual has stopped holding a controlled function at one firm and now needs approval to perform a controlled function at another firm within six months
- c) an individual is applying to hold a controlled function and is already approved for a corresponding controlled function in the same group of functions (ie governing and/or required functions)

Our Handbook gives specific detail on the use of forms in SUP 10C Annex 2G.

Our rules give guidance on what should be included in handover material in SYSC 25.9 and SUP 10C.10. This is only required for Solvency II firms and large NDFs.

APR Form E

Where an individual cannot be mapped to a Senior Management Function and takes up a new function before the start of the new regime (possibly so as to facilitate automatic mapping), firms must submit a transfer application using APR Form E. They should then be included on the firm's Form K. We will reject applications to move people to non-mapped Senior Management Functions using Form K alone. If the individual will continue to hold their existing APR function until 10 December 2018 and also take up the new mapped function prior to this date, then Form A should be used instead of Form E.

Online formatting of forms

Firms told us that they use the Handbook forms to collect and review information with their stakeholders, before submitting the information through Connect. We agree that it would be helpful for firms if they could download and complete them before entering them into on Connect. We have reviewed the forms to ensure this is the case.

Including the PRA address on dual regulated forms

The PRA's address is included on all the shared forms for dual-regulated firms. The PRA's address has been removed from the forms for firms that are only regulated by the FCA.

Consistency between the Handbook and Connect

We reviewed the forms to ensure consistency during the drafting of our rules. We have addressed feedback on inconsistencies in forms for our rules and will ensure there is consistency between the Handbook and our systems when these go live on Connect.

Some of the responses we received on regulatory forms were about users' experience with Connect, such as the ability to print forms in one document rather than in sections. We separately intend to make some changes to Connect to make it easier for firms to use the system.

Consistency

We undertook an exercise to review the forms and ensure consistency during the policy development for CP17/40 and CP17/41. Some respondents highlighted a number of further inconsistencies, including the numbering of sections, the format of the date and the ordering of the sections. We have addressed this feedback in our rules and will ensure consistency when the final forms are available on Connect.

Some responses about regulatory forms related to user experience with Connect, such as requests for the ability to print forms in one document, rather than printing in sections. If you are experiencing issues using Connect, please contact our Customer Contact Centre for assistance.

Clarifications

Firms should use our Connect system to submit forms. In the event that FCA systems are unavailable for a prolonged period there may be circumstances in which firms can submit using paper versions of the forms.

The SM&CR applies on a legal entity basis, which means that Management Responsibilities Maps should be drafted at the firm, rather than group, level.

Forms will be available three months before the start of the regime.

Conversion forms

13.14 In CP17/41, we asked the following question:

Q13: Do you have any comments on our proposed approach to conversion documentation?

Feedback received

13.15 The majority of respondents agreed with our proposed approach to conversion documentation.

13.16 One respondent thought that our proposed requirement for conversion notifications contradicts the PRA's proposal to automatically amend the Senior Managers designation from Senior Insurance Management Functions (SIMFs) to Senior Management Functions (SMFs).

13.17 Respondents requested we provide examples of Statements of Responsibilities and Management Responsibilities Maps.



Our response

In CP28/17, the PRA proposed that individuals that were SIMFs under PRA's SIMR will be renamed SMFs. This is to reflect the extension of the SM&CR to insurers. Our systems and forms will reflect that.

But, as we proposed in CP17/41, Solvency II firms and large NDFs will have to submit a conversion notification form (Form K) to convert these two controlled functions from the revised Approved Persons Regime to Senior Management Functions on 10 December 2018. This doesn't contradict the PRA's proposal for an automatic re-naming of SIMFs to SMFs, as these individuals have already been approved as part of PRA's SIMR.

We have provided feedback on Statements of Responsibilities and Management Responsibilities Maps in Part 1 of this document. Firms should refer to the relevant sections in Part 1 for more information.

Amendments to Fitness & Propriety Questions

13.18 In CP17/41, we asked the following question:

Q14: Do you have any feedback on our proposed amendments to the Fitness & Propriety questions?

13.19 We, along with the PRA, are also making a number of changes to the Fitness and Propriety questions that are repeated in several solo and dual-regulated forms. The table below summarises these:

Table 9: List of final amendments to fitness and propriety questions

Form Section	Specific Reference	Explanation of change
Civil Proceedings	5.02.3(c)	This question asks whether the candidate is aware of any potential or current proceedings that may lead to a County Court Judgment (CCJ) or judgment debt against them. We have deleted the previous reference to claims over £1000.
Civil Proceedings	5.02.8	We have added text to include whether the candidate has ever been found by a judge or tribunal to have lied under oath and/or that their evidence should be disbelieved.

Form Section	Specific Reference	Explanation of change
Civil Proceedings	5.02.10	<p>We have added a 10 year time limit to the period in which an individual has to declare if a firm in which the individual has held a position of influence has been:</p> <ul style="list-style-type: none"> • judged by a court to be civilly liable for any fraud, malfeasance, wrongful trading or other misconduct • the subject of a judgement debt or award against the firm • party to any other civil proceedings which resulted in an order against the firm other than the two bullets above

Feedback received

- 13.20** Most respondents agreed with our proposed amendments.
- 13.21** One respondent was concerned that our proposed addition in the Civil Proceedings section (5.02.8) which asks whether the candidate[s]... 'evidence was to be disbelieved' could be seen as unintentionally harsh. In their view, a person could give evidence in good faith, which they believed to be truthful even if they were not believed. The respondent suggested that we reconsider the proposed amendment.
- 13.22** Two respondents asked us to explain the rationale behind the proposed requirement to disclose involvement in arbitration proceedings. Respondents stated that participating in arbitration proceedings does not provide evidence for Fitness or Propriety.

Our response

The addition to the Civil Proceedings section 5.02.8 clarifies that someone:

- a court or tribunal has judged for any fraud, negligence or misconduct should both declare this on the form, and
- they should also declare whether they have been found by a judge or tribunal to have lied on oath and/or that their evidence was to be disbelieved. As this element still requires a legal judgement and/or decision, we consider that the amendment remains appropriate. As such, we will proceed with the change as proposed.

The requirement for a question about the candidate's participation in arbitration proceedings is required by Solvency II.



Application of REP008 – Notification of Conduct Rules Breaches and the late returns fee

13.23 In CP17/41, we asked the following two questions:

Q15: Do you have any comments on our proposal to extend the use of REP008 to insurers?

Q16: Do you have any comments on our proposal to require a nil return to be submitted where no Conduct Rules breaches have occurred, and to apply the late returns fee to late or non-submitters of REP008?

Feedback received

13.24 Most respondents supported our proposed extension of REP008 to insurers. Respondents generally supported our proposal to require a nil return and extend the late returns fee for late or non-submission.

13.25 One respondent suggested that we should issue reminders to firms ahead of the REP008 due submission date. Another respondent suggested we should allow firms to set a timetable that aligns with other relevant regulatory reporting dates.

13.26 One respondent suggested that for groups where employees have roles at multiple subsidiaries, it would be difficult to identify which legal entity should submit the report and a group return would be more suitable.

13.27 Some respondents suggested that it is unnecessary to file a nil return because firms should already have Conduct Rule breach reporting processes in place.

Our response

Our Conduct Rules are intended to drive up standards of behaviour in financial services. They represent a meaningful change in the standards of behaviour we expect from people working in the industry. For this reason they will apply to all insurers.

Group submissions

The SM&CR applies on a legal entity basis and our Conduct Rule reporting requirements are consistent with this. Where an individual works across more than one entity within a group, breaches should be reported under the firm:

- in which the individual meets the definition of an employee, and
- was undertaking the activity involving the breach.

Under FSMA s.63E(9), an employee in this context is defined as:

- a person who personally provides, or is under an obligation personally to provide, services to [a firm] under an arrangement made between [a firm] and the person providing the services or another person, and
- is subject to (or to the right of) supervision, direction or control by [a firm] as to the manner in which those services are provided.

Reporting schedules and reminders

We have considered whether aligning the annual reporting requirement to a firm's existing regulatory reporting schedule would be appropriate. While we understand this could be helpful to some firms, the requirement is designed to align with the banking regime and provide a consistent industry reporting date. For firms with mixed groups (eg banking groups that contain asset managers) we have received feedback that making a change would create a complex and inconsistent set of requirements. It would mean different entities would have to report the same information for different periods.

As explained earlier in this Policy Statement, we want to be able to compare the same period of data across the whole industry. So we intend to keep the proposed reporting period of 1 September to 31 August each year for the majority of firms.

As with all of our regulatory reporting, firms will receive three email reminders from our GABRIEL reporting system ahead of the REP008 due date.

Nil returns and the late returns fee

As the Conduct Rules are designed to raise standards of conduct across the industry, we think that it is appropriate and proportionate to ask firms to confirm whether or not there have been any Conduct Rule breaches during the year. Where there have been no such breaches we will make it quick and easy to confirm this through a nil return on GABRIEL.

It will clarify whether a firm has had no Conduct Rule breaches during the period, or has simply failed to report those that have occurred. This will help us assess trends across the industry.



14 Consequential amendments

14.1 This chapter contains our response to the feedback we received on the consequential amendments proposed in CP17/41.

Our proposals

14.2 Our proposals mainly included:

- a series of consequential amendments to reflect that the Approved Persons Regime for Appointed Representatives is being kept
- amendments to glossary definitions
- using gender-neutral language
- changes to SYSC to reflect the extension of SM&CR to insurers

Consequential amendments

Feedback received

14.3 In CP17/41, we asked the following question:

Q17: Do you have any comments on our proposed consequential amendments?

14.4 Respondents broadly agreed with the proposals.

14.5 A respondent suggested that we re-structure our Handbook into different sections covering each type of firm or business, eg asset managers, intermediaries, credit firms, insurers.

Our response

Structure of the Handbook

We recognise that there are different sections in our Handbook that firms need to navigate to understand the SM&CR. However, most elements of the SM&CR apply to all insurers. For example, the Certification Regime, the Conduct Rules and Fit & Proper requirements are the same for almost every firm. SYSC 23 summarises the whole of the SMCR and explains where the relevant Handbook material can be found for each element.

The main differences are in how the Senior Managers Regime applies to insurers. In particular, the Senior Management Functions and Prescribed Responsibilities that apply, and the rules around overall responsibility, responsibilities maps and handover procedures. We have tried to clearly mark these differences in the Handbook, for example using tables showing how the requirements apply to different firms. We also flagged in Our Mission that we would review our Handbook after the work on the outcome on EU withdrawal is clear. Until then, we don't intend to do further work on changing the structure of our Handbook.



Annex 1

List of non-confidential respondents to CP17/26 and CP17/41

This Policy Statement incorporates feedback to two SM&CR Consultation Papers for insurers – CP17/26 and CP17/41. Where relevant, we have also considered feedback from the equivalent CPs for solo-regulated firms (CP17/25 and CP17/40). We also engaged with over 2000 individuals as part of our regional and industry engagement.

The following respondents provided non-confidential feedback to our consultations:

CP17/26

Aegon UK Group
Association of British Insurers
Association of Financial Mutuals
Aviva
AXA UK Group
Board Strategy
Chartered Insurance Institute
Direct line Group
Financial Services Consumer Panel
Institute and Faculty of Actuaries
International Underwriting Association
Legal and General Group
Lloyd's Market Association
MGAA
MS Amlin
RJ Martin
RSA
Simmons and Simmons
SJP
Society of Lloyd's

CP17/41

Association of British Insurers (ABI)
Aviva
International Underwriting Association (IUA)
Investment and Life Assurance Group (ILAG)
Legal & General Group
Limehouse Consulting
Zurich

Annex 2

Abbreviations in this document

APER	Statements of Principle and Code of Practice for Approved Persons (Handbook)
APR	Approved Persons Regime
Banking firms	Banks, Building Societies, Credit Unions and PRA-designated Investment Firms
CASS	Client Assets Sourcebook (Handbook)
CBA	Cost Benefit Analysis
CCJ	Country Court Judgement
COBS	Conduct of Business Sourcebook (Handbook)
CF	Controlled Function
COCON	Code of Conduct Sourcebook (Handbook)
COLL	Collective Investment Schemes Sourcebook (Handbook)
CP	Consultation Paper
CR	Certification Regime
CRD	Capital Requirements Directive
DBS	Disclosure and Barring Service
DEPP	Decision Procedure and Penalties Manual (Handbook)
EEA	European Economic Area
EU	European Union
FCA	Financial Conduct Authority
F&P	Fitness and Propriety
FCA	Financial Conduct Authority
FEMR	Fair and Effective Markets Review
FIT	The Fit and Proper Test for Approved Persons (Handbook)
FSMA	Financial Services and Markets Act 2000
ILS	Insurance Linked Securities
ISPVs	Insurance Special Purpose Vehicles
HR	Human Resources
MiFID	Markets in Financial Instruments Directive
MRT	Material Risk Taker
NDFs	Non-Directive Firms
NED	Non-Executive Director
PCBS	Parliamentary Commission on Banking Standards



PRs	Prescribed Responsibilities
PS	Policy Statement
PRA	Prudential Regulation Authority
Revised APR	Revised Approved Persons Regime
RMAR	Retail Mediation Activities Return
SIFs	Significant Influence Functions
SIMF	Senior Insurance Management Function
SIMR	Senior Insurance Managers Regime
SHF	Significant Harm Function
SMF	Senior Management Function
SMR	Senior Managers Regime
SLA	Service Level Agreement
SOR	Statement of Responsibilities
SM&CR	Senior Managers and Certification Regime
SMF	Senior Management Function
SMR	Senior Managers Regime
SUP	Supervision Manual (Handbook)
SYSC	Senior Management Arrangements, Systems and Controls (Handbook)
TC	Training and Competence Sourcebook (Handbook)
UCITS	Undertakings for Collective Investment in Transferable Securities
UK	United Kingdom

Disclaimer

We have developed the policy in this Consultation Paper in the context of the existing UK and EU regulatory framework. The Government has made clear that it will continue to implement and apply EU law until the UK has left the EU. We will keep the proposals under review to assess whether any amendments may be required in the event of changes in the UK regulatory framework in the future.

We make all responses to formal consultation available for public inspection unless the respondent requests otherwise. We will not regard a standard confidentiality statement in an email message as a request for non-disclosure.

Despite this, we may be asked to disclose a confidential response under the Freedom of Information Act 2000. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the Information Commissioner and the Information Rights Tribunal.

You can download this Consultation Paper from our website: www.fca.org.uk.

All our publications are available to download from www.fca.org.uk. If you would like to receive this paper in an alternative format, please call 020 706 0790 or email: publications_graphics@fca.org.uk or write to: Editorial and Digital team, Financial Conduct Authority, 12 Endeavour Square, London E20 1JN

Annex 3

Combined list of FCA and PRA Senior Management Functions

SMF	Description	FCA function	PRA Function
SMF1	Chief Executive		✓
SMF2	Chief Finance function		✓
SMF3	Executive Director	✓	
SMF4	Chief Risk function		✓
SMF5	Head of Internal Audit function		✓
SMF6	Head of Key Business Area function		✓
SMF7	Group Entity Senior Manager function		✓
SMF9	Chairman function		✓
SMF10	Chair of the Risk Committee		✓
SMF11	Chair of the Audit Committee		✓
SMF12	Chair of the Remuneration Committee		✓
SMF13	Chair of the Nominations Committee	✓	
SMF14	Senior Independent Director		✓
SMF15 ¹	Chair of the With-Profits Committee	✓	
SMF16	Compliance Oversight function	✓	
SMF17	Money Laundering Reporting function	✓	
SMF18	Other Overall Responsibility function	✓	
SMF19	Head of Third-Country Branch		✓
SMF20	Chief Actuary function		✓
SMF20a	With-Profits Actuary function		✓
SMF21	EEA Branch Senior Manager	✓	
SMF22	Other Local Responsibility	✓	
SMF23	Chief Underwriting Officer		✓
SMF23a	Underwriting Risk Oversight function (Lloyd's)		✓
SMF23b	Lloyd's Conduct Risk Oversight function (Lloyd's)	✓	
SMF24	Chief Operations function		✓
SMF27	Partner function	✓	

¹Includes any person(s) performing the With-Profits advisory arrangement.



Annex 4

Combined list of FCA and PRA Prescribed Responsibilities

Description of prescribed responsibilities (as set out in SYSC, where prescribed by the FCA)		FCA- prescribed	PRA- prescribed	Dual
Applying to Solvency II firms & Large NDFs				
A	Responsibility for the firm's performance of its obligations under the Senior Managers Regime			✓
B	Responsibility for the firm's performance of its obligations under the employee Certification Regime			✓
B-1	Responsibility for the firm's obligations for conduct rules training and reporting	✓		
C	Responsibility for compliance with the requirements of the regulatory system about the management responsibilities map			✓
D	Responsibility for the firm's policies and procedures for countering the risk that the firm might be used to further financial crime	✓		
F	Responsibility for: a) leading the development of and b) monitoring the effective implementation of policies and procedures for the induction, training and professional development of all members of the firm's governing body			✓
G	Responsibility for monitoring the effective implementation of policies and procedures for the induction, training and professional development of all of the firm's SMF managers and key function holders (other than members of the firm's governing body)			✓
H	Responsibility for overseeing the adoption of the firm's culture in the day-to-day management of the firm		✓	
I	Responsibility for leading the development of the firm's culture by the governing body as a whole		✓	
J-2	Responsibility for providing for and oversight of the internal audit function, where this function is outsourced to an external third-party provided by a non-significant firms (large NDFs only)			✓
M	Responsibility for overseeing the development of, and implementation of the firm's remuneration policies and practices			✓
N	Responsibility for the independence, autonomy and effectiveness of the firm's policies and procedures on whistleblowing			✓

Description of prescribed responsibilities (as set out in SYSC, where prescribed by the FCA)		FCA- prescribed	PRA- prescribed	Dual
O	Responsibility for managing the allocation and maintenance of the firm's capital, funding (where applicable) and liquidity		✓	
Q	Responsibility for the production and integrity of the firm's financial information and its regulatory reporting		✓	
T	Responsibility for the development and maintenance of the firm's business model by the governing body		✓	
T-2	Responsibility for the performance of the firm's Own Risk and Solvency assessment (ORSA) (applies to SII firms only)		✓	
U	Responsibility for the firm's performance of its obligations under Fitness and Propriety (in the PRA Rulebook) in respect of notified non-executive directors and those who perform a key function (where applicable for insurers)		✓	
X	Responsibility for the firm's performance of its obligations under the Outsourcing part of the PRA Rulebook (for CRR and non CRR firms), Conditions Governing Business 7 (for SII firms and third country branches) or Non-solvency II firms: Governance 5 (for large NDFs)		✓	
Z	Responsibility for the firm's compliance with CASS	✓		

Description of prescribed responsibilities (as set out in SYSC, where prescribed by the FCA)		FCA- prescribed	PRA- prescribed	Dual
Applying to small NDFs & small run-off firms				
A	Responsibility for the firm's performance of its obligations under the Senior Managers Regime			✓
B	Responsibility for the firm's performance of its obligations under the Certification Regime			✓
B-1	Responsibility for the firm's obligations in relation to individual conduct rules for training and reporting	✓		
D	Overall Responsibility for the firm's policies and procedures for countering the risk that the firm might be used to further financial crime	✓		
CC	Responsibility for managing the firm's financial resources		✓	
DD	Responsibility for ensuring the governing body is informed of its legal and regulatory obligations		✓	
GG	Responsibility for the oversight of systems and controls, along with risk management policies and procedures, that are proportionate to the nature, scale, and complexity of the risks inherent in the firm's business model		✓	
T-1	Providing the governing body with an up-to-date business plan and all relevant MI		✓	
Z	Overall Responsibility for the firm's compliance with CASS	✓		



Description of prescribed responsibilities (as set out in SYSC, where prescribed by the FCA)		FCA- prescribed	PRA- prescribed	Dual
Applying to Insurance Special Purpose Vehicles				
A	Responsibility for the firm's performance of its obligations under the Senior Managers Regime			✓
B	Responsibility for the firm's performance of its obligations under the Certification Regime			✓
B-1	Responsibility for the firm's obligations in relation to individual conduct rules for training and reporting	✓		
D	Overall Responsibility for the firm's policies and procedures for countering the risk that the firm might be used to further financial crime	✓		

Description of prescribed responsibilities (as set out in SYSC, where prescribed by the FCA)		FCA- prescribed	PRA- prescribed	Dual
Applying to third-country branches				
A	Responsibility for the firm's performance of its obligations under the Senior Managers Regime			✓
AA	Responsibility for implementing (where applicable) and management of the firm's risk management policies and procedures			✓
B	Responsibility for the firm's performance of its obligations under the Certification Regime			✓
BB	Responsibility for managing the systems and controls of the firm		✓	
B-1	Responsibility for the firm's obligations in relation to individual conduct rules for training and reporting	✓		
C	Responsibility for compliance with the requirements of the regulatory system about the management responsibilities map			✓
D	Overall Responsibility for the firm's policies and procedures for countering the risk that the firm might be used to further financial crime	✓		
EE	Responsibility for escalating correspondence from the PRA, FCA and other regulators to the appropriate governing or management bodies			✓
FF	Responsibility for the firm's compliance with the UK regulatory system			✓
O	Responsibility for managing the allocation and maintenance of the firm's capital, funding (where applicable) and liquidity		✓	
Q	Responsibility for the production and integrity of the firm's financial information and its regulatory reporting		✓	
T	Responsibility for the development and maintenance of the firm's business model by the governing body		✓	
T-2	Responsibility for the performance of the firm's Own Risk and Solvency assessment (ORSA) (applies to SII firms only)		✓	

Description of prescribed responsibilities (as set out in SYSC, where prescribed by the FCA)		FCA-prescribed	PRA-prescribed	Dual
U	Responsibility for the firm's performance of its obligations under Fitness and Propriety (in the PRA Rulebook) in respect of notified non-executive directors and those who perform a key function (where applicable for insurers)		✓	
X	Responsibility for the firm's performance of its obligations under the Outsourcing part of the PRA Rulebook (for CRR and non CRR firms), Conditions Governing Business 7 (for SII firms and third country branches) or Non-solvency II firms: Governance 5 (for large NDFs)		✓	
Z	Overall Responsibility for the firm's compliance with CASS	✓		



Appendix 1

Near-final Rules

INDIVIDUAL ACCOUNTABILITY (DUAL-REGULATED FIRMS) INSTRUMENT 2018

Powers exercised

- A. The Financial Conduct Authority 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 59 (Approval for particular arrangements);
 - (2) section 59AB(1) (Specifying functions as controlled functions: transitional provision);
 - (3) section 60 (Applications for approval);
 - (4) section 60A (Vetting candidates by authorised persons);
 - (5) section 61 (Determination of applications);
 - (6) section 62A (Changes to responsibilities of senior managers);
 - (7) section 63ZA (Variation of senior manager’s approval at request of authorised person);
 - (8) section 63ZD (Statement of policy relating to conditional approval and variation);
 - (9) section 63C (Statement of policy);
 - (10) section 63E (Certification of employees by authorised persons);
 - (11) section 63F (Issuing of certificates);
 - (12) section 64A (Rules of conduct);
 - (13) section 64C (Requirements for authorised persons to notify regulator of disciplinary action);
 - (14) section 69 (Statement of policy);
 - (15) section 137A (The FCA’s general rules);
 - (16) section 137T (General supplementary powers);
 - (17) section 138D (Action for damages);
 - (18) section 139A (Power of the FCA to give guidance);
 - (19) section 395 (The FCA’s and PRA’s procedures); and
 - (20) paragraph 23 of Schedule 1ZA (Fees).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 10 December 2018 except as follows:

Annex	Date comes into force
Part 1 of Annex N	[] 2018 [shortly after instrument is made]
Part 2 of Annex N	10 September 2018
Part 1 of Annex X	10 September 2018
Part 1 of Annex C	1 November 2018
Part 3 of Annex N	1 November 2018
Part 2 of Annex X	1 November 2018

Part 2 of Annex B	10 December 2019
Part 2 of Annex D	10 December 2019

Amendments to the Handbook

- D. The FCA's Handbook of rules and guidance is amended in accordance with paragraphs E, F, G, H and I of this instrument.
- E. Amendments to the numbering and location of, and deletions of, provisions in the Senior Management Arrangements, Systems and Controls sourcebook (SYSC) and Chapter 10C of the Supervision manual (SUP) are set out in the tables in Annex A.

Except as further amended by paragraphs F, G, H and I of this instrument, the provisions in column B of the tables in Annex A otherwise remain in full force and effect.

- F. (1) Cross references throughout the FCA's Handbook to provisions listed in column A of the tables in Annex A of this instrument are amended accordingly, but only where both the existing and revised cross reference is a reference in one of the following forms (but the existing and revised cross references need not be in the same form):
- an annex;
 - a section; or
 - in a form not including any sub-paragraph numbering or lettering after the letter designating the legal nature of the provision, such as a rule (designated with an "R") or guidance (designated with a "G").
- (2) A cross-reference in a provision deleted under paragraph G or J of this instrument is not updated under this paragraph F.
- (3) This paragraph F does not apply to an existing cross-reference that also covers a provision neither renumbered nor deleted by paragraph E.
- G. The modules of the FCA's Handbook of rules and guidance listed in column (1) below (as amended, where applicable, by paragraphs E and F of this instrument) are amended or, as the case may be, further amended in accordance with the Annexes to this instrument listed in column (2) below:

(1)	(2)
Glossary of definitions	Annex B
Senior Management Arrangements, Systems and Controls sourcebook (SYSC)	Annex C
Code of Conduct (COCON)	Annex D
Threshold Conditions (COND)	Annex E
Statements of Principle and Code of Practice for Approved Persons (APER)	Annex F
The Fit and Proper test for Approved Persons and specified significant-harm functions (FIT)	Annex G
Training and Competence (TC)	Annex H
General Provisions (GEN)	Annex I

Prudential sourcebook for Investment Firms (IFPRU)	Annex J
Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries (MIPRU)	Annex K
Conduct of Business sourcebook (COBS)	Annex L
Client Assets (CASS)	Annex M
Supervision manual (SUP)	Annex N
Decision Procedure and Penalties Manual (DEPP)	Annex O
Dispute Resolution: Complaints (DISP)	Annex P
Credit Unions sourcebook (CREDS)	Annex Q
Consumer Credit sourcebook (CONC)	Annex R

- H. In each case in which one of the Annexes listed in column (2) of the table in paragraph G of this instrument says that the module of the FCA’s Handbook of rules and guidance to which that Annex relates is amended by inserting a new form into that module or amending a form in that module as set out in Annex X of this instrument, that module is amended accordingly.
- I. The Fit and Proper test for Approved Persons and Specified significant-harm functions (FIT) module of the FCA’s Handbook of rules and guidance is renamed the Fit and Proper test for Employees and Senior Personnel.

Amendments to the material outside the Handbook

- J. The material outside the Handbook listed in column (1) below is amended in accordance with the Annexes to this instrument listed in column (2) below:

(1)	(2)
The Energy Market Participants guide (EMPS)	Annex S
The Oil Market Participants guide (OMPS)	Annex T
Service companies guide (SERV)	Annex U
Benchmark Administration, Contribution and Use (BENCH)	Annex V
The Enforcement Guide (EG)	Annex W

- K. Paragraph F of this instrument also applies to the material outside the Handbook listed in paragraph J.

Notes

- L. In this instrument, notes shown as “*Editor’s note:*” are intended for the convenience of the reader and do not form part of the legislative text.

Citation

- M. This instrument may be cited as the Individual Accountability (Dual-Regulated Firms) Instrument 2018.

By order of the Board
[date] 2018

Annex A

Renumbering and deletions in the Senior Management Arrangements, Systems and Controls sourcebook (SYSC) and the Supervision manual (SUP)

Renumbering of SYSC	
(A) Old heading and numbering	(B) New heading, numbering and deletions
4.5 Management responsibilities maps for UK relevant authorised persons	Deleted
Application	Application and purpose (Section heading for 25.1)
4.5.1R	25.1.1R
4.5.2R	25.1.3R
4.5.3R	25.1.2R
General rule	General rule
4.5.4R	25.2.1R
4.5.5R	25.2.2R
4.5.6G(1) and (2)	25.1.6G(1) and (2)
Specific requirements	Specific requirements
4.5.7R	25.2.3R
4.5.8R	25.2.4R
Guidance about what should be in a management responsibilities map	Guidance about what should be in a management responsibilities map (Section heading for 25.4)
4.5.9G(1)	25.4.1G
4.5.9G(2)	25.4.2G
4.5.10G	25.4.3G
4.5.11G	25.4.4G

Renumbering of SYSC	
(A) Old heading and numbering	(B) New heading, numbering and deletions
4.5.12G(1)	Deleted
4.5.12G(2)	25.4.5G
4.5.12G(3)	25.4.6G
4.5.12G(4)	25.4.7G
4.5.12G(5)	25.4.8G
4.5.12G(6)	25.4.11G
4.5.12G(7)	25.4.9G
4.5.12G(8)	25.4.10G
4.5.12G(9)	25.4.12G
Small firms	Small firms
4.5.13G(1)	25.5.14G(1)
4.5.13G(2)	24.3.5G
Single document	Management responsibilities map should be a single document
4.5.14R	25.5.1R
4.5.15G(1) to (4)	25.5.2G(1) to (4)
4.5.15G(5)	25.5.3G
Purpose of SYSC 4 Annex 1G (The main business activities and functions of a relevant authorised person)	Purpose of SYSC 25 Annex 1G
4.5.16G(1)	Deleted
4.5.16G(2) and (3)	25.7.2G(1) and (2)
4.5.16G(4)	25.7.4G
4.5.16G(5)	25.7.3G
4.5.17G	Deleted

Renumbering of SYSC	
(A) Old heading and numbering	(B) New heading, numbering and deletions
Contents of SYSC 4 Annex 1G (The main business activities and functions of a relevant authorised person)	Contents of SYSC 25 Annex 1G
4.5.18G	25.7.6G
4.5.19G	25.7.7G
4.5.20G	25.7.8G
Records	Management responsibilities maps: Records (Section heading for 25.8)
4.5.21G	25.8.1G
4.5.22G	25.8.2G
4.6 Management responsibilities maps for non-UK relevant authorised persons	Deleted
Application	Deleted
4.6.1R	25.1.4R
4.6.2R	Deleted
4.6.3R	Deleted
4.6.4G	Deleted
Purpose	Deleted
4.6.5G(1)	Deleted
4.6.5G(2)	25.6.3G
General rule for third-country relevant authorised persons	Deleted
4.6.6R	Deleted
4.6.7R	Deleted
4.6.8G	Deleted

Renumbering of SYSC	
(A) Old heading and numbering	(B) New heading, numbering and deletions
Specific requirements for third-country relevant authorised persons	Deleted
4.6.9R(1)	Deleted
4.6.9R(2)	25.1.5R
4.6.10R	Deleted
Single document	Deleted
4.6.11R	Deleted
Guidance about management responsibilities maps for a branch maintained by a third-country relevant authorised person	Deleted
4.6.12G	Deleted
4.6.13G	Deleted
4.6.14G	Deleted
Management responsibilities maps for EEA relevant authorised persons: General rule	Deleted
4.6.15R	Deleted
4.6.16R	Deleted
Responsibilities maps for EEA relevant authorised persons: purpose	Deleted
4.6.17G(1)	25.6.2G(1)
4.6.17G(2)	25.6.2G(2)
4.6.17G(3)	25.1.6G(3)
4.6.17G(4)	25.6.2G(4)
Responsibilities maps for EEA relevant authorised persons: detailed requirements	Deleted
4.6.18R	Deleted

Renumbering of SYSC	
(A) Old heading and numbering	(B) New heading, numbering and deletions
4.6.19R	Deleted
Responsibilities maps for EEA relevant authorised persons: leaving out information already supplied	Leaving out information already supplied
4.6.20R	25.6.5R
4.6.21G	25.6.6G
4.6.22G	25.6.7G
4.6.23G	25.6.8G
4.6.24G	25.6.9G
Management responsibilities maps for EEA relevant authorised persons: Single document	Deleted
4.6.25R	Deleted
Management responsibilities maps for EEA relevant authorised persons: guidance about what should be included	Deleted
4.6.26G	25.6.10G
4.6.27G	Deleted
4.6.28G	Deleted
Management responsibilities maps for small branches maintained by non-UK relevant authorised persons	Deleted
4.6.29G	Deleted
4.7 Senior management responsibilities for UK relevant authorised persons: allocation of responsibilities	Deleted
Application	Application (Section heading for SYSC 24.1)

Renumbering of SYSC	
(A) Old heading and numbering	(B) New heading, numbering and deletions
4.7.1R	24.1.1R
4.7.2R	24.1.3R
4.7.3R	24.1.2R
Purpose of this section	Deleted
4.7.4G	Deleted
Allocation of FCA-prescribed senior management responsibilities	Allocation of FCA-prescribed senior management responsibilities
4.7.5R(1)	24.2.1R
4.7.5R(2)	Deleted
4.7.5R(3)	Deleted
4.7.5R(4)	Deleted
4.7.5R(5)	24.2.3R(1)
4.7.5R(6)	24.2.3R(2)
4.7.5R(7)	24.2.4R
4.7.6R	24.2.5R
4.7.7R	24.2.6R
4.7.8R(1)	26.3.1R
4.7.8R(2)	26.4.2R
4.7.8R(3)	26.3.4R
4.7.9G	Deleted
4.7.10G	Deleted
Meaning of overall responsibility	Deleted
4.7.11G	26.7.2G
4.7.12G	26.6.7G

Renumbering of SYSC	
(A) Old heading and numbering	(B) New heading, numbering and deletions
4.7.13G	26.7.4G
4.7.14G	26.7.5G
4.7.15G	Deleted
4.7.16G	Deleted
4.7.17G	Deleted
4.7.18G	26.4.5G
Who functions should be allocated to	Who prescribed responsibilities should be allocated to (Section heading for 24.3)
4.7.19G	Deleted
4.7.20G	Deleted
4.7.21G(1)	Deleted
4.7.21G(2)	26.9.1G
4.7.22G	Deleted
4.7.23G	26.9.4G
4.7.24G(1)	24.3.2G
4.7.24G(2)	24.3.3G
4.7.24G(3)	24.3.1G
4.7.24G(4)	Deleted
4.7.24G(5)	24.3.4G
Dividing and sharing management functions between different people	Dividing and sharing management functions between different people
4.7.25G(1)	24.3.7G
4.7.25G(2)	24.3.8G

Renumbering of SYSC	
(A) Old heading and numbering	(B) New heading, numbering and deletions
4.7.26G	24.3.9G
4.7.27G	24.3.10G
4.7.28G	24.3.11G
4.7.29G	24.3.12G
Allocation of responsibilities and territorial scope	Allocation of responsibilities and territorial scope
4.7.30G	24.3.13G
Group management arrangements and outsourcing	Group management arrangements and outsourcing (Section heading for 26.10)
4.7.31G	26.10.1G
4.7.32G	26.10.3G
4.7.33G	Deleted
4.7.34G	26.10.2G
Link between the senior management regime and this section	Link between designated senior management functions and this chapter
4.7.35G	Deleted
4.7.36G	26.11.1G(1) to (3)
Link between SYSC 4 Annex 1G and this section	Link between SYSC 25 Annex 1G and this chapter
4.7.37G	26.11.2G
4.7.38G	26.11.3G
4.8 Senior management responsibilities for third-country relevant authorised persons: allocation of responsibilities	Deleted
4.8.1R	Deleted

Renumbering of SYSC	
(A) Old heading and numbering	(B) New heading, numbering and deletions
4.8.2R	26.1.5R
4.8.3R	26.1.4R
4.8.4R	26.1.2R
Purpose	Purpose (Section heading for SYSC 26.2)
4.8.5G	26.2.1G
Allocation of FCA-prescribed senior management responsibilities for third-country relevant authorised persons	Deleted
4.8.6R	Deleted
4.8.7R	Deleted
4.8.8G	24.3.14G
4.8.9R	Deleted
Local responsibility for a branch's activities, business areas and management functions	Deleted
4.8.10R(1) to (3)	26.3.2R(1) to (3)
4.8.10R(4)	26.3.3R
4.8.10R(5)	Deleted
4.8.10R(6)	26.4.3R
4.8.10R(7)	Deleted
4.8.11G(2)	26.6.4G(1)
4.8.11G(3)	26.6.4G(2)
4.8.11G(1), (4), (5) and (6)	Deleted
Meaning of local responsibility: general	Deleted
4.8.12G	26.6.6G

Renumbering of SYSC	
(A) Old heading and numbering	(B) New heading, numbering and deletions
4.8.13G(1)	Deleted
4.8.13G(2)	26.4.4G
4.8.14G	Deleted
Meaning of local responsibility in SYSC 4.8.10R(1): overall responsibility	Deleted
4.8.15G	Deleted
4.8.16G	Deleted
4.8.17G	26.7.3G
4.8.18G	26.7.6G
4.8.19G	Deleted
Meaning of local responsibility in SYSC 4.8.10R(2)	Deleted
4.8.20G(1)	26.8.1G
4.8.20G(3)	26.8.2G
4.8.20G(2) and (4)	Deleted
Who functions should be allocated to	Who functions should be allocated to (Section heading for SYSC 26.9)
4.8.21G	Deleted
4.8.22G	26.9.2G
4.8.23G	Deleted
4.8.24G	Deleted
4.8.25G	Deleted
4.8.26G	26.8.4G
Setting overall strategy for a branch	Branches: Setting overall strategy for a branch

Renumbering of SYSC	
(A) Old heading and numbering	(B) New heading, numbering and deletions
4.8.27G	26.8.3G
Not giving too much responsibility to one individual	Not giving too much responsibility to one individual
4.8.28G(1) to (4)	Deleted
4.8.28G(5)	26.9.5G
Group arrangements and outsourcing	Deleted
4.8.29G	Deleted
Allocation of responsibility for transactions	Allocation of responsibility for transactions in branches
4.8.30G	26.5.3G
Application of SYSC 4.7 to branches maintained by third-country relevant authorised persons	Deleted
4.8.31R	Deleted
Link between the senior management regime and this section	Deleted
4.8.32G	Deleted
4.8.33G(1)	Deleted
4.8.33G(2)	26.11.1G(4)
4.8.34G	26.11.1G(5)
Link between SYSC 4 Annex 1G and this section	Deleted
4.8.35G	Deleted
4.9 Handover procedures and material	Handover procedures and material (Section heading for 25.9)
Application	Application

Renumbering of SYSC	
(A) Old heading and numbering	(B) New heading, numbering and deletions
4.9.1R(1)	25.9.1R
4.9.1R(2)	25.9.2R
4.9.2R	Deleted
4.9.3R	Deleted
Rules about handover material	Rules about handover material
4.9.4R	25.9.4R
4.9.5R	25.9.5R
4.9.6G	25.9.6G
4.9.7G	25.9.7G
Handover arrangements and certificates	Handover arrangements and certificates
4.9.8G	25.9.8G
Application of this section to other parts of a firm's management	Application of this section to other parts of a firm's management
4.9.9G	25.9.9G
4 Annex 1G The main business activities and functions of a relevant authorised person	25 Annex 1G Examples of the business activities and functions of an SMCR firm
5.2 Certification regime	Senior managers and certification regime: Certification regime (Chapter heading for 27)
Application	Application and purpose (Section heading for 27.1)
5.2.1R	27.1.1R
5.2.2G	27.1.2G
Purpose	Purpose
5.2.3G	27.1.3G

Renumbering of SYSC	
(A) Old heading and numbering	(B) New heading, numbering and deletions
General requirements	Basic requirements
5.2.4G	27.2.3G
5.2.5G(1)	Deleted
5.2.5G(2)	27.2.2G
Fitness to act	Fitness to act
5.2.6G	27.2.4G
5.2.7G	27.2.5G
5.2.8G	27.2.6G
5.2.9G	27.2.7G
5.2.10G	27.2.8G
Issuing and renewing certificates	Issuing and renewing certificates
5.2.11G	27.2.9G
5.2.12G	27.2.10G
5.2.13G	27.2.11G
5.2.14G	27.2.12G
5.2.15G	27.2.13G
5.2.16G(1)	27.2.14G(1)
5.2.16G(2)	27.2.14G(4)
5.2.16G(3)	27.2.14G(5)
5.2.17G(1)	27.2.15G(1) and 27.2.15G(2)
5.2.17G(2)	27.2.15G(3)
5.2.17G(3)	27.2.15G(4)
5.2.17AG	27.2.16G

Renumbering of SYSC	
(A) Old heading and numbering	(B) New heading, numbering and deletions
Scope: general requirements	General requirements
5.2.18R	27.6.1R
Scope: territorial scope	Deleted
5.2.19R	27.3.1R
5.2.20G	27.3.2G
5.2.20AG	27.3.3G
Scope: employees	Employees
5.2.21G	27.4.1G
5.2.22G	27.4.2G
Scope: effect of PRA requirements	Effect of PRA requirements
5.2.23G	27.4.3G
Scope: exclusions	Exclusions
5.2.24G	27.6.1G
5.2.25R	27.6.2R
5.2.26R	27.6.3R
Scope: emergency appointments	Emergency appointments
5.2.27R	27.5.1R
5.2.28G	27.5.2G
Scope: temporary UK role (the 30-day rule)	Temporary UK role (the 30-day rule)
5.2.28AR	27.5.3R
5.2.28BG	27.5.4G
5.2.28C(1)G	27.5.5G
5.2.28C(2)G	27.5.6G

Renumbering of SYSC	
(A) Old heading and numbering	(B) New heading, numbering and deletions
Scope: FCA-specified significant-harm functions	FCA certification functions
5.2.29R	27.7.2R
5.2.30R	27.7.3R
5.2.31G	27.7.4G
CASS oversight function	CASS oversight function
5.2.32R	27.8.1R
5.2.32AR	27.8.2G
Proprietary trader function	Proprietary trader function
5.2.34R	27.8.3R
Significant management function	Significant management function
5.2.35R	27.8.4R
5.2.36G	27.8.5G
5.2.37G	27.8.8G
5.2.38G	27.8.9G
Functions requiring qualifications	Functions requiring qualifications
5.2.39R	27.8.10R
5.2.40G	27.8.11G
Managers of certification employees	Managers of certification employees
5.2.41R	27.8.13R
Material risk takers	Material risk takers
5.2.42R	Deleted
5.2.43G	Deleted
Client-dealing function	Client-dealing function

Renumbering of SYSC	
(A) Old heading and numbering	(B) New heading, numbering and deletions
5.2.44R	27.8.18R
5.2.45R	27.8.19R
5.2.46G	27.8.20G
5.2.47G	27.8.21G
5.2.48G	27.8.22G
Algorithmic trading function	Algorithmic trading function
5.2.49R	27.8.23R
5.2.50R(1)	27.8.24R
5.2.50R(2)	Deleted
5.2.51G	27.8.25G
5.2.52G	27.8.26G
5.2.53G	27.8.27G
5.2.54G	27.8.28G
5.2.55G	27.8.29G
5.2.56G	27.8.30G
5.2.57G	27.8.31G
5 Annex 1G Examples of how the temporary UK role rule in SYSC 5.2.28A (the 30-day rule) works	27 Annex 1G Examples of how the temporary UK role rule in SYSC 5.2.28AR (the 30-day rule) works

Renumbering in SUP 10C	
(A) Old heading and numbering	(B) New heading, numbering and deletions
Chairman of the nomination committee function (SMF13)	Chairman of the nomination committee function (SMF13)

Renumbering in SUP 10C	
(A) Old heading and numbering	(B) New heading, numbering and deletions
10C.5.2R	10C.5A.3R
10C.5.3G	10C.5A.4G
10C.5.4G	Deleted
Non-executive directors	Non-executive directors
10C.5.6G	10C.5A.1G

Annex B

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Part 1: Comes into force 10 December 2018

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

<i>authorised approved person employer</i>	(in relation to an <i>approved person</i> with a <i>current approved person approval</i>) the <i>firm</i> on whose application approval for the performance of the <i>controlled function</i> was given under section 59 of the <i>Act</i> (Approval for particular arrangements).
<i>compliance requirements for SMCR firms</i>	any of the following requirements: <ul style="list-style-type: none"> (a) SYSC 3.2.8R (The compliance function); (b) SYSC 6.1 (Compliance); (c) article 22 of the <i>MiFID Org Regulation</i> (Compliance); or (d) article 22 of the <i>MiFID Org Regulation</i> (as applied in accordance with SYSC 1 Annex 1 2.8AR, SYSC 1 Annex 1 3.2-AR, SYSC 1 Annex 1 3.2-BR, SYSC 1 Annex 1 3.2CR and SYSC 1 Annex 1 3.3R).
<i>certification function</i>	an <i>FCA certification function</i> or a <i>PRA certification function</i> .
<i>conduct risk oversight (Lloyd's) function</i>	<i>FCA controlled function</i> SMF23b in the <i>table of FCA-designated senior management functions</i> , described more fully in SUP 10C.6.4R.
<i>EEA SMCR banking firm</i>	an <i>incoming EEA firm</i> or <i>incoming Treaty firm</i> that meets the following conditions: <ul style="list-style-type: none"> (a) it has a <i>branch</i> in the <i>United Kingdom</i>; (b) it does not have <i>permission for effecting contracts of insurance</i> or <i>carrying out contracts of insurance</i>; and (c) it meets one of the following conditions:

	<ul style="list-style-type: none"> (i) it is a <i>credit institution</i> which has a <i>permission</i> under Part 4A, Schedule 3 or Schedule 4 of the <i>Act</i> that includes <i>accepting deposits</i>; or (ii) it meets all the following conditions: <ul style="list-style-type: none"> (A) the institution is an <i>investment firm</i>; (B) it has a <i>permission</i> under Part 4A, Schedule 3 or Schedule 4 of the <i>Act</i> that covers <i>dealing in investments as principal</i>; and (C) when carried on by it, that activity is a <i>PRA-regulated activity</i>.
<i>EEA SMCR firm</i>	<ul style="list-style-type: none"> (a) an <i>EEA SMCR banking firm</i>; or (b) any other <i>SMCR firm</i> that is an <i>incoming EEA firm</i> or <i>incoming Treaty firm</i>.
<i>executive director function</i>	<i>FCA controlled function</i> SMF3 in the <i>table of FCA-designated senior management functions</i> , described more fully in <i>SUP 10C.5.1R to 10C.5.12R</i> .
<i>FCA certification function</i>	a <i>significant-harm function</i> that has been specified under section 63E of the <i>Act</i> (Certification of employees by authorised persons) by the <i>FCA</i> (see <i>SYSC 27.7.3R</i> (Table: FCA certification functions)) and which consequently is a specified function as defined in section 63E(2) of the <i>Act</i> .
<i>internal audit requirements for SMCR firms</i>	<p>any of the following requirements:</p> <ul style="list-style-type: none"> (a) <i>SYSC 3</i> (Systems and controls) insofar as it relates to internal audit; (b) <i>SYSC 6.2</i> (Internal audit); (c) article 24 of the <i>MiFID Org Regulation</i> (Internal audit); or (d) article 24 of the <i>MiFID Org Regulation</i> (Internal audit) (as applied in accordance with <i>SYSC 1 Annex 1 2.8AR</i>, <i>SYSC 1 Annex 1 3.2-AR</i>, <i>SYSC 1 Annex 1 3.2-BR</i>, <i>SYSC 1 Annex 1 3.2CR</i> and <i>SYSC 1 Annex 1 3.3R</i>).
<i>MiFID authorisation and management body change notification ITS</i>	Commission Implementing Regulation 2017/1945 of 19 June 2017 laying down implementing technical standards with regard to notifications by and to applicant and authorised investment firms.

<i>overseas SMCR firm</i>	an <i>SMCR firm</i> that is an <i>overseas firm</i> .
<i>PRA certification function</i>	a <i>significant-harm function</i> that has been specified by the <i>PRA</i> under section 63E of the <i>Act</i> (Certification of employees by authorised persons) and which consequently is a specified function as defined in section 63E(2) of the <i>Act</i> .
<i>risk control requirements for SMCR firms</i>	<p>any of the following requirements:</p> <ul style="list-style-type: none"> (a) <i>SYSC 3</i> (Systems and Controls) insofar as it relates to risk controls; (b) <i>SYSC 7.1.6R</i>, <i>SYSC 7.1.21R</i> and <i>SYSC 7.1.22R</i>; (c) <i>COLL 6.11</i> (Risk control and internal reporting); (d) article 23 of the <i>MiFID Org Regulation</i> (Risk management); or (e) article 23(2) of the <i>MiFID Org Regulation</i> (as applied in accordance with <i>SYSC 1 Annex 1 2.8AR</i>, <i>SYSC 1 Annex 1 3.2-AR</i>, <i>SYSC 1 Annex 1 3.2-BR</i>, <i>SYSC 1 Annex 1 3.2CR</i> and <i>SYSC 1 Annex 1 3.3R</i>).
<i>SMCR banking firm</i>	<p>any of the following:</p> <ul style="list-style-type: none"> (a) a <i>UK SMCR banking firm</i>; (b) an <i>EEA SMCR banking firm</i>; or (c) a <i>third-country SMCR banking firm</i>.
<i>SMCR financial activities</i>	<p>any of the following:</p> <ul style="list-style-type: none"> (a) <i>regulated activities</i>; (b) an activity carried on in connection with a <i>regulated activity</i> (whether current, past or contemplated); (c) an activity held out as being for the purposes of a <i>regulated activity</i> (whether current, past or contemplated); (d) activities that constitute <i>dealing in investments as principal</i>, disregarding the exclusion in article 15 of the <i>Regulated Activities Order</i> (Absence of holding out etc); or (e) activities listed in points 2 to 15 of Annex I to the <i>CRD</i> (List of activities subject to mutual recognition).

<i>SMCR firm</i>	a <i>firm</i> identified as an SMCR firm in the decision tree in SYSC 23 Annex 1 (Definition of SMCR firm and different types of SMCR firms).
<i>table of FCA-designated senior management functions</i>	the table of <i>FCA-designated senior management functions</i> in SUP 10C.4.3R.
<i>third-country SMCR banking firm</i>	<p>a non-UK institution other than an <i>incoming firm</i> that meets the following conditions:</p> <ul style="list-style-type: none"> (a) it has a <i>branch</i> in the <i>United Kingdom</i>; (b) it is not an institution that has <i>permission</i> for <i>effecting contracts of insurance</i> or <i>carrying out contracts of insurance</i>; and (c) it meets one of the following conditions: <ul style="list-style-type: none"> (i) it is a <i>credit institution</i> which has a <i>Part 4A permission</i> that includes <i>accepting deposits</i>; or (ii) it meets all the following conditions: <ul style="list-style-type: none"> (A) the institution is an <i>investment firm</i>; (B) its <i>Part 4A permission</i> covers <i>dealing in investments as principal</i>; and (C) when carried on by it, that activity is a <i>PRA-regulated activity</i>.
<i>UK SMCR banking firm</i>	<p>an institution that meets the following conditions:</p> <ul style="list-style-type: none"> (a) it is incorporated in, or formed under the law of any part of, the <i>United Kingdom</i>; (b) it does not have <i>permission</i> for <i>effecting contracts of insurance</i> or <i>carrying out contracts of insurance</i>; (c) it meets one of the following conditions: <ul style="list-style-type: none"> (i) its <i>Part 4A permission</i> includes <i>accepting deposits</i>; or (ii) it meets all the following conditions: <ul style="list-style-type: none"> (A) the institution is an <i>investment firm</i>; and (B) its <i>Part 4A permission</i> covers <i>dealing in investments as principal</i>; and

- (C) when carried on by it, that activity is a *PRA-regulated activity*.

- UK SMCR firm*
- (a) a *UK SMCR banking firm*; or
 - (b) any other *SMCR firm* that is a *UK domestic firm*.

Amend the following definitions as shown. Where a cross-reference is amended by paragraph F of this instrument, that change is not shown.

accountable functions (in relation to an *approved person*) the functions described in *APER* ~~1.1A.2P~~ 1.1A.2R, which are in summary:

- (a) *FCA controlled functions* in SUP 10A (FCA Approved Persons); and
- (b) ~~*PRA controlled functions*; and~~ [deleted]
- (c) any other functions of the *approved person* in relation to the carrying on of a *regulated activity*;

in relation to ~~the *authorised persons* in relation to which that *person* is an *approved person*~~ *approved person's authorised approved person employer*.

accountable higher management function (in *APER*) any *accountable function* that is :

- ~~(a)~~ an *FCA controlled function* that is a *significant-influence function*; ~~or~~ .
- ~~(b)~~ a ~~*PRA controlled function*~~.

advising on investments

- (1) (except in *SUP 10A (FCA Approved Persons)*, *SYSC 27 (Senior managers and certification regime: Certification regime)*, *APER* and *CONRED 2*) the *regulated activities*, specified in article 53(1) to (1D) and article 53(2) of the *Regulated Activities Order* (Advising on investments), which are:
 - (a) *advising on investments (except P2P agreements)*; and
 - (b) *advising on P2P agreements*.
- (2) (in *SUP 10A (FCA Approved Persons)*, *SYSC 27 (Senior managers and certification regime: Certification regime)* and *APER*) the *regulated activities* specified in articles 53(1) to

(1D) and 53(2) (Advising on investments) of the *Regulated Activities Order*. For these purposes, *advising on investments* includes any activities that would be included but for the exclusion in article 72AA (Managers of UCITS and AIFs) of the *Regulated Activities Order*.

(3) ...

apportionment and oversight function

FCA controlled function CF8 in ~~Parts 1 and Part 2~~ of the table of *FCA controlled functions*, described more fully in SUP 10A.7.1R.

CASS operational oversight function

FCA controlled function CF10a in ~~Parts 1 and 2~~ of the table of *FCA controlled functions*, described more fully in SUP 10A.7.9R.

certification employee

(1) (as described in more detail in section 63E(1) of the *Act* (Certification of employees by ~~relevant~~ authorised person)) an employee (as defined) of ~~a relevant authorised person~~ an SMCR firm who has a valid certificate issued by that ~~relevant authorised person~~ SMCR firm.

(2) (in relation to an SMCR firm that is in the insurance sector (as defined in Part Four of SYSC 23 Annex 1 (Definition of insurance sector))) an employee (as defined in section 63E of the Act) of an SMCR firm who performs a certification function under an arrangement entered into by the SMCR firm in relation to the carrying on by the SMCR firm of a regulated activity, even though the obligation of the SMCR firm to issue a certificate under section 63F of the Act has not yet come into force.

[Note: Paragraph (2) of this definition applies until [] 2019 [one year after main commencement date for insurers].]

chair of the nomination committee function

(1) ~~(for a relevant authorised person) FCA controlled function~~ SMF13 in ~~Part 1~~ of the table in SUP 10C.4.3R ~~(Table of FCA-designated senior management functions for relevant authorised persons)~~ table of FCA-designated senior management functions, described more fully in SUP 10C.5A.3R; .

(2) ~~(for certain Solvency II firms including a large non-directive insurer) the FCA controlled function~~ CF2a in ~~Part 2~~ of the table of *FCA controlled functions*, described more fully in SUP 10A.6.15AR.

chair of the with-profits committee function

~~(for certain Solvency II firms) FCA controlled function~~ CF2b SMF15 in ~~Part 2~~ of the table of ~~FCA controlled~~ FCA-designated senior management functions, described more fully in SUP 10A.6.15BR SUP 10C.5A.5R to SUP 10C.5A.6R.

chief executive function FCA controlled function CF3 in ~~Part 1 and Part 2~~ of the table of FCA controlled functions, described more fully in SUP 10A.6.17R.

compliance oversight function (1) (for ~~relevant authorised persons~~ SMCR firms) FCA controlled function SMF16 in ~~Part 1 of the table in SUP 10C.4.3R (Table of FCA designated senior management functions for relevant authorised persons)~~ the table of FCA-designated senior management functions, described more fully in SUP 10C.6.1R; and

(2) (for other firms) FCA controlled function CF10 in ~~Parts 1 and 2 of the table of FCA controlled functions~~, described more fully in SUP 10A.7.8R.

controlled function a function, relating to the carrying on of a *regulated activity* by a *firm*, which is specified by:

- (a) either the FCA in:
- (i) (for ~~relevant authorised persons~~ SMCR firms) the ~~tables in SUP 10C.4.3R (Table of FCA designated senior management functions for relevant authorised persons)~~ table of FCA-designated senior management functions; or
 - (ii) (for other firms and in relation to appointed representatives) the table of FCA controlled functions; or
- (b) the PRA in:
- (i) (for ~~relevant authorised persons~~ CRR firms, credit unions and third country CRR firms (as defined in the PRA Rulebook)) the part of the PRA's rulebook PRA Rulebook titled 'Senior Management Functions', ~~which specifies controlled functions~~; or
 - (ii) (for Solvency II firms including large non-directive insurers, and for small non-directive insurers) the Senior Insurance Management Functions parts of the PRA Rulebook: Rulebook applicable to Solvency II Firms and Non-Solvency II Firms; ~~or~~
 - ~~(iii) ; or~~

under section 59 of the *Act* (Approval for particular arrangements).

current approved person approval (in relation to an *approved person* in relation to a particular *firm* and *controlled function* as at any particular time) an approval under section 59 of the *Act* (Approval for particular arrangements) given by the FCA or the PRA in relation to that *person* for the

performance of that *controlled function* in relation to that *firm* that is in force at that time.

An approval is treated as having been given by the FCA or the PRA if it is deemed to have been given by either of them by or under:

(a) the Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015 (SI 2015/492); or

(b) rules made by either of them.

customer function FCA controlled function CF30 in ~~Parts 1 and 2~~ of the table of FCA controlled functions, described more fully in SUP 10A.10.7R.

director (1) ...
 ...
 (c) in SYSC, COCON, MIPRU 2 (Responsibility for insurance distribution and MCD credit intermediation activity), SUP 10A (FCA Approved persons) and SUP 10C (FCA senior ~~management~~ managers regime for approved persons in ~~relevant authorised persons~~ SMCR firms) a *partnership*;
 ...
 ...

director function FCA controlled ~~functions~~ function CF1 in ~~Part 1 and, for a Solvency II firm (including a large non-directive insurer) and a small non-directive insurer, Part 2~~ of the table of FCA controlled functions, described more fully in SUP 10A.6.7R and SUP 10A.6.8R.

director of unincorporated association function FCA controlled function CF5 in ~~Part 1~~ of the table of FCA controlled functions, described more fully in SUP 10A.6.29R.

EEA branch senior manager function FCA controlled function SMF21 in ~~Part 2~~ of the ~~table in SUP 10C.4.3R (Table of FCA controlled functions for relevant authorised persons)~~ table of FCA-designated senior management functions, described more fully in SUP 10C.8.4R.

employee ...
 (3) (for the purposes of ~~SYSC 5.2~~ SYSC 27 (Senior management and certification regime: Certification regime) and the definition of *certification employee*) has the meaning in section 63E(9) of the Act (Certification of employees by ~~relevant~~ authorised persons) which, in summary, says an

employee of a *person* (the “employer”) includes a reference to a *person* who:

...

...

FCA controlled function

a *controlled function* which is specified by the *FCA* under section 59 of the Act (Approval for particular arrangements) in:

- (a) (for ~~relevant authorised persons~~ *SMCR firms*) the ~~tables in SUP 10C.4.3R (Table of FCA-designated senior management functions for relevant authorised persons)~~ table of FCA-designated senior management functions; or
- (b) (for other *firms* and in relation to appointed representatives) the table of FCA controlled functions.

FCA governing functions

any of the following *FCA controlled functions* labelled as FCA governing functions in the table of FCA-designated senior management functions or in the table of FCA controlled functions. ∴

- (a) (for ~~relevant authorised persons~~) ~~FCA controlled functions SMF3 and SMF13 in Parts 1 and 3 of the table in SUP 10C.4.3R (Table of FCA-designated senior management functions for relevant authorised persons)~~;
- (b) (for a *Solvency II firm*, including a *large non-directive insurer*) ~~FCA controlled functions CF1, CF2a, CF2b, CF5 and, for large non-directive insurers only, CF6, in Part 2 of the table of FCA controlled functions~~; and
- (c) (for a *small non-directive insurer*) ~~FCA controlled functions CF1, CF3, CF5 and CF6 in Part 2 of the table of FCA controlled functions~~; and
- (d) (for other *firms* and ~~appointed representatives~~) ~~FCA controlled functions 1 to 6 in Part 1 of the table of FCA controlled functions~~.

FCA-prescribed senior management responsibilities

- (a) (for ~~UK relevant authorised persons~~) the responsibilities in SYSC 24.2.6R (Table: FCA-prescribed senior management responsibilities) ∴
- (b) (for ~~third country relevant authorised persons~~) the responsibilities in SYSC 4.8.9R (Table: FCA-prescribed senior management responsibilities for third-country relevant authorised persons).

FCA required functions

any of the following *FCA controlled functions* labelled as FCA required functions in:

	(a) (for relevant authorised persons SMCR firms) FCA controlled functions SMF16 and SMF17 in Parts 1 to 3 of the table in SUP 10C.4.3R (Table of FCA designated senior management functions for relevant authorised persons) <u>the table of FCA-designated senior management functions; and</u> <u>or</u>
	(b) (for other firms) FCA controlled functions 8 to 11 in Part 1 or Part 2 of the table of FCA controlled functions.
<i>firm</i>	...
	(8) (in SYSC 18 with the exception of the guidance in SYSC 18.3.9G):
	(a) a UK relevant authorised person <u>UK SMCR banking firm</u> except a <i>small deposit taker</i> ; and
	...
	...
<i>FIT</i>	the part of the <i>Handbook</i> in High Level Standards which has the title the Fit and Proper test for Approved Persons and Specified significant harm functions <u>Employees and Senior Personnel</u> .
<i>management responsibilities map</i>	the document <u>document</u> describing the management arrangements of a relevant authorised person <u>certain SMCR firms</u> required by SYSC 4.5.4R, SYSC 4.6.6R or SYSC 4.6.15R <u>SYSC 25 (Senior management and certification regime: Management responsibilities maps and handover procedures and material)</u> .
<i>money laundering reporting function</i>	(1) (for relevant authorised persons SMCR firms) FCA controlled function SMF17 in Parts 1 to 3 of the table in SUP 10C.4.3R (Table of FCA designated senior management functions for relevant authorised persons) <u>table of FCA-designated senior management functions</u> , described more fully in SUP 10C.6.2R; and
	(2) (for other firms) FCA controlled function CF11 in Parts 1 and 2 of the table of FCA controlled functions , described more fully in SUP 10A.7.10R.
<i>non-executive director function</i>	FCA controlled function CF2 in Part 1 of the table of FCA controlled functions , described more fully in SUP 10A.6.12R and SUP 10A.6.13R.
<i>other local responsibility function</i>	FCA controlled function SMF22 in Part 3 of the table in SUP 10C.4.3R (Table of FCA controlled functions for relevant authorised persons) <u>table of FCA-designated senior management functions</u> , described more fully in SUP 10C.8.1R.

- other overall responsibility function* ~~FCA controlled function SMF18 in Part 1 of the table in SUP 10C.4.3R (Table of FCA-designated senior management functions for relevant authorised persons)~~ table of FCA-designated senior management functions, described more fully in SUP 10C.7.1R.
- partner function*
- (1) (for an SMCR firm) FCA controlled function SMF27 in the table of FCA-designated senior management functions, described more fully in SUP 10C.5.14R to SUP 10C.5.17R; and
 - (2) (for other firms and in relation to appointed representatives) FCA controlled function CF4 in Part 1 of the table of FCA controlled functions, described more fully in SUP 10A.6.23R to SUP 10A.6.27R.
- PRA controlled function* a controlled function which is specified by the PRA under section 59 of the Act (Approval for particular arrangements) in:
- (1) (for ~~relevant authorised persons~~ CRR firms, credit unions and third country CRR firms (each as defined in the PRA Rulebook)) the part of the PRA's rulebook PRA Rulebook titled 'Senior Management Functions'; or
 - (2) (for Solvency II firms including large non-directive insurers, and for small non-directive insurers) the Senior Insurance Management Functions parts of the PRA Rulebook: Rulebook applicable to Solvency II Firms and Non-Solvency II Firms; or
 - (3) ~~{deleted}.~~
- PRA-prescribed senior management responsibilities* one of the functions described as:
- (1) (for CRR firms, credit unions and third country CRR firms (each as defined in the PRA Rulebook)):
 - (a) a 'prescribed responsibility' in Chapter 4; ~~or~~
 - (b) a 'small firm prescribed responsibility' in Chapter 5; or
 - (c) a 'UK branch prescribed responsibility' in Chapter 6;

of the part of the ~~PRA's rulebook~~ PRA Rulebook called Allocation of Responsibilities;
 - (2) (for firms covered by the Insurance - Allocation of Responsibilities and Large Non-Solvency II Firms –

Allocation of Responsibilities parts of the PRA Rulebook) a prescribed responsibility or a third country branch prescribed responsibility as defined in those parts; and

- (3) (for firms covered by the Non-solvency II Firms - Allocation of Responsibilities part of the PRA Rulebook) a small non-directive insurer prescribed responsibility as defined in that part.

proprietary trader (in SYSC 27 (Senior managers and certification regime: Certification regime), SUP 10A (FCA Approved Persons), COCON and APER) a *person* (A) whose responsibilities include committing another *person* (B) as part of B's *proprietary trading*.

proprietary trading (in SYSC 27 (Senior managers and certification regime: Certification regime), SUP 10A (FCA Approved Persons), COCON and APER) *dealing in investments as principal* as part of a business of trading in *specified investments*. For these purposes *dealing in investments as principal* includes any activities that would be included but for the exclusion in Article 15 (Absence of holding out), Article 16 (Dealing in contractually based investments) or, for a UK AIFM or UK UCITS management company, article 72AA (Managers of UCITS and AIFs) of the *Regulated Activities Order*.

relevant senior management application has the meaning in section 61(1)(b) of the *Act* (Determination of applications) which, in summary, is an application for approval to perform a *designated senior management function* in relation to the carrying on of a *regulated activity* by ~~a relevant authorised person~~ an SMCR firm.

senior conduct rules staff member (in COCON) a *person* who:

- (a) comes within row (1) of the table in COCON 1.1.2R (an *SMF manager*);
- (b) comes within row (2) of the table in COCON 1.1.2R (an *employee* of ~~a relevant authorised person~~ an SMCR firm who performs the function of an *SMF manager*); or
- (c) ~~meets the following conditions:~~
 - (i) ~~they come within row (7) of the table in COCON 1.1.2R (an approved person performing a controlled function (including a PRA controlled function) in a Solvency II firm (including a large non-directive insurer) or a small non-directive insurer); and~~
 - (ii) ~~that controlled function is a significant influence function; or~~ [deleted]

	(d) <u>is a non-executive director who comes within row (8) of the table in COCON 1.1.2R (a standard non-executive board director of a relevant authorised person, a Solvency II firm (including a large non-directive insurer) or a small non-directive insurer <u>UK SMCR firm</u>).</u>
<i>significant-harm function</i>	a function defined in section 63E(5) of the Act (Certification of employees by relevant authorised persons) which is, in summary (in relation to the carrying on of a <i>regulated activity</i> by a relevant <u>an authorised person</u>), a function that meets the following conditions: <ul style="list-style-type: none"> (a) it requires the <i>person</i> performing it to be involved in one or more aspects of the relevant authorised person's affairs, so far as relating to the activity; and (b) those aspects involve, or might involve, a risk of significant harm to the relevant authorised person or to anyone who is using, or who is or may be contemplating using, any of the services provided by the relevant authorised person. <p><u>[Note: This definition is not relevant to a firm that is not an SMCR firm.]</u></p>
<i>significant-influence function</i>	(for the purposes of <i>controlled functions</i> specified in SUP 10A (FCA Approved persons) and in relation to the carrying on of a <i>regulated activity</i> by an <i>authorised person</i>) a function that is likely to enable the <i>person</i> responsible for its performance to exercise a significant influence on the conduct of the <i>authorised person's</i> affairs, so far as relating to the activity. For the purposes of SYSC 2, COCON and DEPP, this also includes a PRA controlled function, as specified in the Senior Insurance Management Functions parts of the PRA Rulebook: applicable to Solvency II Firms and Non-Solvency II Firms.
<i>significant management function</i>	FCA controlled functions <u>function</u> CF29 in Parts 1 and 2 of the table of <i>FCA controlled functions</i> , described more fully in SUP 10A.9.9R.
<i>SMF manager</i>	(in relation to a relevant authorised person <u>an SMCR firm</u>) a <i>person</i> who has approval under section 59 of the Act (Approval for particular arrangements) to perform a <i>designated senior management function</i> in relation to the carrying on by that relevant authorised person <u>SMCR firm</u> of a <i>regulated activity</i> .
<i>Solvency II firm</i>	a <i>firm</i> which is any of: ...

- (f) in SUP TP 7 and SUP TP 8, SYSC, COCON, ~~APER, SUP 10A SUP 10C~~ and DEPP only, a large non-directive insurer;

...

small friendly society function

FCA controlled function CF6 in Part 1 and Part 2 of the table of FCA controlled functions, described more fully in SUP 10A.6.31R to SUP 10A.6.32R.

staff being assessed under FIT

(in FIT and in relation to ~~a relevant authorised person: an SMCR firm~~) those persons set out in FIT 1.1.1G(4) to (7).

- (a) ~~any of the following whose fitness is being assessed by the FCA or the relevant authorised person:~~
- (i) ~~an FCA approved SMF manager; or~~
 - (ii) ~~a candidate for an FCA designated senior management function; or~~
- (b) ~~a person whose fitness to perform an FCA specified significant harm function is being assessed by the relevant authorised person under section 63F of the Act (Issuing of certificates), whether or not that person is already a certification employee in relation to that FCA specified significant harm function.~~

systems and controls function

FCA controlled function CF28 in Part 1 and, ~~for a Solvency II firm which is a third country insurance or reinsurance undertaking or an insurance special purpose vehicle, Part 2 of the table of FCA controlled functions,~~ described more fully in SUP 10A.8.1R and SUP 10A.8.1AR.

Delete the following definitions. The text is not shown struck through.

actuarial conduct function (third country)

the part of the function of acting in the capacity of an actuary (as appointed by a firm under rule 7.1(2) of the PRA Rulebook: Solvency II Firms: Third Country Branches) that relates to compliance with FCA requirements and standards under the regulatory system, described more fully in SUP 10A.7.14R.

EEA relevant authorised person

an *incoming firm* which is a relevant authorised person in accordance with article 2 of the Financial Services and Markets Act 2000 (Relevant Authorised Persons) Order 2015 which, in summary, is an *incoming EEA firm* or *incoming Treaty firm* that meets the following conditions:

- (a) it has a *branch* in the *United Kingdom*;
- (b) it does not have *permission for effecting contracts of insurance* or *carrying out contracts of insurance*; and
- (c) it meets one of the following conditions:
 - (i) it is a *credit institution* which has a *permission* under Part 4A, Schedule 3 or Schedule 4 of the *Act* that includes *accepting deposits*; or
 - (ii) it meets all the following conditions:
 - (A) the institution is an *investment firm*;
 - (B) it has a *permission* under Part 4A, Schedule 3 or Schedule 4 of the *Act* that covers *dealing in investments as principal*; and
 - (C) when carried on by it, that activity is a *PRA-regulated activity*.

FCA-specified significant-harm function

a *specified significant-harm function* that has been specified under section 63E of the *Act* (Certification of employees by relevant authorised persons) by the *FCA* (see SYSC 27.7.3R (Table: FCA-specified significant-harm functions)).

full scope regulatory reference firm

for the purpose of SYSC 22 (Regulatory references):

- (a) a *relevant authorised person*;
- (b) a *Solvency II firm*; or
- (c) a *large non-directive insurer*.

non-UK relevant authorised person

- (a) an *EEA relevant authorised person*; or
- (b) a *third-country relevant authorised person*.

PRA-prescribed UK branch senior management responsibility

a “UK branch prescribed responsibility” in Chapter 6 of the part of the *PRA*’s rulebook called Allocation of Responsibilities.

relevant authorised person

- (a) an *EEA relevant authorised person*; or
- (b) a *third country relevant authorised person*; or
- (c) a *UK relevant authorised person*.

<i>specified significant-harm function</i>	a <i>significant-harm function</i> that has been specified by the <i>FCA</i> or the <i>PRA</i> further to section 63E(2) of the <i>Act</i> (Certification of employees by relevant authorised persons).
<i>third-country relevant authorised person</i>	<p>a non-UK institution other than an <i>incoming firm</i> which is a relevant authorised person in accordance with article 2 of the Financial Services and Markets Act 2000 (Relevant Authorised Persons) Order 2015 which, in summary, is a non-UK institution other than an <i>incoming firm</i> that meets the following conditions:</p> <ul style="list-style-type: none"> (a) it has a <i>branch</i> in the <i>United Kingdom</i>; (b) it is not an institution that has <i>permission</i> for <i>effecting contracts of insurance</i> or <i>carrying out contracts of insurance</i>; and (c) it meets one of the following conditions: <ul style="list-style-type: none"> (i) it is a <i>credit institution</i> which has a <i>Part 4A permission</i> that includes <i>accepting deposits</i>; or (ii) it meets all the following conditions: <ul style="list-style-type: none"> (A) the institution is an <i>investment firm</i>; (B) its <i>Part 4A permission</i> covers <i>dealing in investments as principal</i>; and (C) when carried on by it, that activity is a <i>PRA-regulated activity</i>.
<i>UK relevant authorised person</i>	<p>has the meaning in section 71A of the <i>Act</i> ('relevant authorised person') which, in summary, is an institution that meets the following conditions:</p> <ul style="list-style-type: none"> (a) it is incorporated in, or formed under the law of any part of, the <i>United Kingdom</i>; (b) it does not have <i>permission</i> for <i>effecting contracts of insurance</i> or <i>carrying out contracts of insurance</i>; and (c) it meets one of the following conditions: <ul style="list-style-type: none"> (i) its <i>Part 4A permission</i> includes <i>accepting deposits</i>; or (ii) it meets all the following conditions: <ul style="list-style-type: none"> (A) the institution is an <i>investment firm</i>; and

- (B) its *Part 4A permission* covers *dealing in investments as principal*; and
- (C) when carried on by it, that activity is a *PRA-regulated activity*.

Part 2: Comes into force 10 December 2019

Amend the following definitions as shown.

- certification employee* (1) ...
- (2) ~~(In relation to an *SMCR firm* that is in the insurance sector (as defined in Part Four of *SYSC 23 Annex 1 (Definition of insurance sector)*)) it also includes an employee (as defined in section 63E of the *Act*) of an *SMCR firm* who performs a *certification function* under an arrangement entered into by the *SMCR firm* in relation to the carrying on by the *SMCR firm* of a *regulated activity*, even though the obligation of the *SMCR firm* to issue a certificate under section 63F of the *Act* has not yet come into force.~~

~~{Note: Paragraph (2) of this definition applies until [] 2019 [one year after main commencement date for insurers].}~~

Annex C

**Amendments to the Senior Management Arrangements, Systems and Controls
sourcebook (SYSC)**

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated. Where a cross-reference is amended by paragraph F of this instrument, that change is not shown.

Part 1: Comes into force 1 November 2018

**4.7 Senior management responsibilities for UK relevant authorised persons:
allocation of responsibilities**

...

4.7.7 R Table: FCA-prescribed senior management responsibilities

Part One (applies to all firms)		
FCA-prescribed senior management responsibility	Explanation	Equivalent PRA-prescribed senior management responsibility
(4A) Acting as the <i>firm's whistleblowers' champion</i>	...	...
<p><u>(4B) Responsibility for the firm's obligations for:</u></p> <p><u>(a) conduct rules training; and</u></p> <p><u>(b) conduct rules reporting.</u></p>	<p><u>(1) The firm's obligations for conduct rules training means its obligations under section 64B of the Act (Rules of conduct: responsibilities of authorised persons).</u></p> <p><u>(2) The firm's obligations for conduct rules reporting means its obligations under section 64C of the Act (Requirement for authorised persons to notify regulator of disciplinary action).</u></p>	

...		
-----	--	--

Part 2: Comes into force 10 December 2018

1 Application and purpose

1.1A Application

...

- 1.1A.1 G The application of this sourcebook is summarised at a high level in the following table. The detailed application is cut back in SYSC 1 Annex 1 and in the text of each chapter.

Type of firm	Applicable chapters
<i>Insurer, UK ISPV</i>	Chapters 2, 3, 12 to 18, 19F.2, 21, 22, <u>23, 24, 25, 26, 27, 28</u>
<i>Managing agent</i>	Chapters 2, 3, 11, 12, 18, 19F.2, 21, 22, <u>23, 24, 25, 26, 27, 28</u>
<i>Society</i>	Chapters 2, 3, 12, 18, 19F.2, 21, 22, <u>23, 24, 25, 26, 27, 28</u>
<u>Any other SMCR firm</u>	<u>Chapters 4 to 12, 18, 19D, 19F.2, 21, 22, 23, 24, 25, 26, 27, 28</u>
Every other firm	...

...

1.4 Application of SYSC 11 to SYSC 22 and 28

What?

- 1.4.1-A G The application of each of the chapters SYSC 19F.2, SYSC 22 and to SYSC 28 is set out in those chapters.

...

Actions for damages

1.4.2 R A contravention of a *rule* in SYSC 11 to SYSC 21, SYSC 22.8.1R, SYSC 22.9.1R or SYSC 23 to SYSC 28 does not give rise to a right of action by a *private person* under section 138D of the *Act* (and each of those *rules* is specified under section 138D(3) of the *Act* as a provision giving rise to no such right of action).

...

1 Annex Detailed application of SYSC

1

...

Part 2	Application of the common platform requirements	
...		
2.6G	R	Except as provided for in (2), the <i>common platform requirements</i> (other than SYSC 4.5 to SYSC 4.9 and SYSC 4 Annex 1) do not apply to a <i>firm</i> in relation to <i>benchmark activities</i> .
...		
2.13D	R	SYSC 4.5 (Management responsibilities maps for UK relevant authorised persons), SYSC 4.6 (Management responsibilities maps for non-UK relevant authorised persons), SYSC 4.7 (Senior management responsibilities for UK relevant authorised persons: allocation of responsibilities), SYSC 4.8 (Senior management responsibilities for third country relevant authorised persons: allocation of responsibilities), SYSC 4.9 (Handover procedures and material) and SYSC 5.2 (Certification regime) also:
		(1) Apply to the carrying on of <i>unregulated activities</i>; and
		(2) Take into account any activity of other members of a <i>group</i> of which the <i>firm</i> is a member.
...		
	Where?	
2.15	R	The <i>common platform requirements</i> , except the <i>common platform record-keeping requirements</i> , apply to a <i>firm</i> in relation to activities carried on by it from an establishment in the <i>United Kingdom</i> . However, SYSC 4.5 (Management responsibilities maps for UK relevant authorised persons), SYSC 4.6 (Management responsibilities maps for non-UK relevant authorised persons), SYSC 4.7 (Senior management responsibilities for UK relevant authorised persons: allocation of responsibilities), SYSC 4.8 (Senior management responsibilities for third country relevant authorised persons: allocation of responsibilities), SYSC 4.9 (Handover procedures and material)

		and SYSC 5.2 (Certification regime) apply in accordance with the <i>rules</i> in those sections.
...		
2.18	R	The <i>common platform organisational requirements</i> , except the <i>common platform requirements on financial crime</i> , also apply in a <i>prudential context</i> to a <i>UK domestic firm</i> and to an <i>overseas firm</i> (other than an <i>incoming EEA firm</i> or an <i>Incoming Treaty firm</i>) with respect to activities wherever they are carried on. However, SYSC 4.5 (Management responsibilities maps for UK relevant authorised persons), SYSC 4.6 (Management responsibilities maps for non-UK relevant authorised persons), SYSC 4.8 (Senior management responsibilities for third country relevant authorised persons: allocation of responsibilities), SYSC 4.7 (Senior management responsibilities for UK relevant authorised persons: allocation of responsibilities), SYSC 4.9 (Handover procedures and material) and SYSC 5.2 (Certification regime) apply in accordance with the <i>rules</i> in those sections.
...		
Part 3	Tables summarising the application of the common platform requirements to different types of firm	
...		
3.3A	R	SYSC 1 Annex 1 3.3R(1)(b) does not apply to a <i>firm</i> in relation to the requirements in SYSC 4.5 (Management responsibilities maps for UK relevant authorised persons), SYSC 4.6 (Management responsibilities maps for non-UK relevant authorised persons), SYSC 4.7 (Senior management responsibilities for UK relevant authorised persons: allocation of responsibilities), SYSC 4.8 (Senior management responsibilities for third country relevant authorised persons: allocation of responsibilities), SYSC 4.9 (Handover procedures and material) and SYSC 5.2 (Certification regime).
...		

Table A: Application of the common platform requirements in SYSC 4 to SYSC 10

Provision SYSC 4	COLUMN A	COLUMN A+	COLUMN A++	COLUMN B
...
SYSC 4.5	Whole section applies to <i>UK relevant</i>	Not applicable	Not applicable	Whole section applies to <i>relevant authorised persons</i> only. All rules apply as <i>rules</i> and not as <i>guidance</i> .

	<i>authorised persons only</i>			
SYSC 4.6	Applies to <i>EEA relevant authorised persons and third country relevant authorised persons in accordance with the rules in SYSC 4.6</i>	Not applicable	Not applicable	Whole section applies to <i>relevant authorised persons only. All rules apply as rules and not as guidance.</i>
SYSC 4.7	Whole section applies to <i>UK relevant authorised persons only</i>	Not applicable	Not applicable	Whole section applies to <i>relevant authorised persons only. All rules apply as rules and not as guidance.</i>
SYSC 4.8	Applies to <i>third country relevant authorised persons only</i>	Not applicable	Not applicable	Whole section applies to <i>relevant authorised persons only. All rules apply as rules and not as guidance.</i>
SYSC 4.9	Whole section applies to <i>third country relevant authorised persons and UK relevant authorised persons only</i>	Not applicable	Not applicable	Whole section applies to <i>relevant authorised persons only. All rules apply as rules and not as guidance.</i>
Provision SYSC 5	COLUMN A ...	COLUMN A+ ...	COLUMN A++ ...	COLUMN B ...
...
SYSC 5.2	Whole section applies to <i>relevant authorised persons only.</i>	Not applicable	Not applicable	Whole section applies to <i>relevant authorised persons only. All rules apply as rules and not as guidance.</i>

	<i>All rules apply as rules and not as guidance.</i>			
...

Table B: Application of the common platform requirements in SYSC 4 to 10 to MiFID optional exemption firms and third country firms

Provision	COLUMN A MiFID optional exemption firms	COLUMN B Third country firms
SYSC 4		
...		
<i>SYSC 4.5</i>	Not applicable	Not applicable
<i>SYSC 4.6</i>	Not applicable	<i>Third country relevant authorised person: each provision applies as rule or guidance as shown in SYSC 4.6</i>
<i>SYSC 4.7</i>	Not applicable	Not applicable
<i>SYSC 4.8</i>	Not applicable	<i>Third country relevant authorised person: each provision applies as rule or guidance as shown in SYSC 4.8</i>
<i>SYSC 4.9</i>	Not applicable	<i>Third country relevant authorised person: each provision applies as rule or guidance as shown in SYSC 4.9</i>
SYSC 5		
...		
<i>SYSC 5.2</i>	Not applicable	<i>Third country relevant authorised person: each provision applies as rule or guidance as shown in SYSC 5.2</i>
...		

...

Delete SYSC 2.1.3R, SYSC 2.1.3AR, SYSC 2.1.3BG, SYSC 2.1.3CR, SYSC 2.1.3DR, SYSC 2.1.4R, SYSC 2.1.5G and SYSC 2.1.6G. The deleted text is not shown but [deleted] tags are added to each provision as shown below.

2 Senior management arrangements

2.1 Apportionment of responsibilities

...

2.1.3 R [deleted]

2.1.3A R [deleted]

2.1.3B G [deleted]

2.1.3C R [deleted]

2.1.3D R [deleted]

2.1.4 R [deleted]

2.1.5 G [deleted]

2.1.6 G [deleted]

...

Amend the following as shown. Where a cross-reference is amended by paragraph F of this instrument, that change is not shown.

2.2 Recording the apportionment

2.2.1 R (1) A *firm* must make a record of the arrangements it has made to satisfy SYSC 2.1.1R (apportionment) and ~~SYSC 2.1.3R (allocation)~~ and take reasonable care to keep this up to date.

...

...

- 2.2.4 R (1) ~~A Solvency II firm (including a large non-directive insurer) must have, and maintain, a governance map which satisfies the following conditions:~~
- ~~(a) it complies, as applicable, with PRA Rulebook: Solvency II firms: Insurance—Allocation of Responsibilities, 5.1 and 5.2, or PRA Rulebook: Large Non-Solvency II firms—Allocation of Responsibilities, 5.1 and 5.2, as if those rules had been made by the FCA;~~
 - ~~(b) it includes details relating to all persons carrying out a significant influence function within the firm not already included under (a);~~
 - ~~(c) the details in (b) must give as much information as required by, as applicable, the PRA Rulebook: Solvency II firms: Insurance—Allocation of Responsibilities, 5.1 or PRA Rulebook: Large Non-Solvency II firms—Allocation of Responsibilities, 5.1, as if those rules applied in relation to the persons in (b) and as if they had been made by the FCA;~~
 - ~~(d) where the FCA requires responsibilities to be allocated to a person carrying out a significant influence function, the governance map must clearly show the person allocated responsibilities; and~~
 - ~~(e) the details in (b) and (d) must be updated in the same way as required by, as applicable, PRA Rulebook: Solvency II firms: Insurance—Allocation of Responsibilities, 5.2, or PRA Rulebook: Large Non-Solvency II firms—Allocation of Responsibilities, 5.2, as if those rules applied in relation to the persons in (b) and as if they had been made by the FCA.~~
- (2) ~~A Solvency II firm must keep an up-to-date record of the scope of responsibilities for each approved person performing a significant influence function.~~
- (3) ~~The scope of responsibilities record in (2), and each updated version, must:~~
- ~~(a) have the form and content, subject to amendments to keep it up-to-date, as required to be provided to the FCA or PRA on the application of an approved person to perform a significant influence function; and~~
 - ~~(b) be signed by the approved person and also an appropriate representative of the firm.~~
- (4) ~~Where a firm amends its governance map to show changes in a person's responsibilities it must also ensure that:~~

- (a) ~~the *person* concerned is informed in writing of the changes; and~~
 - (b) ~~the document recording the *person's* scope of responsibilities is amended to show the changes.~~
- (5) ~~Each version of the governance map and, separately, the document recording a *person's* scope of responsibilities must be retained for ten years, or six years for *large non-directive insurers*, from the date on which it was superseded by a more up-to-date record, and the *firm* must be in a position to provide it to the *FCA* on request.~~
- (6) ~~*SYSC 2.2.4R(1)* only applies to firms to whom *PRA* Rulebook: Solvency II firms: Insurance—Allocation of Responsibilities, 5.1 and 5.2 or *PRA* Rulebook: Large Non-Solvency II firms—Allocation of Responsibilities, 5.1 and 5.2, applies. [deleted]~~
- 2.2.5 G ~~*Firms* are not expected to update a *person's* scope of responsibilities record in *SYSC 2.2.4R(2)* more frequently than the governance map in *SYSC 2.2.4R(1)*. [deleted]~~
- 2.2.6 R ~~*A small non-directive insurer* must keep an up-to-date record of the scope of responsibilities for each *approved person* performing a *significant influence* and must:~~
- (1) ~~retain each version of the record for six years from the date on which it was superseded by a more up-to-date record;~~
 - (2) ~~be in a position to provide any version of the record in (1) to the *FCA* on request;~~
 - (3) ~~ensure that the record in (1) and each updated version:~~
 - (a) ~~has the form and content, subject to amendments to keep it up to date, as required, to be provided to the *FCA* or *PRA* on the application of an *approved person* to perform a *significant influence function*; and~~
 - (b) ~~is signed by the *approved person* and also an appropriate representative of the *firm*. [deleted]~~
- 2.2.7 G ~~*A firm* applying for a *person* to be approved to perform a *significant influence function* is required to submit with Form A (long and short form) a scope of responsibilities document (see *SUP 10A Annex 4D*).~~

...

3 Systems and ~~Controls~~ controls

...

3.2 Areas covered by systems and controls

...

The compliance function

...

- 3.2.8 R (1) ~~A firm which carries on designated investment business with or for retail clients or professional clients and a UK ISPV which carries on insurance risk transformation with respect to long-term insurance contracts~~ must allocate to a *director* or *senior manager* the function of:
- (a) having responsibility for oversight of the *firm's* compliance; and
 - (b) reporting to the *governing body* in respect of that responsibility.
- (2) In (1) “compliance” means compliance with ~~the rules in the firm's~~ obligations under the regulatory system in relation to which the FCA has responsibility. ÷
- (a) ~~COBS (Conduct of Business);~~
 - (b) ~~COLL (Collective Investment Schemes sourcebook); and~~
 - (c) ~~CASS (Client Assets)~~
- 3.2.9 G (1) ~~SUP 10A.7.8R~~ SUP 10C.6.1R uses SYSC 3.2.8R to describe the *controlled function*, known as the *compliance oversight function*, of acting in the capacity of a *director* or *senior manager* to whom this function is allocated.
- (2) ~~The rules referred to in SYSC 3.2.8R(2) are the minimum area of focus for the firm's compliance oversight function. A firm is free to give additional responsibilities to a person performing this function if it wishes.~~

Conduct risk oversight (Lloyd's) function

- 3.2.9A R In relation to business done at Lloyd's, the Society must allocate to a director or senior manager the function of having responsibility for overseeing the conduct of business standards required of managing agents for which the Society has responsibility.

...

Risk assessment

3.2.10 G ...

- (3) The term ‘risk assessment function’ refers to the generally understood concept of risk assessment within a *firm*, that is, the function of setting and controlling risk exposure. The risk assessment function is not an *FCA controlled function* itself, but for certain *firms* ~~is part of the systems and controls function (CF28)~~ it may fall under the *PRA chief risk officer controlled function*.

...

...

3.2.14 G ...

- (4) The requirements on *firms* with respect to *approved persons* are in Part V of the *Act* (Performance of regulated activities) and ~~*SUP 10A*~~ *SUP 10C* and the Senior Insurance Management Functions parts of the ~~*PRA Rulebook*~~ *Rulebook*.

...

Internal audit

3.2.16 G ...

- (2) The term ‘internal audit function’ refers to the generally understood concept of internal audit within a *firm*, that is, the function of assessing adherence to and the effectiveness of internal systems and controls, procedures and policies. The internal audit function is not an *FCA controlled function* itself, but for certain *firms* ~~is part of the is part of the systems and controls function (CF28)~~ it may fall under the *PRA chief risk officer controlled function*.

...

...

4 General organisational requirements

4.1 General requirements

...

Application to a common platform firm

4.1.-2 G ...

Subject	Applicable rule or guidance
...	

Management responsibilities maps for UK relevant authorised persons	SYSC 4.5
Management responsibilities maps for non UK relevant authorised persons	SYSC 4.6
Senior management responsibilities for UK relevant authorised persons	SYSC 4.7
Handover procedures and material	SYSC 4.9

...

In the text shown amended below, ‘Editor’s notes’ are included for the benefit of the reader and do not form part of the legislative text. The text of provisions marked only as ‘deleted’ is not shown struck through elsewhere in the instrument.

4.5 Management responsibilities maps for UK relevant authorised persons

Application

- 4.5.1 R ~~[deleted]~~ *[Editor’s note: The text of this provision has been moved to SYSC 25.1.1R]*
- 4.5.2 R ~~[deleted]~~ *[Editor’s note: The text of this provision has been moved to SYSC 25.1.3R]*
- 4.5.3 R ~~[deleted]~~ *[Editor’s note: The text of this provision has been moved to SYSC 25.1.2R]*

General rule

- 4.5.4 R ~~[deleted]~~ *[Editor’s note: The text of this provision has been moved to SYSC 25.2.1R]*
- 4.5.5 R ~~[deleted]~~ *[Editor’s note: The text of this provision has been moved to SYSC 25.2.2R]*

- 4.5.6 G (1) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.1.6G(1)]
- (2) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.1.6G(2)]

Specific requirements

- 4.5.7 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.2.3R]
- 4.5.8 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.2.4R]

Guidance about what should be in a management responsibilities map

- 4.5.9 G (1) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.4.1G]
- (2) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.4.2G]
- 4.5.10 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.4.3G]
- 4.5.11 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.4.4G]
- 4.5.12 G (1) [deleted]
- (2) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.4.5G]
- (3) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.4.6G]
- (4) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.4.7G]
- (5) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.4.8G]
- (6) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.4.11G]
- (7) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.4.9G]
- (8) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.4.10G]

- (9) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.4.12G]

Small firms

- 4.5.13 G (1) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.5.14G(1)]
- (2) [deleted] [Editor's note: The text of this provision has been moved to SYSC 24.3.5G]

Single document

- 4.5.14 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.5.1R]
- 4.5.15 G (1) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.5.2G(1)]
- (2) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.5.2G(2)]
- (3) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.5.2G(3)]
- (4) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.5.2G(4)]
- (5) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.5.3G]

Purpose of SYSC 4 Annex 1G (The main business activities and functions of a relevant authorised person)

- 4.5.16 G (1) [deleted]
- (2) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.7.2G(1)]
- (3) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.7.2G(2)]
- (4) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.7.4G]
- (5) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.7.3G]

- 4.5.17 G [deleted]

Contents of SYSC 4 Annex 1G (The main business activities and functions of a relevant authorised person)

- 4.5.18 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.7.6G]
- 4.5.19 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.7.7G]
- 4.5.20 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.7.8G]

Records

- 4.5.21 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.8.1G]
- 4.5.22 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.8.2G]

4.6 ~~Management responsibilities maps for non-UK relevant authorised persons~~

~~Application~~

- 4.6.1 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.1.4R]
- 4.6.2 R [deleted]
- 4.6.3 R [deleted]
- 4.6.4 G [deleted]

~~Purpose~~

- 4.6.5 G (1) [deleted]
- (2) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.6.3G]

~~General rule for third-country relevant authorised persons~~

- 4.6.6 R [deleted]
- 4.6.7 R [deleted]
- 4.6.8 G [deleted]

~~Specific requirements for third-country relevant authorised persons~~

- 4.6.9 R (1) [deleted]

- (2) ~~[deleted] [Editor's note: The text of this provision has been moved to SYSC 25.1.5R]~~

4.6.10 R ~~[deleted]~~

~~Single document~~

4.6.11 R ~~[deleted]~~

~~Guidance about management responsibilities maps for a branch maintained by a third-country relevant authorised person~~

4.6.12 G ~~[deleted]~~

4.6.13 G ~~[deleted]~~

4.6.14 G ~~[deleted]~~

~~Management responsibilities maps for EEA relevant authorised persons: General rule~~

4.6.15 R ~~[deleted]~~

4.6.16 R ~~[deleted]~~

~~Responsibilities maps for EEA relevant authorised persons: purpose~~

4.6.17 G (1) ~~[deleted] [Editor's note: The text of this provision has been moved to SYSC 25.6.2G(1)]~~

(2) ~~[deleted] [Editor's note: The text of this provision has been moved to SYSC 25.6.2G(2)]~~

(3) ~~[deleted] [Editor's note: The text of this provision has been moved to SYSC 25.1.6G(3)]~~

(4) ~~[deleted] [Editor's note: The text of this provision has been moved to SYSC 25.6.2G(4)]~~

~~Responsibilities maps for EEA relevant authorised persons: detailed requirements~~

4.6.18 R ~~[deleted]~~

4.6.19 R ~~[deleted]~~

~~Responsibilities maps for EEA relevant authorised persons: leaving out information already supplied~~

4.6.20 R ~~[deleted] [Editor's note: The text of this provision has been moved to SYSC 25.6.5R]~~

- 4.6.21 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.6.6G]
- 4.6.22 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.6.7G]
- 4.6.23 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.6.8G]
- 4.6.24 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.6.9G]

~~Management responsibilities maps for EEA relevant authorised persons: Single document~~

- 4.6.25 R [deleted]

~~Management responsibilities maps for EEA relevant authorised persons: guidance about what should be included~~

- 4.6.26 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.6.10G]

- 4.6.27 G [deleted]

- 4.6.28 G [deleted]

~~Management responsibilities maps for small branches maintained by non-UK relevant authorised persons~~

- 4.6.29 G [deleted]

4.7 Senior management responsibilities for UK relevant authorised persons: allocation of responsibilities

~~Application~~

- 4.7.1 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 24.1.1R]
- 4.7.2 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 24.1.3R]
- 4.7.3 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 24.1.2R]

~~Purpose of this section~~

- 4.7.4 G [deleted]

~~Allocation of FCA-prescribed senior management responsibilities~~

- 4.7.5 R (1) ~~[deleted]~~ [Editor's note: The text of this provision has been moved to SYSC 24.2.1R]
- (2) ~~[deleted]~~
- (3) ~~[deleted]~~
- (4) ~~[deleted]~~
- (5) ~~[deleted]~~ [Editor's note: The text of this provision has been moved to SYSC 24.2.3R(1)]
- (6) ~~[deleted]~~ [Editor's note: The text of this provision has been moved to SYSC 24.2.3R(2)]
- (7) ~~[deleted]~~ [Editor's note: The text of this provision has been moved to SYSC 24.2.4R]
- 4.7.6 R ~~[deleted]~~ [Editor's note: The text of this provision has been moved to SYSC 24.2.5R]
- 4.7.7 R ~~[deleted]~~ [Editor's note: The text of this provision has been moved to SYSC 24.2.6R]

~~Allocation of overall responsibility for a firm's activities, business areas and management functions~~

- 4.7.8 R (1) ~~[deleted]~~ [Editor's note: The text of this provision has been moved to SYSC 26.3.1R]
- (2) ~~[deleted]~~ [Editor's note: The text of this provision has been moved to SYSC 26.4.2R]
- (3) ~~[deleted]~~ [Editor's note: The text of this provision has been moved to SYSC 26.3.4R]
- 4.7.9 G ~~[deleted]~~
- 4.7.10 G ~~[deleted]~~

~~Meaning of overall responsibility~~

- 4.7.11 G ~~[deleted]~~ [Editor's note: The text of this provision has been moved to SYSC 26.7.2G]
- 4.7.12 G ~~[deleted]~~ [Editor's note: The text of this provision has been moved to SYSC 26.6.7G]
- 4.7.13 G ~~[deleted]~~ [Editor's note: The text of this provision has been moved to SYSC 26.7.4G]

- 4.7.14 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.7.5G]
- 4.7.15 G [deleted]
- 4.7.16 G [deleted]
- 4.7.17 G [deleted]
- 4.7.18 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.4.5R]

~~Who functions should be allocated to~~

- 4.7.19 G [deleted]
- 4.7.20 G [deleted]
- 4.7.21 G (1) [deleted]
- (2) [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.9.1G]
- 4.7.22 G [deleted]
- 4.7.23 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.9.4G]
- 4.7.24 G (1) [deleted] [Editor's note: The text of this provision has been moved to SYSC 24.3.2G]
- (2) [deleted] [Editor's note: The text of this provision has been moved to SYSC 24.3.3G]
- (3) [deleted] [Editor's note: The text of this provision has been moved to SYSC 24.3.1G]
- (4) [deleted]
- (5) [deleted] [Editor's note: The text of this provision has been moved to SYSC 24.3.4G]

~~Dividing and sharing management functions between different people~~

- 4.7.25 G (1) [deleted] [Editor's note: The text of this provision has been moved to SYSC 24.3.7G]
- (2) [deleted] [Editor's note: The text of this provision has been moved to SYSC 24.3.8G]
- 4.7.26 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 24.3.9G]

- 4.7.27 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 24.3.10G]
- 4.7.28 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 24.3.11G]
- 4.7.29 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 23.1.12G]

~~Allocation of responsibilities and territorial scope.~~

- 4.7.30 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 24.3.13G]

~~Group management arrangements and outsourcing~~

- 4.7.31 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.10.1G]
- 4.7.32 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.10.3G]
- 4.7.33 G [deleted]
- 4.7.34 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.10.2G]

~~Link between the senior management regime and this section~~

- 4.7.35 G [deleted]
- 4.7.36 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.11.1G(1) to (3)]

~~Link between SYSC 4 Annex 1G and this section~~

- 4.7.37 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.11.2G]
- 4.7.38 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.11.3G]

4.8 Senior management responsibilities for third-country relevant authorised persons: allocation of responsibilities

- 4.8.1 R [deleted]
- 4.8.2 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.1.5R]

4.8.3 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.1.4R]

4.8.4 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.1.2R]

Purpose

4.8.5 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.2.1G]

Allocation of FCA-prescribed senior management responsibilities for third-country relevant authorised persons

4.8.6 R [deleted]

4.8.7 R [deleted]

4.8.8 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 24.3.14G]

4.8.9 R [deleted]

Local responsibility for a branch's activities, business areas and management functions

4.8.10 R (1) [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.3.2R(1)]

(2) [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.3.2R(2)]

(3) [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.3.2R(3)]

(4) [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.3.3R]

(5) [deleted]

(6) [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.4.3R]

(7) [deleted]

4.8.11 G (1) [deleted]

(2) [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.6.4G(1)]

(3) [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.6.4G(2)]

(4) [deleted]

(5) [deleted]

(6) [deleted]

~~Meaning of local responsibility: general~~

4.8.12 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.6.6G]

4.8.13 G (1) [deleted]

(2) [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.4.4G]

4.8.14 G [deleted]

~~Meaning of local responsibility in SYSC 4.8.10R(1): overall responsibility~~

4.8.15 G [deleted]

4.8.16 G [deleted]

4.8.17 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.7.3G]

4.8.18 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.7.6G]

4.8.19 G [deleted]

~~Meaning of local responsibility in SYSC 4.8.10R(2)~~

4.8.20 G (1) [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.8.1G]

(2) [deleted]

(3) [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.8.2G]

(4) [deleted]

~~Who functions should be allocated to~~

4.8.21 G [deleted]

4.8.22 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.9.2G]

4.8.23 G [deleted]

4.8.24 G [deleted]

4.8.25 G [deleted]

4.8.26 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.8.4G]

~~Setting overall strategy for a branch~~

4.8.27 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.8.3G]

~~Not giving too much responsibility to one individual~~

4.8.28 G (1) [deleted]

(2) [deleted]

(3) [deleted]

(4) [deleted]

(5) [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.9.5G]

~~Group arrangements and outsourcing~~

4.8.29 G [deleted]

~~Allocation of responsibility for transactions~~

4.8.30 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.5.3G]

~~Application of SYSC 4.7 to branches maintained by third-country relevant authorised persons~~

4.8.31 R [deleted]

~~Link between the senior management regime and this section~~

4.8.32 G [deleted]

4.8.33 G (1) [deleted]

(2) [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.11.1G(4)]

4.8.34 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 26.11.1G(5)]

~~Link between SYSC 4 Annex 1G and this section~~

4.8.35 G [deleted]

4.9 ~~Handover procedures and material~~

~~Application~~

4.9.1 R (1) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.9.1R]

(2) [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.9.2R]

4.9.2 R [deleted]

4.9.3 R [deleted]

~~Rules about handover material~~

4.9.4 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.9.4R]

4.9.5 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.9.5R]

4.9.6 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.9.6G]

4.9.7 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.9.7G]

~~Handover arrangements and certificates~~

4.9.8 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.9.8G]

~~Application of this section to other parts of a firm's management~~

4.9.9 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 25.9.9G]

...

4 Annex ~~The main business activities and functions of a relevant authorised person~~ 1G

[Editor's note: The text of this annex has been moved to SYSC 25 Annex 1G]

...

5.2 ~~Certification regime~~

Application

5.2.1 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.1.1R]

5.2.2 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.1.2G]

Purpose

5.2.3 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.1.3G]

General requirements

5.2.4 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.2.3G]

5.2.5 G (1) [deleted]
 (2) [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.2.2G]

Fitness to act

5.2.6 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.2.4G]

5.2.7 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.2.5G]

5.2.8 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.2.6G]

5.2.9 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.2.7G]

5.2.10 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.2.8G]

Issuing and renewing certificates

5.2.11 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.2.9G]

5.2.12 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.2.10G]

5.2.13 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.2.11G]

- 5.2.14 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.2.12G]
- 5.2.15 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.2.13G]
- 5.2.16 G (1) [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.2.14G(1)]
- (2) [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.2.14G(4)]
- (3) [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.2.14G(5)]
- 5.2.17 G (1) [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.2.15G(1) and SYSC 27.2.15G(2)]
- (2) [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.2.15G(3)]
- (3) [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.2.15G(4)]
- 5.2.17A G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.2.16G]
- Scope: general requirements
- 5.2.18 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.6.1R]
- Scope: territorial scope
- 5.2.19 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.3.1R]
- 5.2.20 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.3.2G]
- 5.2.20A G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.3.3G]
- Scope: employees
- 5.2.21 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.4.1G]
- 5.2.22 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.4.2G]
- Scope: effect of PRA requirements

5.2.23 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.4.3G]

Scope: exclusions

5.2.24 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.6.1G]

5.2.25 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.6.2R]

5.2.26 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.6.3R]

Scope: emergency appointments

5.2.27 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.5.1R]

5.2.28 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.5.2G]

Scope: temporary UK role (the 30 day rule)

5.2.28A R [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.5.3R]

5.2.28B G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.5.4G]

5.2.28C G (1) [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.5.5G]

(2) [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.5.6G]

Scope: FCA-specified significant harm functions

5.2.29 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.7.2R]

5.2.30 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.7.3R]

5.2.31 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.7.4G]

CASS oversight function

5.2.32 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.1R]

5.2.32A G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.2G]

~~Proprietary trader function~~

5.2.34 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.3R]

~~Significant management function~~

5.2.35 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.4R]

5.2.36 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.5G]

5.2.37 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.8G]

5.2.38 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.9G]

~~Functions requiring qualifications~~

5.2.39 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.10R]

5.2.40 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.11G]

~~Managers of certification employees~~

5.2.41 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.13R]

~~Material risk takers~~

5.2.42 R [deleted]

5.2.43 G [deleted]

~~Client dealing function~~

5.2.44 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.18R]

5.2.45 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.19R]

5.2.46 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.20G]

5.2.47 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.21G]

5.2.48 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.22G]

~~Algorithmic trading function~~

5.2.49 R [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.23R]

5.2.50 R (1) [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.24R]

(2) [deleted]

5.2.51 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.25G]

5.2.52 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.26G]

5.2.53 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.27G]

5.2.54 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.28G]

5.2.55 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.29G]

5.2.56 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.30G]

5.2.57 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 27.8.31G]

5 Annex 1G ~~**Examples of how the temporary UK role rule in SYSC 5.2.28A (the 30-day rule) works**~~ [deleted]

[Editor's note: The text of this annex has been moved to SYSC 27 Annex 1G]

...

6 Compliance, internal audit and financial crime

6.1 Compliance

...

6.1.4-C G (1) This *guidance* is relevant to ~~a relevant authorised person~~ an SMCR firm required to appoint a compliance officer under SYSC 6.1.4R or article 22(3) of the *MiFID Org Regulation* as applicable.

...

...

6.2 Internal audit

...

6.2.1B G (1) This *guidance* is relevant to ~~a relevant authorised person~~ an SMCR firm required to establish and maintain an internal audit function under article 24 of the *MiFID Org Regulation*.

...

6.2.2 G ...

(2) For a *firm* that is not ~~a relevant authorised person~~ an SMCR firm, the internal audit function is not a *controlled function* itself, but is part of the *systems and controls function* ~~or the PRA's systems and controls controlled function~~ (CF28).

(3) For ~~a relevant authorised person~~ an SMCR firm, the internal audit function is a *PRA controlled function* (SMF5).

...

7 Risk control

7.1 Risk control

...

7.1.8 G ...

(3) For a *firm* that is not ~~a relevant authorised person~~ an SMCR firm, the risk management function is not a *controlled function* itself, but is part of the *systems and controls function* ~~or the PRA's systems and controls controlled function~~ (CF28).

(4) For ~~a relevant authorised person~~ an SMCR firm, the risk management function is a *PRA controlled function* (SMF4).

...

Additional rules for CRR firms

...

7.1.23 G (1) This *guidance* is relevant to ~~a *relevant authorised person*~~ an *SMCR banking firm* that has appointed a head of the risk management function.

...

...

18 Whistleblowing

18.1 Application and purpose

Application

18.1.1A R This chapter applies to:

...

(3) in relation to SYSC 18.3.6R and SYSC 18.3.10R, ~~EEA *relevant authorised persons*~~ *SMCR banking firms* and ~~third-country *relevant authorised persons*~~ *SMCR banking firms* only in relation to a *branch* maintained by them in the *United Kingdom*; and

...

18.1.1A G *Firms* are reminded that for the purpose of SYSC 18 (except for SYSC 18.3.9G) “*firm*” has the specific meaning set out in paragraph (8) of that definition in the *Glossary*, namely:

“(8) (in SYSC 18, with the exception of the *guidance* in SYSC 18.3.9G):

(a) a ~~UK *relevant authorised person*~~ *SMCR banking firm* except a *small deposit taker*; and

...

...

18.3 Internal arrangements

...

Reporting of concerns by employees to regulators

18.3.6 R This rule applies to ~~a *firm*~~, an ~~EEA *relevant authorised person*~~ *SMCR banking firm* and a ~~third-country *relevant authorised person*~~ *SMCR banking firm*.

...

...

Additional rules for UK branches

- 18.3.10 R (1) This *rule* applies where an *EEA relevant authorised person SMCR banking firm* or a *third-country relevant authorised person SMCR banking firm* has:
- (a) a *branch* in the *United Kingdom*; and
 - (b) a *group* entity which is a *UK relevant authorised person SMCR banking firm*.
- (2) An *EEA relevant authorised person SMCR banking firm* and a *third-country relevant authorised person SMCR banking firm* must, in the manner described in (3), communicate to the *UK-based employees* of its *UK branch*:
- (a) the whistleblowing arrangements of the *group* entity that is a *UK relevant authorised person SMCR banking firm*; and
- ...

...

18.4 The whistleblowers' champion

- 18.4.1 G (1) A *UK relevant authorised person SMCR banking firm* is required under ~~SYSC 4.7.5R(1)~~ SYSC 24.2.1R to allocate the *FCA-prescribed senior management responsibility* for acting as the *firm's whistleblowers' champion*.

...

...

21 Risk control: additional guidance**21.1 Risk control: guidance on governance arrangements**

...

Chief Risk Officer

- 21.1.2 G ...
- (2) *Firms* will need to seek the *appropriate regulator's* approval for a Chief Risk Officer to perform:
- (a) (for a ~~relevant authorised person~~ an SMCR firm) the *PRA's Chief Risk Function controlled function*; or

- (b) (for any other *firm*) the *systems and controls function* (see *SUP 10A* (FCA approved persons)) ~~or the relevant *PRA controlled function*.~~

...

- 21.1.4A G (1) This *guidance* is relevant to ~~a *relevant authorised person*~~ an *SMCR banking firm* that has appointed a chief risk officer.

...

...

22 Regulatory references

22.1 Application

General application

- 22.1.1 R This chapter applies to all *firms* (subject to *SYSC 22.1.5R*).

Activities covered

- 22.1.2 G This chapter is not limited to *regulated activities* or other specific types of activities.

Territorial scope and overseas firms

- 22.1.3 R There is no territorial limitation on the application of this chapter, subject to *SYSC 22.1.5R* and *SYSC 22.1.6R*.

- 22.1.4 G One effect of *SYSC 22.1.3R* is that the obligation to provide a reference can apply even if the *employee* worked in an overseas office of the *employer*.

- 22.1.5 R This chapter does not apply to:

(1) an *overseas firm* that does not have an establishment in the *United Kingdom*;

(2) a *UCITS qualifier* (see section 266 of the Act (Disapplication of rules));

(3) an *AIFM qualifier*; or

(4) an *incoming EEA firm* that is an *EEA pure reinsurer*.

- 22.1.6 R For an *incoming firm* or any other *overseas firm*, *SYSC 22.2.2R* (Obligation to give references) only applies if the current or former *employee* in question

(defined as “P” in SYSC 22.2.2R) is or was an *employee* of its *branch* in the *United Kingdom* and only relates to their activities as such.

- 22.1.7 R (1) In order to decide whether someone is an *employee* of a *branch*, the *Glossary* definition of *employee* is applied to the *branch* as if the *branch* and the *firm* of which it forms part were separate *firms*.
- (2) For the purpose of (1), paragraph (4A)(c) of the definition of *employee* (someone employed elsewhere in the *group*) does not apply.

22.2 Getting, giving and updating references: the main rules

Obligation to obtain references (~~full scope regulatory reference firms only~~
applicable to SMCR firms)

- 22.2.1 R (1) If a ~~full scope regulatory reference firm~~ an SMCR firm (A) is considering:
- (a) permitting or appointing someone (P) to perform a *controlled function*; or
 - (b) issuing a certificate under the certification regime for P;
- (as explained in more detail in rows (A) and (B) of the table in SYSC 22.2.3R), A must take reasonable steps to obtain appropriate references from:
- (c) P’s current *employer*; and
 - (d) anyone who has been P’s *employer* in the past six years.
- (2) A must take reasonable steps to obtain the reference before the time in column two of the applicable row in the table in SYSC 22.2.3R. If A does not obtain it within that time it must take reasonable steps to obtain it as soon as possible thereafter.
- (3) A must in particular request:
- (a) the information in SYSC 22.2.2R(1) to (3); and
 - (b) (if P’s current or previous *employer* is also a ~~full scope regulatory reference firm~~ an SMCR firm) the information in SYSC 22.2.2R(4) (questions (A) to (F) of Part One of SYSC 22 Annex 1R).
- (4) When deciding what information to request under (1), A must have regard to the factors in SYSC 22.2.2R(5) (Factors set out in SYSC 22 Annex 2R).

Obligation to give references

- 22.2.2 R (1) A *firm* (B) must provide a reference to another *firm* (A) as soon as reasonably practicable if:
- (a) A is considering:
 - (i) permitting or appointing someone (P) to perform a *controlled function*; or
 - (ii) issuing a certificate under the certification regime for P; or
 - (iii) appointing P to another position in the table in SYSC 22.2.3R;

(as explained in more detail in the table in SYSC 22.2.3R);
 - (b) A makes a request, for a reference or other information in respect of P from B, in B's capacity as P's current or former *employer*;
 - (c) B:
 - (i) is P's current *employer*; or
 - (ii) has been P's *employer* at any time in the six year period preceding the request in (1)(b); and
 - (d) A indicates to B the purpose of the request.
- (2) B must disclose to A in the reference all information of which B is aware that B reasonably considers to be relevant to A's assessment of whether P is fit and proper.
- (3) B is only required to disclose under (1) and (2) something that occurred or existed:
- (a) in the six years before the request for a reference; or
 - (b) between the date of the request for the reference and the date B gives the reference; or
 - (c) (in the case of serious misconduct) at any time.
- [**Note:** See SYSC 22.5.10G and SYSC 22.5.11G for *guidance* on the meaning of serious misconduct]
- (4) ~~If B is a full scope regulatory reference firm~~ Where B is an SMCR firm:
- (a) B must in addition disclose the information in questions (A) to (F) of Part One of SYSC 22 Annex 1R (Template for

regulatory references given by ~~relevant authorised persons~~ SMCR firms and disclosure requirements); and

- (b) B must disclose the information in (a) whether or not A is a ~~full scope regulatory reference firm~~ an SMCR firm.
- (5) When deciding what information to give to A under (1) to (3), B must have regard to the factors in SYSC 22 Annex 2R (Factors to take into account when asking for and giving regulatory references).

22.2.3 R Table: What positions need a reference

Position	When to obtain reference	Comments
(A) Permitting or appointing someone to perform an <i>FCA controlled function</i> or a <i>PRA controlled function</i> .	<p>One <i>month</i> before the end of the application period</p> <p>Where a request for a reference would require:</p> <p>(a) the <i>firm</i> requesting the reference;</p> <p>(b) the <i>employer</i> giving the reference; or</p> <p>(c) any other <i>person</i>;</p> <p>to make a mandatory disclosure prior to P disclosing to its current <i>employer</i> that such application has been made, the date is the end of the application period.</p>	
(B) Issuing a certificate under section 63F of the <i>Act</i> (Certification of employees by relevant authorised persons).	Before the certificate is issued	This includes renewing an existing certificate.
(C) Appointing someone to any of the following positions (as	Not applicable	SYSC 22.2.1R (obligation to obtain a reference) does not apply to a <i>firm</i> appointing someone to

<p>defined in the <i>PRA Rulebook</i>):</p> <p>(a) a notified non-executive director;</p> <p>(b) a credit union non-executive director; or</p> <p>(c) a key function holder.</p>		<p>the position in column (1).</p> <p>However <i>SYSC 22.2.2R</i> does apply to a <i>firm</i> asked to give a reference to a <i>firm</i> appointing someone to the position in column (1).</p>
<p>Note 1: Mandatory disclosure means an obligation in any applicable laws, regulations or rules to declare or disclose information to the public.</p>		
<p>Note 2: P refers to the <i>employee</i> or <i>ex-employee</i> about whom the reference is given as defined in more detail in <i>SYSC 22.2.1R</i> and <i>SYSC 22.2.2R</i>.</p>		
<p>Note 3: The application period means the period for consideration referred to in section 61 of the <i>Act</i> (Determination of application).</p>		

Obligation to revise references: The main rule (~~full scope regulatory reference firms only~~ applicable to SMCR firms)

- 22.2.4 R If at any time:
- (1) ~~a full scope regulatory reference firm~~ an SMCR firm (B) has given a reference under *SYSC 22.2.2R* to another *firm* (A) about an *employee* or *ex-employee* of B (P);
 - (2) B was also ~~a full scope regulatory reference firm~~ an SMCR firm when it gave the reference in (1);
 - (3) either of the following applies:
 - (a) B is aware of matters or circumstances that mean that if B had been aware of them when giving that reference, this chapter would have required B to draft the reference differently; or
 - (b) the following applies:
 - (i) B has since giving the reference reached conclusions of the type described in question (E) of Part One of *SYSC 22 Annex 1R* or taken disciplinary action of the type described in question (F) of Part One of *SYSC 22 Annex 1R*; and
 - (ii) if B had taken or reached those conclusions or actions within the six year period referred to in Part One of

SYSC 22 Annex 1R, this chapter would have required B to draft the reference differently; and

- (4) it would be reasonable to consider the differences in (3) to be significant for an assessment by A of the fitness and propriety of P for the role at A for which the reference was given;

B must:

- (5) make reasonable inquiries as to the identity of P's current *employer*; and
- (6) give A details of those differences in writing as soon as reasonably practicable, unless SYSC 22.2.5R says that B does not have to do so.

22.2.5 R B does not need to update A if:

- (1) A is no longer a *firm*;
- (2) P has not yet been *employed* by A (because, for example, P is still working their notice period with B) and it is no longer intended for A to *employ* P;
- (3) A is no longer P's *employer*; or
- (4) despite making reasonable enquiries under SYSC 22.2.4R, B does not know whether P is still *employed* by A.

22.2.6 R This *rule* sets out time limits about the obligation to update a reference in SYSC 22.2.4R.

- (1) If B still *employs* P, SYSC 22.2.4R applies throughout the period B remains *employed*.
- (2) If B no longer *employs* P, the obligation to update ends six years after P ceased to be *employed* by B.
- (3) If B no longer *employs* P and the matters or circumstances are not serious misconduct by P, B does not have to disclose something if it did not occur or exist in the six year period ending on the date B gave the original reference. This limitation applies in addition to the one in (2).

[**Note:** See SYSC 22.5.10G and SYSC 22.5.11G for *guidance* on the meaning of serious misconduct]

Obligation to revise references: Finding out who the current employer is (all firms)

22.2.7 R If at any time:

- (1) ~~a full scope regulatory reference firm~~ an SMCR firm (B) has given a reference under SYSC 22.2.2R to another *firm* (A) about an *employee* or *ex-employee* of B (P);
- (2) B asks A whether P is still an *employee* of A; and
- (3) B gave A the reference no more than six years ago;

A must answer that question as soon as reasonably practicable, even if B does not tell A why it wants to know that information.

22.3 Drafting the reference and the request for a reference

How to draft the reference

- 22.3.1 G There are no requirements about the form in which a *firm* that is not ~~a full scope regulatory reference firm~~ an SMCR firm should give a reference.
- 22.3.2 G SYSC 22.4 has requirements about the form in which ~~a full scope regulatory reference firm~~ an SMCR firm should give a reference.

How to draft the request for a reference

- 22.3.3 G (1) A *firm* (A) asking another *firm* (B) for a reference should give B sufficient information to let B know that the requirements in this chapter apply to the reference it is being asked to give and which requirements apply.
- (2) As long as it complies with (1), A does not have to set out specifically the information this chapter requires it to obtain. This is because B should include that information even though B is not specifically asked to include it.
- 22.3.4 G A *firm* asking for a reference under this chapter from a current or former *employer* that is not a *firm* will normally need to specify what information it would like.

Inclusion of additional material

- 22.3.5 G (1) This chapter sets out minimum requirements for a reference. It does not prevent a *firm* from including more than is required by this chapter.
- (2) If a *firm* does disclose more than is required by this chapter the reference should still meet its duties under general law to its former *employee* and the recipient (see SYSC 22.5.3G to SYSC 22.5.5G).
- 22.3.6 G Nothing in this chapter prevents a *firm* from disclosing material outside the time limits under this chapter.

22.4 Drafting the reference: detailed requirements for ~~full scope regulatory reference firms~~ SMCR firms

Purpose of SYSC 22 Annex 1R

- 22.4.1 G SYSC 22 Annex 1R (Template for regulatory references given by ~~relevant authorised persons~~ SMCR firms and disclosure requirements) has two purposes:
- (1) to set out what information a ~~full scope regulatory reference firm~~ an SMCR firm should disclose under SYSC 22.2.2R(4); and
 - (2) to provide a template that a ~~full scope regulatory reference firm~~ an SMCR firm should use when giving a reference under this chapter.

How to draft the reference

- 22.4.2 R (1) ~~A full scope regulatory reference firm~~ An SMCR firm must use the template in Part One of SYSC 22 Annex 1R (Template for regulatory references given by ~~relevant authorised persons~~ SMCR firms and disclosure requirements) when giving a reference under this chapter to another *firm* (A).
- (2) A *firm* may make minor changes to the format of the template in Part One of SYSC 22 Annex 1R when giving a reference under this chapter, provided that the reference includes all the information required by SYSC 22 Annex 1R.
- (3) This *rule* applies even if A is not a ~~full scope regulatory reference firm~~ an SMCR firm.
- 22.4.3 G (1) SYSC 22.4.2R does not stop a ~~full scope regulatory reference firm~~ an SMCR firm including matters in the reference not required by the template in SYSC 22 Annex 1R.
- (2) ~~A full scope regulatory reference firm~~ An SMCR firm may include the material required by the template and additional material in the same document.
- (3) Any additional material should not alter the scope of any of the questions in the templates.
- 22.4.4 G ~~A full scope regulatory reference firm~~ An SMCR firm should use the template in SYSC 22 Annex 1R (Template for regulatory references given by ~~relevant authorised persons~~ SMCR firms and disclosure requirements) even if the *firm* asking for the reference does not specifically ask it to.

PRA requirements

- 22.4.5 R B may combine in a single reference what the *PRA's rules* require and what this chapter requires.

22.5 Giving references: additional rules and guidance for all firms

Verification

22.5.1 R This chapter does not require a *firm* to disclose information that has not been properly verified.

- 22.5.2 G (1) For example, this chapter does not necessarily require a *firm* to include in a reference the fact that an *ex-employee* left while disciplinary proceedings were pending or had started. Including such information is likely to imply that there is cause for concern about the *ex-employee* but the *firm* may not have established that the *ex-employee* was actually responsible for misconduct.
- (2) However, a *firm* may include such information in a reference if it wishes to (see SYSC 22.3.5G).

Accuracy

22.5.3 G A *firm* should, when giving a reference under this chapter, provide as complete a picture of an *employee's* conduct record as possible to new employers.

Fairness

- 22.5.4 G (1) A *firm* supplying a reference in accordance with this chapter owes a duty under the general law to its former *employee* and the recipient *firm* to exercise due skill and care in the preparation of the reference.
- (2) The *firm* may give frank and honest views, but only after taking reasonable care both as to factual content, and as to the opinions expressed.
- (3) References should be true, accurate, fair and based on documented fact.

- 22.5.5 G (1) An example of the general duty described in SYSC 22.5.4G is that fairness will normally require a *firm* to have given an *employee* an opportunity to comment on information in a reference. The *firm* might do this through, for example, disciplinary proceedings.
- (2) Paragraph (1) does not mean that the *firm* should provide an opportunity to comment on the reference itself, as opposed to the allegations on which it is based.
- (3) A *firm* may have given the *employee* an opportunity to comment on allegations that are later included in a reference even though, at the time that the *firm* is giving that opportunity, no reference is being contemplated. That may mean that the *firm* gives the *employee* their

opportunity to comment on the allegations some time before the reference is prepared.

- (4) Paragraph (1) does not mean that a *firm* will be unable to include an allegation in a reference if it has offered the *employee* an opportunity to comment on the allegation but the *employee* has unreasonably refused to do so.
- (5) Where a *firm* should have given an *employee* an opportunity to comment on an allegation if the allegation is to be included in a reference, this chapter requires the *firm* to give the *employee* that opportunity rather than merely to leave the allegation out of the reference.
- (6) Paragraph (5) may mean that where the *firm* has not given its *employee* an opportunity to comment on a matter at the time it first arose, it will have to give the *employee* the opportunity around the time that the *firm* is preparing the reference.
- (7) The obligation to give an *employee* an opportunity to comment does not mean that there is a wider duty to investigate whether there are facts that show that there has been a conduct breach (see SYSC 22.5.18G).
- (8) This chapter does not require the *employee's* views to be included in the reference. Instead the *firm* should take those views into account so far as appropriate when deciding whether something should be disclosed and how the disclosure is drafted.

Outsourcing

- 22.5.6 G The requirements in this chapter for a *firm* (B) to give a *firm* (A) a reference also apply where A has outsourced the collection of that information to another (unregulated) third party, where B has been made aware that the unregulated third party is acting on behalf of A.

Circumstances in which the ex-employee left

- 22.5.7 G The obligation to give a reference for an *employee* or *ex-employee* applies however the *employment* ended or is going to end. For example, it applies whether it ended through resignation, redundancy, dismissal or fixed term work, a secondment or temporary work coming to an end.

Missing or incomplete information

- 22.5.8 G (1) If a *firm's* records do not cover the maximum periods contemplated by SYSC 22.2.2R or SYSC 22 Annex 1R (Template for regulatory references given by ~~relevant authorised persons~~ SMCR firms and disclosure requirements), the *firm* should note that in the reference.

- (2) A *firm* should not include a warning of the type described in (1) as a matter of routine. It should only be included if there is a genuine need to include it.

All relevant information: Calculation of six year period for disclosure

- 22.5.9 G (1) In general there is a six year limit on what should be disclosed under SYSC 22.2.2R(1) to (3).
- (2) Where the matter to be disclosed consists of a single course of conduct (such as market manipulation) the six year period does not begin until that course of conduct has come to an end. This means that individual events that occurred more than six years ago may still be within the six year limit.
- (3) This *guidance* is also relevant to the six year time limits for updating references in SYSC 22.2.6R.

All relevant information: Removal of six year period

- 22.5.10 G (1) SYSC 22.2.2R(1) to (3) normally has a six year time limit. SYSC 22.2.2R(3)(c) removes that time limit for serious matters. This paragraph (SYSC 22.5.10G) and SYSC 22.5.11G have *guidance* about this. This *guidance* is also relevant to the time limits for updating references in SYSC 22.2.6R.
- (2) The removal of the time limit does not mean that the time that has elapsed since the matter occurred is irrelevant. The length of time that has elapsed is relevant to deciding whether the matter is serious. In general, the longer ago the matter occurred, the less likely it is still to be serious for these purposes.
- (3) In determining whether something is serious for these purposes, the key question is how important the information still is for the requesting *firm*'s assessment of the *employee*'s fitness for the function that they are going to perform.
- (4) In considering what is relevant, a *firm* should, in particular, have regard to SYSC 22.5.4G (Fairness).
- (5) The table in SYSC 22.5.11G provides *guidance* on some of the factors which a *firm* should take into account when determining whether a matter is serious.
- (6) The *guidance* in this paragraph and in the table in SYSC 22.5.11G is only designed for the purposes of this chapter. It does not, for example, apply for the purposes of SUP 15 (Notifications to the FCA), DEPP or EG.
- 22.5.11 G Table: Examples of factors to take into account when deciding whether old misconduct is sufficiently serious to disclose

Factors to take into account	Comments
<p>(A) Whether P has committed a serious breach of individual conduct requirements.</p>	<p>Individual conduct requirements has the same meaning as in Part Two of SYSC 22 Annex 1R (Template for regulatory references given by relevant authorised persons <u>SMCR firms</u> and disclosure requirements).</p> <p>Factors to take into account in deciding whether the breach is serious include the following.</p> <ol style="list-style-type: none"> (1) The extent to which the conduct was deliberate or reckless. (2) The extent to which the conduct was dishonest. (3) Whether the breaches are frequent or whether they have continued over a long period of time. The fact that breaches were frequent or repeated may increase the likelihood that they should be disclosed since the breaches may show a pattern of non-compliance. (4) The extent of loss, or risk of loss, caused to existing, past or potential investors, depositors, policyholders or other counterparties or customers. (5) The reasons for the breach. For example, where the breach was caused by lack of experience which has been remedied by training or further experience, it is less likely that the breach will still be relevant.
<p>(B) Whether the conduct caused B to breach requirements of the <i>regulatory system</i> or P was concerned in a contravention of such a requirement by B and, in each case, whether P's conduct was itself serious.</p>	<ol style="list-style-type: none"> (1) The factors in (A) are relevant to whether P's conduct was serious. (2) The seriousness of the breach by B is relevant. The factors in (A) are also relevant to this. (3) A breach by B of certain requirements is always likely to be serious under (2). Breach of the

	<i>threshold conditions</i> is an example. However that does not mean that P's involvement will automatically be serious.
(C) Whether P's conduct involved dishonesty (whether or not also involving a criminal act).	Dishonesty is an important factor but it is not automatically decisive in every case. For instance, a small one-off case of dishonesty many years ago may not be sufficiently serious to require disclosure.
(D) Whether the conduct would have resulted in B's dismissing P, had P still been working for B, based on B's disciplinary policies and the requirements of the law about unfair dismissal.	
(E) Whether the conduct was such that, if B was considering P for a role today and became aware of the historical conduct, B would not employ P today notwithstanding the time that has passed.	
Note 1: P refers to the <i>employee</i> about whom the reference is being written.	
Note 2: B refers to the <i>firm</i> giving the reference.	

Breach of APER

- 22.5.12 G (1) An example of information that may be relevant under SYSC 22.2.2R(1) to (3) is the fact that the *employee* has breached a requirement in *APER*.
- (2) This means that any *firm* (not just one that is a ~~full scope regulatory reference firm~~ an SMCR firm) should consider whether it needs to disclose a breach of *APER* individual conduct requirements (as defined in Part Two of SYSC 22 Annex 1R (Template for regulatory references given by SMCR firms and disclosure requirements)) when giving a reference under this chapter.

Agreements not to disclose information

- 22.5.13 R A *firm* must not enter into any arrangements or agreements with any *person* that limit its ability to disclose information under this chapter.

- 22.5.14 G SYSC 22.5.13R covers all types of agreements and arrangements. For example:
- (1) it is not limited to an agreement or arrangement entered into when the *employee* leaves;
 - (2) it applies however the *employment* ends (see SYSC 22.5.7G); and
 - (3) it covers a “COT 3” Agreement settled by the Advisory, Conciliation and Arbitration Service (ACAS).

22.5.15 G A *firm* should not give any undertakings to suppress or omit relevant information in order to secure a negotiated release.

22.5.16 G The obligation to supply information to another *firm* under this chapter will apply notwithstanding any agreement prohibited by SYSC 22.5.13R.

Time in which to respond to reference requests

22.5.17 G The *FCA* expects that normally a *firm* should issue a reference under this chapter within six weeks of being asked to.

Duty to investigate allegations

- 22.5.18 G
- (1) A *firm* should, wherever feasible, conclude investigative procedures before the *employee* departs.
 - (2) However, this chapter does not create a duty to investigate alleged misconduct by an *employee* or former *employee*.
 - (3) There are several reasons why a *firm* may find it appropriate to investigate potential misconduct by an *employee* or former *employee*, including:
 - (a) assessing the actual and potential damage resulting from misconduct;
 - (b) identifying other individuals potentially culpable or accountable for the breach;
 - (c) satisfying itself that the *SMF manager* responsible for the areas where the misconduct occurred took reasonable steps to prevent or stop it; and
 - (d) (where the *employee* has *remuneration* susceptible to malus or clawback) enabling it to consider whether any adjustments are justified.

Criminal record checks

22.5.19 G A *firm* giving a reference need not include information from a criminal records check it has carried out under Part V of the Police Act 1997

(Certificates of Criminal records ~~Records, etc &~~). The recruiting *firm* should carry out a criminal records check itself if necessary. SUP 10C.10.16R requires a ~~relevant authorised person~~ an SMCR firm to carry out such a check when appointing an *SMF manager*.

22.6 Giving and updating references: additional rules and guidance for ~~full-scope regulatory reference firms~~ SMCR firms

Omitting or supplementing mandatory disclosures

22.6.1 G (1) A *firm* may have concluded that an *employee* is unfit or has breached *COCON* or *APER* (as described in questions (E) to (F) of Part One of SYSC 22 Annex 1R (Template for regulatory references given by ~~relevant authorised persons~~ SMCR firms and disclosure requirements)). The *firm* may later become aware of facts or matters causing it to revise its original conclusions.

(2) If so, the *firm* may decide not to disclose in a reference its conclusion or may qualify its conclusion with supplementary information.

22.6.2 G (1) A *firm* may have concluded that an *employee* is unfit or has breached *COCON* or *APER* (as described in questions (E) to (F) of Part One of SYSC 22 Annex 1R (Template for regulatory references given by ~~relevant authorised persons~~ SMCR firms and disclosure requirements)). However the *firm* may consider that the disclosure is incomplete without including mitigating circumstances.

(2) For example, if the *firm* is reporting a breach of *COCON* it may consider that the breach is very uncharacteristic of the *employee* and that they have had an exemplary record since then. In that case, the *firm* should include those views.

Requirement to consider whether there has been a conduct breach

22.6.3 G (1) If a *firm* has taken disciplinary action of the type referred to in question (F) in Part One of SYSC 22 Annex 1R (Template for regulatory references given by ~~relevant authorised persons~~ SMCR firms and disclosure requirements) against an *employee* and is asked to give a reference about that *employee*, the *firm* should (if it has not already done so) consider whether the basis on which it took that action amounts to a breach of any individual conduct requirements covered by question (F).

(2) If the *firm* decides that the basis on which it took that action does amount to a breach of those requirements, it should include that disciplinary action in the reference under question (F).

(3) Paragraph (2) applies even if the grounds of the disciplinary action did not include such a breach of individual conduct requirements.

- (4) ~~SYSC TP 5.4.5R disappplies the~~ The requirement in (1) is disapplied for disciplinary action taken before 7 March 2017 or, in the case of *relevant authorised persons*, 7 March 2016 certain specified dates, where a *full scope regulatory reference firm*'s records do not record whether previous conduct subject to disciplinary action amounted to a breach. The date differs between different types of *SMCR firms*. *SYSC TP 5* and *SYSC TP 7* set out those specified dates and other details.
- (5) The obligation to consider whether there was a conduct breach does not mean that there is a wider duty to investigate whether there are facts that show that there has been a conduct breach (see *SYSC 22.5.18G*).

All relevant information: Interaction with mandatory disclosures

- 22.6.4 G (1) ~~SYSC 22.2.2R(1) to (3) may require a *full scope regulatory reference firm*~~ an *SMCR firm* to disclose information that goes beyond the mandatory minimum information in Part One of *SYSC 22 Annex 1R* (Template for regulatory references given by ~~relevant authorised persons~~ *SMCR firms* and disclosure requirements).
- (2) This may mean, for instance, that a *firm* should in some cases disclose a conclusion that an *employee* or former *employee* has breached *COCON* or *APER* where that conclusion was reached outside the time limits in Part One of *SYSC 22 Annex 1R*.

Updating references fairly

- 22.6.5 G (1) *SYSC 22.5.1R* to *SYSC 22.5.5G* (Verification, accuracy and fairness) also apply to updating a reference under *SYSC 22.2.4R*.
- (2) Therefore fairness may require a *firm* to have given an *employee* an opportunity to comment on an allegation if it is included in an update to a reference.

22.7 **Getting references: additional rules and guidance for ~~full scope regulatory reference firms~~ SMCR firms**

Intra-group transfers

- 22.7.1 R (1) This *rule* applies when:
- (a) ~~a *full scope regulatory reference firm*~~ an *SMCR firm* (A) would otherwise have to ask another *person* (B) for a reference under *SYSC 22.2.1R*; and
- (b) A and B are in the same *group*.

- (2) A need not ask for a reference from B if there are adequate arrangements in place under which A has access to the same information sources as B to the extent that they are relevant to things A has to ask B under SYSC 22.2.1R (Obligation to obtain references).
- (3) If A only has access to some of the information sources in (2), A may ask for a reference that only covers the sources to which A does not have such access.
- (4) If A, in accordance with this *rule*, does not ask for a reference or a full reference it must access the information resources referred to in this *rule* and get the relevant information within the time specified by SYSC 22.2.3R.
- 22.7.2 G (1) SYSC 22.7.1R means that a *firm* recruiting someone from another member of its *group* is not required to request a reference from the other where the *group* has centralised records or alternative measures in place to ensure sharing of relevant information between its members.
- (2) The recruiting *firm* should be satisfied that the centralised or alternative measures ensure relevant information is made available as part of the fit and proper assessment of the recruit.

Who should be asked to give a reference

- 22.7.3 G The *Glossary* definition of *employer* covers more than just a conventional employer and so it may not always be obvious who a *person's employer* is. Therefore a ~~full scope regulatory reference firm~~ an SMCR firm appointing someone to a position that requires a reference may have to get the *employee's* help in identifying their previous *employers*.
- 22.7.4 G (1) SYSC 22.2.1R (Obligation of a ~~full scope regulatory reference firm~~ an SMCR firm to try to obtain a reference) applies even if the *ex-employer* is not a *firm*.
- (2) ~~A full scope regulatory reference firm~~ An SMCR firm should take all reasonable steps to try to obtain the reference in these circumstances. However, the *FCA* accepts that the previous *employer* may not be willing to give sufficient information.

Asking for a reference to be updated

- 22.7.5 G (1) SYSC 22.2.1R (Obligation of a ~~full scope regulatory reference firm~~ an SMCR firm to try to obtain a reference) applies even if the *employer* has already got a reference for the *employee*. For example:

- (a) ~~a relevant authorised person~~ an SMCR firm should have a reference whenever it renews the certificate of a *certification employee*; and
 - (b) changing jobs within the same ~~full scope regulatory reference firm~~ SMCR firm may require a reference.
- (2) However, the ~~full scope regulatory reference firm~~ SMCR firm does not necessarily need to obtain a new reference each time (a) or (b) above occurs. That is because an existing reference will very often still be appropriate for the purpose (see SYSC 22.7.6G to SYSC 22.7.8G).

22.7.6 G If ~~a relevant authorised person~~ an SMCR firm (A):

- (1) appoints someone (P) to a ~~specified significant harm~~ certification function position;
- (2) obtains a reference from an *ex-employer*; and
- (3) later wishes to renew P's certificate under the certification regime;

it is unlikely that A will need to ask for another reference from that *ex-employer* or ask for it to be reissued unless there is a change in P's role of the type described in SYSC 27.2.15G (major changes in role).

22.7.7 G (1) If a ~~full scope regulatory reference firm~~ an SMCR firm (A):

- (a) appoints someone (P) to a ~~specified significant harm~~ certification function or an *approved person* position;
- (b) obtains a reference from an *ex-employer* (B); and
- (c) later wishes to:
 - (i) appoint P to another ~~specified significant harm~~ certification function or *approved person* position; or
 - (ii) keep P in the same ~~specified significant harm~~ certification function but make a change in P's role of the type described in SYSC 27.2.15G (major changes in role), whether that change is made at a time when the certificate has not yet come up for renewal or at the time it is being reissued; or
 - (iii) move P from a ~~specified significant harm~~ certification function to an *approved person* position or vice versa;

A should consider whether to ask B to reissue or amend its reference.

- (2) A may decide that it is not necessary to ask B to reissue or amend its reference. For example, A may decide that:
 - (a) the existing reference already covers everything necessary; or
 - (b) (where B is not a *firm*) B will not give any further information.

22.7.8 G If:

- (1) a *firm* (A) appoints someone (P) to a ~~*specified significant harm certification function*~~ or *approved person* position;
- (2) A obtains a reference from an *ex-employer* (B);
- (3) later P transfers to a ~~*specified significant harm certification function*~~ or an *approved person* position with a ~~*full scope regulatory reference*~~ an *SMCR firm* in A's group (C);
- (4) B's reference is:
 - (a) addressed to all *firms* in A's group; or
 - (b) otherwise drafted so that it is clear that C may rely on it; and
- (5) C does not need to ask for the reference to be reissued or amended, taking account of SYSC 22.7.6G and SYSC 22.7.7G;

C may be able to rely on that reference without asking B to give another one.

When references are to be obtained

22.7.9 G If a ~~*full scope regulatory reference firm*~~ an *SMCR firm* is unable to obtain a reference by the time in column two of the table in SYSC 22.2.3R, it should still try to obtain the reference as soon as possible afterwards.

22.7.10 G (1) Where a ~~*relevant authorised person*~~ an *SMCR firm* needs to fill a vacancy for a ~~*specified significant harm certification function*~~ which could not have reasonably been foreseen, the *FCA* recognises that it may not be reasonable to expect the ~~*relevant authorised person*~~ *SMCR firm* to obtain references prior to issuing a certificate.

(2) In such cases, the ~~*relevant authorised person*~~ *SMCR firm* should take up the reference as soon as reasonably possible.

(3) If a reference obtained later raises concerns about the person's fitness and propriety, the ~~*relevant authorised person*~~ *SMCR firm* should revisit its decision to issue the person with a certificate.

22.7.11 G (1) Although this chapter (see SYSC 22.2.3R) only requires a ~~*full scope regulatory reference firm*~~ an *SMCR firm* to try to get a reference for a

person it is recruiting to perform an *FCA controlled function* or a *PRA controlled function* towards the end of the application process, the *FCA* would normally expect a *firm* to have obtained the reference before the application for approval is made.

- (2) The main examples of circumstances in which it would be reasonable for a *firm* to delay getting a reference are where asking for a reference earlier will create a serious risk of:
- (a) breaching the confidentiality of a wider commercial or corporate transaction;
 - (b) prematurely triggering the need for a public announcement; or
 - (c) the *candidate* not applying for the position in the first place because it would reveal to the *candidate's* current *employer* the proposed move too soon.
- (3) The *FCA* may consider that it needs to see the information in a reference before it reaches a decision. If so, it may formally ask for that information and extend the time period in which it has to make its decision until it gets the reference. *SUP* 10C.10.28G gives additional details about requests for further information and the effect they have on the period of time the *FCA* has to make a decision about an application.
- (4) ~~*Full scope regulatory reference firms*~~ *SMCR firms* are reminded that the *Act* itself requires a *firm* to be satisfied that a *candidate* is fit and proper before it makes an application for approval (see *SUP* 10C.10.14G for more detail). *SYSC* 22.7.11G(2) does not affect that obligation.

22.8 Additional rules and guidance for all firms

Policies and procedures

- 22.8.1 R A *firm* must establish, implement and maintain policies and procedures that are adequate for the purpose of complying with the obligations in this chapter.
- 22.8.2 G *SYSC* 22.8.1R does not require a *firm* to create or keep records that are not required under *SYSC* 22.9.1R (General record keeping rules) or another *rule*.

Appointed representatives

- 22.8.3 R This chapter applies to a *firm's* appointed representatives as well as to the *firm*.

- 22.8.4 R When a ~~relevant authorised person~~ is ~~permitting or appointing someone to perform a controlled function~~ whose approval is given under ~~SUP 10A.1.15R or SUP 10A.1.16R~~ (appointed representatives of relevant authorised persons) SYSC 22.8.3R applies to an SMCR firm, the requirements of this chapter for firms that are not ~~full scope regulatory reference firms~~ SMCR firms apply in place of the requirements that only apply to ~~full scope regulatory reference firms~~ SMCR firms.
- 22.8.4A R (1) The approved person's authorised approved person employer is responsible for compliance with SYSC 22.8.3R in the case of a requirement to give a reference about an approved person whose approval is under SUP 10A.1.15R to SUP 10A.1.16BR (Appointed representatives).
- (2) In any other case, each principal of the appointed representative in question is responsible for compliance with SYSC 22.8.3R.
- (3) If another principal of the appointed representative has accepted responsibility for the obligation in SYSC 22.8.3R, that principal is responsible in place of the other firms in (1) or (2).
- 22.8.5 G ~~A firm should ensure its appointed representative complies with the requirements of this chapter when the~~ One effect of SYSC 22.8.4R is that when an appointed representative appoints an approved person under SUP 10A.1.15R to SUP 10A.1.16BR (appointed representatives of an SMCR firm) there is no requirement for the appointed representative or its principal to request a reference.
- 22.8.6 G (1) A firm should ensure that its appointed representative gives a reference when another firm (or its appointed representative) asks that appointed representative to give a reference in accordance with this chapter.
- (2) A firm is not responsible for its appointed representative's giving references if another principal has accepted responsibility for this.
- Getting and giving a reference where the employee has worked in a group or on secondment
- 22.8.7 G If:
- (1) a firm (A) is thinking of employing someone (P);
- (2) P is employed by a group services company (D) that is not a firm;
- (3) P (in their capacity as an employee of D) performs a function or service for a firm (B) in the same group as D such that P is also an employee of B; and
- (4) A intends to appoint (P) to a position that entitles A to obtain a reference from B;

then:

- (5) (if A is a ~~full scope regulatory reference firm~~ an SMCR firm) A should ask both B and D for a reference;
- (6) B is obliged to give the reference if A asks it to (whether or not A is a ~~full scope regulatory reference firm~~ an SMCR firm);
- (7) B should ask D to provide it with the information needed to provide a reference in accordance with this chapter;
- (8) D may give a reference but (as it is not a *firm*) it is not obliged to; and
- (9) D and B may give a single joint reference.

22.8.8 G SYSC 22.8.7G also applies where:

- (1) D is not in the same *group* but has seconded P to B; and
- (2) P (in their capacity as an *employee* of D) performed any function or services for B such that P was also an *employee* of B.

22.8.9 G If:

- (1) a *firm* (A) is thinking of appointing someone (P) to a position that entitles A to obtain a reference from another *firm* (B); and
- (2) P was an *employee* of other members of B's *group* as well as of B;

then:

- (3) (if A is a ~~full scope regulatory reference firm~~ an SMCR firm) A should ask all the group members that *employed* P for a reference;
- (4) B should give a reference if A asks it to (whether or not A is a ~~full scope regulatory reference firm~~ an SMCR firm);
- (5) P's *employers* in that group (including any that are not *firms*) may give a single joint reference; and
- (6) if the reference is being provided on a consolidated group basis, it should be clear what information is relevant to which *employer* within the *group*.

22.9 Records

General record keeping rules (~~full scope regulatory reference firms only~~ applicable to SMCR firms)

- 22.9.1 R (1) ~~A full scope regulatory reference firm~~ An SMCR firm must arrange for orderly records to be created and kept that are sufficient to enable it to comply with the requirements of this chapter.
- (2) This *rule* only applies to records in relation to the following questions in Part One of SYSC 22 Annex 1R (Template for regulatory references given by ~~relevant authorised persons~~ SMCR firms and disclosure requirements):
- (a) question (E) (fit and proper); and
 - (b) question (F) (disciplinary action).

Time limit for records to be kept (~~full scope regulatory reference firms only~~ applicable to SMCR firms)

- 22.9.2 G SYSC 22.9.1R does not have an express time limit for which a *firm* should retain the records as its effect is that those time limits are the same as the time limits in SYSC 22 Annex 1R (Template for regulatory references given by ~~relevant authorised persons~~ SMCR firms and disclosure requirements).

Reduction in disclosure obligations where there are limited record keeping requirements (all firms)

- 22.9.3 R A *firm* does not breach the requirements of this chapter by failing to include information in a reference that it would otherwise have to include if:
- (1) the reason for the omission is that the *firm* does not have the necessary records; and
 - (2) neither SYSC 22.9.1R nor any other requirement of or under the *regulatory system* requires the *firm* to have those records.

- 22.9.4 G If a *firm* is asked to give a reference in circumstances where the record keeping requirements in SYSC 22.9.1R do not apply:
- (1) it is still required to give the reference;
 - (2) it should give the reference based on the records it does have; and
 - (3) it will not breach the requirements of this chapter by failing to include information in a reference if the reason for this is that it does not have the necessary records, as long as it is not required to have those records by some other requirement in the *Handbook* outside this chapter or some other requirement of or under the *regulatory system*.

Effect of previous record keeping requirements (~~full scope regulatory reference firms only~~ applicable to SMCR firms)

- 22.9.5 G (1) SYSC 22.9.1R applies to keeping records created before the date this chapter came into force as well as ones created afterwards.
- (2) ~~A full scope regulatory reference firm~~ An SMCR firm does not breach the requirements of this chapter by failing to include something in a reference or by failing to have records because it destroyed the relevant records before the date this chapter came into force in accordance with the record keeping requirements applicable to it at the time of destruction.
- (3) (1) and (2) also apply if the firm destroyed the records before this chapter (or the relevant provision of this chapter) first applied to it.

22 Annex 1R **Template for regulatory references given by ~~relevant authorised persons~~ SMCR firms and disclosure requirements**

Part One: Form of Template

Guide to using this template:
 Each question must be answered. Where there is nothing to disclose, this should be confirmed by ticking the “No” box for the relevant question.

- In this template:
- “we” / “our firm” refers to the firm or firms giving the reference (as set out in either 1A or 1B below);
 - “individual” refers to the subject of the reference (as set out in 2 below); and
 - “your” refers to the firm requesting the reference (as set out in 3 below).

Information requested		Response
1A	Name, contact details and firm reference number of firm providing reference; or	
1B	Names, contact details and firm reference numbers (where applicable) of group firms providing a joint	

	reference	
2	Individual's name (i.e. the subject of the reference)	
3	Name, contact details and firm reference number of firm requesting the reference	
4	Date of request for reference	
5	Date of reference	

[*Editor's note:* The underlining in the heading of each question in the remaining portion of Part One of this Annex is in the existing Handbook text and does not indicate new text.]

The answers to Questions A to F cover the period beginning six years before the date of your request for a reference and ending on the date of this reference.

Question A

Has the individual:

- (1) performed a ~~specified significant harm~~ certification function for our firm; or
- (2) been an approved person for our firm.

Answer:

Yes	
No	

Question B:

Has the individual performed one or more of the following roles in relation to our firm:

- (1) notified non-executive director;
- (2) credit union non-executive director; or
- (3) key function holder (other than a controlled function).

Answer:

Yes	
No	

Question C:

If we have answered ‘yes’ to either Question A or B above, we set out the details of each position held below, including:

- (1) what the controlled function, ~~specified significant harm~~ certification function or key function holder role is or was;
- (2) (in the case of a controlled function) whether the approval is or was subject to a condition, suspension, limitation, restriction or time limit;
- (3) whether any potential FCA governing function is or was included in a PRA controlled function; and
- (4) the dates during which the individual held the position.

Answer:

Question D

Has the individual performed a role for our firm other than the roles referred to in Questions A and B above:

Answer:

Yes	
No	

If ‘yes’, we have provided summary details of the other role(s), e.g. job title, department and business unit, below.

Question E

Have we concluded that the individual was not fit and proper to perform a function:

Answer:

Yes	
No	

If 'yes' and associated disciplinary action was taken as a result, please refer to Question F below.

If 'yes', and no associated disciplinary action was taken as a result, we have set out below the facts which led to our conclusion.

--

Question F

We have taken disciplinary action against the individual that:

(1) relates to an action, failure to act, or circumstances, that amounts to a breach of any individual conduct requirements that:

(a) apply or applied to the individual; or

(b) (if the individual is or was a key function holder, a notified non-executive director or a credit union non-executive director for your firm) the individual is or was required to observe under *PRA* rules (including if applicable, *PRA* rules in force before 7 March 2016); or

(2) relates to the individual not being fit and proper to perform a function.

Answer:

Yes	
No	

If 'yes', we have provided below a description of the breaches (including dates of when they occurred) and the basis for, and outcome of, the subsequent disciplinary action.

--

Question G

Are we aware of any other information that we reasonably consider to be relevant to your assessment of whether the individual is fit and proper? This disclosure is made on the basis that we shall only disclose something that:

(1) occurred or existed:

(a) in the six years before your request for a reference; or

(b) between the date of your request for the reference and the date of this reference; or

(2) is serious misconduct.

Answer:

Yes	
No	

If 'yes', we have provided the relevant information below.

--

Part Two: Definitions used in Part One

Section One of Part Two of this annex defines terms used in this annex.

Section Two of Part Two of this annex modifies the meaning of certain requirements in Part One and has material about completing the template.

Section One: Meaning of certain terms and phrases	
Defined term or phrase	Meaning
B	B refers to the <i>employer</i> or <i>ex-employer</i> giving the reference as defined in more detail in SYSC 22.2.1R and SYSC 22.2.2R.
P	P refers to the <i>employee</i> or <i>ex-employee</i> about whom the reference is given as defined in more detail in SYSC 22.2.1R and SYSC 22.2.2R.
A finding or conclusion by B that P was not fit and proper to perform a function (see questions (E) to (F) of the template)	This means a finding or conclusion by B in the following circumstances where: <ul style="list-style-type: none"> (a) B assesses the continuing fitness and propriety of P as an <i>approved person</i> in accordance with the requirements of the <i>regulatory system</i>, including when carrying out this assessment under section 63(2A) of the <i>Act</i> (annual assessment of <i>approved persons</i> by a relevant authorised person <u>an SMCR firm</u>); or (b) B assesses the fitness and propriety of P when B is proposing to issue a certificate

	<p>under section 63F of the <i>Act</i> (Certification of employees by relevant authorised persons <u>SMCR firms</u>) for P.</p> <p>Paragraph (b) applies whether the certificate is being issued for the first time or is being renewed.</p>
Individual conduct requirements	<p>Individual conduct requirements mean any of the following:</p> <p>(a) <i>COCON</i>;</p> <p>(b) <i>APER</i>;</p> <p>(c) the <i>PRA</i>'s Individual Conduct Standards or Senior Insurance Manager Conduct Standards (in:</p> <p>(i) Chapter 3 of the Part of the <i>PRA Rulebook</i> called Solvency II Firms: Insurance – Conduct Standards;</p> <p>(ii) and in Chapter 3 of the Part of the <i>PRA Rulebook</i> called Non-Solvency II Firms: Large Non-Solvency II Firms – Conduct Standards; and</p> <p>(iii) Chapter 2 of the Part of the <i>PRA Rulebook</i> called <u>Non-Solvency II firms - Conduct Standards</u>);</p> <p>(d) the <i>PRA</i>'s Individual Conduct Rules or Senior Manager Conduct Rule (in:</p> <p>(i) Chapters 2 and 3 of the Part of the <i>PRA Rulebook</i> called CRR Firms: Conduct Rules; and</p> <p>(ii) in Chapters 2 and 3 of the Part of the <i>PRA Rulebook</i> called Non-CRR Firms: Conduct Rules); or</p> <p>(e) the <i>PRA</i>'s Conduct Standards (in:</p> <p>(i) Chapter 3 of the Part of the PRA's <u>PRA Rulebook</u> called CRR Firms: Fitness and Propriety; and</p> <p>(ii) Chapter 3 of the Part of the <i>PRA Rulebook</i> called Non-CRR Firms: Fitness and Propriety).</p>
Function (as referred to in questions (E) to (F))	<p>A function means a function as an <i>approved person</i> or <i>certification employee</i>.</p>

Disciplinary action	<p>Disciplinary action has the same meaning as in section 64C(2) of the <i>Act</i> (Requirement for relevant authorised persons to notify regulatory of disciplinary action), which is:</p> <p>(a) the issue of a formal written warning; or</p> <p>(b) the suspension or dismissal of P; or</p> <p>(c) the reduction or recovery of any of P’s remuneration.</p> <p>This definition applies even if B is not a relevant authorised person <u>an SMCR firm</u>.</p>
Notified non-executive director, credit union non-executive director and key function holder	These terms have the same meaning as they do in the <i>PRA Rulebook</i> .
Specified significant harm Certification function, approved person, controlled function and PRA controlled function	These terms have the same meaning as they do in the <i>Glossary</i> .
Potential FCA governing function	<p>Potential FCA governing function means a function:</p> <p>(a) that would have been an <i>FCA controlled function</i> but for:</p> <p>(i) <i>SUP</i> 10A.11 (Minimising overlap with the PRA approved persons regime) (<u>when that section was in force</u>); or</p> <p>(ii) <i>SUP</i> 10C.9 (Minimising overlap with the PRA approved persons regime);</p> <p>(b) but instead is included in a <i>PRA controlled function</i> under the following parts of the <i>PRA Rulebook</i> : <u>listed in <i>SUP</i> 10C.9.6G</u>.</p> <p>(i) Part 2 of “Senior management functions”;</p> <p>(ii) Part 2 of “Insurance — Senior Insurance Management Functions”;</p> <p>(iii) Part 6 of “Solvency II Firms: Senior Insurance Managers Regime — Transitional Provisions”; or</p> <p>(iv) Part 6 of “Non Solvency II Firms: Large Non Solvency II Firms — Senior Insurance Managers Regime — Transitional Provisions.</p>

Section Two: Supplementary requirements	
Item of template for which supplemental requirements apply	Supplemental requirements
Questions (E) and (F)	<p>If:</p> <p>(a) the finding or disciplinary action was reached or taken by another member of B's <i>group</i> with the authority to do so; and</p> <p>(b) the finding or disciplinary action relates to conduct by P relating to the carrying on of activities (whether or not <i>regulated activities</i>) by B;</p> <p>this question applies to such finding or disciplinary action in the same way as it does to findings or disciplinary action made or taken by the <i>firm</i> itself.</p>
Question (F)	This question is subject to <i>SYSC TP 5.4.5R</i> and <i>SYSC TP 7.4.4R</i> (where there is no need to disclose disciplinary action that took place before certain dates if the <i>firm's</i> records do not show whether there was a breach of individual conduct requirements).
The whole of Part One of this annex	The template to be used by a <i>firm</i> in giving a reference includes <u>consists of</u> everything in Part One of this annex except for the "Guide to using this template" paragraph.

22 Annex 2 Factors to take into account when asking for and giving regulatory references

Matters to take into account	Comments
(A) Any outstanding liabilities of that person from commission payments	
(B) Any relevant outstanding or upheld complaint from an <i>eligible complainant</i> against P	
(C) Section 5 of the relevant Form A in <i>SUP 10A Annex 4</i> (Application to perform controlled functions under approved persons)	

regime) or <i>SUP</i> 10C Annex 2 3 (Application to perform senior management functions)	
(D) <i>FIT</i> 2 (Main assessment criteria)	
(E) The persistency of any life policies sold by P	This only applies if <i>SUP</i> 16.8.1G(1) (Persistency reports from insurers) applies to B
Note: P refers to the <i>employee</i> or <i>ex-employee</i> about whom the reference is given as defined in more detail in SYSC 22.2.1R and SYSC 22.2.2R.	

After SYSC 22 (Regulatory references) insert the following new chapter SYSC 23. The text is not underlined.

23 Senior managers and certification regime: Introduction and classification

23.1 Purpose

23.1.1 G The purpose of this chapter is to:

- (1) explain what the senior managers and certification regime is and where to find the main *FCA Handbook* provisions;
- (2) define which *firms* the regime applies to; and
- (3) define the different kinds of *SMCR firm*.

23.2 Definitions and types of firms

23.2.1 R *SYSC* 23 Annex 1R (Definition of SMCR firm and different types of SMCR firms) defines:

- (1) what an *SMCR firm* is; and
- (2) what the different types of *SMCR firm* are.

23.3 Overview of the senior managers and certification regime

23.3.1 G There are three main elements to the regime:

- (1) the senior managers regime;
- (2) the certification regime; and

(3) conduct rules that apply directly to a *firm*'s workforce.

23.3.2 G The table in SYSC 23.3.3G gives more details about each of those three elements.

23.3.3 G Table: Summary of the senior managers and certification regime

Description of component of the regime	Handbook provisions
The senior managers regime: Parts that apply to all firms	
Pre-approval by the <i>FCA</i> of senior management (the <i>FCA Handbook</i> calls senior management subject to pre-approval <i>SMF managers</i>)	<i>SUP</i> 10C
<i>Firm</i> to be satisfied that a <i>person</i> is fit and proper before applying for them to be approved as an <i>SMF manager</i> by the <i>FCA</i> or <i>PRA</i>	This requirement comes from section 60A of the <i>Act</i> . There is <i>guidance</i> on it in <i>SUP</i> 10C.10.14G (Vetting of candidates by the firm)
Annual assessment of fitness and propriety by the <i>SMF managers'</i> <i>firms</i>	This requirement comes from section 63(2A) of the <i>Act</i> . There is <i>guidance</i> and related notification obligations in <i>SUP</i> 10C.14.18R to <i>SUP</i> 10C.14.25G (Notifications about fitness, disciplinary action and breaches of COCON).
A <i>firm</i> should carry out criminal records checks before applying for someone to be approved as an <i>SMF manager</i>	<i>SUP</i> 10C.10.16R (Criminal records checks and verifying fitness and properness)
A <i>firm</i> should ask for a regulatory reference before appointing someone to be an <i>SMF manager</i> , or to certain other senior management positions, and give one if asked to by another <i>firm</i> doing so	<i>SYSC</i> 22 (Regulatory references)
<i>Statements of responsibilities</i> This is a document that sets out the responsibilities that an <i>SMF manager</i> performs as part of their <i>designated senior management function</i> . It is prepared as part of the <i>firm's</i> application to the <i>FCA</i> or	<i>SUP</i> 10C.11 (Statements of responsibilities). Many of the requirements are in the <i>Act</i> itself but they are summarised in <i>SUP</i> 10C.11.

<p><i>PRA</i> for them to be approved as an <i>SMF manager</i>. It should be updated after approval when there has been any significant change in the responsibilities of the <i>SMF manager</i></p>	<p><i>SUP</i> 10C.11 also adds some further requirements, particularly about there being one <i>statement of responsibilities</i> per <i>SMF manager</i> per <i>firm</i>.</p>
<p>Duty of responsibility This applies to <i>SMF managers</i> in all types of <i>firm</i>.</p>	<p>This is dealt with in section 66A(5) of the <i>Act</i>. There is <i>guidance</i> on this in <i>DEPP</i> 6.2.9-AG to <i>DEPP</i> 6.2.9-FG.</p>
<p>The senior managers regime: Parts that apply to many firms</p>	
<p>A <i>firm</i> should allocate certain specified management responsibilities among its <i>SMF managers</i>. The <i>FCA Handbook</i> calls them <i>FCA-prescribed senior management responsibilities</i>.</p>	<p><i>SYSC</i> 24 (Senior managers and certification regime: Allocation of prescribed responsibilities)</p>
<p>A <i>firm</i> should maintain a comprehensive and up-to-date <i>document</i> (called the <i>management responsibilities map</i>) that describes its management and governance arrangements</p>	<p><i>SYSC</i> 25 (Senior managers and certification regime: Management responsibilities maps and handover procedures and material)</p>
<p>A <i>firm</i> should ensure that, at all times, one or more of its <i>SMF managers</i> have overall responsibility for each of the activities, business areas and functions of the <i>firm</i></p>	<p><i>SYSC</i> 26 (Senior managers and certification regime: Overall and local responsibility)</p>
<p>A <i>firm</i> should ensure that a person becoming an <i>SMF manager</i> has all the information and material that they could reasonably expect to have to perform their responsibilities</p>	<p><i>SYSC</i> 25.9 (Handover procedures and material)</p>
<p>The senior managers regime: Parts outside the Handbook</p>	
<p>Criminal offence relating to a decision that causes a financial institution to fail.</p>	<p>This is contained in section 36 of the Financial Services (Banking Reform) Act 2013</p>

<p>It applies to a <i>UK SMCR banking firm</i> but does not apply to a <i>credit union</i>.</p> <p>It does not apply to any <i>firm</i> that is not a <i>UK SMCR banking firm</i>.</p>	
<p>The certification regime</p>	
<p>A <i>firm</i> should not permit an <i>employee</i> to carry out certain functions (<i>certification functions</i>) unless it has issued them with a certificate.</p> <p>The certificate is only valid for a year. The <i>firm</i> will have to renew it if the <i>employee</i> is to carry on performing the function.</p> <p>A <i>firm</i> may not issue or renew a certificate unless it is satisfied that the <i>person</i> is fit and proper.</p> <p>Certification does not involve pre-approval by the <i>FCA</i> or <i>PRA</i>.</p>	<p>Most of the requirements of this regime are in sections 63E (Certification of employees by authorised persons) and 63F (Issuing of certificates) of the <i>Act</i>.</p> <p><i>SYSC 27</i> (Senior managers and certification regime: Certification regime) describes the regime and explains which <i>employees</i> are covered.</p>
<p>A <i>firm</i> should ask for a regulatory reference before appointing someone to perform an <i>FCA certification function</i> (or a <i>PRA</i> equivalent) and give one if asked to by another <i>firm</i> doing so</p>	<p><i>SYSC 22</i> (Regulatory references)</p>
<p>Conduct rules (applies to all firms)</p>	
<p><i>Rules of conduct</i> that apply directly to a <i>firm's</i> workforce other than ancillary staff</p>	<p><i>COCON</i></p>
<p>A <i>firm</i> should report breaches of <i>COCON</i> to the <i>FCA</i></p>	<p><i>SUP 15.11</i> (Notification of <i>COCON</i> breaches and disciplinary action)</p>
<p>A <i>firm</i> should:</p> <p>(a) ensure that all <i>persons</i> subject to <i>COCON</i> are notified of the <i>rules</i> that apply to them; and</p> <p>(b) take all reasonable steps to ensure that they understand how <i>COCON</i> applies to them</p>	<p>These obligations are in section 64B of the <i>Act</i> (Rules of conduct: responsibilities of authorised persons).</p> <p>There is <i>guidance</i> in <i>COCON 2.3</i> (Firms: Training and breaches).</p>

23.3.4 G The *PRA* has requirements corresponding to the senior managers and certification regime that apply to *PRA-authorised persons*. The *FCA* and *PRAs*' regimes are designed to work together and complement each other. A *PRA-authorised person* will therefore need to consider the *PRA*'s requirements to get a complete picture of the requirements that apply to it (and its workforce) in the area covered by the senior managers and certification regime and the requirements in the *Act* on which it is based.

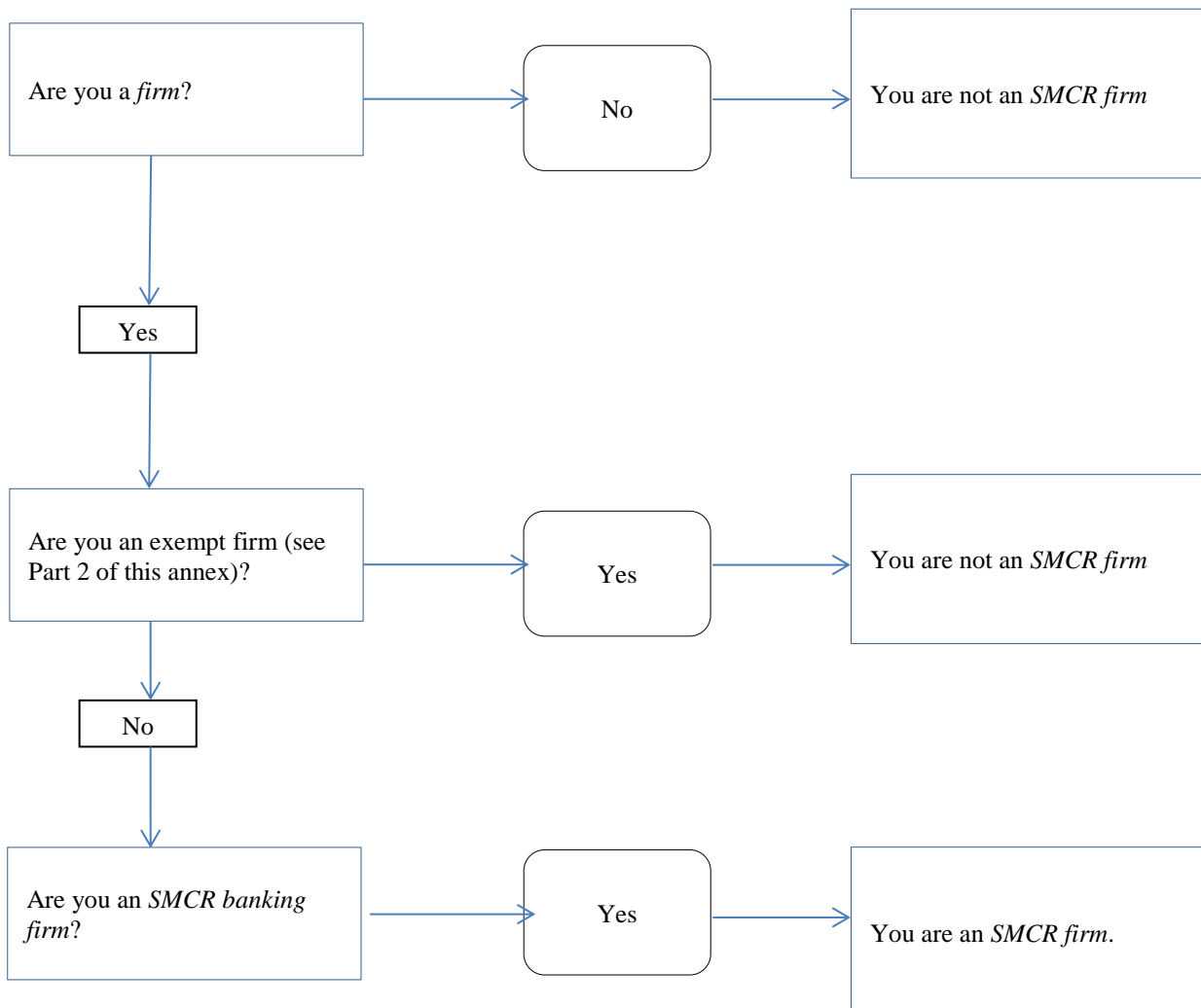
23 Annex 1 Definition of SMCR firm and different types of SMCR firms

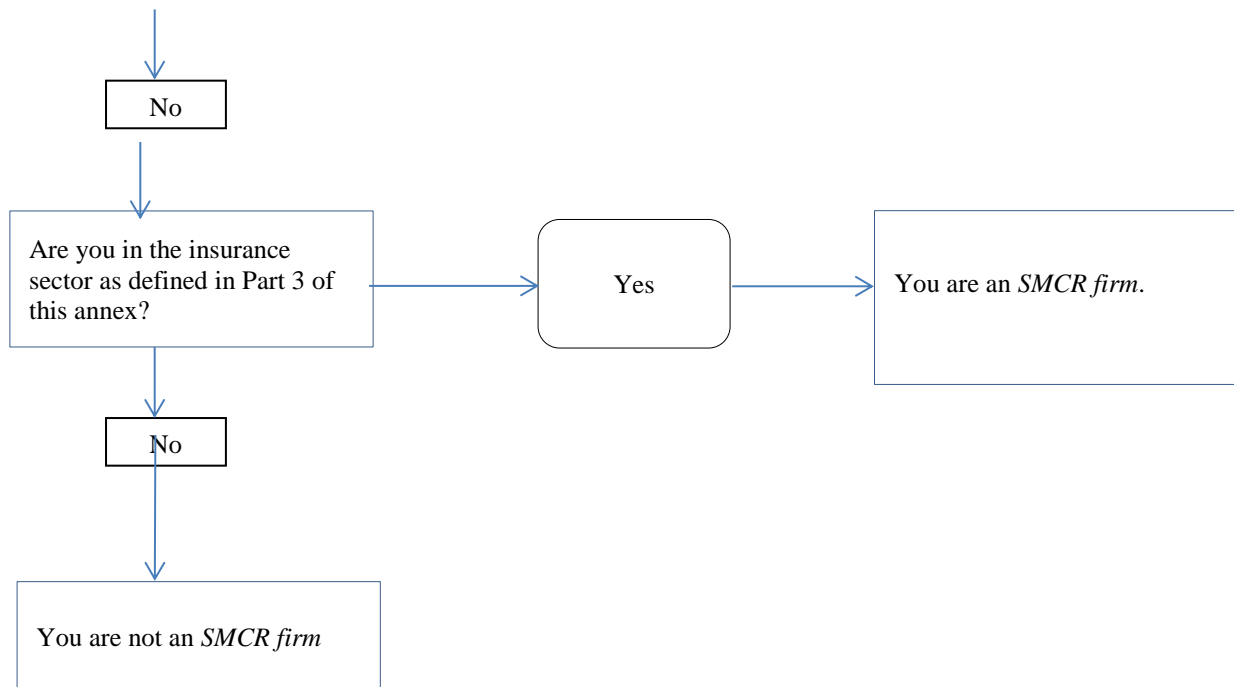
Part One: Flow diagram and other basic provisions

1.1 R The flow diagram in SYSC 23 Annex 1 1.2R defines:

- (1) an *SMCR firm*; and
- (2) the different categories of *SMCR firm*.

1.2 R Flow diagram: Types of *SMCR firm*





Note: The categorisation in this flow diagram is subject to SYSC 23 Annex 1 2.1R. This note forms part of the flow diagram.

Part Two: Changing category

- 2.1 R If a *firm* is subject to a *requirement* that it must comply with the *rules* in the *FCA Handbook* applicable to one of the categories of *SMCR firm* set out in this Annex, it is to be treated as falling into that category of *SMCR firm* for all purposes.

Part Three: Definition of exempt firm

- 3.1 R This part defines an exempt firm for the purposes of the flow diagram in Part One of this Annex.
- 3.2 R An *overseas firm* is an exempt *firm* if it:
- (1) does not have; and
 - (2) does not have an *appointed representative* that has; an establishment in the *United Kingdom*.
- 3.3 R An *incoming EEA firm* that is an *EEA pure reinsurer* is an exempt firm.

Part Four: Definition of insurance sector

- 4.1 R A *firm* is in the insurance sector for the purposes of the flow diagram in Part One of this Annex if the *firm* is:

- (1) a *Solvency II firm* (including a *large non-directive insurer*); or
- (2) a *small non-directive insurer*.
- 4.2 R (1) A *firm* from which the Solvency II rules (as defined by the part of the *PRA Rulebook* described in this paragraph (1)) are disapplied by chapter 2 of the Solvency II Firms: Transitional Measures part of the *PRA Rulebook* is in the insurance sector for the purposes of the flow diagram in Part One of this Annex.
- (2) A *firm* defined as a small run-off firm in the Glossary part of the *PRA Rulebook* is in the insurance sector for the purposes of the flow diagram in Part One of this Annex.

Amend the following as shown. Where a cross-reference is amended by paragraph F of this instrument, that change is not shown.

24 Senior managers and certification regime: Allocation of prescribed responsibilities

24.1 Application

Main application rules

- 24.1.1 R This ~~section~~ chapter applies to ~~UK relevant authorised persons~~ an SMCR
4.7.1 firm, except to the extent that this chapter applies a narrower scope to a particular provision. However, this chapter does not apply to an EEA SMCR firm.
- 24.1.2 R This ~~section~~ chapter is not limited to *regulated activities* or other specific
4.7.3 types of activities.

Territorial scope

- 24.1.3 R There is no territorial limitation on the application of this ~~section~~ chapter,
4.7.2 subject to SYSC 24.1.4R.
- 24.1.4 R When this chapter applies to an overseas SMCR firm, it applies in relation to the activities of the firm's branch in the United Kingdom.

24.2 Allocation of FCA-prescribed senior management responsibilities: Main allocation rules

Allocation of FCA-prescribed senior management responsibilities

- 24.2.1 R A firm must allocate each of the FCA-prescribed senior management
4.7.5(1) responsibilities in ~~Part 1~~ of the table in SYSC 24.2.6R that apply to it to one or more SMF managers of the firm.
- 24.2.2 G (1) Subject to (2), SYSC 24 Annex 1 (Which prescribed responsibilities apply to which kind of firm) sets out which FCA-prescribed senior management responsibilities apply to which kind of SMCR firm.
- (2) In some cases, an FCA-prescribed senior management responsibility is subject to further restrictions on the types of firm and circumstances to which it applies, as set out in the table in SYSC 24.2.6R (Table: FCA-prescribed senior management responsibilities).
- 24.2.3 R (1) A firm may not allocate an FCA-prescribed senior management
4.7.5(5) responsibility to an SMF manager who is only approved to perform the other overall responsibility function or the other local responsibility function for that firm, subject to ~~(6)~~ (2).
- 4.7.5(6) (2) A firm may allocate ~~the~~ FCA-prescribed senior management responsibility (Z) in ~~row (11)~~ of the table in SYSC 24.2.6R (functions in relation to CASS) to an SMF manager who is only approved to perform the other overall responsibility function or the other local responsibility function.
- 24.2.4 R A firm must make the allocations of FCA-prescribed senior management
4.7.5(7) responsibilities in this ~~rule~~ chapter in such a way that it is clear who has which of those responsibilities.

What the FCA-prescribed senior management responsibilities are

- 24.2.5 R The FCA-prescribed senior management responsibilities are set out in the
4.7.6 table in SYSC 24.2.6R.
- 24.2.6 R Table: FCA-prescribed senior management responsibilities
4.7.7

Part One (applies to all firms)		
FCA-prescribed senior management responsibility	Explanation	Equivalent PRA-prescribed senior management responsibility <u>Reference letter</u>
(1) Responsibility for the firm's performance of its obligations under	The senior management <u>managers</u> regime means the requirements of the	PRA-prescribed senior management responsibility 4.1(1)

<p>the senior management <u>managers</u> regime</p>	<p><i>regulatory system</i> applying to relevant authorised persons <u>SMCR firms</u> insofar as they relate to <i>SMF managers</i> performing <i>designated senior management functions</i>, including <i>SUP 10C</i> (FCA senior management <u>managers</u> regime for approved persons in relevant authorised persons).</p> <p>This responsibility includes:</p> <p>(1) compliance with conditions and time limits on approval;</p> <p>(2) compliance with the requirements about the <i>statements of responsibilities</i> (but not the allocation of responsibilities recorded in them);</p> <p>(3) compliance by the <i>firm</i> with its obligations under section 60A of the <i>Act</i> (Vetting of candidates by relevant authorised persons); and</p> <p>(4) compliance by the <i>firm</i> with the requirements in <i>SYSC 22</i> (Regulatory references) so far as they relate to the senior management <u>managers</u> regime, including the giving of references to another <i>firm</i> about an <i>SMF manager</i> or former <i>SMF manager</i>.</p>	<p>(a)</p>
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<p>(2) Responsibility for the <i>firm's</i> performance of its obligations under the employee certification regime</p>	<p>The employee certification regime means the requirements of sections 63E and 63F of the <i>Act</i> (Certification of employees) and all other requirements of the <i>regulatory system</i> about the matters dealt with in those sections, including:</p> <p>(1) <u>SYSC 27 (Senior managers and certification regime: Certification Regime)</u>;</p> <p>(2) the requirements in <i>SYSC 22</i> (Regulatory references) so far as they relate to the employee certification regime, including the giving of references to another <i>firm</i> about a <i>certification employee</i> or former <i>certification employee</i>; and</p> <p>(3) the corresponding <i>PRA</i> requirements.</p>	<p><i>PRA-prescribed senior management responsibility 4.1(2)</i></p> <p><u>(b)</u></p>
<p>(3) Responsibility for compliance with the requirements of the <i>regulatory system</i> about the <i>management responsibilities map</i></p>	<p>This responsibility does not include allocating responsibilities recorded in it</p>	<p><i>PRA-prescribed senior management responsibility 4.1(3)</i></p>
<p>(4) (3) <u>Overall responsibility</u> for the <i>firm's</i> policies and procedures for countering the risk that the <i>firm</i> might be used to further <i>financial crime</i></p>	<p>(1) This includes the function in:</p> <p><u>(a) responsibility for the <i>firm's</i> policies and procedures in relation to the matters in <i>SYSC 3.2.6R (Systems and controls in relation to compliance, financial</i></u></p>	<p>None</p> <p><u>(d)</u></p>

	<p><u>crime and money laundering</u>);</p> <p><u>(b) the functions in SYSC 3.2.6HR or SYSC 6.3.8R</u> (<i>firm</i> must allocate to a <i>director</i> or <i>senior manager</i> overall responsibility within the <i>firm</i> for the establishment and maintenance of effective anti-money laundering systems and controls);</p> <p>if that <u>any of those rule rules</u> applies <u>apply</u> to the <i>firm</i>.</p> <p>(2) The <i>firm</i> may allocate this FCA-prescribed senior management responsibility to the <i>MLRO</i> but does not have to.</p> <p>(3) If the <i>firm</i> does not allocate this FCA-prescribed senior management responsibility to the <i>MLRO</i>, this FCA-prescribed senior management responsibility includes responsibility for supervision of the <i>MLRO</i>.</p>	
<p>(4B) (4) Responsibility for the <i>firm's</i> obligations for:</p> <p>(a) conduct rules training; and</p> <p>(b) conduct rules reporting.</p>	<p>(1) The <i>firm's</i> obligations for conduct rules training means its obligations under section 64B of the <i>Act</i> (Rules of conduct: responsibilities of authorised persons).</p> <p>(2) The <i>firm's</i> obligations for conduct</p>	<p><u>(b-1)</u></p>

	rules reporting means its obligations under section 64C of the <i>Act</i> (Requirement for authorised persons to notify regulator of disciplinary action).	
(4A) Acting as the firm's whistleblowers' champion	The whistleblowers' champion's allocated responsibilities are set out in SYSC 18.4.4R	
Part Two (applies to all firms except for small CRR firms and credit unions)		
(5) Responsibility for: (a) leading the development of; and (b) monitoring the effective implementation of; policies and procedures for the induction, training and professional development of all members of the <i>firm's governing body</i> .		PRA-prescribed senior management responsibility 4.1(13) (f)
(6) Responsibility for monitoring the effective implementation of policies and procedures for the induction, training and professional development of all <u>the firm's</u> : (a) persons performing designated senior management functions on behalf of the firm SMF managers ; and (b) <u>key function holders</u> ;	<u>Key function holder has the same meaning as it does in the Glossary Part of the PRA Rulebook.</u> <u>Paragraph (b) of column (1) of this row (6) only applies to a firm if and to the extent that the PRA's requirements about key function holders apply to it.</u>	PRA-prescribed senior management responsibility 4.1(5) (g)

<p>other than members of the <i>firm's governing body</i>.</p>		
<p><u>(7) Responsibility for compliance with the requirements of the regulatory system about the management responsibilities map</u></p>	<p><u>This responsibility does not include allocating responsibilities recorded in the management responsibilities map.</u></p> <p><u>This responsibility does not apply to a firm to which the requirements about management responsibilities maps in SYSC 25 (Senior managers and certification regime: Management responsibilities maps and handover procedures and material) do not apply.</u></p>	<p>(c)</p>
<p><u>(8) Acting as the firm's whistleblowers' champion</u></p>	<p><u>The whistleblowers' champion's allocated responsibilities are set out in SYSC 18.4.4R.</u></p> <p><u>This responsibility does not apply to a firm that is not required to have a whistleblowers' champion.</u></p>	<p>(n)</p>
<p>(7) (9) Responsibility for:</p> <p>(a) safeguarding the independence of; and</p> <p>(b) oversight of the performance of;</p> <p>the internal audit function, in accordance with SYSC 6.2 (Internal Audit) or article 24 of the MiFID Org Regulation <u>the internal audit requirements for SMCR firms.</u></p>	<p><u>(1) This responsibility includes responsibility for:</u></p> <p>(a) safeguarding the independence of; and</p> <p>(b) oversight of the performance of;</p> <p>a person approved to perform the PRA's <u>Head of Internal Audit function designated senior management function</u> for the firm if</p>	<p>PRA prescribed senior management responsibility 4.1(15)</p> <p>(j)</p>

	<p><u>that function applies to the firm.</u></p> <p><u>(2) This responsibility only applies if and to the extent that:</u></p> <p><u>(a) the internal audit requirements for SMCR firms; or</u></p> <p><u>(b) the requirements listed in paragraph (1) of this column of this row (9);</u></p> <p><u>apply to the firm.</u></p> <p><u>(3) Independence means independence to the extent it is required by the requirements referred to in column (1) of this row (9) or paragraph (1) of this column of this row (9).</u></p> <p><u>(4) The Head of Internal Audit function means the PRA's Head of Internal Audit designated senior management function.</u></p>	
<p>(8) (10) Responsibility for:</p> <p>(a) safeguarding the independence of; and</p> <p>(b) oversight of the performance of;</p> <p>the compliance function in accordance with SYSC 6.1 (Compliance) or article 22 of the MiFID Org Regulation <u>the compliance requirements for SMCR firms.</u></p>	<p><u>(1) This responsibility includes responsibility for:</u></p> <p>(a) safeguarding the independence of; and</p> <p>(b) oversight of the performance of;</p> <p>the person performing the <i>compliance oversight function</i> for the firm.</p> <p><u>(2) This responsibility only applies if and to the extent that the compliance</u></p>	<p>PRA prescribed senior management responsibility 4.1(16)</p> <p><u>(k)</u></p>

	<p><u>requirements for SMCR firms apply to the firm.</u></p> <p><u>(3) Independence means independence to the extent it is required by the requirements referred to in column (1) of this row (10).</u></p>	
<p>(9) <u>(11) Responsibility for:</u></p> <p><u>(a) safeguarding the independence of; and</u></p> <p><u>(b) oversight of the performance of;</u></p> <p><u>the risk function, in accordance with SYSC 7.1.21R and SYSC 7.1.22R (Risk control) the risk control requirements for SMCR firms.</u></p>	<p><u>(1) This responsibility includes responsibility for:</u></p> <p><u>(a) safeguarding the independence of; and</u></p> <p><u>(b) oversight of the performance of;</u></p> <p><u>a person approved to perform the PRA's Chief Risk designated senior management function for the firm if that function applies to the firm.</u></p> <p><u>(2) This responsibility only applies if and to the extent that:</u></p> <p><u>(a) the risk control requirements for SMCR firms; or</u></p> <p><u>(b) the requirements listed in paragraph (1) of this column; apply to the firm.</u></p> <p><u>(3) Independence means independence to the extent it is required by the requirements referred to in column (1) of this row (11) or paragraph (1) of this column of this row (11).</u></p> <p><u>(4) The Chief Risk function means the</u></p>	<p>PRA prescribed senior management responsibility 4.1(17)</p> <p><u>(1)</u></p>

	<u>PRA's Chief Risk designated senior management function.</u>	
(10) (12) Responsibility for overseeing the development of and implementation of the <i>firm's</i> remuneration policies and practices in accordance with SYSC 19D (Remuneration Code)	<u>This responsibility does not apply to a firm to which SYSC 19D does not apply.</u>	PRA-prescribed senior management responsibility 4.1(18) (m)
Part Three (applies in specified circumstances)		
(11) Overall responsibility (13) <u>Responsibility for the firm's compliance with CASS</u>	(A) (1) This responsibility only applies to a <i>firm</i> to which CASS applies. (B) (2) A firm may include in this FCA-prescribed senior management responsibility whichever of the following functions apply to the firm: (a) CASS 1A.3.1R (certain CASS compliance functions for a <i>CASS small firm</i>); (b) CASS 1A.3.1AR (certain CASS compliance functions for a <i>CASS medium firm</i> or a <i>CASS large firm</i>); (c) CASS 11.3.1R (certain CASS compliance functions for certain <i>CASS small debt management firms</i>); or (d) CASS 11.3.4R (certain CASS compliance functions	None (z)

	<p>for a <i>CASS large debt management firm</i>);</p> <p>but it does not have to.</p> <p>(C) (3) If the <i>firm</i> does not include the functions in (B) <u>paragraph (2) of this column of this row (13)</u> in this <i>FCA-prescribed senior management responsibility</i>, this <i>FCA-prescribed senior management responsibility</i> includes responsibility for supervision of the person performing the functions in (B) <u>paragraph (2) of this column of this row (13)</u> that apply to the <i>firm</i>.</p>	
<p>(14) Responsibility for:</p> <p><u>(a) providing for an effective internal audit function in accordance with one of the sections of the <i>PRA Rulebook</i> listed in paragraph (2) of column (2) of this row (14); and</u></p> <p><u>(b) overseeing the performance of the internal audit function.</u></p>	<p>(1) Only applies to a <u><i>firm</i></u>:</p> <p><u>(a) that outsources its internal audit function to an external third party service provider; and</u></p> <p><u>(b) to which one of the following internal audit <i>PRA-prescribed senior management responsibilities</i> applies:</u></p> <p><u>(i) the responsibility in rule 3.3(1) in the <i>Insurance – Allocation of Responsibilities Part of the PRA Rulebook</i>;</u></p> <p><u>or</u></p> <p><u>(ii) the responsibility in rule 3.2(1) in the <i>Large Non-Solvency II Firms – Allocation of Responsibilities Part of the PRA Rulebook</i>.</u></p>	<p>(j-2)</p>

	<p>(2) The parts of the <u>PRA Rulebook</u> referred to in column (1) of this row (14) are:</p> <p>(a) <u>Solvency II firms - Conditions Governing Business 5; and</u></p> <p>(b) <u>Non-Solvency II Firms – Governance 9.2.</u></p> <p>(3) Terms used in column (1) of this row (14) have the same meaning as they do for the corresponding <u>PRA-prescribed senior management responsibility</u> described in paragraph (1) of this column of this row (14).</p>	
<u>(15) Responsibility for management of the firm's risk management processes in the UK</u>		<u>(aa)</u>
<u>(16) Responsibility for the firm's compliance with the UK regulatory system applicable to the firm</u>		<u>(ff)</u>
<u>(17) Responsibility for the escalation of correspondence from the PRA, FCA and other regulators in respect of the firm to each of the governing body or the management body of the firm and, as appropriate, of the firm's parent undertaking and the ultimate parent undertaking of the firm's group</u>	<u>This includes taking steps to ensure that the senior management of the firm and, where applicable, the group, are made aware of any views expressed by the regulatory bodies and any steps taken by them in relation to the branch, firm or group.</u>	<u>(ee)</u>

24.3 Who ~~functions~~ prescribed responsibilities should be allocated to

Seniority and authority

- 24.3.1 G ~~In general, the~~ The FCA expects that a *person* who has responsibility for an
 4.7.24 FCA-prescribed senior management responsibility ~~in (2)~~;
- (3)
- (1) will generally (in the case of the *FCA-prescribed senior management responsibilities in SYSC 24.3.3G*) be the most senior employee or officer responsible for managing that area (or the most senior below the chief executive); and
- (2) will:
- (a) be sufficiently senior and credible; and
- (b) have sufficient resources and authority;
- to be able to exercise their management and oversight responsibilities effectively.

Executive or non-executive

- 24.3.2 G The FCA expects that normally a *firm* will allocate the *FCA-prescribed senior management responsibility* ~~in rows~~ with the following FCA reference
 4.7.24(1) letters (5), (7), (8), (9) and (10) (see column three of the table in SYSC 24.2.6R) to an SMF manager who is a non-executive director of the firm (or, in the case of a partnership, a partner without management responsibilities):
- (1) (f) (development of members of governing body);
- (2) (j) (internal audit oversight);
- (3) (k) (compliance oversight);
- (4) (l) (risk control oversight);
- (5) (m) (remuneration code oversight); and
- (6) (n) (whistleblowers' champion).
- 24.3.3 G The FCA expects that normally a *firm* will allocate: ~~(a) the other FCA-~~
 4.7.24 ~~prescribed senior management responsibilities; and (b) functions under~~
 (2) ~~SYSC 4.7.8R (Allocation of overall responsibility for a firm's activities, business areas and management functions);~~ to an *SMF manager* who performs executive functions for the *firm*.

Exceptions for small non-complex firms

- 24.3.4
4.7.24
(5)
- G The *FCA* accepts that it may not be practical for a small non-complex *firm* (see *SYSC 4.5.13G*) to comply with the parts of ~~(1), (2) and (3)~~ *SYSC 24.3.1G(1), SYSC 24.3.2G and SYSC 24.3.3G* that would otherwise apply to it.
- 24.3.5
4.5.13(2)
- G (1) A ~~firm~~ *UK SMCR banking firm* is likely to be small ~~and non-complex~~ for these the purposes in SYSC 24.3.4G if ~~:(a)~~ it is:
- (a) a small CRR firm as defined in the part of the *PRA's rulebook PRA Rulebook* called "Allocation of responsibilities"; or
- (b) a *credit union* that meets the *PRA's* size requirements for small CRR firms as defined under the PRA's requirements in (a)(i); or
- (2) A firm is likely to be non-complex for these purposes if:
- (a) it conducts a limited number of simple business lines; ~~and~~
- (b) it does not rely on group governance arrangements; and
- (c) (in the case of a branch) it does not rely on governance arrangements for other parts of the firm.

Not assigning too many responsibilities to one person

- 24.3.6
- G When deciding how to allocate FCA-prescribed senior management responsibilities, a firm should avoid assigning such a wide range of responsibilities to a particular SMF manager that they are not able to carry out those responsibilities effectively.

Dividing and sharing management functions between different people

- 24.3.7
4.7.25(1)
- G The *FCA* expects that a *firm* will not normally split an *FCA-prescribed senior management responsibility* between several *SMF managers*, with each only having responsibility for part.
- 24.3.8
4.7.25(2)
- G The *FCA* expects that a *firm* will not normally allocate responsibility for:
- (a) an *FCA-prescribed senior management responsibility*; ~~or~~

- (b) ~~a function under SYSC 4.7.8R (Allocation of overall responsibility for a firm's activities, business areas and management functions);~~

to two or more *SMF managers* jointly.

24.3.9 G (1) Although the norm should be for a *firm* to have a single individual
4.7.26 performing each *FCA-prescribed senior management responsibility* ~~or function allocated under SYSC 4.7.8R (Allocation of overall responsibility for a firm's activities, business areas and management functions)~~, there may be circumstances in which responsibilities can be divided or shared (see (2)).

(2) A *firm* should only divide or share a responsibility where this is appropriate and can be justified.

(3) For example, it would be justified to share a ~~function or~~ responsibility if that is done:

(a) as part of a job share; or

(b) where departing and incoming senior managers work together temporarily as part of a handover.

(4) A *firm* may have co-heads of a department or business unit if this can be justified under (1) to (3).

24.3.10 G (1) The *FCA* expects a *firm* to divide and allocate responsibilities under:
4.7.27 this chapter

(a) ~~SYSC 4.7.5R (Allocation of FCA-prescribed senior management responsibilities); and~~

(b) ~~SYSC 4.7.8R (Allocation of overall responsibility for a firm's activities, business areas and management functions);~~

between its *SMF managers* so that responsibilities are grouped together appropriately.

(2) The *firm* should make the judgement:

(a) in (1); and

(b) about whether and how responsibilities ~~and functions~~ should be shared;

under:

(c) SYSC 4.1.1R (robust governance arrangements); ~~and~~

(d) any other applicable *Handbook* requirements, including :

- (i) ~~SYSC 4.7.25G and SYSC 4.7.26G~~ SYSC 2 (Apportionment of Responsibilities);
 - (ii) SYSC 24.3.7G to SYSC 24.3.9G; and
 - (e) article 21 of the MiFID Org Regulation (General organisational requirements) or other similar relevant and directly applicable EU legislation.
- (3) The *firm* should take into account the way it is organised, the business it carries out and the need not to allocate too many responsibilities to one individual (see ~~SYSC 4.7.23G~~ SYSC 24.3.6G).
- (4) The FCA expects a *firm* to allocate *FCA-prescribed senior management responsibilities* ~~and responsibilities allocated under SYSC 4.7.8R (Allocation of overall responsibility for a firm's activities, business areas and management functions)~~ to the *SMF managers* they are most closely linked to.
- 24.3.11 4.7.28 G ~~SUP 10C.11.31G to SUP 10C.11.33G (Statements of responsibilities~~ What statements of responsibilities should contain: dividing and splitting responsibilities) contains material about:
- (1) how to prepare *statements of responsibilities* where a responsibility ~~or function~~ is shared or divided between several *SMF managers*; and
 - (2) dividing and sharing responsibilities.
- 24.3.12 4.7.29 G (1) A *firm* may allocate more than one *FCA-prescribed senior management responsibility* to the same *SMF manager*.
- (2) This is subject to:
- (a) ~~SYSC 4.7.23G~~ SYSC 24.3.6G (should not give too many responsibilities to one person); and
 - (b) SYSC 24.3.10G (what responsibilities should be grouped together).

Allocation of responsibilities and territorial scope:

- 24.3.13 4.7.30 G (1) As explained in SYSC 24.1.3R, there is no territorial limitation to the application of this ~~section~~ chapter.
- (2) This means that a *firm* should allocate:
- (a) ~~the FCA-prescribed senior management responsibilities; and~~
 - (b) ~~overall responsibilities under SYSC 4.7.8R;~~

so that they cover activities, transactions, business areas and management functions that are located or take place wholly or partly outside, as well as ones in, the *United Kingdom*.

- 24.3.14 G ~~The~~ In the case of an *overseas SMCR firm*, the *FCA-prescribed senior management responsibilities* relate to the activities of the ~~*third-country relevant authorised person's firm's branch*~~ in the *United Kingdom* (see *SYSC 24.1.4R*).
4.8.8

After SYSC 24 (Senior managers and certification regime: Allocation of prescribed responsibilities) insert the following new SYSC 24 Annex 1. The text is not underlined.

24 **Which FCA-prescribed senior management responsibilities apply to which** **Annex 1** **kind of firm**

Introduction and exclusions

- 1.1 G This annex sets out which *FCA-prescribed senior management responsibilities* apply to which type of *SMCR firm*.
- 1.2 R In this annex:
- (1) a ✓ means that the *FCA-prescribed senior management responsibility* does apply;
 - (2) a × means that the *FCA-prescribed senior management responsibility* does not apply; and
 - (3) a reference letter refers to the reference letters in column (3) of the table in *SYSC 24.2.6R* (Table: *FCA-prescribed senior management responsibilities*).
- 1.3 G If an *FCA-prescribed senior management responsibility* is not included in the table for a particular class of *firm*, that *FCA-prescribed senior management responsibility* does not apply to any *firm* in that class.

Banking sector firms

- 2.1 R (1) The table in *SYSC 24 Annex 1 2.3R* sets out which *FCA-prescribed senior management responsibilities* apply to which type of *SMCR banking firm*.
- (2) *SMCR firms* in (1) are divided into the following categories for the purposes in (1):
- (a) a *UK SMCR banking firm* (excluding *firms* in (b));

- (b) a small *UK SMCR banking firm*; and
- (c) a *third-country SMCR banking firm*.

2.2 R A small *UK SMCR banking firm* means a *UK SMCR banking firm* that is:

- (1) a small CRR firm as defined in the part of the *PRA Rulebook* called “Allocation of responsibilities”; or
- (2) a *credit union*.

2.3 R Table: FCA-prescribed senior management responsibilities applying to banking sector firms

Brief description of responsibility	Reference letter of responsibility	UK firm	Small UK firm	Third-country firm
Responsibility for the <i>firm's</i> performance of its obligations under the senior managers regime	(a)	✓	✓	✓
Responsibility for the <i>firm's</i> performance of its obligations under the employee certification regime	(b)	✓	✓	✓
<i>Financial crime</i>	(d)	✓	✓	✓
<i>COCON</i>	(b-1)	✓	✓	✓
Training <i>governing body</i>	(f)	✓	×	×
Training of staff performing <i>designated senior management responsibilities</i> See Note (2)	(g)	✓	×	×
<i>Management responsibilities maps</i>	(c)	✓	✓	✓
<i>Whistleblowers' champion</i>	(n)	✓	✓	×
Internal audit oversight	(j)	✓	×	×
Compliance oversight	(k)	✓	×	×
Risk oversight	(l)	✓	×	×

Remuneration	(m)	✓	×	×
CASS	(z)	✓	✓	✓
UK risk management	(aa)	×	×	✓
Compliance with <i>UK regulatory system</i>	(ff)	×	×	✓
Escalation of correspondence	(ee)	×	×	✓
<p>Note (1): the categories of <i>firm</i> in the column headings of this table are to be interpreted in accordance with the classification of <i>firms</i> in SYSC 24 Annex 1 2.1R. Therefore:</p> <p>(a) column three (UK firm) refers to SYSC 24 Annex 1 2.1R(2)(a);</p> <p>(b) column four (Small UK firm) refers to SYSC 24 Annex 1 2.1R(2)(b); and</p> <p>(c) column five (Third-country firm) refers to SYSC 24 Annex 1 2.1R(2)(c).</p>				
<p>Note (2): Paragraph (b) of this <i>FCA-prescribed senior management responsibility</i> (key function holder) does not apply to any <i>firm</i> in this table.</p>				

Insurance sector firms

- 3.1 R (1) The table in SYSC 24 Annex 1 3.2R sets out which *FCA-prescribed senior management responsibilities* apply to which type of *firm* in the insurance sector as defined in Part Four of SYSC 23 Annex 1 (Definition of insurance sector).
- (2) *SMCR firms* in (1) are divided into the following categories for the purposes in (1):
- (a) a *Solvency II firm* (excluding *firms* in any other paragraph);
 - (b) a *firm* falling within paragraph (b) of the definition of *Solvency II firm* (third country branch);
 - (c) a *small non-directive insurer*;
 - (d) a *firm* in SYSC 23 Annex 1 4.2R (*firms* in run-off); and
 - (e) an *insurance special purpose vehicle*.
- (3) An *insurance special purpose vehicle* only falls into paragraph (2)(e). Subject to that, a *firm* in (2)(d) does not fall into any other paragraph.
- 3.2 G References to a *Solvency II firm* include a *large non-directive insurer*.

3.3 R Table: FCA-prescribed senior management responsibility applying to insurance sector firms

Brief description of responsibility	Reference letter of responsibility	Solvency II firm	Third country branches	Other insurance sector	ISPV
Responsibility for the <i>firm's</i> performance of its obligations under the senior managers regime	(a)	✓	✓	✓	✓
Responsibility for the <i>firm's</i> performance of its obligations under the employee certification regime	(b)	✓	✓	✓	✓
<i>Financial crime</i>	(d)	✓	✓	✓	✓
<i>COCON</i>	(b-1)	✓	✓	✓	✓
Training <i>governing body</i>	(f)	✓	×	×	×
Training of staff performing <i>designated senior management responsibilities</i>	(g)	✓	×	×	×
<i>Management responsibilities maps</i>	(c)	✓	✓	×	×
<i>Whistleblowers' champion</i>	(n)	✓	×	×	×
<i>CASS</i>	(z)	✓	✓	✓	×
Internal audit for non-significant insurers	(j-2)	✓	×	×	×
Compliance with <i>UK regulatory system</i>	(ff)	×	✓	×	×
Escalation of correspondence	(ee)	×	✓	×	×
<p>Note: The categories of <i>firm</i> in the column headings of this table are to be interpreted in accordance with the classification of <i>firms</i> in SYSC 24 Annex 1 3.1R. Therefore:</p> <p>(1) Solvency II firm (column three) refers to SYSC 24 Annex 1 3.1R(2)(a);</p>					

- (2) Third country branches (column four) refers to SYSC 24 Annex 1 3.1R(2)(b);
- (3) Other insurance sector (column five) refers to SYSC 24 Annex 1 3.1R(2)(c) and (d); and
- (4) ISPV (column six) refers to SYSC 24 Annex 1 3.1R(2)(e).

Amend the following as shown. Where a cross-reference is amended by paragraph F of this instrument, that change is not shown.

25 **Senior managers and certification regime: Management responsibilities maps and handover procedures and material**

25.1 **Application and purpose**

Main application rules

25.1.1 R This ~~section~~ chapter applies to: ~~UK relevant authorised persons.~~

4.5.1

- (1) an SMCR banking firm; and
- (2) a Solvency II firm (including a large non-directive insurer) but excluding:
 - (a) an insurance special purpose vehicle; and
 - (b) a firm in SYSC 23 Annex 1 4.2R (firms in run-off);

except to the extent that this chapter applies a narrower scope to a particular provision.

25.1.2 R This ~~section~~ chapter is not limited to *regulated activities* or other specific types of activities.

4.5.3

Territorial scope

25.1.3 R ~~Subject to SYSC 25.1.4R, There~~ there is no territorial limitation on the application of this ~~section~~ chapter.

4.5.2

25.1.4 R This ~~section~~ chapter applies to an overseas SMCR firm:

4.6.1

- (1) ~~EEA relevant authorised persons; and~~
- (2) ~~third country relevant authorised persons;~~

in relation to the activities of a *branch* maintained by ~~them~~ the firm in the *United Kingdom*.

How this chapter applies to overseas SMCR firms

- 25.1.5 R Unless the context requires otherwise, the following terms in ~~SYSC 4.5.7R~~
4.6.9(2) this chapter are modified as follows in relation to an overseas SMCR firm:

Reference in SYSC 4.5.7R <u>this chapter</u>	Modification
<i>firm</i>	treated as a reference to the <i>branch</i>
<i>governing body, management body, senior management and senior personnel</i>	(a) treated as a reference to the <i>branch's governing body, management body, senior management or senior personnel</i> ; (b) the <i>Glossary</i> definitions of these terms are adjusted so as to refer to the <i>branch</i> rather than the <i>firm</i> as a whole
<i>group</i>	treated as including the rest of the <i>firm</i>
PRA-prescribed senior management responsibilities	treated as a reference to PRA-prescribed UK branch senior management responsibilities
functions allocated under SYSC 4.7.8R (Allocation of overall responsibility for a firm's activities, business areas and management functions)	treated as a reference to functions allocated under SYSC 4.8.10R (Local responsibility for a branch's activities, business areas and management functions)

Purpose

- 25.1.6 G (1) One purpose of the *management responsibilities map* is to help the
4.5.6(1) *firm* and the *FCA* satisfy themselves that the *firm* has a clear organisational structure (as required by ~~SYSC~~ the regulatory system).
- 4.5.6(2) (2) It also helps the *FCA* to identify who it needs to speak to about particular issues ~~and who is accountable if something goes wrong~~.
- 4.6.17(3) (3) The *management responsibilities map* helps the *FCA* to operate its powers and requirements for individuals. For example it helps the *FCA*:

- (a) to identify who is accountable if something goes wrong;
- (b) to understand the role of the *approved person* (or *candidate*) in the *branch firm* and therefore to judge how to use its powers under the ~~*approved persons*~~ regime for *SMCR firms*, such as the power to grant or refuse approval of an *SMF manager* or to amend or impose conditions.

25.2 **Management responsibilities maps: Main rules**

General rule

- 25.2.1 R (1) A *UK SMCR firm* must, at all times, have a comprehensive and up-to-date ~~document~~ document (the *management responsibilities map*) that describes its management and governance arrangements, ~~;~~ including:
- 4.5.4
- (2) An overseas SMCR firm must, at all times, have a comprehensive and up-to-date document (the *management responsibilities map*) that describes the management and governance arrangements for any branch it maintains in the United Kingdom.
- (3) A management responsibilities map must include:
- (a) details of the reporting lines and the lines of responsibility; and
 - (1)
 - (b) reasonable details about:
 - (2)
 - (i) the *persons* who are part of those arrangements; and
 - (a)
 - (ii) their responsibilities.
 - (b)

(See further requirements in SYSC 25.2.3R.)

- 25.2.2 R The *firm's management responsibilities map* must show clearly how any responsibilities covered by a *firm's management responsibilities map* are shared or divided between different *persons*.
- 4.5.5

Specific requirements

- 25.2.3 R A *management responsibilities map* must include:
- 4.5.7

- (1) (a) the names of all the *firm*'s:
 - (i) *approved persons* (including *PRA approved persons*);
 - (ii) members of its *governing body* and (if different) *management body* who are not *approved persons*;
 - (iii) *senior management*;
 - (iv) *senior personnel*; and
- (b) details of the responsibilities which they hold;
- (2) all responsibilities described in any current *statement of responsibilities*;
- (3) details of the management and governance arrangements relating to:
 - (a) the *FCA-prescribed senior management responsibilities*; and
 - (b) the *PRA-prescribed senior management responsibilities*;
 including the identity of the *persons* to whom those functions are allocated;
- (4) the reasons why (if it has done any of these things) the *firm*:
 - (a) allocates responsibility for an *FCA-prescribed senior management responsibility* to more than one *person* jointly; or
 - (b) divides responsibility for an *FCA-prescribed senior management responsibility* between different *persons*;
- (5) details about the functions allocated under ~~SYSC 4.7.8R (Allocation of overall responsibility for a *firm*'s activities, business areas and management functions)~~ SYSC 26 (Senior managers and certification regime: Overall and local responsibility), including:
 - (a) what ~~those~~ the activities, business areas and management functions allocated under that chapter are;
 - (b) the management and governance arrangements relating to them;
 - (c) ~~details about whether and how they are shared or divided up;~~ [deleted]
 - (d) the reasons why (if it has done this) the *firm* allocates responsibility for any such function to more than one *person* jointly; and

- (e) the identity of the *persons* to whom those functions are allocated;
- (6) matters reserved to the *governing body* (including the terms of reference of its committees) and, if different, the *management body*;
- (7) details of how the *firm's* management and governance arrangements fit together with:
 - (a) its *group*; and
 - (a) any other *person* in (8);
- (8) details of the extent to which the *firm's* management and governance arrangements are provided by, or shared with, other members of its *group* or others;
- (9) details of the reporting lines and the lines of responsibility (if any) between the *firm* and those who carry out functions in relation to ~~them~~ it and:
 - (a) other members of its *group* or other third parties;
 - (b) *persons* acting as employees or officers of, or otherwise acting for, anyone in (a); or
 - (c) committees or other bodies of anyone in (a);
- (10) reasonable information about the *persons* described or identified in the *management responsibilities map*, including:
 - (a) whether they are *employees* of the *firm* and, if not, by whom they are employed;
 - (b) if they are *certification employees* of the *firm*; and
 - (c) the responsibilities they have in relation to other *group* members or any other *person* in (8); and
- (11) details of how (1) to (10) fit together and fit into the *firm's* management and governance arrangements as a whole.

25.2.4 R ~~SYSC 4.5.7R(1)~~ SYSC 25.2.3R(1) does not require the *firm* to include the names of *approved persons* under SUP 10A.1.16BR (Appointed representatives).

4.5.8

25.3 [This part has been left blank deliberately]

25.4 Guidance about what should be in a management responsibilities map

Material applicable to all firms

- 25.4.1 G The *management responsibilities map* should be consistent with the
4.5.9(1) *statements of responsibilities*.
- 25.4.2 G The *statements of responsibilities* and the *management responsibilities map*
4.5.9(2) should all be prepared in a way that makes it simple to see how the responsibilities allocated in a particular *statement of responsibilities* fit into the overall system of management and governance of the *firm*.
- 25.4.3 G The *management responsibilities map* should include functions that are:
4.5.10
- (1) included in a *PRA controlled function* under the PRA rules complementing SUP 10C.9 (Minimising overlap with the PRA approved persons regime) (as listed in SUP 10C.9.6G(2)); ~~or~~
 - (2) excluded from the *other overall responsibility function* under SUP 10C.7.1R(2) (Exclusion for *approved person* with approval to perform other *designated senior management functions*); or
 - (3) excluded from the other local responsibility function under SUP 10C.8.1R(2) (Exclusion for *approved person* with approval to perform other *designated senior management functions*).
- 25.4.4 G A *firm's management responsibilities map* should demonstrate that there are
4.5.11 no gaps in the allocation of responsibilities among its management.
- 25.4.5 G A *firm* need only include summary details of the *persons* in ~~SYSC 4.5.7R(1)~~
4.5.12(2) SYSC 25.2.3R(1).
- 25.4.6 G A *firm's SMF managers* and members of its governing body may overlap
4.5.12(3) with its *senior management* and *senior personnel*. If so, the *firm* does not have to give the same details twice.
- 25.4.7 G A *firm* should include details ~~of about~~ individuals in addition to ~~those the~~
4.5.12(4) details in ~~SYSC 4.5.7R(1) (3) and (5)~~ SYSC 25.2.3R(1), (3) and (5) if they are needed to make the *management responsibilities map* clear. For example, ~~it may be necessary to include these details~~ if the same individual has responsibilities in a number of different areas of the *firm* it may be necessary to make this clear.
- 25.4.8 G A *firm* should only include summary details about *statements of*
4.5.12(5) *responsibilities* under ~~SYSC 4.5.7R(2)~~ SYSC 25.2.3R(2). There is no need to duplicate the *statements of responsibilities*. The main aim of including material about *statements of responsibilities* in the *management responsibilities map* is to show how ~~the~~ that material:

- (1) fits into the *firm's* overall governance structure; and
(a)
- (2) for each *statement of responsibilities*, fits with the others.
(b)
- 25.4.9 G A *management responsibilities map* should include a checklist confirming
4.5.12(7) that all *FCA-prescribed senior management responsibilities* have been allocated or, if some have not been allocated, the reason why.
- 25.4.10 G If:
4.5.12(8)
- (1) any *designated senior management function* is performed by; or
(a)
- (2) any *FCA-prescribed senior management responsibility* is allocated
(b) to;
- more than one *person*, a *firm's management responsibilities map* should give details of how the performance or discharge of the responsibilities is to be carried out by those *persons*.
- 25.4.11 G The ~~executive~~ *executive director function*, the other local responsibility
4.5.12(6) function, the partner function and the *other overall responsibility function* are defined generally and generically and can be performed by several people. Therefore, there is no need to explain why several people perform one of the functions.
- 25.4.12 G The material in *SUP 10C.11.31G* and *SUP 10C.11.32G* (recording sharing
4.5.12(9) and splitting of responsibilities in *statements of responsibilities*) also applies to a *management responsibilities map*.

Branches of overseas firms

- 25.4.13 G One effect of SYSC 25.1.5R is that an overseas SMCR firm should draw up its management responsibilities map as if the rest of the firm outside the UK branch were a separate company in its group. This means, for example, that the map should include:
- (1) details of how the branch's management and governance arrangements fit together with the wider firm;
- (2) details of the extent to which the branch's management and governance arrangements are provided by, or shared with, the wider firm; and

- (3) details of the reporting lines and the lines of responsibility between the *branch* and those who carry out functions in relation to it and the wider *firm* and *persons* acting for it.

Small firms

- 25.4.14 G (1) The *FCA* expects that the *management responsibilities map* of a small and non-complex *firm* is likely to be simple and short. It may be no more than a single sheet of paper.
- 4.5.13(1)
- (2) See SYSC 24.3.5G for what small and non-complex mean.

25.5 Single Management responsibilities map should be a single document

- 25.5.1 R A *management responsibilities map* must be a single ~~document~~ document.
- 4.5.14
- 25.5.2 G (1) The requirement for a *management responsibilities map* to be a single ~~document~~ document does not mean that it has to be a single sheet of paper or must be capable of being reproduced as one.
- 4.5.15(1)
- (2) A *management responsibilities map* may be made up of a folder with several files or items in it. The folder may be electronic.
- 4.5.15(2)
- (3) However, a *firm* that creates a *management responsibilities map* in this way should ensure that its approach is compatible with it being a single ~~document~~ document. In particular:
- 4.5.15(3)
- (a) there should be a single item that identifies every item making up the *management responsibilities map* and shows where each item can be found;
 - (b) for example, this could be a contents list of the items making up the *management responsibilities map* with electronic links to each of them;
 - (c) the *management responsibilities map* should be complete by itself and should not refer to documents not forming part of it;
 - (d) every item in the *management responsibilities map* should only contain material about the matters required by this ~~section~~ chapter to be included in *management responsibilities maps*;
 - (e) for example, if there is relevant material in the *firm's* report and accounts, the folder should only contain the relevant parts or a link to those parts.

4.5.15(4) (4) The folder and its contents should be easily identifiable as the *firm's management responsibilities map*.

25.5.3 G Although a *management responsibilities map* can be large and complex,
4.5.15(5) ~~SYSC 4.5.13G~~ SYSC 25.4.14G explains that, for small non-complex *firms*, it may be small and simple.

25.6 Management responsibilities maps: Material only relevant to EEA SMCR firms

Application

25.6.1 R This section applies to an EEA SMCR firm.

Purpose

25.6.2 G (1) The *management responsibilities map* is an important support to the
4.6.17(1) FCA's functions as *Host State competent authority*.

4.6.17(2) (2) Having requirements and powers that apply directly to individuals helps to make the requirements on *firms* that the FCA is required or entitled to impose as *Host State competent authority* more effective.

(3) As explained in SYSC 25.1.6G (Purpose), the *management responsibilities map* also helps the FCA to operate its powers and requirements for individuals.

4.6.17(4) (4) By helping the FCA to better understand how the *branch* is structured, the *management responsibilities map* also helps the FCA to carry out more effective supervision of conduct of business, money laundering and other *Host State* responsibilities.

25.6.3 G This ~~section~~ chapter is not intended to extend the application of the *common platform requirements* or other parts of SYSC to matters which are reserved
4.6.5(2) by an EU instrument to the *firm's Home State regulator* in relation to EEA ~~relevant authorised persons~~ SMCR firms.

FCA-prescribed senior management responsibilities

25.6.4 G SYSC 25.2.3R (Specific requirements) requires a *management responsibilities map* to cover the allocation of FCA-prescribed senior management responsibilities. This is not relevant to an EEA SMCR firm as FCA-prescribed senior management responsibilities do not apply to it.

~~Responsibilities maps for EEA relevant authorised persons: leaving~~ Leaving out information already supplied

25.6.5 R An EEA ~~relevant authorised person~~ SMCR firm may exclude from its *management responsibilities map*:

4.6.20

- (1) any information contained in its *requisite details*;
- (2) any information contained in any notice of changes to its *requisite details* under the *EEA Passport Rights Regulations*; and
- (3) any other information that has been supplied by the *firm* to the *FCA* or the *PRA* (including through the *firm's Home State competent authority*) if:
 - (a) that information was supplied to the *FCA* or the *PRA* as a *Host State competent authority* ~~for credit institutions or investment firms~~; and
 - (b) the *Single Market Directives* or any other *EU* legislation provides for the supply of that information to the *FCA* or the *PRA* as described in (a).

25.6.6 G Information contained in ~~SYSC 4.6.20R (1) and (2)~~ SYSC 25.6.5R(1) and (2)
4.6.21 covers:

- (1) details about the *branch* contained in the notice given by the *firm's Home State competent authority* as part of the process for establishing the *branch* in the *United Kingdom*; and
- (2) any updates to that information under the *EEA Passport Rights Regulations*.

25.6.7 G The *management responsibilities map* of an *EEA relevant authorised person*
4.6.22 *SMCR firm* may therefore consist of information:

- (1) that has changed since its *requisite details* were supplied or were last changed; or
- (2) that is not covered in the *firm's Home State competent authority's* passport notification.

25.6.8 G The *FCA* expects that an *EEA relevant authorised person* *SMCR firm* that
4.6.23 excludes information from its *management responsibilities map* under *SYSC 25.6.5R* will identify in its *management responsibilities map* the documents supplied to the *FCA* or the *PRA* where the omitted information can be found.

25.6.9 G In practice an *EEA relevant authorised person* *SMCR firm* may find it easier
4.6.24 to prepare its *management responsibilities map* without omitting any information under *SYSC 25.6.5R* so that all the information referred to in ~~SYSC 4.6.15R to SYSC 4.6.19R~~ *SYSC 25.2 (Management responsibilities maps: Main rules)* can be found in a single integrated ~~document~~ document.

25.6.10 G ~~SYSC 4.6.27G and SYSC 4.6.28G do~~ *SYSC 25.4 (Guidance about what should be in a management responsibilities map)* does not take into account

4.6.26 the right of a *firm* to omit information under SYSC 25.6.5R. ~~They assume~~ It assumes that the *firm* will prepare a single ~~document~~ document under SYSC 25.6.9G. However SYSC 4.6.27G and SYSC 4.6.28G are 25.4 is not intended to take away the right to omit information under SYSC 25.6.5R.

25.7 **Guidance about SYSC 25 Annex 1G**

25.7.1 G This section gives guidance about SYSC 25 Annex 1G (Examples of the business activities and functions of an SMCR firm).

Purpose of SYSC 25 Annex 1G (~~The main business activities and functions of a relevant authorised person~~)

25.7.2 G (1) A *firm* may use ~~it~~ SYSC 25 Annex 1G as a ~~checklist prompt~~ to see whether its *management responsibilities map* covers all its business activities.

4.5.16(2)

(2) A *firm* may wish to prepare its *management responsibilities map* using the same split of activities, where this is appropriate.

4.5.16(3)

25.7.3 G As mentioned in SYSC 26.11.2G, a *firm* may also use ~~it~~ SYSC 25 Annex 1G as a ~~checklist prompt~~ when allocating responsibilities under SYSC 4.7.8R (~~Allocation of overall responsibility for a firm's activities, business areas and management functions~~) 26 (Senior managers and certification regime: Overall and local responsibility).

4.5.16(5)

25.7.4 G If a *firm* uses SYSC 25 Annex 1G to help it prepare its *management responsibilities map* or when allocating responsibilities under SYSC 26 (Senior managers and certification regime: Overall and local responsibility), it should bear in mind that it is not comprehensive and that there may be other business activities and functions that are relevant to that firm but that are not included in SYSC 25 Annex 1G (see SYSC 25.7.8G).

4.5.16(4)

25.7.5 G The purpose of SYSC 25 Annex 1G is not say how an SMCR firm should:

(1) prepare its *management responsibilities map*;

(2) allocate responsibilities amongst its senior management; or

(3) organise itself.

Contents of SYSC 25 Annex 1G (~~The main business activities and functions of a relevant authorised person~~)

25.7.6 G SYSC 25 Annex 1G sets out examples of the main business activities and functions that the FCA thinks ~~are likely to~~ could be relevant to most large or complex firms, although the FCA does not require *firms* (large or small, complex or non-complex) to organise themselves in this way.

4.5.18

- 25.7.7
4.5.19
- G Most or all of these activities and functions will normally apply to a complex *firm*. Many of them may not apply to a non-complex *firm*.
- 25.7.8
4.5.20
- G (1) *SYSC 25 Annex 1G* is not comprehensive. While it is intended to cover most front-line business activities of ~~a relevant authorised person~~ an SMCR firm, it does not cover all internal oversight and monitoring functions.
- (2) For example, it does not cover compliance or internal audit or the *firm's governing body* or its *committees*.

25.8 Management responsibilities maps: Records

- 25.8.1
4.5.21
- G A *firm* should consider past versions of its *management responsibilities map* as an important part of its records and as an important resource for the *FCA* in supervising the *firm*.
- 25.8.2
4.5.22
- G Past versions of a *firm's management responsibilities map* form part of its records under *SYSC 9.1 (General rules on record keeping)* the regulatory system.
- 25.8.3
- R (1) This rule applies to a Solvency II firm (including a large non-directive insurer) to which SYSC 25.1.1R(2) (Main application rules) applies.
- (2) A firm must retain each version of its management responsibilities map for:
- (a) (in the case of a large non-directive insurer) six years; or
- (b) (in any other case) ten years;
- from the date on which it was superseded by a more up-to-date version.
- (3) A firm must be prepared to provide each version to the FCA on request for as long as the firm is required to retain it.

25.9 Handover procedures and material

Application

- 25.9.1
4.9.1(1)
- R This section applies to a firm that meets the following conditions:
- (1) it falls within SYSC 25.1.1R (Application and purpose); and

- (2) it falls within one of the following categories:
- (a) it is a UK ~~relevant authorised persons~~ SMCR firm; and or
- (b) it is a ~~third-country relevant authorised persons~~ SMCR banking firm.

25.9.2 R For ~~third-country relevant authorised persons~~ SMCR banking firms,
 4.9.1(2) references in this section to an *SMF manager* are references to the *SMF manager* when acting as an *SMF manager* for the *firm's branch* in the *United Kingdom*.

25.9.3 [This has been left blank deliberately]

Rules about handover material

25.9.4 R A *firm* must take all reasonable steps to ensure that:
 4.9.4

- (1) a *person* who is becoming an *SMF manager*;
- (2) an *SMF manager*:
- (a) taking on a new job or new responsibilities; or
- (b) whose responsibilities or job are being changed; and
- (3) anyone who has management or supervisory responsibilities for the *SMF manager* in (1) or (2);

has, when the *SMF manager* starts to perform ~~his~~ their new or revised responsibilities or job, all information and material that a *person* in (1) to (3) could reasonably expect to have to perform those responsibilities or that job effectively and in accordance with the requirements of the *regulatory system*.

25.9.5 R (1) A *firm* must have a policy about how it complies with SYSC 25.9.4R,
 4.9.5 including the systems and controls it uses.

- (2) A *firm* must make and maintain adequate records of the steps taken to comply with SYSC 25.9.4R.

25.9.6 G The information and material in SYSC 25.9.4R that should be made available
 4.9.6 includes details:

- (1) about unresolved or possible breaches of the requirements of the *regulatory system*; and
- (2) of any unresolved concerns expressed by the *FCA*, the *PRA* or another *regulatory body*.

- 25.9.7
4.9.7
- G (1) The main purpose of SYSC 25.9.4R is to help the *SMF manager* with ~~his~~ their new or revised responsibilities or job and to help the managers of *SMF managers*.
- (2) ~~It~~ The information and material should be a practical and helpful ~~document~~ and not just a record.
- (3) The material should include an assessment of what issues should be prioritised.
- (4) ~~It~~ The information and material should include judgement and opinion, not just facts and figures.

Handover arrangements and certificates

- 25.9.8
4.9.8
- G (1) Where the responsibilities or job in SYSC 25.9.4R are being taken over from another *person*, the *firm* should have arrangements for an orderly transition.
- (2) As part of these arrangements, the *firm* should take reasonable steps to ensure that the predecessor contributes to the information and material in SYSC 25.9.4R all that would be reasonable to expect the predecessor to know and consider relevant, including the predecessor's opinions.
- (3) One way of doing this could be for the predecessor to prepare a handover certificate.
- (4) However, the *FCA* accepts that there will be cases in which it will be impractical to ask the predecessor to prepare a handover certificate.

Application of this section to other parts of a firm's management

- 25.9.9
4.9.9
- G A *firm* should consider whether to apply the procedures in this section to other parts of its management.

25 Annex 1G ~~The main~~ Examples of the business activities and functions of a relevant authorised person an SMCR firm

~~4 Annex 1G~~

Business areas and management functions	Explanation
(1) Payment services	This means: (1) <i>payment services</i> ;

	<p>(2) issuing and administering other means of payment (for example, cheques and bankers' drafts);</p> <p>(3) issuing <i>electronic money</i>; and</p> <p>(4) current accounts.</p>
(2) Settlement	<p>This means clearing and settlement of any transactions described in rows (3) and (6) to (9) of this annex, in relation to the assets covered by (9).</p> <p>It also includes clearing and settlement of any transactions described in row (10).</p>
(3) Investment management	<p>This has the same meaning as <i>managing investments</i> with the following adjustments:</p> <p>(a) it covers all types of assets; and</p> <p>(b) the exclusions in the <i>Regulated Activities Order</i> do not apply.</p> <p>It also covers fund management.</p>
(4) Financial or investment advice	<p>This includes <i>advising on investments</i>.</p>
(5) Mortgage advice	<p>This has the same meaning as <i>advising on regulated mortgage contracts</i> but is expanded to cover land anywhere in the world and to cover security of any kind over land.</p>
(6) Corporate investments	<p>This means acquiring, holding, managing and disposing a <i>firm's</i> investments made for its own account.</p>
(7) Wholesale sales	<p>This means the <i>selling</i> of any <i>investment</i> to a <i>person</i> other than a <i>retail customer</i>.</p> <p>It does not include the activities in (1).</p>
(8) Retail sales	<p>This means the <i>selling</i> of any <i>investment</i> to a <i>retail customer</i>.</p> <p>It includes savings accounts. It does not include the activities in (1).</p>
(9) Trading for clients	<p>This means <i>dealing in investments as agent</i> and <i>execution of orders on behalf of clients</i> but the list of products <u>also</u> includes money market instruments and foreign exchange.</p>

(10) Market making	This has the same meaning as it does in <i>MIFID</i> (see the definition of market maker in article 4.1(8)(7)).
(11) <i>Investment research</i>	
(12) Origination/syndication and underwriting	<p>Origination and syndication include:</p> <p>(1) entering into or acquiring (directly or indirectly) any commitment or <i>investment</i> with a view to transferring some or all of it to others, or with a view to others investing in the same transaction;</p> <p>(2) sub-participation; and</p> <p>(3) any transaction described in the <i>Glossary</i> definition of <i>originator</i>.</p> <p>Underwriting includes underwriting that is not on a firm commitment basis.</p> <p>A commitment or <i>investment</i> includes an economic interest in some or all of it.</p> <p>This activity also includes the provision of services relating to such transactions.</p>
(13) Retail lending decisions	<p>Deciding whether, and on what terms, to lend to <i>retail customers</i>.</p> <p>Lending includes granting credit, leasing and hire (including finance leasing).</p>
(14) Wholesale lending decisions	<p>Deciding whether, and on what terms, to lend to <i>persons</i> who are not <i>retail customers</i>.</p> <p>Lending includes granting credit, leasing and hire (including finance leasing).</p>
(15) Design and manufacturing of products intended for wholesale customers	Wholesale customers mean <i>persons</i> who are not <i>retail customers</i> .
(16) Design and manufacture of products intended for <i>retail customers</i>	
(17) Production and distribution of marketing materials and communications	This includes <i>financial promotions</i> .
(18) Customer service	This means dealing with <i>clients</i> after the point of sale, including queries and fulfilment of <i>client</i> requests.

(19) Customer complaints handling	<p>This includes the <i>firm's</i> compliance with <i>DISP</i>.</p> <p>It also includes:</p> <ol style="list-style-type: none"> (1) any similar procedures relating to activities that do not come under the jurisdiction of the <i>Financial Ombudsman Service</i>; (2) activities that take place outside the <i>UK</i>; and (3) activities that are not subject to any ombudsman service.
(20) Collection and recovering amounts owed to a <i>firm</i> by its customers Dealing with customers in arrears	<p>'Customer' means any <i>person</i> falling into any of the definitions of <i>client</i> in the <i>Glossary</i> so far as they apply to the <i>FCA's Handbook</i>. The definition is extended to cover all services provided by the <i>firm</i> and not just those that are provided in the course of carrying on a <i>regulated activity</i> or an <i>ancillary service</i>.</p>
(21) Middle office	<p>This means risk management and controls in relation to, and accounting for, transactions in <i>securities</i> or <i>derivatives</i>.</p>
(22) The <i>firm's</i> information technology	<p><u>This includes cybersecurity.</u></p>
(23) Business continuity planning	<p>This If means the functions described in SYSC 4.1.6R and SYSC 4.1.7R (Business continuity) <u>apply to the <i>firm</i>, this includes the systems and policies used to comply with those <i>rules</i>.</u></p> <p><u>This business area of function includes operational continuity, resilience and strategy.</u></p>
(24) Human resources	<p>This includes recruitment, training and competence and performance monitoring.</p>
(25) Incentive schemes for the <i>firm's</i> staff	<p>This is not limited to schemes based on sales.</p>
(26) <i>Contributing input data</i> to a <i>BMR benchmark administrator</i> (other than an <i>Annex II benchmark administrator</i>)	
(27) <i>Administering a benchmark</i>	
<u>(28) Administration of insurance</u>	<p><u>This means the activity described in SYSC 27.7.5G(1)(k) (examples of what the significant</u></p>

	<u>management FCA certification function can cover).</u>
<u>(29) Issuing commitments</u>	<u>This means the activity described in SYSC 27.7.5G(1)(i) (examples of what the significant management FCA certification function can cover).</u>
<u>(30) Processing</u>	<u>This means the activity described in SYSC 27.7.5G(1)(j) (examples of what the significant management FCA certification function can cover).</u>
<u>(31) Outsourcing, procurement and vendor management</u> <u>Management of services shared with other group members</u>	
<u>(32) Internal operations</u>	
<p>Note (1): The purpose of this annex is explained in SYSC 4.5 (Management responsibilities maps for UK relevant authorised persons) <u>SYSC 25.7 (Guidance about SYSC 25 Annex 1G)</u> and <u>SYSC 26.11.2G</u>. This annex is also referred to in SYSC 4.6 (Management responsibilities maps for non-UK relevant authorised persons) and <u>SYSC 4.8 (Senior management responsibilities for third-country relevant authorised persons: allocation of responsibilities)</u> (see <u>SYSC 4.6.14</u> and <u>SYSC 4.8.35</u>).</p>	
<p>Note (2): A <i>firm</i> does not have to use the split of <u>example</u> activities in this annex for the purposes in Note (1). If a <i>firm</i> does decide to use it, it may <u>the firm should</u> adapt it to suit its <u>the firm's</u> management arrangements better.</p> <p>For example, a <i>firm</i> may find the split of activities into retail and wholesale activities unsuitable. If so, the <i>firm</i> might:</p> <p>(a) treat retail and wholesale activities together; or</p> <p>(b) use its own definition of retail and wholesale activities.</p>	

26 Senior managers and certification regime: Overall and local responsibility

26.1 Application

Main application rules

26.1.1 R This chapter applies to:

- (1) an SMCR banking firm; and

(2) a Solvency II firm (including a large non-directive insurer) but excluding:

(a) an insurance special purpose vehicle; and

(b) a firm in SYSC 23 Annex 1 4.2R (firms in run-off);

except to the extent that this chapter applies a narrower scope to a particular provision.

26.1.2 R ~~SYSC 4.8~~ This chapter is not limited to *regulated activities* or other specific
4.8.4 types of activities.

Exclusions

26.1.3 R This chapter does not apply to an EEA SMCR firm.

Territorial scope

26.1.4 R There is no territorial limitation on the application of ~~SYSC 4.8~~ this chapter,
4.8.3 save as set out in SYSC 26.1.5R.

26.1.5 R ~~This section relates to~~ When this chapter applies to the activities of a third-
4.8.2 country relevant authorised person's an overseas SMCR firm, it applies in
relation to the firm's branch in the United Kingdom.

26.1.6 R Unless the context requires otherwise, the terms in the first column of the
table in SYSC 26.1.7R are modified as described in the second column of
that table in relation to an overseas SMCR firm.

26.1.7 R Table: Application of this chapter to a third-country SMCR firm

<u>Reference in this chapter</u>	<u>Modification</u>
<u>firm</u>	<u>treated as a reference to the branch</u>
<u>governing body</u>	<u>(a) treated as a reference to the branch's governing body;</u> <u>(b) the Glossary definition of this term is adjusted so as to refer to the branch rather than the firm as a whole</u>
<u>group</u>	<u>treated as including the rest of the firm</u>
<u>chief executive</u>	<u>branch manager or the person performing the PRA's Head of</u>

	<u>Overseas Branch <i>designated senior management function</i></u>
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26.2 Purpose

26.2.1 G The purpose of this ~~section~~ chapter is to ensure, together with the equivalent
4.8.5 PRA requirements and the requirements about *FCA-prescribed senior management responsibilities* in SYSC 24 (Senior managers and certification regime: Allocation of prescribed responsibilities), that:

- (1) an *SMF manager* is responsible and accountable for every area of a *branch's firm's* activities;
- (2) the allocation of responsibilities is done systematically and explicitly; and
- (3) the process of allocation of responsibilities under this chapter covers every part of a *firm's* activities, business areas and management functions (subject to the exclusions in SYSC 26.4 (Exclusions) without any gaps in what is allocated in this process.

26.2.2 G The purpose of this chapter is not primarily to ensure that formal responsibility for everything a *firm* does is allocated amongst its senior management. Even without the requirements of this chapter, responsibilities that have not been allocated explicitly would fall to the *chief executive* by default. However, one of the purposes of this chapter is to avoid responsibilities being allocated by implication or by default.

- 26.2.3 G
- (1) The allocation of responsibilities under this chapter does not replace the responsibilities of the *chief executive*.
 - (2) If a *firm* allocates responsibilities under this chapter to an *SMF manager* other than the *chief executive*, the *chief executive* will be responsible for managing that *person's* performance of those responsibilities in the same way that the *chief executive* manages that *person's* other responsibilities.
 - (3) A *firm* may allocate responsibilities under this chapter to the *chief executive*.

26.3 Main rules

26.3.1 R A *UK SMCR firm* must ensure that, at all times, one or more of its *SMF managers* have overall responsibility for each of the activities, business
4.7.8(1) areas and management functions of the *firm*.

26.3.2 R (1) A *overseas SMCR firm* must ensure that, at all times, one or more of its *SMF managers* has overall responsibility (subject to the

- 4.8.10(1) *branch's governing body*) for each of the activities, business areas and management functions of the *branch* that are under the management of the *branch's governing body*.
- 4.8.10(2) (2) ~~A~~ An overseas SMCR firm must ensure that, at all times, one or more of its *SMF managers* has responsibility for each of the activities, business areas and management functions of the *branch* not covered by (1).
- 4.8.10(3) (3) An *SMF manager* in (2) must be directly involved in the management of the activity, business area or management function for which they have responsibility under (2).
- 26.3.3 R An *SMF manager* who has responsibility for an activity, business area or
4.8.10(4) management function under ~~(1) or (2)~~ this section:
- (1) (in the case of a UK SMCR firm) has "overall responsibility";
- (2) (in the case of an overseas SMCR firm) has "local responsibility";
- for that activity, business area or management function.
- 26.3.4 R A *firm* must make the allocations of responsibilities in this ~~rule~~ chapter in
4.7.8(3) such a way that it is clear who has which of those responsibilities.

26.4 Exclusions

Exclusions where other requirements apply

- 26.4.1 R SYSC 26.3 (Main rules) does not require a firm to ensure that SMF managers have local or overall responsibility for any activity, business area or management function that is included in an FCA-prescribed senior management responsibility that applies to the firm.
- 26.4.2 R ~~This rule~~ SYSC 26.3 (Main rules) does not require a *firm* to ensure that *SMF managers* have local or overall responsibility for any activity, business area
4.7.8(2) or management function that is:
- (a) ~~included in an FCA-prescribed senior management responsibility; or~~
- (1) included in ~~an~~ a PRA-prescribed senior management responsibility that applies to the firm; or
- (b)
- (2) managed (as part of the *PRA-designated senior management function* concerned) by any of the *firm's SMF managers* approved to perform any of the following *PRA-designated senior management functions* for the *firm*:
- (c)

- (a) the Chief Finance function;
- (i)
- (b) the Chief Risk function;
- (ii)
- (c) the Head of Internal Audit function; ~~or~~
- (iii)
- (d) the Head of Key Business Area function; ~~or~~
- (iv)
- (e) the Chief Operations function; or
- (f) the Group Entity Senior Manager function or the Group Entity Senior Insurance Manager function.
- (v)

Exclusion of the governing body and non-executive directors

- 26.4.3 R ~~This rule SYSC 26.3 (Main rules)~~ does not require a *firm* to allocate overall
4.8.10(6) or local responsibility for the running of the *branch's firm's governing body*.
- 26.4.4 G ~~This SYSC 26.4.3R~~ means that a *person* does not have overall or local
4.8.13(2) responsibility for a function under ~~SYSC 4.8.10R~~ this chapter just by being a member of a *branch's firm's governing body* or equivalent.
- 26.4.5 G (1) A *person* who just provides oversight of a function does not have
4.7.18 overall or local responsibility for that function under ~~SYSC 4.7.8R~~
(Allocation of overall responsibility for a firm's activities, business areas and management functions) this chapter.
- (2) Paragraph (1) and ~~SYSC 4.7.17G~~ SYSC 26.4.4G mean that a *non-executive director* acting as such does not have overall or local responsibility for a function under ~~SYSC 4.7.8R~~ SYSC 26.3 or perform the *other overall responsibility function* or the other local responsibility function.
- (3) Paragraph (1) and ~~SYSC 4.7.17G~~ SYSC 26.4.4G mean that a *non-executive director*:
- (a) providing oversight of a function; or
 - (b) being responsible for the independence of a function;
- does not have overall or local responsibility for that function under ~~SYSC 4.7.8R~~ this chapter or perform the *other overall responsibility function* or the other local responsibility function.

Exclusion where the 12-week rule applies

- 26.4.6 R (1) This rule applies where:
- (a) a firm appoints someone to perform a function in order to provide cover as described in SUP 10C.3.13R(1) (The 12-week rule) or the PRA equivalent; and
- (b) the firm has allocated any responsibilities (the “Responsibilities”) under SYSC 26.3 (Main rules) to the SMF manager (the absent manager) who is absent as described in SUP 10C.3.13R(2) or the PRA equivalent.
- (2) While the disapplication of the designated senior management function provided for in SUP 10C.3.13R or the PRA equivalent is still in force the firm may allocate the Responsibilities to an employee who is not an SMF manager.
- (3) For the purposes of this rule, the PRA equivalent of:
- (a) SUP 10C.3.13R is the following parts of the PRA Rulebook:
- (i) rule 2.3 in the “Senior Management Functions”;
- (ii) rule 2.4 in the “Insurance - Senior Management Functions”; and
- (iii) rule 2.4 in the “Large Non-Solvency II Firms – Senior Management Functions”.
- (b) SUP 10C.3.13R(1) and (2) is the following parts of the PRA Rulebook:
- (i) rules 2.3(1) and (2) in the “Senior Management Functions”;
- (ii) rules 2.4(1) and (2) in the “Insurance - Senior Management Functions”; and
- (iii) rules 2.4(1) and (2) in the “Large Non-Solvency II Firms – Senior Management Functions”.
- 26.4.7 G A firm need not allocate the Responsibilities referred to in SYSC 26.4.6R(1)(b) to the person who is providing cover for the absent SMF manager.
- 26.4.8 G SYSC 26.4.6R and SUP 10C.3.13R apply to a person performing the other overall responsibility function or the other local responsibility function as well as to a person performing one of the other designated senior management functions.

26.5 **Guidance on territorial scope**

Allocation of responsibilities and territorial scope

- 26.5.1 G SYSC 26.1.4R (territorial scope) means that a *firm* should allocate overall responsibilities under this chapter so that they cover activities, transactions, business areas and functions that are located or take place wholly or partly outside, as well as ones in, the *United Kingdom*.

Allocation of responsibility for transactions in branches

- 26.5.2 G There is an exception to SYSC 26.5.1G for an *overseas SMCR firm*. This is that SYSC 26.1.5R limits this chapter to the activities of its *UK branch*.
- 26.5.3 G (1) It is common for a *branch* to carry out only part of a transaction. For instance, a transaction may be booked in a *branch* but negotiated and arranged elsewhere or vice versa.
- 4.8.30
- (2) When allocating responsibility to an *SMF manager* for activities in relation to transactions under ~~SYSC 4.8.10R~~ SYSC 26.3 (Main rules), a *firm* should not exclude a transaction which is arranged, booked or negotiated in the *branch* merely because other elements of the transaction occur outside the *United Kingdom*.

26.6 **Meaning of local and overall responsibility: General**

UK firms

- 26.6.1 G The meaning in practice of overall responsibility for a function of a *UK SMCR firm* depends on whether that function is under the management of the *firm's governing body* or not.
- 26.6.2 G (1) Certain *EU* legislation requires the *governing body* of a *firm* to have ultimate responsibility for, and the prime and leading role in, managing the *firm*.
- (2) In particular this is the case under:
- (a) article 88 of the *CRD* (Governance arrangements);
- (b) article 9 of *MiFID* (management body); and
- (c) article 40 of the *Solvency II Directive* (Responsibility of the administrative, management or supervisory body).
- (3) This means that the *governing body* of a *UK SMCR firm* subject to these requirements will manage the conduct of the whole of the business of the *firm*. In turn that means that the parts of this chapter

dealing with a function that is not managed by the *firm's governing body* will not be relevant to it.

- 26.6.3 G The FCA recognises that for some UK SMCR firms not subject to the requirements in SYSC 26.6.2G, some activities, business areas and functions of a firm may not be under the management of its governing body. This may be the case where, for example:
- (1) the firm does not have a governing body; or
 - (2) the firm's shareholders play a key role in managing it through, for example, a group management committee.

Branches of overseas firms

- 26.6.4 G (1) ~~SYSC 4.8.10R(1)~~ SYSC 26.3.2R(1) refers to the activities, business areas and management functions of the *branch* that are under the management of the *branch's governing body*. However, the FCA recognises that for some *branches*, some activities, business areas and functions of the ~~branches~~ branches may not be under the management of the *branch's governing body*. This may be the case where the *branch* does not have its own *governing body* or where it is organised in such a way that certain functions are under the management of a *person* or body outside the *branch's* management structure. In those circumstances, it would not be appropriate to require the *firm* to allocate overall responsibility for that matter to a *person* who is part of the management structure of the *branch*.
- 4.8.11(2)
- 4.8.11(3) (2) The requirements to allocate responsibility for activities, business areas and functions of a *branch* under ~~SYSC 4.8.10R(1) and (2)~~ SYSC 26.3.2R(1) and (2) respectively are intended to allow for the difference described in ~~(2)~~ (1). In particular:
- (a) ~~SYSC 4.8.10R(1)~~ SYSC 26.3.2R(1) is intended to cater for the situation where a particular activity, business area or function of the *branch* is under the management of the *branch's governing body*. In that situation, the *firm* should allocate ~~overall~~ responsibility for that matter under ~~SYSC 4.8.10R(1)~~ SYSC 26.3.2R(1); and
 - (b) ~~SYSC 4.8.10R(2)~~ SYSC 26.3.2R(2) is intended to cater for the situation where a particular activity, business area or function of the *branch* is not under the management of *branch's governing body*. In that situation, the *firm* should allocate responsibility for that matter under ~~SYSC 4.8.10R(2)~~ SYSC 26.3.2R(2).

Further guidance

26.6.5 G SYSC 26.7 gives guidance on the effect of SYSC 26.3 (Main rules) when a function is under the governing body's management. SYSC 26.8 gives guidance on the effect of SYSC 26.3 when the function is not.

Day-to-day or ultimate control

26.6.6 G ~~SYSC 4.8.10R(4) states that a person who has responsibility for an activity, business area or management function under SYSC 4.8.10R(1) or (2) will have local responsibility for that matter.~~ Having overall or local responsibility under this chapter for a matter does not necessarily mean:

- (1) having ultimate authority over it; or
- (2) having day-to-day management control of that function.

26.6.7 G ~~Having overall responsibility for a matter does not mean having ultimate authority over it. The~~ In particular, the ultimate decision-making body of a firm many UK SMCR firms is its their governing body, acting collectively.

26.7 Meaning of local and overall responsibility: Reporting to the governing body

26.7.1 G This section gives guidance on what overall and local responsibility for a function means when the governing body manages the function in question under SYSC 26.3 (Main rules).

26.7.2 G When ~~SYSC 4.7~~ this chapter refers to a person having overall or local responsibility for a function as described in SYSC 26.7.1G, it means a person who has:

- (1) ultimate responsibility (under the *governing body* and the *chief executive*) for managing or supervising that function; and
- (2) primary and direct responsibility for:
 - (a) briefing and reporting to the *governing body* about that function; and
 - (b) putting matters for decision about that function to the *governing body*.

26.7.3 G In general, the FCA expects that a person to whom overall responsibility for a function is allocated ~~under SYSC 4.8.10R(1)~~ as described in SYSC 26.7.1G will be the most senior employee or officer responsible for managing or supervising that function under the management of the *branch's governing body*.

26.7.4 G (1) A person with overall or local responsibility for a matter will either be a member of the *governing body* or will report directly to the *governing body* for that matter.

- (2) For example, a *firm* appoints A to be head of sales. A is not on the *governing body*. A reports to an executive director (B) and B reports to the *governing body* about the sales function. In this example B, rather than A, has overall responsibility for sales.
- 26.7.5 G (1) A *person* who reports to another, or is subject to oversight by another, may still have overall or local responsibility for a function.
4.7.14
- (2) For example, a head of compliance may report direct to the *governing body* but be subject to performance appraisal by the ~~chief executive~~ *chief executive*. In this example, the head of compliance will still have overall responsibility for compliance.
- (3) If a *person* (A):
- (a) reports directly to the *firm's governing body* about a particular matter; but
 - (b) is not a member of the *governing body*; and
 - (c) reports to a member of the *governing body* (B) about that matter, who also reports to the *governing body* about that matter;
- B has overall or local responsibility for that matter.
- (4) If:
- (a) a *person* (A) reports directly to the *firm's governing body* about a particular matter;
 - (b) A also reports to another *person* (B) about that matter;
 - (c) neither A nor B is a member of the *governing body*; and
 - (d) B also reports directly to the *firm's governing body* about that matter;
- B has overall responsibility for that matter.
- (5) A member of the *governing body* who reports to the ~~chief executive~~ *chief executive* may still have overall or local responsibility for a function.
- (6) If:
- (a) a *person* (A) reports directly to the *firm's governing body* about a particular matter; and

- (b) A's function is subject to oversight by a *non-executive director* (B) or by a committee of the *firm's governing body* chaired by B;

A (not B) has overall or local responsibility for that matter.

- 26.7.6 G A person may have ~~overall~~ local responsibility for a function ~~under SYSC~~
4.8.18 ~~4.8.10R(1)~~ for a branch of an overseas SMCR firm even though that person also reports to a person outside the branch.

26.8 **Meaning of local and overall responsibility: Not reporting to the governing body**

Scope of this section

- 26.8.1 G ~~SYSC 4.8.10R(2)~~ This section relates to the allocation of overall or local
4.8.20(1) responsibility for any activities, business areas and functions of the *branch firm* which are not under the management of ~~the branch's~~ its governing body (see SYSC 26.3 (Main rules)).

Branches: Responsibility held outside the management structure of branch

- 26.8.2 G A person having local responsibility for a function ~~under SYSC 4.8.10R(2)~~
4.8.20(3) for a branch does not need to be part of the management structure of the *branch* in order to have local responsibility for the function.

Branches: Setting overall strategy for a branch

- 26.8.3 G (1) Generally, where a an overseas SMCR firm allocates responsibility
4.8.27 ~~under SYSC 4.8.10R~~ as described in SYSC 26.8.1G to one of the *firm's SMF managers* who is not based in the *branch* the FCA would expect:
- (a) that the responsibility would not be allocated to a manager whose responsibilities for the *branch* are limited to setting overall strategy for the *branch*; and
- (b) that, instead, the *firm* would allocate it to a manager who is the most senior *person* responsible for implementing the strategy for the *branch*.
- (2) See SUP 10C.1.5AG for more about how the difference between strategic and implementing responsibilities affects the FCA senior ~~management~~ managers regime for *approved persons* in ~~third-country~~ relevant authorised persons overseas SMCR firms.

Branches: Seniority

- 26.8.4 G (1) In some cases, a *person* who has local responsibility for a particular
4.8.26 function may be very senior within the *firm* as a whole.
- (2) For instance, in some *branches*, an individual with local responsibility for a function may also be the head of the *firm's* Europe and Middle East division for a business line and may be more senior within the *firm* as a whole than the *person* performing the *PRA's* Head of Overseas Branch *designated senior management function*.

UK firms

- 26.8.5 G Having overall responsibility for a function as described in SYSC 26.8.1G for a UK SMCR firm means being the most senior employee or officer (under the chief executive if there is one) responsible for managing or supervising that function.

26.9 Who functions should be allocated to

Seniority

- 26.9.1 G ~~However, the~~ The *FCA* expects that anyone who has overall or local
4.7.21(2) responsibility for a matter:
- (1) will be sufficiently senior and credible; and
(a)
- (2) will have sufficient resources and authority;
(b)
- to be able to exercise ~~his~~ their management and oversight responsibilities effectively.
- 26.9.2 G (1) The *FCA* would not consider it unusual if a *person* who has overall
4.8.22 or local responsibility for a particular function was not a member of the ~~branch's~~ *firm's governing body* or equivalent.
- (2) For example, in some *branches firms*, the head of compliance may report directly to the *branch's firm's governing body* even though the head of compliance is not a member of the *governing body*.
- 26.9.3 G Other parts of this chapter dealing with seniority are:
- (1) SYSC 26.7.3G (seniority of someone with overall responsibility for a function under the management of a firm's governing body);

- (2) SYSC 26.8.3G and SYSC 26.8.4G (seniority of someone from elsewhere in the *firm* having local responsibility in a *branch*); and
- (3) SYSC 26.8.5G (seniority of someone within a *UK SMCR firm* with overall responsibility for a function not under the management of a *firm's governing body*).

Not giving too much responsibility to one individual

- 26.9.4 G (1) It will be common for a small non-complex *firm* to divide overall or local responsibility for its activities under the management of its governing body between members of its *governing body* and not to assign overall or local responsibility for any activity to someone who is not a member.
- 4.7.23(1)
- 4.7.23(2) (2) However, when deciding how to divide up overall or local responsibility for its activities, a *firm* should avoid assigning such a wide range of responsibilities to a particular *person* so that the *person* is not able to carry out those responsibilities effectively.
- 4.7.23(3) (3) Therefore, in a large or complex *firm*, the *FCA* expects overall or local responsibility for some functions to be assigned to *persons* in the layer of management below the *governing body*. Anyone in that layer having overall or local responsibility for an activity will be performing a *designated senior management function*.
- 26.9.5 G ~~Paragraph (2)~~ SYSC 26.9.4G(2) also applies to allocating responsibility for functions that are not under the management of the *firm's or branch's governing body*.
- 4.8.28(5)

Dividing and sharing management functions between different people

- 26.9.6 G The following provisions of SYSC 24.3 (Who prescribed responsibilities should be allocated to) also apply to allocations under this chapter so far as those provisions deal sharing responsibilities:
- (1) SYSC 24.3.8G (responsibilities should generally not be shared);
 - (2) SYSC 24.3.9G (when responsibilities may be shared); and
 - (3) SYSC 24.3.11G (statements of responsibilities);
- 26.9.7 G (1) The material in SYSC 24.3 (Who prescribed responsibilities should be allocated to) about splitting of responsibilities is not directly relevant to this chapter. This is because SYSC 24 deals with functions that have been defined in the *FCA Handbook* whereas this chapter does not define the areas into which a *firm's* activities should be divided when allocating responsibilities to its *SMF managers*.
- (2) However SYSC 24.3.10G (responsibilities should be grouped together appropriately) is also relevant for deciding whether

responsibility for a particular set of matters should be allocated to one *SMF manager* or allocated between several.

26.10 Group management arrangements and outsourcing

- 26.10.1 G (1) ~~SYSC 4.7.8R (Allocation of overall responsibility for a firm's activities, business areas and management functions)~~ This chapter
4.7.31 requires overall or local responsibility for various aspects of a *firm's* affairs to be allocated to an *SMF manager*.
- (2) This requirement does not prevent a *firm* from relying on an employee of a company in the same group to perform the function.
- (3) A *firm* has two main choices about how to fit such arrangements into the senior ~~management managers~~ regime for ~~relevant authorised persons~~ *SMCR firms*.
- (a) The group employee is appointed by the ~~firm's~~ *firm* (usually by its governing body if it has one) to perform the function. This means that the *firm* will have entered into an arrangement with that *person*. As explained in SUP 10C.3.9G, an arrangement with the *firm* is one of the factors that makes the senior ~~management managers~~ regime for ~~relevant authorised persons~~ *SMCR firms* apply. The result is that the group official will be performing a *controlled function* and will need to be approved as an *SMF manager*.
- (b) The *firm* appoints someone (A) to ~~oversee~~ supervise what the group employee does (so far as it concerns the *firm*) and ~~to take overall~~ allocates responsibility for the function to A, leaving day-to-day activities to the group employee. A will need to be approved as an *SMF manager*.
- 26.10.2 G ~~SYSC 26.10.1G and SYSC 4.7.33G~~ also apply applies to a *firm* that
4.7.34 outsources functions to a third party and is relying on an individual from the outsourced services provider to carry out the functions in those paragraphs.
- 26.10.3 G (1) ~~SYSC 4.7.8R (Allocation of overall responsibility for a firm's activities, business areas and management functions)~~ This chapter
4.7.32 does not cover responsibility for an aspect of a *firm's* affairs managed by an individual approved to perform the Group Entity Senior Manager or the Group Entity Senior Insurance Manager *PRA-designated senior management function* (see SYSC 26.4.2R (Exclusions where other requirements apply)).
- (2) Where a responsibility is held by someone approved to perform ~~the Group Entity Senior Manager~~ one of those *PRA-designated senior management function functions* for the *firm*, there is no need to

appoint that person under this chapter and apply the arrangements in SYSC 26.10.1G.

- (3) (a) The *statement of responsibilities* for the individual performing the ~~Group Entity Senior Manager PRA-~~ *designated senior management function*; and
- (b) the *firm's management responsibilities map*;

should clearly show what responsibilities are held by that individual.

26.11 Link between this chapter and other parts of the senior managers regime

Link between the designated senior management regime functions and this ~~section~~ chapter

- 26.11.1 G (1) Having overall or local responsibility for an activity under ~~SYSC 4.7.8R~~ this chapter requires approval as an *SMF manager*. This is because a *person* who has overall or local responsibility for an activity will be:
- 4.7.36(1)
- (a) performing the *other overall responsibility function* or the other local responsibility function; or
- (b) approved to perform another *designated senior management function*.
- 4.7.36(2) (2) The *other overall responsibility function* applies because this is the effect of SUP 10C.7.1R (definition of *other overall responsibility function*).
- 4.7.36(3) (3) SUP 10C.7.1R(2) says that the *other overall responsibility function* does not apply to a person who is approved to perform another *designated senior management function*.
- 4.8.33(2) (4) The *other local responsibility function* applies because this is the effect of SUP 10C.8.1R (Definition of the *other local responsibility function* (SMF22)).
- 4.8.34 (5) SUP 10C.8.1R(2) says that the *other local responsibility function* does not apply to a *person* who is approved to perform another *designated senior management function* in relation to the *branch*.

Link between SYSC 25 Annex 1G and this ~~section~~ chapter

- 26.11.2 G (1) The purpose of SYSC 25 Annex 1G (~~The main~~ Examples of the business activities and functions of a ~~relevant authorised person an~~ SMCR firm) is to help a *firm* to prepare its *management responsibilities map* (see SYSC 25.7.2G).
- 4.7.37

- (2) There is no direct link between SYSC 25 Annex 1G and this ~~section~~ chapter.
- (3) However, a *firm* may find SYSC 25 Annex 1G useful as a checklist prompt to help it make sure that it has not failed to allocate overall or local responsibility under SYSC 4.7.8R ~~this chapter~~ for a particular activity of the *firm*.
- (4) If a *firm* uses SYSC 25 Annex 1G ~~to help it check whether it has allocated~~ as a prompt when it allocates overall or local responsibility as described in (3), it should bear in mind that it is not comprehensive (see SYSC 25.7.8G).
- 26.11.3 G ~~SYSC 4.7.26G (a firm should normally allocate responsibility for particular~~
4.7.38 ~~areas to a single SMF manager) does not mean that the~~ The FCA expects
~~does not require:~~
- (1) there to be a separate *person* with overall responsibility for each individual business area in SYSC 25 Annex 1G (~~The main Examples of the~~ business activities and functions of a relevant authorised person an SMCR firm); or
- (2) a firm to allocate functions under this chapter using the same split of business areas as in SYSC 25 Annex 1G.

27 Senior managers and certification regime: Certification regime

27.1 Application and purpose

Application

- 27.1.1 R This ~~section~~ chapter applies to a ~~relevant authorised person an SMCR firm~~.
- 5.2.1
- 27.1.2 G This ~~section~~ chapter is also relevant to *employees* of ~~relevant authorised persons SMCR firms~~ performing functions specified as ~~FCA specified significant-harm FCA certification functions~~.
- 5.2.2

Purpose

- 27.1.3 G (1) This ~~section~~ chapter is about the FCA's certification regime.
- 5.2.3
- (2) Under this regime, a *firm* should ensure that its employees only perform an ~~FCA specified significant-harm FCA certification function~~ if they have a certificate issued by that *firm* to perform that function.

- (3) The purpose of this ~~section chapter~~ is to specify '~~FCA-specified significant-harm~~ FCA certification functions' and to give *guidance* on the FCA's certification regime.

27.2 Requirements of the certification regime

General

- 27.2.1 G Most of the requirements of the certification regime are in the Act. This section summarises and gives *guidance* on them.
- 27.2.2 G ~~(2)~~ SYSC TP 5 ~~explains how~~ and SYSC TP 7 contain transitional material about the certification regime ~~applies before then~~. This includes material about the fact that:
- 5.2.5(2)
- (1) the requirement in SYSC 27.2.3G did not come into force at the same time as the rest of the certification regime; and
- (2) the certification regime came into force at different times for different types of *firm*.

General Basic requirements

- 27.2.3 G Under section 63E(1) of the *Act*, a *firm* must take reasonable care to ensure that no *employee* of the *firm* performs an ~~FCA-specified significant-harm~~ FCA certification function under an arrangement entered into by the *firm* in relation to the carrying on by that *firm* of a *regulated activity*, unless the *employee* has a valid certificate issued by that *firm* to perform the function to which the certificate relates.
- 5.2.4

Fitness to act

- 27.2.4 G Under section 63F of the *Act*, a *firm* may issue a certificate to a *person* only if the *firm* is satisfied that the *person* is a fit and proper *person* to perform the ~~FCA-specified significant-harm~~ FCA certification function to which the certificate relates.
- 5.2.6
- 27.2.5 G Under section 63F of the *Act*, in assessing if a *person* is fit and proper to perform an ~~FCA-specified significant-harm~~ FCA certification function, a *firm* must have regard, in particular, to whether that person:
- 5.2.7
- (1) has obtained a qualification;
- (2) has undergone, or is undergoing, training;
- (3) possesses a level of competence; or
- (4) has the personal characteristics,

required by general *rules* made by the *FCA*.

- 27.2.6 G *FIT* 1.3 provides guidance to *firms* about the criteria that the *FCA* would
5.2.8 expect the *firm* to consider in assessing if a *person* is fit and proper to perform an ~~*FCA specified significant harm*~~ *FCA certification function*.
- 27.2.7 G *SYSC* 22 (Regulatory references) deals with obtaining references from a
5.2.9 previous *employer* when a *firm* is planning to appoint someone to perform a ~~*specified significant harm*~~ *certification function* as part of its assessment of whether that *person* is fit and proper.
- 27.2.8 G (1) A *person* seconded from a contractor may fall into the certification
5.2.10 regime. The material in *SYSC* 27.4.1G is relevant to when this is the case.
- (2) In deciding ~~if~~ whether a *person* seconded from a contractor is fit and proper, the *firm* may take into account information and references from the contractor.
- (3) In deciding how much reliance to put on the contractor, the *firm* should take into account:
- (a) the familiarity of the contractor with the obligations of *firms* under ~~*SYSC* 5.2~~ this chapter, the corresponding *PRA* requirements and the requirements of the *Act* described in this ~~section~~ chapter;
- (b) whether any reference directly addresses the criteria in *FIT*; and
- (c) the degree to which the *firm* believes it can rely on the contractor's judgement about the secondee's fitness and properness and the grounds for that belief.

Issuing and renewing certificates

- 27.2.9 G Under section 63F of the *Act*, a certificate issued by a *firm* to a *person* must:
5.2.11
- (1) state that the *firm* is satisfied that the *person* is fit and proper to perform the function to which the certificate relates; and
- (2) set out the aspects of the affairs of the *firm* in which the *person* will be involved in performing the function.
- 27.2.10 G (1) The *Act* says that a certificate is valid for a period of 12 months,
5.2.12 beginning with the day on which it is issued.
- (2) The *FCA* believes that the *Act* allows a *firm* to draft a certificate to expire after fewer than 12 months. The *FCA* interprets the *Act* in this way because to require a *firm* to make a certificate last longer than

the *firm* thinks best is likely to make it harder for the *firm* to ensure the fitness of its *certification employees*. That would undermine the purpose of the certification regime in the *Act*.

(3) A certificate cannot be drafted to last more than 12 months.

27.2.11 G Under section 63F of the *Act*, if, after having considered if a *person* is fit and
5.2.13 proper to perform an ~~FCA-specified significant harm~~ FCA certification function, a *firm* decides not to issue a certificate to that *person*, the *firm* must give the *person* a notice in writing stating:

(1) what steps (if any) the *firm* proposes to take in relation to the *person* as a result of the decision; and

(2) the reasons for proposing to take those steps.

27.2.12 G If, after having considered whether a *person* is fit and proper to perform an
5.2.14 ~~FCA-specified significant harm~~ FCA certification function, a *firm* decides not to issue a certificate to that *person*, it should consider if the circumstances warrant making a notification to the *FCA* for a breach of the rules in *COCON* pursuant to *SUP* 15.3.11R (Breaches of rules and other requirements in or under the *Act* or the *CCA*).

27.2.13 G Under section 63F of the *Act*, a *firm* must maintain a record of every
5.2.15 *employee* who has a valid certificate issued by it.

27.2.14 G (1) ~~The FCA's approach to specifying FCA-specified significant harm~~
5.2.16(1) ~~functions has the effect that several elements of a person's job may involve an FCA-specified significant harm function or that a person may~~ A firm need not issue multiple certificates for one of its employees even if they perform several FCA-specified significant-harm FCA certification functions as part of the same job.

(2) Similarly, a firm need not issue multiple certificates for one of its employees who performs an FCA certification function that is made up of a number of different functions.

(3) An example of an FCA certification function in (2) is the material risk taker FCA certification function described in SYSC 27.8.14R. SYSC 27.8.14R says that each function carried out by someone who is covered by that rule is an FCA certification function.

5.2.16(2) (4) ~~However, this does not mean that the FCA expects a firm to issue multiple certificates to each certification employee. Rather than~~ having to issue multiple certificates, in a certificate, a firm may, in a certificate, describe the employee's functions that involve an FCA-specified significant-harm FCA certification function in broad terms, and without listing all the activities that the function may involve.

(5) A *firm* should assess whether the *employee* is fit and proper to perform all aspects of the *employee's* functions that involve an ~~FCA-~~

- 5.2.16(3) ~~specified significant harm FCA certification function~~ as described by a certificate.
- 27.2.15 G (1) In cases where a *certification employee's* role changes to involve a new function involving an ~~FCA specified significant harm FCA certification function~~ part way through the ~~twelve~~ 12-month period for which their certificate is valid, ~~and that new function may have different requirements relating to:~~ the firm may need to reissue the certificate.
- 5.2.17(1)
- (2) If that new function has different requirements relating to:
- (a) personal characteristics;
 - (b) the level of competence, knowledge and experience;
 - (c) qualifications; or
 - (d) training;
- the *FCA* would expect the *firm* to assess whether the *employee* is fit and proper to perform that new function before they start it.
- (3) ~~A~~ In such a case, the firm should not wait until the point of annual reassessment to determine whether the *employee* is fit and proper for the new function.
- 5.2.17(2)
- (4) ~~Paragraphs (1) and (2) also apply if a certification employee's role changes to involve a new FCA specified significant harm function part way through the twelve month period. A firm may not need to issue a new certificate if:~~
- 5.2.17(3)
- (a) applying the conditions in paragraph (1) are met (2), the firm concludes that no re-assessment is required; and
 - (b) the certificate is drafted broadly enough to cover the new ~~FCA specified significant harm FCA certification function.~~
- (5) Paragraphs (1) to (4) also apply if a certification employee's role changes part way through the 12-month period without the new role involving a new FCA certification function.
- 27.2.16 G (1) This paragraph gives further *guidance* on the flexibility a *firm* has in drafting its certificates.
- 5.2.17A
- (2) A certificate may cover functions that a *certification employee* is not currently performing, as long as the *firm* has assessed the *employee's* fitness for these additional functions. This is subject to (3).
- (3) When a *firm* is deciding what a certificate can cover beyond the functions that the *certification employee* is currently performing, it should take the factors in ~~SYSC 5.2.17G(1)~~ SYSC 27.2.15G(2) into

account. A certificate should not normally cover an additional function if ~~SYSC 5.2.17G(1)~~ SYSC 27.2.15G(2) would require the *firm* to consider the *employee's* fitness before allowing them to perform it.

- (4) A *firm* may, if it wishes, restrict a certificate to the functions that the *certification employee* is currently performing rather than drafting the certificate more widely as described in (2) and (3).
- (5) SYSC 27.2.10G deals with the flexibility a *firm* has in choosing the period for which a certificate lasts.

27.3 Territorial scope

Scope: territorial scope

- 27.3.1
~~5.2.19~~
- R (1) A function is an ~~FCA-specified significant-harm FCA certification function~~ for a ~~UK-relevant authorised person~~ UK SMCR firm only to the extent:
- (a) it is performed by a *person* from an establishment of the *firm* (or its *appointed representative*) in the *United Kingdom*; or
 - (b) the *person* performing that function is dealing with a *client* of the *firm* in the *United Kingdom* from an establishment of the *firm* (or its *appointed representative*) overseas.
- (2) A function is an ~~FCA-specified significant-harm FCA certification function~~ for a ~~non-UK-relevant authorised person~~ an overseas SMCR firm, only to the extent that it is performed by a *person* from an establishment of the *firm* (or its *appointed representative*) in the *United Kingdom*.
- (3) Paragraph (1) does not apply to ~~FCA-specified significant-harm FCA certification function~~ (7) (6) (material risk takers). For a ~~UK-relevant authorised person~~ SMCR firm, ~~FCA-specified significant-harm FCA certification function~~ (7) (6) applies without any territorial limitation.
- 27.3.2
~~5.2.20~~
- G The *FCA* interprets the phrase ‘dealing with’ in SYSC 27.3.1R as including having contact with *clients* and extending beyond ‘dealing’ as used in the phrase ‘dealing in investments’. ‘Dealing in’ is used in Schedule 2 to the *Act* to describe in general terms the *regulated activities* which are specified in Part II of the *Regulated Activities Order*.
- 27.3.3
~~5.2.20A~~
- G The *FCA* interprets the phrase ‘a *client* of the *firm* in the *United Kingdom*’ in SYSC 27.3.1R as referring to:
- (1) for a *client* which is a body corporate, its office or *branch* in the *United Kingdom*; or

- (2) for a *client* who is an individual, a *client* who is in the *United Kingdom* at the time of the dealing.

27.4 General material about the scope of the certification regime

Scope: ~~employees~~ Employees

- 27.4.1 G (1) The certification regime only applies to an *employee*.
~~5.2.21~~
- (2) This definition includes a *person* who:
- (a) personally provides, or is under an obligation personally to provide, services to the *firm* in question under an arrangement made between the *firm* and the *person* providing the services or another *person*; and
- (b) is subject to (or to the right of) supervision, direction or control by the *firm* as to the manner in which those services are provided.
- 27.4.2 G (1) A *person* who works for an *appointed representative* of a *firm* may fall into the certification regime. In practice, however, they may not meet the conditions for the certification regime to apply.
~~5.2.22~~
- (2) One condition for the certification regime to apply to a *person* is that the *person* performs a ~~specified-significant-harm~~ certification function under an arrangement entered into by the *firm* (see SYSC 27.2.3G). However, unlike the equivalent parts of the *Act* for the *approved persons* regime, the *Act* does not say that the certification regime applies if the function is performed under an arrangement entered into by the employee with a contractor of the *firm* instead of the *firm*.
- (3) The certification regime only applies if the *person* concerned is an *employee*. This is defined in SYSC 27.4.1G. In many cases, a *person* working for an *appointed representative* will not fall into this definition as they may not:
- (a) provide services to the *firm*; or
- (b) be subject to (or to the right of) supervision, direction or control by the *firm*.
- (4) If none of these limitations on the scope of the certification regime apply, a *person* working for an *appointed representative* will be subject to the certification regime, as long as the other conditions in this ~~section~~ chapter are met.

Scope: effect Effect of PRA requirements

- 27.4.3
5.2.23
- G A ~~specified significant harm function~~ function does not cease to be an ~~FCA-specified significant harm~~ FCA certification function if the ~~PRA~~ also specifies that function as a ~~specified significant harm~~ is also a PRA certification function.

27.5 Exclusions for emergency and temporary appointments

Scope: emergency Emergency appointments

- 27.5.1
5.2.27
- R (1) If:
- (a) a *firm* appoints an individual to perform a function which, but for this *rule*, would be an ~~FCA-specified significant harm~~ FCA certification function;
 - (b) the appointment is to provide cover for a *certification employee* whose absence is reasonably unforeseen; and
 - (c) the appointment is for less than four weeks;
- then the performance by that individual of such function does not constitute an ~~FCA-specified significant harm~~ FCA certification function.
- (2) This *rule* does not apply to ~~FCA-specified significant harm~~ FCA certification function ~~(5)~~ (4) (functions requiring qualifications).
- 27.5.2
5.2.28
- G SYSC 27.5.1R does not apply to ~~FCA-specified significant harm~~ FCA certification function ~~(5)~~ (4) (functions requiring qualifications). Where there is an unforeseen absence of an *employee* performing a function for which there is a qualification requirement:
- (1) the *firm* should take reasonable care to ensure that no *employee* of that *firm* performs that function without a valid certificate; and
 - (2) the certificate should be issued before the *person* starts to perform the function.

Scope: temporary Temporary UK role (the 30-day rule)

- 27.5.3
5.2.28A
- R (1) None of the ~~FCA-specified significant harm~~ FCA certification functions extend to an individual (“P”) in relation to a *firm* if:
- (a) P is based outside the *United Kingdom* for the *firm*; and

- (b) in a 12-month period, P spends no more than 30 days performing what would otherwise be an ~~FCA-specified significant-harm~~ FCA certification function for that firm within the territorial scope of this ~~section~~ chapter as described in SYSC 27.3.1R.
- (2) Paragraph (1) only applies to the extent that P is appropriately supervised by:
- (a) one of the firm's SMF managers; or
- (b) one of the firm's certification employees whose certificate covers the ~~FCA-specified significant-harm~~ FCA certification function that is to be disapplied under (1).
- (3) This rule does not apply to any ~~FCA-specified significant-harm~~ FCA certification function to the extent that it involves:
- (a) giving advice or performing related activities in connection with pension transfers, pension conversions or pension opt-outs for retail clients; or
- (b) giving advice to a person to become, or continue or cease to be, a member of a particular Lloyd's syndicate.
- (4) In the case of a UK ~~relevant authorised person~~ SMCR firm, this rule does not apply to ~~FCA-specified significant-harm~~ FCA certification function ~~(7)~~ (6) (material risk takers).
- 27.5.4 G SYSC 27 Annex 1G gives examples of how SYSC 27.5.3R works.
5.2.28B
- 27.5.5 G The FCA would expect an individual from overseas using the temporary UK role rule in SYSC 27.5.3R to be accompanied on a visit to a customer in the United Kingdom.
5.2.28C(4)
- 27.5.6 G An individual benefiting from the temporary UK role rule in SYSC 27.5.3R may still be subject to the requirements of TC (Training and competence). However, TC 2.1.9R gives an exemption from certain qualification requirements in TC to an individual benefiting from the temporary UK role rule.
5.2.28C(2)

27.6 Other exclusions

Scope: exclusions Single Market Directives

- 27.6.1 G Under section 63E(7) of the Act, ~~SYSC 5.2~~ this chapter does not apply to an arrangement which allows an employee to perform a function if the question of whether the employee is fit and proper to perform the function is reserved
5.2.24

under any of the *Single Market Directives* or the *auction regulation* to an authority in a country or territory outside the *United Kingdom*.

Insolvency

- 27.6.2 R This ~~section~~ chapter does not apply to a function performed by a *person*
5.2.25 acting as:
- (1) an insolvency practitioner under section 388 of the Insolvency Act 1986;
 - (2) a nominee in relation to a voluntary arrangement under Part I (Company Voluntary Arrangements) of the Insolvency Act 1986;
 - (3) an insolvency practitioner under article 3 of the Insolvency (Northern Ireland) Order 1989; or
 - (4) a nominee in relation to a voluntary arrangement under Part II (Company Voluntary Arrangements) of the Insolvency (Northern Ireland) Order 1989.

Non-executive directors

- 27.6.3 R A function performed by a *non-executive director* of a *firm* acting as such is
5.2.26 not an ~~FCA-specified significant harm~~ FCA certification function for that *firm*.

Benchmarks

- 27.6.4 R This chapter does not apply to a *firm* in relation to *benchmark activities*.
- 27.6.5 G Some benchmark activities are within the certification regime under SYSC TP 7.5 (Transitional provisions about benchmarks and the certification regime).

Overall responsibility

- 27.6.6 R Performing any of the following is not an FCA certification function:
- (1) a responsibility allocated to an SMF manager under SYSC 26.3 (Main rules); or
 - (2) a responsibility allocated to someone under SYSC 26.4.6R (Exclusion where the 12-week rule applies).

27.7 Specification of functions

Scope: ~~general~~ General requirements

27.7.1 R In accordance with section 63E of the *Act* (Certification of employees by
 5.2.18 relevant authorised persons), a function is an ~~FCA-specified significant-harm~~ FCA certification function only if, in relation to the carrying on of a regulated activity by a firm, that function:

- (1) is not a *controlled function* in relation to the carrying on of that regulated activity by that firm; and
- (2) will require the person performing it to be involved in one or more aspects of the firm's affairs, so far as relating to that regulated activity.

Scope: ~~FCA-specified significant-harm~~ FCA certification functions

27.7.2 R In accordance with section 63E(3) of the *Act*, the functions in the table in
 5.2.29 SYSC 27.7.3R are ~~FCA-specified significant-harm~~ FCA certification functions.

27.7.3 R Table: ~~FCA-specified significant-harm~~ FCA certification functions
 5.2.30

Function	Where defined
(1) CASS oversight	SYSC 27.8.1R
(3) (2) Proprietary trader	SYSC 27.8.3R
(4) (3) Significant management	SYSC 27.8.4R
(5) (4) Functions requiring qualifications	SYSC 27.8.10R
(6) (5) Managers of certification employees	SYSC 27.8.13R
(7) (6) Material risk takers	SYSC 27.8.14R
(8) (7) Client-dealing	SYSC 27.8.18R
(9) (8) Algorithmic trading	SYSC 27.8.23R

27.7.4 G (1) If a function falls into more than one of the ~~FCA-specified~~
 5.2.31 ~~significant-harm~~ FCA certification functions in the table in SYSC 27.7.3R, all of those ~~FCA-specified significant-harm~~ FCA certification functions apply to it.

- (2) For example, if a person's job involves both ~~FCA-specified significant-harm~~ FCA certification function ~~(5)~~ (4) (functions

requiring qualifications) and ~~(7)~~ (6) (material risk takers), the emergency appointments *rule* (SYSC 27.5.1R) does not apply to that job.

- (3) Another example is the *rule* about the territorial scope of this section (SYSC 27.3.1R) for a *UK relevant authorised person SMCR firm*. For example, if a *person's* job involves both ~~FCA specified significant harm~~ *FCA certification function* ~~(5)~~ (4) (functions requiring qualifications) and ~~(7)~~ (6) (material risk takers), the territorial restriction in that *rule* does not apply to that job. Instead, this ~~section~~ chapter applies without any territorial limitation.
- (4) The reason for (3) is that ~~SYSC 5.2.19R(3)~~ SYSC 27.3.1R(3) says that there is no territorial limitation on ~~FCA specified significant harm~~ *FCA certification function* ~~(7)~~ (6) for a *UK relevant authorised person SMCR firm*. As explained in (1), it does not matter that the job also involves ~~FCA specified significant harm~~ *FCA certification function* ~~(5)~~ (4), to which the territorial limitation does apply.

27.8 Definitions of the FCA certification functions

CASS oversight function

- 27.8.1 R (1) Each of the following is an ~~FCA specified significant harm~~ *FCA certification function*:
- 5.2.32
- (a) in relation to a *CASS medium firm* and a *CASS large firm* (other than a *CASS large debt management firm*), the function of acting in the capacity of a *person* who is allocated the function in CASS 1A.3.1AR (oversight of operational effectiveness);
- (b) in relation to a *CASS large debt management firm*, the function of acting in the capacity of a *person* who is allocated the function in CASS 11.3.4R (oversight of operational effectiveness).
- (2) A function in (1) is not an ~~FCA specified significant harm~~ *FCA certification function* for that *firm* if it is performed by an *SMF manager* of that *firm*.
- 27.8.2 G ~~SYSC 5.2.32R(1)~~ SYSC 27.8.1R(1) only applies to a *firm* to the extent that CASS applies to that *firm*.
- 5.2.32A

Proprietary trader function

- 27.8.3 R The function of acting as a *proprietary trader* whose activity involves, or
5.2.34 might involve, a risk of significant harm to the *firm* or any of its *customers*
is an ~~FCA-specified significant harm~~ FCA certification function.

Significant management function

- 27.8.4 R (1) The function of acting as a *senior manager*, with significant
5.2.35 responsibility for a significant business unit, is an ~~FCA-specified~~
~~significant harm~~ FCA certification function.

- (2) For a ~~non-UK relevant authorised person's~~ an overseas SMCR firm's
branch in the *United Kingdom*, the significant management function
is limited to business units of the *branch*.

- 27.8.5 G A *senior manager* carrying on the significant management ~~FCA-specified~~
5.2.36 ~~significant harm~~ FCA certification function under SYSC 27.8.4R could, for
example, be:

- (1) the head of a unit carrying on the activities of:
- (a) retail banking;
 - (b) personal lending;
 - (c) corporate lending;
 - (d) salvage or loan recovery; ~~or~~
 - (e) *proprietary trading*; ~~or~~
 - (f) designated investment business;
 - (g) effecting contracts of insurance;
 - (h) credit-related regulated activity;
 - (i) making material decisions on the commitment of the firm's financial resources, its financial commitments, its assets acquisitions, its liability management or its overall cash and capital planning;
 - (j) processing confirmations, payments, settlements, insurance claims, client money and similar matters;
 - (k) administration of contracts of insurance;
 - (l) complaints handling; or
 - (m) determining whether an applicant should be accepted for credit (including lending) and on what terms; or

- (2) a member of a committee (that is, a *person* who, together with others, has authority to commit the *firm*) making decisions in these functions.
- 27.8.6 G The examples in SYSC 27.8.5G are illustrative only. They are not intended to be exhaustive.
- 27.8.7 G A business unit is not limited to one that carries on commercial activities with customers and third parties or that earns revenue. A business unit can be an internal support department that has no contact with people outside the *firm*. It may include, for example, human resources, operations or information technology.
- 27.8.8 G For the purposes of the definition of the significant management ~~FCA-~~
5.2.37 ~~specified significant-harm~~ FCA certification function, the following additional factors about the *firm* should be considered:
- (1) the size and significance of the *firm*'s business in the *United Kingdom* – for example, a *firm* carrying on *designated investment business* may have a large number of *certification employees* (for example, in excess of 100 individuals); or a *firm* carrying on general insurance business may have gross written *premiums* in excess of £100m;
 - (2) the number of *regulated activities* carried on, or proposed to be carried on, by the *firm* and (if relevant) other members of the *group*;
 - (3) its *group* structure (if it is a member of a *group*);
 - (4) its management structure (for example, matrix management); and
 - (5) the size and significance of its international operations, if any.
- 27.8.9 G When considering whether a business unit is significant for the purposes of
5.2.38 SYSC 27.8.4R, the *firm* should take into account all relevant factors in the light of the *firm*'s current circumstances and its plans for the future, including:
- (1) the risk profile of the unit;
 - (2) its use or commitment of the *firm*'s capital;
 - (3) its contribution to the profit and loss account;
 - (4) the number of *employees*, *certification employees* or *SMF managers* in the unit;
 - (5) the number of *customers* of the unit; and
 - (6) any other factor which makes the unit significant to the conduct of the *firm*'s affairs so far as relating to the *regulated activity*.

Functions requiring qualifications

- 27.8.10
5.2.39
- R (1) Each function involving an activity for which there is a qualification requirement as specified in *TC* App 1.1.1R (Activities and Products/Sectors to which *TC* applies) is an ~~*FCA specified significant harm*~~ *FCA certification function*.
- (2) For a ~~*non-UK relevant authorised person*~~ *an overseas SMCR firm*, each function involving an activity for which there would have been a qualification requirement, as specified in (1) if the *firm* had been a ~~*UK relevant authorised person*~~ *SMCR firm*, is an ~~*FCA specified significant harm*~~ *FCA certification function*.
- (3) *A person performs the FCA certification function in this rule even if:*
- (a) *the time period within which the person must have obtained the qualification requirement has not yet expired; or*
- (b) *the person is exempt from the qualification requirement.*
- 27.8.11
5.2.40
- G (1) *SYSC 27.8.10R* (Functions requiring qualifications) ~~*does not*~~ *may still* apply to a ~~*UK relevant authorised person*~~ *an SMCR firm* where *one of the exclusions in TC App 3.1 (Circumstances in which TC does not apply) or elsewhere in TC does not apply* applies.
- (2) *SYSC 27.8.10R* (~~*Functions requiring qualifications*~~) applies to a ~~*non-UK relevant authorised person*~~ *an overseas SMCR firm* irrespective of whether the function in *TC* App 1.1.1R (Activities and Products/Sectors to which *TC* applies) applies to *incoming EEA firms* or *overseas firms* for the purposes of *TC*.
- (3) *The territorial scope of qualification requirements as specified in TC App 2.1.1R (Territorial Scope subject to the limitation in TC Appendix 3) does not apply to the FCA certification function in SYSC 27.8.10R. However SYSC 27.3.1R (Territorial scope) restricts the scope of this chapter outside the United Kingdom.*
- 27.8.12
- G *SYSC 27.8.10R(3) means that a person performs the FCA certification function in SYSC 27.8.10R even if for example they are:*
- (1) *still in training and do not yet need to have the qualification; or*
- (2) *exempt under TC 2.1.9R (Exemption from appropriate qualification requirements).*

Managers of certification employees

- 27.8.13
5.2.41
- R (1) The function of managing or supervising a *certification employee*, directly or indirectly, is an ~~*FCA specified significant harm*~~ *FCA certification function*.

- (2) A function in (1) is not an *FCA-specified-significant-harm FCA certification function* for that *firm* if it is performed by an *SMF manager* of that *firm*.

Material risk takers

- 27.8.14 R Each function performed by a *person* in column (2) of the table in SYSC 27.8.15R is an *FCA certification function* with respect to a *firm* in the corresponding entry in column (1).
- 27.8.15 R Table: Definition of material risk taker

<u>Type of SMCR firm</u>	<u>Employees included</u>
<u>(1) A <i>UK SMCR banking firm</i> <i>A third-country SMCR banking firm</i></u>	<u>Each member of the <i>dual-regulated firms Remuneration Code staff</i> of the <i>firm</i> in column (1) of this row (1). <u>This includes any <i>person</i> who meets any of the criteria set out in articles 3 to 5 of Commission Delegated Regulation (EU) No 604/2014 (criteria to identify categories of staff whose professional activities have a material impact on an institution’s risk profile).</u></u>
<u>(2) An <i>EEA SMCR banking firm</i> For these purposes, sub-paragraphs (i) and (ii) in SYSC 19D.1.1R(1)(d) (application of the dual-regulated firms Remuneration Code) do not apply.</u>	<u>In relation to a <i>firm</i> in column (1) of this row (2), the definition of <i>dual-regulated firms Remuneration Code staff</i> is extended so that it includes <i>employees</i> of this kind of <i>firm</i> in the same way as it includes <i>employees</i> of a <i>third-country SMCR banking firm</i>.</u>
<u>(3) A <i>Solvency II firm</i></u>	<u><i>Persons</i> referred to in articles 275.1(c) and (d) of <i>Solvency II Regulation 2015/35</i> (key functions and staff with a material impact).</u>

- 27.8.16 G If the definitions or requirements in the ‘Employees included’ column of the table in SYSC 27.8.15R (as adjusted) do not apply to a *firm* in the corresponding entry in the ‘Type of SMCR firm’ column, that row of the table does not apply to the *firm*.

27.8.17 G One example of SYSC 27.8.16G is that a *credit union* is excluded from the table in SYSC 27.8.15R. Therefore the material risk taker *FCA certification function* does not apply to a *credit union*. However, it is subject to equivalent *PRA* requirements.

Client-dealing function

27.8.18 R A *person* (“P”) performs the client-dealing ~~*FCA-specified significant harm*~~ *FCA certification function* for a *firm* if:
5.2.44

- (1) P is carrying out any of the activities in the table in SYSC 27.8.19R; and
- (2) those activities will involve P dealing with:
 - (a) a *person* with or for whom those activities are carried out; or
 - (b) the property of any such *person*;

in a manner substantially connected with the carrying on of *regulated activities* by the *firm*.

27.8.19 R Table: Activities covered by the client-dealing ~~*FCA-specified significant harm*~~ *FCA certification function*
5.2.45

Activity	Comments
(1) The following activities: (a) <i>advising on investments</i> other than a <i>non-investment insurance contract</i> ; or (b) performing other functions related to this, such as <i>dealing</i> and <i>arranging</i> .	(a) does not include <i>advising on investments</i> in the course of carrying on the activity of giving <i>basic advice</i> on a <i>stakeholder product</i> .
(2) The following activities: (a) giving advice in connection with <i>corporate finance business</i> ; or (b) performing other functions related to this.	
(3) If the <i>firm</i> does any of the following activities:	(a) and (b) do not include <i>dealing</i> or <i>arranging (bringing about) deals in</i>

<p>(a) <i>dealing</i>, as principal or as agent; or</p> <p>(b) <i>arranging (bringing about) deals in investments</i>;</p> <p>taking part in those activities is included.</p>	<p><i>investments in a non-investment insurance contract.</i></p> <p>For the activity in this row (3), SYSC 5.2.44R(2)(a) and (b) <u>SYSC 27.8.18R(2)(a) and (b)</u> are expanded to cover also:</p> <p>(a) a <i>person</i> in connection with whom the activities in the first column of this row are carried out; and</p> <p>(b) the property of any such <i>person</i>.</p>
<p>(4) If the <i>firm</i> is acting in the capacity of an <i>investment manager</i> the following are included:</p> <p>(a) taking part in that activity; and</p> <p>(b) carrying on functions connected to this.</p>	
<p>(5) Acting as a ‘bidder’s representative’ in relation to <i>bidding in emissions auctions</i>.</p>	<p>Acting as a ‘bidder’s representative’ has the meaning in sub-paragraph 3 of article 6(3) of the <i>auction regulation</i>.</p>

27.8.20 G SYSC 27.3.2G (the *FCA* interprets the phrase ‘dealing with’ as including
5.2.46 having contact with and extending beyond ‘dealing’ as used in ‘dealing in investments’) applies to SYSC 27.8.18R.

27.8.21 G The client-dealing ~~*FCA specified significant harm FCA certification*~~
5.2.47 *function* generally involves dealing with any *person* with or for whom the activities in the table in SYSC 27.8.19R are carried out (or their property). That *person* need not be a *client* of the *firm*.

27.8.22 G The restrictions in SYSC 27.7.1R (~~*FCA specified significant harm FCA*~~
5.2.48 *certification function* should require the *person* performing it to be involved in one or more aspects of the *firm*’s affairs so far as they relate to *regulated activities*) also applies to the client-dealing ~~*FCA specified significant harm FCA certification function*~~.

Algorithmic trading function

27.8.23 R (1) Each of the following is an ~~*FCA specified significant harm FCA*~~
5.2.49 *certification function*:

- (a) approving the deployment of:
 - (i) a trading algorithm or a part of one; or
 - (ii) an amendment to a trading algorithm or a part of one; or
 - (iii) a combination of trading algorithms; and
 - (b) each of the following functions:
 - (i) having significant responsibility for the management of monitoring whether or not a trading algorithm; and
 - (ii) deciding whether or not a trading algorithm;

is, or remains, compliant with the *firm's* obligations.
- (2) The *firm's* obligations in (1)(b) include:
- (a) the *firm's* regulatory obligations; and
 - (b) the rules and requirements of the *trading venues* to which the *firm's* trading systems are connected.
- 27.8.24 R A trading algorithm means a computer algorithm used in ~~algorithmic trading~~
5.2.50(1) algorithmic trading.
- 27.8.25 G ~~Algorithmic trading~~ Algorithmic trading is not limited to high-frequency
5.2.51 algorithmic trading.
- 27.8.26 G Deploying a trading algorithm includes deploying one on a *trading venue* on
5.2.52 which the *firm* has not traded before where the *firm* is already using that trading algorithm on another *trading venue*.
- 27.8.27 G ~~SYSC 5.2.49R(1)(b)~~ SYSC 27.8.23R(1)(b) (monitoring or deciding whether
5.2.53 or not a trading algorithm is compliant) includes testing, such as validation and stress testing.
- 27.8.28 G (1) Sometimes an approval or a decision involves sign-off from different
5.2.54 people about different aspects of the decision or approval.
- (2) If this is the case, all will have given the approval or decision for the purposes of SYSC 27.8.23R.
- 27.8.29 G (1) Sometimes an approval or decision involves sign-off by a number of
5.2.55 people of different levels of seniority about the same aspects of the decision.

- (2) If this is the case, only the most senior decision-taker gives the approval or decision for the purposes of SYSC 27.8.23R.
- (3) Where the *firm's* procedures do not require the more senior person to carry out a detailed review of the decision of the more junior, both the junior and the senior person will give the approval or decision.

27.8.30 G A *firm* may have deployed an algorithm even though:
5.2.56

- (1) it has not yet actually been used in the generation or acceptance of orders; or
- (2) it is not actually being used in the generation or acceptance of orders at the moment; or
- (3) it is not currently being used in the generation or acceptance of orders because the circumstances have not arisen for it to start doing so.

27.8.31 G In the examples in SYSC 27.8.30G the algorithm is capable of being used in the generation or acceptance of orders but is not actually generating or accepting them at the moment. However, a *firm* does not deploy an algorithm if the algorithm is not yet capable of generating or accepting orders because, for example, it is still in development.
5.2.57

27.8.32 G The algorithmic trading FCA certification function applies whether the firm develops the algorithm itself or buys one from a third party.

27

Annex
1G

Examples of how the temporary UK role rule in SYSC 27.5.3R (the 30-day rule) works

~~5 Annex~~
1G

Example		How the temporary UK role rule applies
(1)	A spends 20 days in the UK performing the proprietary trader FCA-specified significant harm FCA certification function for Firm X and wishes to spend another 20 days in the UK performing the significant management FCA-specified significant-harm FCA certification function for Firm X.	The rule does not allow this. There is a single 30-day allowance, not a separate 30-day allowance for each FCA-specified significant harm FCA certification function .

(2)	A spends 20 days in the <i>UK</i> performing an <i>FCA-specified significant-harm FCA certification function</i> for Firm X (which is a <i>UK-relevant authorised person UK SMCR firm</i>) and wishes to spend another 20 days dealing with Firm X's <i>clients</i> in the <i>UK</i> from the overseas office of Firm X in which A is based.	The <i>rule</i> does not allow this. There is a single 30-day limit for both types of contact with the <i>UK</i> .
(3)	A wishes to spend 40 days dealing with Firm X's <i>clients</i> in the <i>UK</i> from the overseas office of Firm X (which is a <i>UK-relevant authorised person UK SMCR firm</i>) in which A is based. However the total time spent doing that will only be a few hours overall.	The <i>rule</i> does not allow this. If A deals with a <i>UK client</i> on one day, that uses up one day of the 30-day allowance, however short the time for which the contact lasts.
(4)	A spends 25 days in calendar year one for Firm X in the <i>UK</i> and 25 days in calendar year two. However A spends 40 days in the <i>UK</i> for Firm X between June in calendar year 1 and June in calendar year 2.	The <i>rule</i> does not allow this. This is because the 30-day annual allowance relates to any 12-month period and not just a calendar year.
(5)	Firm X is a <i>non-UK-relevant authorised person an overseas SMCR firm</i> . A is employed by Firm X and is based in one of its offices outside the <i>UK</i> . A wants to work in the <i>UK branch</i> for 10 days.	The <i>rule</i> applies to <i>non-UK-relevant authorised persons overseas SMCR firms</i> . It does not matter that A is not employed by the <i>UK branch</i> and instead is employed by another part of Firm X. It does not make a difference whether A is based in an office of Firm X in its home state or one in a third country.
(6)	A is based in one of Firm X's overseas offices. Firm X then decides to relocate A to the <i>UK</i> , where A will be certified to perform an <i>FCA-specified significant-harm FCA certification function</i> for Firm X. Firm X wants to rely on the temporary <i>UK role rule</i> for the first 30 days while Firm X goes through the certification process for A.	The <i>rule</i> does not allow this. A is no longer based in an overseas office and so the <i>rule</i> does not apply.
(7)	A is based in the overseas branch of a <i>UK-relevant authorised person UK SMCR firm</i> . A is to be promoted, so that A will be performing the material risk taker <i>FCA-specified significant-harm FCA certification</i>	The <i>rule</i> does not allow this because it does not apply to the material risk taker <i>FCA-specified significant-harm FCA certification function</i> when it is

	<i>function</i> . Firm X wants to rely on the temporary <i>UK role rule</i> for the first 30 days while Firm X goes through the certification process for A.	performed for a <i>UK relevant authorised person</i> <i>UK SMCR firm</i> .
	A reference in this table to an <i>FCA-specified significant-harm FCA certification function</i> is to a function that would have been an <i>FCA-specified significant-harm FCA certification function</i> but for SYSC 27.5.3R (temporary <i>UK role</i>).	

...

TP 5 Financial Services (Banking Reform) Act 2013: Certification and regulatory references

	<u>Note to the reader</u>		
<u>5.1.1-2</u>	<u>G</u>	<u>(1)</u>	<u><i>SYSC TP 5 has not been amended to reflect changes in the FCA Handbook and Glossary since the beginning of 2018. This is because it is made up of transitional provisions that mostly expired before then.</i></u>
		<u>(2)</u>	<u><i>A small number of provisions may have effect beyond that date. To help the reader, the table in SYSC TP 5.1.1-1G explains how superseded Glossary terms in SYSC TP 5 should be interpreted.</i></u>
<u>5.1.1-1</u>	<u>G</u>	<u>Table: meaning of superseded Glossary terms</u>	

<u>Term in SYSC TP 5</u>	<u>Term that has replaced it</u>	<u>Comment</u>
<u>FCA specified significant-harm function</u>	<u><i>FCA certification function</i></u>	
<u>full scope regulatory reference firm</u>	<u>Any of the following: <i>(a) an SMCR banking firm;</i> <i>(b) a Solvency II firm; or</i> <i>(c) a large non-directive insurer.</i></u>	<u><i>SYSC TP 5.4.2R refers to SYSC 22.2.1R (Obligation to obtain a regulatory reference). On 7 March 2017 (the date referred to in SYSC TP 5.4.2R), SYSC 22.2.1R applied to what were then called full scope regulatory reference firms.</i></u>
<u>relevant authorised person</u>	<u><i>SMCR banking firm</i></u>	

<u>specified significant-harm function</u>	<u>certification function</u>	
--	-------------------------------	--

	Purpose of SYSC TP 5			
5.1.1	G	...		
...				

...

After SYSC TP 6 (Transitional Provision 6) insert the following new SYSC TP 7. The text is not underlined.

TP 7 Bank of England and Financial Services Act 2016: Certification and regulatory references

7.1 Application, purpose and definitions

7.1.1 R SYSC TP 7 applies as set out in the table in SYSC TP 7.1.2R.

7.1.2 R Table: Application of SYSC TP 7

Type of firm	Parts of SYSC TP 7 that apply
A <i>firm</i> in the insurance sector except one in the following row	All applies
A <i>Solvency II firm</i> (including a <i>large non-directive insurer</i>)	All applies except as follows: (1) SYSC TP 7.4.2R to SYSC TP 7.4.3G do not apply. (2) Subject to (3), SYSC TP 7.4.4R and SYSC TP 7.4.5G do not apply. (3) SYSC TP 7.4.4R and SYSC TP 7.4.5G apply where the requirement to obtain a reference arises under SYSC 22.2.1R(1)(b) (certification).
All other <i>firms</i>	Only SYSC TP 7.4.6R, SYSC TP 7.4.7G and SYSC TP 7.6 apply.

7.1.3 G SYSC TP 7:

- (1) explains how the certification regime described in SYSC 27 applies during the **certification transitional period** described in SYSC TP 7.2.1G;
- (2) has certain transitional provisions dealing with SYSC 22 (Regulatory references); and
- (3) has certain other transitional provisions relating to the amendments made to the *FCA Handbook* by the Individual Accountability (Dual-Regulated Firms) Instrument 2018.
- 7.1.4 G (1) The main time period for which SYSC TP 7 operates is 2018 to 2019.
- (2) There are transitional provisions that can apply beyond that period. They are based on events occurring during that period.
- 7.1.5 R The terms in the first column of the table in SYSC TP 7.1.6R, where they appear in bold in SYSC TP 7, have the meaning in the corresponding row of column 2 for the purposes of SYSC TP 7.
- 7.1.6 R Table: glossary of bespoke terms used in SYSC TP 7

Part One: General	
Defined term	Meaning
insurance sector	a <i>firm</i> is in the insurance sector if it is in the insurance sector under Part Four of SYSC 23 Annex 1 (Definition of insurance sector).

Part Two: Dates	
Defined term	Meaning
certification transitional period	10 December 2018 to 10 December 2019
general commencement date	10 December 2018

7.2 **Certification: The certification transitional period**

- 7.2.1 G The obligation in section 63E(1) of the *Act* for an *SMCR firm* to take reasonable care to ensure that no *employee* of the *firm* performs an *FCA certification function*, unless the *firm* has issued the *employee* with a valid certificate, does not apply until the end of the **certification transitional period**.
- 7.2.2 G However, other parts of the *FCA Handbook* and the *Act* about *certification employees* apply in the **certification transitional period**.
- 7.2.3 G The table in SYSC TP 7.2.4G explains how the requirements of the *Handbook* and the *Act* about *certification employees* apply in the **certification transitional period**.
- 7.2.4 G Table: How the certification regime applies in the certification transitional period

Provision in the Act or the Handbook	What that provision is about	How it applies in the certification transitional period
<i>Glossary</i> definition of <i>certification employee</i>		During the certification transitional period , the <i>Glossary</i> definition of <i>certification employee</i> covers everyone who would need a certificate to perform their job if the obligation to issue certificates were in force
<i>SYSC 27.2</i> and the parts of the <i>Act</i> on which it gives <i>guidance</i>	Issuing certificates and fitness	Does not apply
<i>SYSC 27.3</i>	Territorial scope of the certification regime	Applies for the purpose of those parts of the <i>FCA Handbook</i> and the <i>Act</i> that are in force as described in this table
<i>SYSC 27.4</i>	General material about the scope of the certification regime	
<i>SYSC 27.5</i>	Exclusions for emergency and temporary appointments	
<i>SYSC 27.6</i>	Other exclusions	
<i>SYSC 27.7</i>	Specification of functions	

<p>SYSC 27.8</p>	<p>Definitions of the FCA certification functions</p>	
<p>SYSC 22</p>	<p>Regulatory references</p>	<p>Obligation to obtain a reference does not apply because the obligation to get a reference is triggered by issuing a certificate.</p> <p>SYSC TP 7.4 has exemptions that apply after the certification transitional period.</p>
<p>SYSC 25</p>	<p>SYSC 25 says that the <i>management responsibilities map</i> should say whether <i>persons</i> described or identified in the <i>management responsibilities map</i> are <i>certification employees</i></p>	<p>Applies to everyone who would need a certificate to perform their job if the obligation to issue certificates was in force</p>
<p>COCON</p>		<p>Applies to everyone who would need a certificate to perform their job if the obligation to issue certificates was in force.</p> <p>This applies even if they have not been notified:</p> <p>(a) that <i>COCON</i> applies to them; or</p> <p>(b) of the <i>rules</i> that apply to them.</p> <p><i>COCON</i> also applies to those who would have been excluded from the certification regime by SYSC 27.5.1R (Emergency appointments) or SYSC 27.5.3R (Temporary UK role).</p>
<p>Section 64B of the Act</p>	<p><i>Firm</i> should ensure that all <i>persons</i> subject to <i>COCON</i> are notified</p> <p><i>Firm</i> should take reasonable steps to ensure that those <i>persons</i> understand how <i>COCON</i> applies to them.</p>	<p>Applies to everyone who would need a certificate to perform their job if the</p>

The parts of <i>SUP</i> 15.3 that deal with <i>COCON</i> breaches	Notifying a significant breach of <i>COCON</i> to the <i>FCA</i>	obligation to issue certificates was in force
Section 64C of the <i>Act</i> and <i>SUP</i> 15.11	Notifying the <i>FCA</i> of disciplinary action	

7.3 General material about certification

- 7.3.1 G (1) *SYSC* 27.5.1R (Emergency appointments) allows a *firm* to appoint someone (P) to perform a function which would normally be an *FCA certification function* without P becoming a *certification employee*. There is a maximum period for which the appointment can last.
- (2) When calculating the maximum time period in (1), the *firm* need not take into account any time spent by P before the **general commencement date** performing what will become the *FCA certification function* in (1).
- (3) When a *firm*, after the end of the **certification transitional period**, is calculating the maximum time period in (1), the *firm* should take into account any time spent by P during the **certification transitional period** performing the *FCA certification function* in (1).
- 7.3.2 G (1) *SYSC* 27.5.1R only applies where P (as referred to in *SYSC* TP 7.3.1G) is providing cover for a *certification employee* whose absence is reasonably unforeseen.
- (2) *SYSC* 27.5.1R may still apply if the absence referred to in (1) began before the **general commencement date** or during the **certification transitional period**.
- 7.3.3 G (1) Some *FCA certification functions* only apply where the place of performance of the function has a connection with the *United Kingdom* (for example, it is carried on there).
- (2) *SYSC* 27.5.3R (Temporary UK role (the 30-day rule)) allows a *person* (P) to carry on a function for a *firm* that would normally be an *FCA certification function* because of its connection with the *United Kingdom* without P becoming a *certification employee*. There is a time limit on how long the *firm* can allow P to do this.
- (3) When calculating the time limit in (2), the *firm* need not take into account any time spent by P before the **general commencement date** performing functions with a *United Kingdom* connection.

- (4) When a *firm*, after the end of the **certification transitional period**, is calculating the maximum time period in (1), the *firm* should take into account any time spent by P during the **certification transitional period** performing functions with a *United Kingdom* connection.

7.4 Transitional provisions about regulatory references

- 7.4.1 R (1) If on the **general commencement date** an *employee* (P) is already performing an *FCA certification function* for an *SMCR firm* (A), the obligation under SYSC 22 (Regulatory references) for A to obtain a reference when issuing a certificate (including reissuing a certificate) for P for that *FCA certification function* does not apply either on or after the end of the **certification transitional period**.
- (2) If there has been a significant change in P's responsibilities forming part of that *FCA certification function* as compared to the position on the **general commencement date**, paragraph (1) ceases to apply from that time.
- 7.4.2 R SYSC 22.2.1R (Obligation to obtain a regulatory reference) does not apply to an application for approval as an *approved person* that:
- (1) is made before the **general commencement date** and is continued in force by SUP TP 11.7 (In-flight applications: Conversion); or
- (2) is made under SUP TP 11.15 (Applications of approved persons to take effect from the commencement date).
- 7.4.3 G SYSC 22.2.4R (Obligation to revise references) does not apply to references given before the **general commencement date**.
- 7.4.4 R Question (F) (disciplinary action) in Part One of SYSC 22 Annex 1R (Template for regulatory references given by SMCR firms and disclosure requirements) does not require disclosure of breaches of individual conduct requirements referred to in question (F) if:
- (1) the disciplinary action referred to in that item took place before the **general commencement date**; and
- (2) the *firm's* records do not show whether the conduct that was subject to disciplinary action amounted to a breach of those individual conduct requirements.
- 7.4.5 G The term individual conduct requirements in SYSC TP 7.4.4R is defined in Section One of Part Two of SYSC 22 Annex 1R.
- 7.4.6 R If:

(1) a *firm* (A) asks another *firm* (B) for a reference before the **general commencement date**; but

(2) B gives the reference after that date;

SYSC 22 (Regulatory references) in the form it is in at the time in (2) applies to B.

7.4.7 G *SYSC 22* in the form it is in after the **general commencement date** applies to a reference requested or given after the **general commencement date** even if the matters covered by the reference occurred before then.

7.5 Transitional provisions about benchmarks and the certification regime

7.5.1 G *SYSC 27.6.4R* excludes *benchmark activities* from the certification regime. *SYSC TP 7.5* brings certain activities in relation to benchmarks back into the certification regime.

7.5.2 R *SYSC 27* (Senior managers and certification regime: Certification regime) applies to a *person* with *permission* to carry on the *regulated activity* of *administering a specified benchmark* acting as such.

7.5.3 G As a consequence of the *benchmarks regulation*, the *regulated activities* referred to in *SYSC TP 7.5.2R* will cease to apply in certain circumstances (see *SUP TP 10* for an explanation of those circumstances).

7.6 Miscellaneous

Common platform requirements

7.6.1 G The Individual Accountability (Dual-Regulated Firms) Instrument 2018 renumbered material that used to be in *SYSC 4* and *SYSC 5* so that it now appears in *SYSC 24* to *SYSC 27*. That instrument updated *FCA Handbook* cross-references accordingly.

7.6.2 G The requirements of chapters *SYSC 24* to *SYSC 27* no longer form part of the *common platform organisational requirements* and a reference to *SYSC 4* to *SYSC 9* does not include any material referred to in *SYSC TP 7.6.1G*.

Sch 1 Record keeping requirements

...

Sch 1.2G

Handbook reference	Subject of record	Contents of record	When record must be made	Retention period
SYSC 2.2.1R	...	...	...	Six 6 years from the date on which the record is superseded by a more up-to-date record
SYSC 2.2.4R	Governance map and scope of responsibilities for certain approved persons of Solvency II firms	As stated in rule	The records should be kept up to date, as stated in the rule	10 years from the date superseded, or 6 years for large non-directive insurers.
SYSC 2.2.6R	Scope of responsibilities for certain approved persons of small non-directive insurers	As stated in rule	The records should be kept up to date, as stated in the rule	6 years from the date superseded.
...
SYSC 4.5.21G	Past versions of a firm's management responsibilities maps	Past versions of a firm's management responsibilities maps	SYSC 4.5.21G does not itself impose requirements but says that past versions of a firm's management responsibilities maps are an important part of its records	SYSC 4.5.21G does not itself impose requirements but says that past versions of a firm's management responsibilities maps are an important part of its records

SYSC 4.6.14G and SYSC 4.6.28G	Applies SYSC 4.5.21G to <i>non-UK relevant authorised persons</i>	See entry for SYSC 4.5.21G	See entry for SYSC 4.5.21G	See entry for SYSC 4.5.21G
SYSC 25.9.5R	Steps taken to comply with SYSC 25.9.4R (Information to be made available to new manager)	Adequate	Adequate time	None specified.
...
SYSC 22.9.1R	...	...	...	...
<u>SYSC 25.8.1G</u>	<u>Past versions of a firm's management responsibilities maps</u>	<u>Past versions of a firm's management responsibilities maps</u>	<u>SYSC 25.8.1G does not itself impose requirements but says that past versions of a firm's management responsibilities maps are an important part of its records</u>	<u>SYSC 25.8.1G does not itself impose requirements but says that past versions of a firm's management responsibilities maps are an important part of its records</u>
<u>SYSC 25.8.3R</u>	<u>Past versions of a firm's management responsibilities maps</u>	<u>Past versions of a firm's management responsibilities maps</u>	<u>None specified</u>	<u>10 years from the date superseded, or 6 years for large non-directive insurers</u>
<u>SYSC 25.9.5R</u>	<u>Steps taken to comply with SYSC 25.9.4R (Information to be made available to new manager)</u>	<u>Adequate</u>	<u>Adequate time</u>	<u>None specified</u>

...

Sch 5 Rights of action for damages

...

Sch 5.4G ...

Chapter/ Appendix	Section/ Annex	Paragraph	Right of action under section 138D		
			For private person?	Removed?	For other person?
...
<u>SYSC 23 to SYSC 27</u>			<u>No</u>		<u>No</u>

Annex D

Amendments to the Code of Conduct sourcebook (COCON)

In this Annex, underlining indicates new text and striking through indicates deleted text. Where a cross-reference is amended by paragraph F of this instrument, that change is not shown.

Part 1: Comes into force 10 December 2018

1 Application and purpose

1.1 Application

- 1.1.1 G Under section 64A of the *Act*, the *FCA* may make *rules* about the conduct of certain *persons* working in *firms*.

To whom does it apply?

- 1.1.1A R *COCON* applies to the *persons* set out in the table in *COCON* 1.1.2R.

- 1.1.2 R Table: To whom does *COCON* apply?

Persons to whom <i>COCON</i> Applies	Comments
(1) <i>An SMF manager.</i>	
(2) <i>An employee (“P”) of a relevant authorised person <u>an SMCR firm</u> who:</i> <i>(a) performs the function of an SMF manager;</i> <i>(b) is not an <u>approved person</u> to perform the function in question; and</i> <i>(c) is required to be an <u>approved person</u> at the time P performs that function.</i>	
(3) <i>An employee of a relevant authorised person <u>an SMCR firm</u> who would be an SMF manager but for SUP 10C.3.13R (The 12-week rule).</i>	
(4) <i>A certification employee employed by a relevant</i>	This applies even if the <i>certification employee</i> has not been notified that <i>COCON</i> applies to

<p><i>authorised person of an SMCR firm.</i></p>	<p>them or notified of the <i>rules</i> that apply to them.</p>
<p>(5) An <i>employee of a relevant authorised person an SMCR firm</i> who would be a <i>certification employee</i> but for SYSC 5.2.27R(1) <u>SYSC 27.5.1R</u> (Scope: emergency <u>Emergency</u> appointments) or SYSC 5.2.28AR <u>SYSC 27.5.3R</u> (Scope: temporary <u>Temporary</u> UK role).</p>	
<p>(6) Any <i>employee of a relevant authorised person an SMCR firm</i> not coming within another row of this table, except one listed in column (2) <u>of this table</u>.</p>	<p>(A) This row (6) does not apply to an <i>employee of a relevant authorised person an SMCR firm</i> who only performs functions falling within the scope of the following roles:</p> <ul style="list-style-type: none"> (a) receptionists; (b) switchboard operators; (c) post room staff; (d) reprographics/print room staff; (e) property/facilities management; (f) events management; (g) security guards; (h) invoice processing; (i) audio visual technicians; (j) vending machine staff; (k) medical staff; (l) archive records management; (m) drivers; (n) corporate social responsibility staff; (o) data controllers or processors under the <i>data protection legislation</i>; (p) cleaners; (q) catering staff; (r) personal assistant or secretary; (s) information technology support (ie, helpdesk); and

	(t) human resources administrators /processors. (B) This row (6) also does not apply to an <i>employee</i> of an <i>SMCR firm</i> that is in the insurance sector as defined in Part Four of <i>SYSC 23 Annex 1 (Definition of insurance sector)</i> until 10 December 2019.
(7) An FCA-approved person or PRA-approved person approved to perform a controlled function in a Solvency II firm or a small non-directive insurer. [deleted]	This row does not apply to <i>approved persons</i> approved to perform a <i>controlled function</i> in <i>SUP 10A.1.15R</i> to <i>SUP 10A.1.16BR</i> (appointed representatives).
(8) A standard non-executive board director of ÷ a UK SMCR firm. (a) a relevant authorised person; (b) a Solvency II firm; or (c) a small non-directive insurer.	This row only applies to a <i>UK domestic firm</i> .
Note: In accordance with the Glossary, Solvency II firm includes a large non-directive insurer.	

- 1.1.2A R For Swiss *general insurers*, references in this sourcebook to parts of the *PRA Rulebook* for ‘Solvency II firms’ are to be read as references to the corresponding parts of the *PRA Rulebook* applying to *large non-directive insurers*.
- 1.1.3 R *Rules 1 to 5 in COCON 2.1* apply to all *conduct rules staff*.
- 1.1.4 R (1) *Rules SC1 to SC4 in COCON 2.2* apply to all *senior conduct rules staff members* (subject to (2)).
- (2) *SC1 to SC3 in COCON 2.2* do not apply to a ~~*standard non-executive director*~~ *senior conduct rules staff member* within paragraph (d) of the definition of *senior conduct rules staff member* (P) unless, P also as well as being a ~~*standard non-executive director*~~, they also fall falls into ~~one of the other categories~~ paragraph (a) or (b) of that definition of senior conduct rules staff member.
- 1.1.5 G (1) The *guidance* in *COCON 2.3* applies to ~~*relevant authorised persons*~~ *SMCR firms*.
- (2) [deleted]

- (3) SYSC 27.6.3R provides that a function performed by a *non-executive director* of a *firm* acting as such is not an ~~FCA-specified significant-harm~~ FCA certification function for that *firm*.

To what conduct does it apply?

- 1.1.6 R For a *person* (P) who is an *approved person*, *COCON* applies to the conduct of P in relation to the performance by P of functions relating to the carrying on of activities (whether or not *regulated activities*) by the *firm* (Firm A) on whose application approval was given to P.

[**Note:** sections 64A(4) and (5)(a) of the *Act* (Rules of conduct)]

- 1.1.6A R For a *person* (P) who is a *board director* of a *firm* (Firm A) but is not an *approved person* of Firm A, *COCON* applies to the conduct of P in relation to the performance by P of functions relating to the carrying on of activities (whether or not *regulated activities*) by Firm A.

[**Note:** sections 64A(4) and (5)(ab) of the *Act* (Rules of conduct)]

- 1.1.7 R (1) For a *person* (P) subject to *COCON* who is not an *approved person*, *COCON* applies to the conduct of P in relation to the performance by P of functions relating to the carrying on of activities (whether or not *regulated activities*) by ÷

(1) ~~(in the case of a *board director* of a *firm*) that *firm*; or~~

(2) ~~(in any other case) P's *employer* employer (Firm A).~~

(2) This rule does not apply where *COCON* 1.1.6A applies.

[**Note:** sections 64A(4), ~~(5)(ab)~~ and (5)(b) of the *Act* (Rules of conduct)]

- 1.1.7A R (1) Where Firm A in *COCON* 1.1.6R to *COCON* 1.1.7R is an *SMCR firm* other than an *SMCR banking firm*, the application of *COCON* is further restricted by this rule.

(2) *COCON* only applies to conduct that forms part of, or is for the purpose of, any of the following:

(a) the *SMCR financial activities* of Firm A; or

(b) any activities of Firm A that have, or might reasonably be regarded as likely to have, a negative effect on:

(i) the integrity of the *UK financial system*; or

(ii) the ability of Firm A to meet the “fit and proper” test in threshold condition 2E and 3D (Suitability); or

- (iii) the ability of Firm A to meet the applicable requirements and standards under the *regulatory system* relating to Firm A's financial resources.
- 1.1.8 G (1) ~~Both~~ More than one of COCON 1.1.6R and to COCON 1.1.7R 1.1.7AR may apply to the same individual performing several roles.
- (2) For example, say that an individual (A) is an *approved person* for *firm X* and is employed by *firm Y* in a role that does not involve a *controlled function* or being a *director*. ~~Say that *firm X* is a *Solvency II firm* or a *small non-directive insurer* and that *firm Y* is a *relevant authorised person*.~~
- (3) COCON 1.1.6R applies to A's role with *firm X* and COCON 1.1.7R applies to A's role with *firm Y*.
- 1.1.8A R (1) This rule applies to a person (P):
- (a) who is an *approved person* approved to perform a *controlled function* under SUP 10A.1.15R to SUP 10A.1.16BR (appointed representatives);
- (b) for whom P's *authorised approved person employer* is an *SMCR firm* (F); and
- (c) to whom COCON also applies in P's capacity as a member of F's *conduct rules staff*.
- (2) COCON does not apply to conduct of P to the extent that:
- (a) that conduct relates to the performance by P of functions:
- (i) in (1)(a); or
- (ii) in relation to the carrying on of a *regulated activity* by the *appointed representative* concerned; and
- (b) APER applies to that conduct.

Where does it apply?

- 1.1.9 R (1) COCON applies to the conduct of *conduct rules staff* set out in (2) wherever it is performed.
- (2) This rule applies to:
- (a) a *senior conduct rules staff member*; and
- (b) a *certification employee* performing ~~FCA specified~~ significant harm FCA certification function (7) (6) (material

risk takers) in the table in SYSC 27.7.3R for a *UK-relevant authorised person UK SMCR firm*.

- 1.1.9A G (1) This paragraph deals with how COCON 1.1.9R applies to a certification employee (P) who performs the material risk taker FCA certification function and another FCA certification function for the same UK SMCR firm.
- (2) If P's conduct relates to both FCA certification functions (because for example those two functions cover the same activities) COCON applies without territorial limitation to P's conduct.
- (3) If part of P's conduct relates to the material risk taker FCA certification function and the rest of P's conduct relates to the other FCA certification function, COCON only applies without territorial limitation to P's conduct in relation to the material risk taker FCA certification function.
- 1.1.10 R (1) This rule applies to members of a firm's conduct rules staff apart from conduct rules staff in COCON 1.1.9R.
- (2) Subject to (3), COCON only applies to the conduct of persons to whom this rule applies (as set out in (1)) if that conduct:
- (a) is performed from an establishment maintained in the United Kingdom by: an SMCR firm; or
- (i) ~~(for a relevant authorised person) that person's employer; or~~
- (ii) ~~(for a Solvency II firm or a small non-directive insurer) the firm in relation to whom that person carries out controlled functions; or~~
- (b) involves dealing with a client of the firm in the United Kingdom from an establishment overseas.
- (3) Paragraph (2)(b) only applies to a *UK relevant authorised person SMCR firm*.
- 1.1.11 G The FCA interprets the phrase 'dealing with' in COCON 1.1.10R as including having contact with customers and extending beyond 'dealing' as used in the phrase 'dealing in investments'. 'Dealing in' is used in Schedule 2 to the Act to describe, in general terms, the regulated activities which are specified in Part II of the Regulated Activities Order.
- 1.11A G The FCA interprets the phrase 'a client of the firm in the United Kingdom' in COCON 1.1.10R as referring to:
- (1) for a client which is a body corporate, its office or branch in the United Kingdom; or

- (2) for a *client* who is an individual, a *client* who is in the *United Kingdom* at the time of the dealing.

- 1.1.12 R A *person* will not be subject to *COCON* to the extent that it would be contrary to the *UK's* obligations under a *Single Market Directive*, the *auction regulation* or the *benchmarks regulation*.

Purpose

- 1.1.13 G The purpose of this chapter is to set out *rules* for *conduct rules staff* and to provide *guidance* about those *rules* to *firms* whose staff are subject to them.

- 1.1.14 G *COCON* 1 Annex 1 has *guidance* on the role and responsibilities of *non-executive directors* to whom *COCON* applies.

1.2 Investments

- 1.2.1 G *COCON* refers in a number of places to '*investments*'. The *Glossary* meaning of *investment* is wide and is not just limited to the ordinary dictionary meaning.

- 1.2.2 G Therefore, for example, an *approved person* performing *controlled functions* in a *Solvency II firm* or a *small non-directive insurer* should note that that term includes rights under a contract of insurance, meaning they should also take into account those parts of *COCON* which provide *guidance* on individual conduct rules that refer to '*investments*'.

- 1.2.3 G Where *guidance* refers to risks associated with *investments* that will include risks applicable to rights under a contract of insurance including for example the risk of inadequate cover.

...

1 Annex 1G Guidance on the role and responsibilities of NEDs subject to COCON non-executive directors of SMCR firms

1 Introduction

- 1.1 This annex applies to *non-executive directors* (NEDs) of: an SMCR firm.

- (1) ~~a relevant authorised person;~~
 (2) ~~a Solvency II firm (including a large non-directive insurer); or~~
 (3) ~~a small non-directive insurer.~~

- 1.2 This annex covers the role of a NED in performing the roles in (1) to (4), below:

- (1) the role of ~~chairman~~ chair of the board of *directors*;
 (2) the role of ~~chairman~~ chair of the nomination committee;

- (3) the role of ~~chairman~~ chair of any other committee (irrespective of whether performing that role is itself a *designated senior management function*);
- (4) the general NED role.

1.3 The *FCA*'s view of the role of a NED is consistent with the duties of directors included in *UK* company law and the description of the role of a NED in the *UK Corporate Governance Code*.

2 The general role of a NED

2.1 The role of a NED performing the general NED role is to:

- (1) provide effective oversight and challenge; and
- (2) help develop proposals on strategy.

2.2 To deliver this, their responsibilities include:

- (1) attending and contributing to board and committee meetings and discussions;
- (2) taking part in collective board and committee decisions, including voting and providing input and challenge; and
- (3) ensuring they are sufficiently and appropriately informed of the relevant matters prior to taking part in board or committee discussions and decisions.

2.3 Other key roles of a NED include:

- (1) scrutinising the performance of management in meeting agreed goals and objectives;
- (2) monitoring the reporting of performance;
- (3) satisfying themselves on the integrity of financial information;
- (4) satisfying themselves that financial controls and systems of risk management are robust and defensible;
- (5) scrutinising the design and implementation of the remuneration policy;
- (6) providing objective views on resources, appointments and standards of conduct; and
- (7) being involved in succession planning.

3 Role of a NED as chair of the board or a committee

3.1 Subject to any specific governance arrangements, *rules* or requirements applicable to the board or particular committees, a NED's responsibility as ~~chairman~~ chair of the board or a committee includes:

- (1) ensuring that the board or committee meets with sufficient frequency;
- (2) fostering an open, inclusive discussion which challenges executives, where appropriate;
- (3) ensuring that the board or committee devotes sufficient time and attention to the matters within its remit;
- (4) helping to ensure that the board or committee and its members have the information necessary to its and their tasks;
- (5) reporting to the main board on the committee's activities; ~~and~~
- (6) facilitating the running of the board or committee to assist it in providing independent oversight of executive decisions; and
- (7) in relation to the nomination committee, safeguarding the independence and overseeing the performance of the nomination committee.

3.2 The chair of the nomination committee should take reasonable steps to ensure that the nomination committee complies with:

- (1) the requirements in SYSC 4.3A about the nomination committee (if that part of SYSC applies to the *firm*); and
- (2) any specific and relevant requirements relating to the committee or to the matters within the committee's responsibilities.

3.3 ~~SYSC 4.3A.8R and SYSC 4.3A.9R deal with the nomination committee for relevant authorised persons. There is no equivalent material for Solvency II firms. Although being the chair of the nomination committee is not a controlled function for a small non-directive insurer, paragraph Paragraph 3.2 of this annex is still relevant to a small non-directive insurer firm:~~

- (1) that is not required by the FCA Handbook to have a nomination committee; or
- (2) for which being the chair of such a committee is not a controlled function;
if it has such a committee.

4 General approach to the role of a NED

4.1 The FCA recognises that NEDs individually do not manage a *firm*'s business in the same way as executive *directors*. Therefore, the responsibilities for which NEDs are accountable are likely to be more limited.

- 4.2 A NED is neither required nor expected to assume executive responsibilities.
- 4.3 Although NEDs who are subject to the senior management regime for *SMF managers* ~~or the approved persons regime for insurers~~ have individual duties under that regime, the *FCA* views the regime and its application as consistent with the principle of collective decision-making.
- 4.4 The standard of care, skill and diligence that the *FCA* would expect from a NED is the care, skill and diligence that would be exercised by a reasonably diligent person with:
- (1) the general knowledge, skill and experience that may reasonably be expected of a person carrying out the functions carried out by the NED in relation to the firm, taking into account the standards in the *Handbook* (especially *COCON* and *DEPP*); and
 - (2) the general knowledge, skill and experience that the NED has.

2 Individual conduct rules

2.1 Individual conduct rules

- 2.1.1 R *Rule 1: You must act with integrity.*
- 2.1.2 R *Rule 2: You must act with due skill, care and diligence.*
- 2.1.3 R *Rule 3: You must be open and cooperative with the FCA, the PRA and other regulators.*
- 2.1.4 R *Rule 4: You must pay due regard to the interests of customers and treat them fairly.*
- 2.1.5 R *Rule 5: You must observe proper standards of market conduct.*

2.2 Senior management conduct rules

- 2.2.1 R SC1: You must take reasonable steps to ensure that the business of the *firm* for which you are responsible is controlled effectively.
- 2.2.2 R SC2: You must take reasonable steps to ensure that the business of the *firm* for which you are responsible complies with the relevant requirements and standards of the *regulatory system*.
- 2.2.3 R SC3: You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate person and that you oversee the discharge of the delegated responsibility effectively.

- 2.2.4 R SC4: You must disclose appropriately any information of which the *FCA* or *PRA* would reasonably expect notice.

2.3 Firms: Training and breaches

- 2.3.1 G Under section 64B of the *Act*, ~~a relevant authorised person~~ an SMCR firm must:
- (1) ensure that all *persons* subject to the *rules* in *COCON* are notified of the *rules* that apply to them; and
 - (2) take all reasonable steps to ensure that those *persons* understand how the *rules* in *COCON* apply to them.
- 2.3.2 G (1) The steps that ~~a relevant authorised person~~ an SMCR firm must take to ~~secure~~ ensure that its *conduct rules staff* understand how the *rules* in *COCON* apply to them include the provision of suitable training.
- (2) Suitable training should always ensure that those who are subject to the *rules* in *COCON* have an awareness and broad understanding of all of the *rules* in *COCON*, and that they also have a deeper understanding of the practical application of the specific rules which are relevant to their work.
 - (3) For example:
 - (a) for individuals who trade in the markets, *rule 5* in *COCON* 2.1.5R may apply in various circumstances arising in the individual's day-to-day activities and additional training may be appropriate to ensure that the individual knows how that *rule* applies to those activities in those various circumstances; or
 - (b) for individuals who deal directly with customers, *rule 4* in *COCON* 2.1.4R may apply in various circumstances which makes additional training appropriate for such individuals.
- 2.3.3 G There are *rules* and *guidance* in *SUP* 15.3 (General notification requirements) and *SUP* 15.11 (Notification of *COCON* breaches and disciplinary action) that deal with reporting by ~~a relevant authorised person~~ an SMCR firm of *COCON* breaches to the *FCA*.

3 General factors for assessing compliance

3.1 General factors for assessing compliance

- 3.1.1 G Where descriptions of conduct are provided in this chapter which exemplify breaches of the *rules* in *COCON*, they are not intended to be an exhaustive list of the kind of conduct that may contravene the relevant *rule*.
- 3.1.2 G In assessing compliance with, or a breach of, a *rule* in *COCON*, the *FCA* will have regard to the context in which a course of conduct was undertaken, including:
- (1) the precise circumstances of the individual case;
 - (2) the characteristics of the particular function performed by the individual in question; and
 - (3) the behaviour expected in that function.
- 3.1.3 G Without prejudice to section 66A of the *Act*, a *person* will only be in breach of any of the *rules* in *COCON* where they are personally culpable. Personal culpability arises where:
- (1) a *person's* conduct was deliberate; or
 - (2) the *person's* standard of conduct was below that which would be reasonable in all the circumstances.
- 3.1.4 G In determining whether or not the particular conduct of a *person* complies with the *rules* in *COCON*, factors the *FCA* would expect to take into account include:
- (1) whether that conduct relates to activities that are subject to other provisions of the *Handbook*;
 - (2) whether that conduct is consistent with the requirements and standards of the *regulatory system* relevant to the *person's firm*.
- 3.1.5 G In determining whether or not the conduct of a *senior conduct rules staff member* complies with *rules* SC1 to SC4 in *COCON*, factors the *FCA* would expect to take into account include:
- (1) whether they exercised reasonable care when considering the information available to them;
 - (2) whether they reached a reasonable conclusion upon which to act;
 - (3) the nature, scale and complexity of the *firm's* business;
 - (4) their role and responsibility as determined by reference to the relevant *statement of responsibility*;
 - (5) the knowledge they had, or should have had, of regulatory concerns, if any, relating to their role and responsibilities.

- 3.1.6 G In assessing whether a *senior conduct rules staff member* may have breached a *rule* in *COCON*, the nature, scale and complexity of the business and the role and responsibility of the individual undertaking the activity in question within the *firm* will be relevant in assessing whether that *person's* conduct was reasonable. For example, the smaller and less complex the business, the less detailed and extensive the systems of control need to be.
- 3.1.7 G *UK domestic firms* listed on the *London Stock Exchange* are subject to the *UK Corporate Governance Code*, whose internal control provisions are explained in the publication entitled 'Internal Control: Revised Guidance for Directors on the Combined Code (October 2005)' issued by the Financial Reporting Council. Therefore, *firms* in this category will be subject to that code, as well as to the *rules* in *COCON*. In forming an opinion as to whether a *senior conduct rules staff member* has complied with the *rules* in *COCON*, the *FCA* will give due credit if they followed corresponding provisions in the *UK Corporate Governance Code* and related guidance.

4 Specific guidance on individual conduct rules

4.1 Specific guidance on individual conduct rules

...

Rule 5: You must observe proper standards of market conduct.

...

4.1.16 G ...

- 4.1.17 G (1) Markets include relevant markets as defined in section 1F of the Act (Meaning of "relevant markets" in strategic objective).
- (2) Markets are not limited to regulated markets or formal markets such as one on a stock exchange.
- (3) Nor are markets limited to markets for professionals (such as the wholesale foreign exchange markets) or ones that involve tradeable and transferable assets.
- (4) Therefore markets include consumer markets (whether for products, services, credit or otherwise).

4.2 Specific guidance on senior manager conduct rules

...

- 4.2.28 G (1) If a *senior conduct rules staff member* comes across a piece of information that is something of which they think the *FCA* or *PRA*

could reasonably expect notice, they should determine whether that information falls within the scope of their responsibilities: which (for an *SMF manager*) is by virtue of that *person's statement of responsibilities* : .

(a) ; ~~or~~

(b) ~~(for an approved person performing a significant influence function in a Solvency II firm or a small non-directive insurer) including by reference to their scope of responsibilities document.~~

(2) If it does, then they should ensure that, if it is otherwise appropriate to do so, it is disclosed to the *appropriate regulator*.

Part 2: Comes into force 10 December 2019

1 Application and purpose

1.1 Application

...

To whom does it apply?

...

1.1.2 R Table: To whom does COCON apply?

Persons to whom COCON Applies	Comments
...	
(6) ...	<p>...</p> <p>(B) This row (6) also does not apply to an <i>employee</i> of an <i>SMCR firm</i> that is in the insurance sector as defined in Part Four of <i>SYSC 23 Annex 1 (Definition of insurance sector)</i> until 10 December 2019.</p>
...	

...

Annex E

Amendments to the Threshold Conditions (COND)

In this Annex, underlining indicates new text and striking through indicates deleted text.

2 The threshold conditions

...

2.5 Suitability

...

2.5.3 G (1) The emphasis of the *threshold conditions* set out in paragraphs 2E and 3D of Schedule 6 of the *Act* is on the suitability of the *firm* itself. The suitability of each *person* who performs a *controlled function* will be assessed by the *FCA* and/or the *PRA*, as appropriate, under the *approved persons* regime (in relation to an *FCA-approved person*, see *SUP 10A* (FCA Approved Persons), *SUP 10C* (~~FCA senior management regime for approved persons in relevant authorised persons~~) (FCA senior managers regime for approved persons in SMCR firms) and *FIT*). In certain circumstances, however, the *FCA* may consider that the *firm* is not suitable because of doubts over the individual or collective suitability of *persons* connected with the *firm*.

...

...

2.5.6 G Examples of the kind of particular considerations to which the *FCA* may have regard when assessing whether a *firm* will satisfy, and continue to satisfy, the *threshold condition* include, but are not limited to, whether:

...

(7) the *firm* has put in place procedures which are reasonably designed to:

...

(b) ensure that its *approved persons* and, ~~in the case of relevant authorised persons~~, the rest of its *conduct rules staff* are aware of those requirements and standards under the *regulatory system* applicable to them, whether or not they are employed by the *firm*;

...

- (d) determine that its *approved persons* and, ~~in the case of *relevant authorised persons*~~, the rest of its *conduct rules staff*, are adhering to those requirements and standards;

...

- (12) those *persons* who perform *controlled functions* under certain *arrangements* entered into by the *firm* or its contractors (including *appointed representatives* or, where applicable, *tied agents*) act with due skill, care and diligence in carrying out their *controlled function* (see *APER 4.2* (Statement of Principle 2) or *COCON 2.1.2R* or managing the business for which they are responsible (see *APER 4.7* (Statement of Principle 7) or *COCON 2.2.2R*, as applicable);

...

Annex F

Amendments to the Statements of Principle and Code of Practice for Approved Persons (APER)

In this Annex, underlining indicates new text and striking through indicates deleted text. Where a cross-reference is amended by paragraph F of this instrument, that change is not shown.

1.1A Application

Who?

- 1.1A.1 R *APER applies to FCA-approved persons and ~~PRA-approved persons~~ who ~~fall under (1) or (2)~~ are either:*
- (1) *approved persons of firms that are not: SMCR firms; or*
 - (a) *~~relevant authorised persons~~; or*
 - (b) *~~Solvency II firms or small non-directive insurers~~; or*
 - (2) *approved persons approved to perform a controlled function in SUP 10A.1.15R to SUP 10A.1.16BR (~~appointed representatives~~ appointed representatives).*
- 1.1A.1A G (1) *APER does not apply to FCA-approved persons ~~or PRA-approved persons~~ of ~~relevant authorised persons, Solvency II firms or small non-directive insurers~~ SMCR firms. COCON applies instead. For the purposes of APER (and SYSC, SUP 10A, COCON and DEPP) a ~~large non-directive insurer is treated as and included in the Glossary definition of a Solvency II firm.~~*
- (2) *However, APER applies to approved persons approved to perform a controlled function under SUP 10A.1.15R to SUP 10A.1.16BR (~~appointed representatives~~ appointed representatives) even if the appointed representative's principal is ~~a relevant authorised person or Solvency II firm~~ an SMCR firm.*

What?

- 1.1A.2 R (1) *APER applies to the performance by an approved person of:*
- (a) *FCA controlled functions in SUP 10A (FCA Approved Persons) (whether or not approval has been sought and granted); and*
 - (b) *~~PRA controlled functions~~ (whether or not approval has been sought and granted);*

~~in relation to the *authorised persons* in relation to which that *person* is an *approved person*.~~

- (2) *APER* also applies to the performance by an *approved person* of any other functions in relation to the carrying on of a *regulated activity* by ~~the *authorised persons* referred to in (1)~~ their *authorised approved person employer*.
- (3) Subject to (4), *APER* does not apply to conduct to which *COCON* applies.
- (4) *APER* applies to conduct to which *COCON* does not apply under *COCON* 1.1.8AR (To what conduct does it apply?).

...

Coverage of *APER*

1.1A.6 G *APER* 1.1A.7G gives examples of the effect of *APER* 1.1A.1R and *APER* 1.1A.2R. The first column says whether the example involves an *FCA-approved person* in relation to one or two *firms* and the second column says ~~whether the example involves a *PRA-approved person*. So for example if there is a “Yes” in both columns that means that the example concerns a *person* who has been approved both by the *FCA* and by the *PRA*. The third~~ second column explains what functions *APER* covers in the scenario set out in the first two columns column. The table is divided between cases in which the *person* performs the *controlled function* for an *FCA authorised person* and ones where the *person* does so for a *PRA authorised person*.

1.1A.7 Table: Examples of what activities *APER* *APER* covers

FCA approved	PRA approved	Coverage of <i>APER</i> <u><i>APER</i></u>
FCA authorised person		
(1) Yes, in relation to <i>firm A</i>	Not applicable	Applies to the <i>FCA controlled function</i> . Also applies to any other function performed for <i>firm A</i> in relation to the carrying on by <i>firm A</i> of a <i>regulated activity</i> even if it is not a <i>controlled function</i> .
(2) Yes, in relation to <i>firm A</i> . No, in relation to <i>firm B</i> ,	Not applicable	In relation to <i>firm A</i> , the answer is the same as for scenario (1). However, <i>APER</i> does not apply to any function that the <i>approved person</i> carries on in relation to <i>firm B</i> even if that function relates to <i>regulated activities</i> carried out by <i>firm B</i> . However, if the function that he performs <u>they perform</u> in

		relation to <i>firm B</i> is a <i>controlled function</i> the <i>approved person</i> and <i>firm B</i> may be subject to legal sanctions (see <i>SUP 10A.13.1G</i> to <i>SUP 10A.13.2G</i>).
PRA authorised person that is not a <i>relevant authorised person</i>, or a <i>Solvency II firm</i> or a <i>small non-directive insurer</i>.		
(3) Yes, in relation to <i>firm A</i>	No	The answer is the same as for scenario (1).
(4) No	Yes, in relation to <i>firm A</i>	Applies to <i>PRA controlled function</i> . Also applies to any other function performed for <i>firm A</i> in relation to the carrying on by <i>firm A</i> of a <i>regulated activity</i> even if it is not a <i>controlled function</i> .
(5) Yes, in relation to <i>firm A</i>	Yes, in relation to <i>firm A</i>	Applies to <i>FCA controlled function</i> and <i>PRA controlled function</i> . Also applies to any other function performed for <i>firm A</i> in relation to the carrying on by <i>firm A</i> of a <i>regulated activity</i> even if it is not a <i>controlled function</i> .
(6) Yes, in relation to <i>firm A</i> . No, in relation to <i>firm B</i> ,	Yes, in relation to <i>firm A</i> . No, in relation to <i>firm B</i> ,	In relation to <i>firm A</i> , the answer is the same as for scenario (5). However, <i>APER</i> does not apply to any function that the <i>approved person</i> carries on in relation to <i>firm B</i> even if that function relates to <i>regulated activities</i> carried out by <i>firm B</i> . However, if the function that he performs in relation to <i>firm B</i> is a <i>controlled function</i> the <i>approved person</i> and <i>firm B</i> may be subject to legal sanctions (see <i>SUP 10A.13.1G</i> to <i>SUP 10A.13.21G</i>).
PRA authorised person that is a <i>relevant authorised person</i>, a <i>Solvency II firm</i> or a <i>small non-directive insurer</i>.		
(7) Yes, in relation to <i>firm A</i>	No	No. <i>APER</i> does not apply to <i>approved persons</i> of <i>relevant authorised persons</i> , <i>Solvency II firms</i> or <i>small non-directive insurers</i> . <i>COCON</i> applies instead.
(8) No	Yes, in relation to <i>firm A</i>	The answer is the same as for scenario (7).
(9) Yes, in relation to <i>firm A</i>	Yes, in relation to <i>firm A</i>	The answer is the same as for scenario (7).

- 1.1A.8 G (1) A person may be an *approved person* in relation to more than one *firm*. When that is the case, *APER* applies in relation to all those *firms*.
- (2) *APER* does not apply if the *firm* is ~~a relevant authorised person or a Solvency II firm~~ an SMCR firm, except for *approved persons* of an appointed representative of ~~a relevant authorised person, a Solvency II firm or a small non-directive insurer~~ an SMCR firm.
- (3) If a person is an *approved person* of a *firm* (A) that is not ~~a relevant authorised person, a Solvency II firm or a small non-directive insurer~~ an SMCR firm and also of another *firm* (B) that is ~~either a relevant authorised person, a Solvency II firm or a small non-directive insurer~~ an SMCR firm, the result is:
- (a) *APER* applies to the *approved person* in relation to *firm* A; and
- (b) *COCON* applies to the *approved person* in relation to *firm* B.

- 1.1A.9 G (1) *APER* 1.1A refers to ~~the authorised person in relation to which a person is an approved person's firm. This means their authorised approved person employer. It also refers to an approved person of a firm.~~

...

- (3) Section 59(1) of the *Act* describes the first. It covers a *person* who performs a *controlled function* under an arrangement entered into by an *authorised person* (“A”). In this case, ~~*APER* 1.1A refers to the authorised approved person employer is A.~~
- (4) Section 59(2) of the *Act* describes the second. It covers a *person* who performs a *controlled function* under an arrangement entered into by a contractor (“B”) of an *authorised person* (“A”). In this case, ~~*APER* 1.1A refers to the authorised approved person employer is A (and not B).~~

...

3 Code of Practice for Approved Persons: general

3.1 Introduction

...

- 3.1.7A G *Statements of Principle* 1 to 4 apply to all *approved persons*. A *person* performing an *accountable higher management function* is also subject to the additional requirements set out in *Statements of Principle* 5 to 7 in performing that *accountable function*. Those responsible under ~~*SYSC* 2.1.3R~~

~~or~~ SYSC 4.4.5R (Apportionment of responsibilities) for the *firm's* apportionment obligation will be specifically subject to *Statement of Principle 5* (and see, in particular, *APER 4.5.6G*). In addition, it will be the responsibility of any such *approved person* to oversee that the *firm* has appropriate systems and controls under *Statement of Principle 7* (and see, in particular, *APER 4.7.3G*).

...

3.1.9 G ...

3.1.10 R (1) In the case of an *approved person* approved to perform a *controlled function* in SUP 10A.1.15R to SUP 10A.1.16BR (appointed representatives), a reference in in *APER 2* to *APER 4* to a *firm* is a reference to:

(a) the *appointed representative* in relation to which that *approved person* performs the *controlled function* in SUP 10A.1.15R to SUP 10A.1.16BR; and

(b) their *authorised approved person employer*.

(2) For the purposes of *Statements of Principle 5* to *7* the reference is only to (a).

...

4 Code of Practice for Approved Persons: specific

...

4.5 Statement of Principle 5

...

4.5.6 G In the case of an *approved person* who is responsible under ~~SYSC 2.1.3R (1)~~ ~~or~~ SYSC 4.4.5R(1) for dealing with the appointment of responsibilities under ~~SYSC 2.1.1R~~ ~~or~~ SYSC 4.4.3R, failing to take reasonable care to maintain a clear and appropriate apportionment of significant responsibilities among the *firm's directors* and senior managers falls within *APER 4.5.2G*.

...

4.7 Statement of Principle 7

...

4.7.3 G Failing to take reasonable steps to implement (either personally or through a compliance department or other departments) adequate and appropriate systems of control to comply with the relevant requirements and standards of the *regulatory system* in respect of the *regulated activities* of the *firm* in question (as referred to in *Statement of Principle 7*) falls within *APER*

4.7.2G. In the case of an *approved person* who is responsible, under ~~SYSC 2.1.3R(2)~~ or SYSC 4.4.5R(2), with overseeing the *firm's* obligation under ~~SYSC 3.1.1R~~ or SYSC 4.1.1R, failing to take reasonable care to oversee the establishment and maintenance of appropriate systems and controls falls within APER 4.7.2G.

...

4.7.9 G In the case of the *money laundering reporting officer*, failing to discharge the responsibilities imposed on them by the *firm* in accordance with ~~SYSC 3.2.6R~~ or SYSC 6.3.9R falls within APER 4.7.2G.

4.7.10 G In the case of an *approved person* performing an *accountable higher management function* responsible for compliance in respect of the following provisions, failing to take reasonable steps to ensure that appropriate compliance systems and procedures are in place falls within APER 4.7.2G:

(1) ~~SYSC 3.2.8R~~; or [deleted]

...

...

Review and improvement of systems and procedures

4.7.14 G Where independent reviews of systems and procedures have been undertaken and result in recommendations for improvement, the *approved person* performing an *accountable higher management function* should ensure that, unless there are good reasons not to, any reasonable recommendations are implemented in a timely manner (~~APER 4.7.10G~~ 4.7.8G). What is reasonable will depend on the nature of the inadequacy and the cost of the improvement. It will be reasonable for the *approved person* performing an *accountable higher management function* to carry out a cost benefit analysis when assessing whether the recommendations are reasonable.

Annex G

Amendments to the ~~Fit and Proper test for Approved Persons and Specified Significant-harm Functions~~ Fit and Proper test for Employees and Senior Personnel sourcebook (FIT)

In this Annex, underlining indicates new text and striking through indicates deleted text. Where a cross-reference is amended by paragraph F of this instrument, that change is not shown.

1 General

1.1 Application and purpose

1.1.1 G ~~FF~~ FIT applies to:

- (1) a *firm* (including a ~~relevant authorised person~~ an SMCR firm);
- (2) an applicant for *Part 4A permission*;
- (3) an *EEA firm*, or a Treaty firm ~~or a UCITS qualifier~~ that wishes to establish a *branch* into the *United Kingdom* using *EEA rights*, or Treaty rights, ~~or UCITS directive rights (see SUP 10A.1.10G and SUP 10A.1.11R)~~, or apply for a top-up permission (~~see SUP 10A.1.13R~~);
- (4) an *approved person* performing an FCA controlled function;
- (5) a *candidate* for an FCA controlled function;
- (6) a *certification employee* performing an ~~FCA-specified significant-harm~~ FCA certification function; and
- (7) a *person* whom a ~~firm~~ an SMCR firm is proposing to certify to perform an ~~FCA-specified significant-harm~~ FCA certification function.

1.1.2 G The purpose of *FIT* is to set out and describe the criteria that:

- (1) a ~~relevant authorised person~~ an SMCR firm should consider when:
 - (a) assessing the fitness and propriety of a *candidate* whom the *firm* is proposing to put forward for approval as an *FCA-approved SMF manager*;
 - (b) assessing the continuing fitness and propriety of a *person* approved to perform the function of an *FCA-approved SMF manager*, including for formulating an opinion about whether there are any grounds on which the regulator could withdraw

the approval given to that individual to perform that function under section 63(2A) of the *Act*;

(c) assessing the fitness and propriety of a *person* whom the *firm* is proposing to certify to perform an ~~FCA-specified significant-harm~~ FCA certification function; and

(d) assessing the continuing fitness and propriety of a *person* whom the *firm* has certified to perform an ~~FCA-specified significant-harm~~ FCA certification function.

(2) the *FCA* will consider when assessing the fitness and propriety of a *candidate* for a *controlled function*, including a *designated senior management function* (see generally *SUP* 10A and *SUP* 10C on *approved persons*), and may consider when assessing the continuing fitness and propriety of *approved persons*.

1.1.3 G The table in *FIT* 1.1.4G summarises the situations to which *FIT* applies.

1.1.4 G Table: Situations to which *FIT* applies

What <i>FIT</i> applies to	Does it apply to relevant authorised persons <u>SMCR firms</u> ?	Does it apply to <i>firms</i> that are not relevant authorised persons <u>SMCR firms</u> ?	Comment
(1) A <i>firm</i> assessing the fitness and propriety of a <i>candidate</i> whom the <i>firm</i> is proposing to put forward for approval	Yes	No	However, the answer to Question 11 in <i>SUP</i> 10A Annex 1 (Frequently asked questions) says that the <i>FCA</i> 's approval process is not a substitute for the checks that a <i>firm</i> should be carrying out on its prospective recruits. <i>FIT</i> may be a useful guide to matters that a <i>firm</i> that is not a relevant authorised person <u>an SMCR firm</u> should take into account.
(2) A <i>firm</i> assessing the continuing fitness	Yes	No	However, a <i>firm</i> should employ personnel with the skills, knowledge and

and propriety of an <i>approved person</i>			expertise necessary for the discharge of the responsibilities allocated to them (SYSC 5.1). <i>FIT</i> may be a useful guide to matters which a <i>firm</i> should take into account if it is not a relevant authorised person <u>an SMCR firm</u> .
(3) The <i>FCA</i> assessing the fitness and propriety of a <i>candidate</i> for approval as an <i>approved person</i>	Yes	Yes	
(4) The <i>FCA</i> assessing the continuing fitness and propriety of an <i>approved person</i>	Yes	Yes	
(5) A <i>firm</i> assessing the fitness and propriety of a <i>person</i> whom a <i>firm</i> is proposing to certify to perform an <i>FCA-specified significant harm FCA certification</i> <u><i>FCA certification</i></u> <i>function</i>	Yes	No	See the comment on row (2)
(6) A <i>firm</i> assessing the continuing fitness and propriety of a <i>person</i> whom a <i>firm</i> has certified to perform an <i>FCA-specified significant harm FCA certification</i> <u><i>FCA certification</i></u> <i>function</i>	Yes	No	See the comment on row (2)

1.2 Introduction

- 1.2.-1 G Under section 60A(1) of the *Act*, before a ~~relevant authorised person~~ an SMCR firm may make an application for the *FCA*'s approval of a ~~designated senior management function, controlled function~~ the ~~relevant authorised person~~ firm must be satisfied that the *person* for whom the application is made is a fit and proper *person* to perform that function.
- 1.2.1 G Under section 61(1) of the *Act* (Determination of applications), the *FCA* may grant an application for approval made under section 60 (Applications for approval) of the Act only if it is satisfied that the *candidate* is fit and proper to perform the *controlled function* to which the application relates.
- 1.2.1A G Under section 63F of the *Act*, a ~~relevant authorised person~~ an SMCR firm may issue a certificate to a *person* to perform a ~~specified significant harm certification function~~ only if it is satisfied that the person is a fit and proper person to perform that function.
- 1.2.1B G Under sections 60A and 63F of the *Act*, in assessing whether a *person* is a fit and proper person to perform an *FCA designated senior management function* or an ~~FCA specified significant harm FCA certification function~~, a ~~relevant authorised person~~ an SMCR firm must have particular regard to whether that *person*:
- (1) has obtained a qualification; or
 - (2) has undergone, or is undergoing, training; or
 - (3) possesses a level of competence; or
 - (4) has the personal characteristics;
- required by general *rules* made by the *FCA*.
- 1.2.1C G The key general *rules* relating to the criteria listed in ~~FIT 1.2.1B~~ 1.2.1BG include:
- (1) in the case of very senior *employees*, SYSC 4.2 (*persons who effectively direct the business*) and SYSC 4.3A.3R (*management body*);
 - (2) for ~~employees~~ personnel of *firms* generally, SYSC 5.1.1R (the *competent employees rule*); ~~and~~
 - (3) in relation to retail activities, TC 2.1.1R, TC 2.1.5BR and TC 2.1.12R (*employees' competence*); and
 - (4) for those who are employees of insurance firms, SYSC 3.1.6R.

...

- 1.2.3A G Under section 63(1) of the *Act* (Withdrawal of approval), the *FCA* may withdraw an approval under section 59 given by the *FCA* or the *PRA* in relation to the performance by a person of a function if it considers that the *person* is not a fit and proper *person* to perform the function.
- 1.2.4 G The *Act* does not prescribe the matters which the *FCA* should take into account when determining fitness and propriety. However, section 61(2) states that the *FCA* may have regard (among other things) to whether the *candidate* or *approved person*:
- (1) has obtained a qualification; or
 - (2) has undergone, or is undergoing, training; or
 - (3) possesses a level of competence; or
 - (4) has the personal characteristics;
- required by general *rules* made by the *FCA*.
- 1.2.4A G (1) Under Article 21(1)(d) of the *MiFID Org Regulation* and articles 34 and 35 of *MiFID*, the requirement to employ personnel with the knowledge, skills and expertise necessary for the discharge of the responsibilities allocated to them is reserved to the *firm's Home State*. Therefore, in assessing the fitness and propriety of:
- (a) a *person* to perform a *controlled function*; or
 - (b) a *certification employee*;
- solely in relation to the *MiFID business* of an *incoming EEA firm*, the *FCA* will not have regard to that *person's* competence and capability.
- (2) Where the function relates to:
- (a) matters outside the scope of *MiFID*; or
 - (b) business outside the scope of the *MiFID business* of an *incoming EEA firm*, for example *insurance distribution activities* in relation to *life policies*; or
 - (c) matters within the responsibility of the *FCA* as the *Host State regulator*, for example *money laundering* responsibilities (see the *money laundering reporting function* (CF11 and SMF17)) or (3) below;
- the *FCA* will have regard to a *person's* competence and capability as well as their honesty, integrity, reputation and financial soundness.
- (3) The *FCA* will have regard to a natural *person's* competence and capability to the extent they give a *personal recommendation* or

information about *financial instruments, structured deposits, investment services* or *ancillary services* on behalf of a *UK branch* of:

- (a) an *investment firm* authorised under *MiFID*;
 - (b) an *AIFM investment firm* carrying out activities under article 6(4) of the *AIFMD* (provision of additional services);
 - (c) a *UCITS investment firm* carrying out activities under article 6(3) of the *UCITS Directive* (provision of additional services); or
 - (d) a *credit institution*.
- (4) (3) is the result of the combined effect of articles 25(1) (Assessment of suitability and appropriateness and reporting to clients) and 35(8) (Establishment of a branch) of *MiFID*.
- (5) (1) to (4) are also relevant to the matters an ~~*EEA relevant authorised person*~~ *EEA SMCR firm* should take into account when assessing any *staff being assessed under FIT*. Where, under (1) to (4):
- (a) the *FCA* will have regard to a *person's* competence and capability, so should a *firm* when assessing any *staff being assessed under FIT*; and
 - (b) the *FCA* will not have regard to a *person's* competence and capability, a *firm* need not do so either when assessing any *staff being assessed under FIT*.

1.2.4B G Where the application relates to a function within a *Solvency II firm* and is for an *FCA controlled function* which is also a *Solvency II Directive* 'key function' as defined in the PRA Rulebook: Glossary, then the *FCA* will also have regard to the assessment made by the *firm* as required in article 273 of the *Solvency II Regulation* (EU) 2015/35 of 10 October 2014; Rules 2.1 and 2.2 of the PRA Rulebook: Solvency II Firms: Insurance - Fitness and Propriety, and other factors, as set out in *EIOPA Guidelines* on system of governance dated 28 January 2015 (see Guideline 16).

1.3 Assessing fitness and propriety

- 1.3.1 G The *FCA* will have regard to a number of factors when assessing the fitness and propriety of a *person* to perform a particular *controlled function*, as more particularly described in *FIT 2* (Main assessment criteria).
- 1.3.1A G The *FCA* would expect *firms* that are required to assess the fitness and propriety of *staff being assessed under FIT* to have regard to substantially the same factors as those outlined in *FIT 2*.
- 1.3.1B G In the *FCA's* view, the most important considerations will be the *person's*:

- (1) honesty, integrity and reputation;
 - (2) competence and capability; and
 - (3) financial soundness.
- 1.3.2 G In assessing fitness and propriety, the *FCA* will also take account of the activities of the *firm* for which the *controlled function* is or is to be performed, the *permission* held by that *firm* and the markets within which it operates.
- 1.3.2A G ~~A relevant authorised person~~ An SMCR firm assessing the fitness and propriety of *staff being assessed under FIT* should consider:
- (1) the nature, scale and complexity of its business, the nature and range of financial services and activities undertaken in the course of that business; and
 - (2) whether the *candidate* or *person* has the knowledge, skills and experience to perform the specific role that the *candidate* or *person* is intended to perform.
- 1.3.2B G ~~A relevant authorised person~~ An SMCR firm is reminded that, in assessing a *candidate* for a position within the *management body* of the *firm*, SYSC 4.3A.3R(3) requires the *firm* to ensure that the management body, as a collective, possesses adequate knowledge, skills and experience to understand the *firm's* activities.
- 1.3.3 G The criteria listed in *FIT* 2.1 to *FIT* 2.3 are *guidance* and will be applied in general terms when the *FCA* is determining a *person's* fitness and propriety. It would be impossible to produce a definitive list of all the matters which would be relevant to a particular determination. ~~A relevant authorised person~~ An SMCR firm assessing the fitness and propriety of *staff being assessed under FIT* should be guided by substantially the same criteria in *FIT* 2.1 to *FIT* 2.3 (to the extent applicable to the *firm*), recognising that this is not intended to be a definitive list of matters to be considered.
- 1.3.4 G If a matter comes to the *FCA's* attention which suggests that the *person* might not be fit and proper, the *FCA* will take into account how relevant and how important it is. In the same way, if a matter comes to the attention of a ~~relevant authorised person~~ an SMCR firm which suggests that any *staff being assessed under FIT* might not be fit and proper, the *firm* should take into account how relevant and how important that matter is.
- 1.3.4A G ~~A relevant authorised person~~ An SMCR firm assessing the continuing fitness and propriety of an *approved person* is required to notify the *FCA* under section 63(2A) of the *Act* if it forms the opinion that there are grounds on which the *FCA* could withdraw its approval (see SUP 10C.14.24R). In discharging its obligation to notify the *FCA*, a ~~relevant authorised person~~ an SMCR firm should take into account how relevant and how important the matter is that comes to its attention which suggests an *approved person*

might not be fit and proper before determining that a notification should be made.

- 1.3.4B G ~~A relevant authorised person~~ An *SMCR firm* assessing the continuing fitness and propriety of *staff being assessed under FIT* should assess the role that the individual is actually performing at the time the assessment is done. For this purpose, the assessor(s) should be provided with an up-to-date job description for that individual in advance of the assessment.
- 1.3.5 G During the application process for a *controlled function*, the *FCA* may discuss the assessment of the *candidate's* fitness and propriety informally with the *firm* making the application and may retain any notes of those discussions.

2 Main assessment criteria

2.1 Honesty, integrity and reputation

- 2.1.1 G In determining a *person's* honesty, integrity and reputation, the *FCA* will have regard to all relevant matters including, but not limited to, those set out in *FIT 2.1.3G* which may have arisen either in the *United Kingdom* or elsewhere. The *FCA* should be informed of these matters (see *SUP 10A.14.17R* and *SUP 10C.14.18R*), but will consider the circumstances only where relevant to the requirements and standards of the *regulatory system*. For example, under *FIT 2.1.3G(1)*, conviction for a criminal offence will not automatically mean an application will be rejected. The *FCA* treats each *candidate's* application on a case-by-case basis, taking into account the seriousness of, and circumstances surrounding, the offence, the explanation offered by the convicted *person*, the relevance of the offence to the proposed role, the passage of time since the offence was committed and evidence of the individual's rehabilitation.
- 2.1.1A G ~~A relevant authorised person~~ An *SMCR firm* determining the honesty, integrity and reputation of *staff being assessed under FIT*, should consider all relevant matters, including those set out in *FIT 2.1.3G*, which may have arisen either in the *United Kingdom* or elsewhere. *Firms* should inform themselves of relevant matters, including checking for convictions for criminal offences (where possible) and contacting previous employers who have employed that *candidate* or *person*. If any *staff being assessed under FIT* has a conviction for a criminal offence, the *firm* should consider the seriousness of and circumstances surrounding the offence, the explanation offered by that *person*, the relevance of the offence to the proposed role, the passage of time since the offence was committed and evidence of the individual's rehabilitation.
- ...
- 2.1.2 G In considering the matters in *FIT 2.1.1G*, the *FCA* will look at whether the *person's* reputation might have an adverse impact upon the *firm* for which the *controlled function* is or is to be performed and at the *person's* responsibilities.

- 2.1.2A G In considering the reputation of *staff being assessed under FIT 2.1.1AG* a ~~relevant authorised person~~ an SMCR firm should have regard to whether that *person's* reputation might have an adverse impact upon the *firm* for which the function is to be performed and the *person's* responsibilities.
- 2.1.3 G The matters referred to in FIT 2.1.1G to which the FCA will have regard, and to which a ~~relevant authorised person~~ an SMCR firm should also have regard, include, but are not limited to:
- (1) whether the *person* has been convicted of any criminal offence; this *must* include, where provided for by the *Rehabilitation Exceptions Orders* to the Rehabilitation of Offenders Act 1974 or the Rehabilitation of Offenders (Northern Ireland) Order 1978 (as applicable), any spent convictions; particular consideration will be given to offences of dishonesty, fraud, financial crime or an offence under legislation relating to companies, building societies, industrial and provident societies, credit unions, friendly societies, banking, other financial services, insolvency, consumer credit *companies*, insurance, consumer protection, *money laundering*, market manipulation and *insider dealing*, whether or not in the *United Kingdom*;
 - (2) whether the *person* has been the subject of any adverse finding or any settlement in civil proceedings, particularly in connection with investment or other financial business, misconduct, fraud or the formation or management of a *body corporate*;
 - (3) whether the *person* has been the subject of, or interviewed in the course of, any existing or previous investigation or disciplinary proceedings, by the *appropriate regulator*, by other regulatory authorities (including a *previous regulator*), *clearing houses* and exchanges, professional bodies, or government bodies or agencies;
 - (4) whether the *person* is or has been the subject of any proceedings of a disciplinary or criminal nature, or has been notified of any potential proceedings or of any investigation which might lead to those proceedings;
 - (5) whether the *person* has contravened any of the requirements and standards of the *regulatory system* or the equivalent standards or requirements of other regulatory authorities (including a *previous regulator*), *clearing houses* and exchanges, professional bodies, or government bodies or agencies;
 - (6) whether the *person* has been the subject of any justified complaint relating to *regulated activities*;
 - (7) whether the *person* has been involved with a *company, partnership* or other organisation that has been refused registration, authorisation, membership or a licence to carry out a trade, business or profession, or has had that registration, authorisation, membership or licence

revoked, withdrawn or terminated, or has been expelled by a regulatory or government body;

- (8) whether, as a result of the removal of the relevant licence, registration or other authority, the *person* has been refused the right to carry on a trade, business or profession requiring a licence, registration or other authority;
- (9) whether the *person* has been a *director, partner*, or concerned in the management, of a business that has gone into insolvency, liquidation or administration while the *person* has been connected with that organisation or within one year of that connection;
- (10) whether the *person*, or any business with which the *person* has been involved, has been investigated, disciplined, censured or suspended or criticised by a regulatory or professional body, a court or Tribunal, whether publicly or privately;
- (11) whether the *person* has been dismissed, or asked to resign and resigned, from employment or from a position of trust, fiduciary appointment or similar;
- (12) whether the *person* has ever been disqualified from acting as a *director* or disqualified from acting in any managerial capacity;
- (13) whether, in the past, the *person* has been candid and truthful in all ~~his~~ their dealings with any *regulatory body* and whether the *person* demonstrates a readiness and willingness to comply with the requirements and standards of the *regulatory system* and with other legal, regulatory and professional requirements and standards.

2.2 Competence and capability

- 2.2.1 G In determining a *person's* competence and capability, the *FCA*, in accordance with FIT 1.1.2G, will have regard to all relevant matters including but not limited to:
 - (1) whether the *person* satisfies the relevant *FCA* training and competence requirements in relation to the *controlled function* the *person* performs or is intended to perform;
 - (2) whether the *person* has demonstrated by experience and training that they are suitable, or will be suitable if approved, to perform the *controlled function*;
 - (3) whether the *person* has adequate time to perform the *controlled function* and meet the responsibilities associated with that function.
- 2.2.1A G In determining a *person's* competence and capability to perform an *FCA designated senior management function* or an ~~*FCA-specified significant-*~~

~~harm~~ FCA certification function, ~~a relevant authorised person~~ an SMCR firm, in accordance with *FIT* 1.1.2G, should have regard to all relevant matters including but not limited to:

- (1) whether the *person* satisfies any applicable training and competence requirements (in relation to the function that the *person* performs or is intended to perform);
- (2) whether the *person* has demonstrated by experience and training that they are suitable to perform the function they are intended to perform;
- (3) whether the *person* has adequate time to perform the function in question and meet the responsibilities associated with that function.

2.2.2 G A *person* may have been convicted of, or dismissed or suspended from employment for, drug or alcohol abuses or other abusive acts. This will be considered by the *FCA* only in relation to a *person's* continuing ability to perform the particular *controlled function* for which the *person* is or is to be employed.

2.2.2A G The *FCA* would expect ~~a relevant authorised person~~ an SMCR firm determining the competence and capability of *staff being assessed under FIT* to consider convictions, dismissals and suspensions from employment for drug or alcohol abuses or other abusive acts only in relation to a *person's* continuing ability to perform the particular *FCA designated senior management function* or an ~~FCA-specified significant-harm~~ FCA certification function for which the *person* is, or is to be, employed.

2.3 Financial soundness

2.3.1 G In determining a *person's* financial soundness, the *FCA* will have regard, and ~~a relevant authorised person~~ an SMCR firm should also have regard, to any factors including, but not limited to:

- (1) whether the *person* has been the subject of any judgment debt or award, in the *United Kingdom* or elsewhere, that remains outstanding or was not satisfied within a reasonable period;
- (2) whether, in the *United Kingdom* or elsewhere, the *person* has made any arrangements with ~~his~~ their creditors, filed for bankruptcy, had a bankruptcy petition served on ~~him~~ them, been adjudged bankrupt, been the subject of a bankruptcy restrictions order (including an interim bankruptcy restrictions order), offered a bankruptcy restrictions undertaking, had assets sequestrated, or been involved in proceedings relating to any of these.

2.3.2 G The *FCA* will not normally require a *candidate* to supply a statement of assets or liabilities. The fact that a *person* may be of limited financial means

will not, in itself, affect their suitability to perform a controlled function.
The *FCA* would expect a ~~relevant authorised person~~ an SMCR firm to take a similar view in assessing whether *staff being assessed under FIT*, are fit and proper.

Annex H

Amendments to the Training and Competence sourcebook (TC)

In this Annex, underlining indicates new text and striking through indicates deleted text.

2 Competence

2.1 Assessing and maintaining competence

...

Notification requirements

2.1.31 R A *firm* must notify the *FCA* as soon as reasonably practicable after it becomes aware, or has information which reasonably suggests, that any of the following events has occurred or may have occurred in relation to any of its *retail investment advisers*, and the event is significant:

...

- (3) a *retail investment adviser* has failed to comply with a ~~Statement of Principle~~ APER or COCON (as applicable) in carrying out their *controlled function* ~~or has failed to comply with COCON~~ (as applicable); and

...

...

App 6 Accredited bodies

App 6.1 Accredited bodies

6.1.1 G ...

...	
Carrying out effective verification services	
...	...
12.	The <i>FCA</i> will expect an <i>accredited body</i> to have in place effective procedures for carrying out its verification activities. These should include:
(1)	verifying that each <i>retail investment adviser</i> who is a member of or subscriber to the <i>accredited body's</i> verification

		service has made an annual declaration in writing that the <i>retail investment adviser</i> has, in the preceding 12 months, complied with <i>APER</i> or, for a <i>relevant authorised person</i>, complied with <i>COCON</i> (as applicable) and completed the continuing professional development required under <i>TC 2.1.15R</i> ;
	...	
...		
14.	...	(b) a false declaration in relation to a <i>retail investment adviser's</i> compliance with <i>APER</i> or <i>COCON</i> (as applicable). ; (e) for a <i>relevant authorised person</i>, compliance with <i>COCON</i>. ...
Having appropriate systems and controls in place and providing evidence to the FCA of continuing effectiveness		
...		
17.		The <i>FCA</i> will expect an <i>accredited body</i> to have a code of ethics and to ensure that its code of ethics and verification service terms and conditions do not contain any provisions that conflict with <i>APER</i> or <i>COCON</i> (as applicable).
...		

...

Sch 2 Notification requirements

Sch 2.1 G

Handbook reference	Matter to be notified	Contents of notification	Trigger event	Time allowed
...
<i>TC 2.1.31R</i>
...	(3) a <i>retail investment</i>	...

			<p><i>adviser</i> has failed to comply with a <i>Statement of Principle</i> in carrying out his controlled function or, in the case of a relevant authorised person, has failed to comply with <u>APER</u> or, as applicable, <u>COCON</u>; and</p> <p>...</p>	
--	--	--	---	--

Annex I

Amendments to the General Provisions (GEN)

In this Annex, striking through indicates deleted text.

Sch 4 Powers exercised

...

Sch 4.2 G Powers to make rules

The following powers and related provisions in or under the <i>Act</i> have been exercised by the <i>FCA</i> to make the rules in <i>GEN</i> :	
	...
	Section 60A (Vetting of candidates by relevant authorised persons)
	...

...

Sch 4.7 G Powers to direct, require or specify

The following powers and related provisions in the <i>Act</i> have been exercised by the <i>FCA</i> in <i>GEN</i> to direct, require or specify:	
	...
	Section 63ZA (Variation of senior manager’s approval at request of relevant authorised person)
	...
	Section 63E (Certification of employees by relevant authorised persons)
	Section 64C (Requirement for relevant authorised persons to notify regulator of disciplinary action)
	...

...

Annex J

Amendments to the Prudential sourcebook for Investment Firms (IFPRU)

In this Annex, underlining indicates new text and striking through indicates deleted text.

2 Supervisory processes and governance

...

2.4 Reporting of breaches

...

- 2.4.2 G SYSC 18 (Whistleblowing) contains requirements on *UK ~~relevant authorised persons~~ SMCR banking firms* and certain *insurers* (see SYSC 18.1.1AR) in relation to the adoption and communication of appropriate internal procedures for handling *reportable concerns* as part of an effective risk management system. SYSC 18.1.1CG provides that *firms* not otherwise subject to SYSC 18 may nonetheless wish to adopt the provisions in that chapter as best practice.

...

Annex K

Amendments to the Prudential sourcebook for Mortgage and Home Finance Firms, and Insurance Intermediaries (MIPRU)

In this Annex, underlining indicates new text and striking through indicates deleted text.

- 2 Insurance and MCD mediation activity: responsibility, knowledge, ability and good repute**
- ...
- 2.2 Allocation of the responsibility for insurance distribution activity or MCD credit intermediation activity**
- ...
- 2.2.2 R ~~The firm may allocate the responsibility for its insurance distribution activity or MCD credit intermediation activity to an approved person (or persons) who is:~~
- (1) ~~(if the firm is not a relevant authorised person):~~
 - (a) ~~performing:~~
 - (i) ~~an FCA governing function; or~~
 - (ii) ~~a PRA governing function;~~
 - ~~(other than a person who is a non-executive director of the firm); or~~
 - (b) ~~performing the apportionment and oversight function; or~~
 - (c) ~~performing the significant management function in so far as it relates to dealing in investments as principal, disregarding article 15 of the Regulated Activities Order (Absence of holding out etc) (or agreeing to do so) or an activity which is not designated investment business;~~
 - (2) ~~(if a firm is a relevant authorised person) a director of the firm who:~~
 - (a) ~~is not a non-executive director; and~~
 - (b) ~~is an approved person of that firm. [deleted]~~
- 2.2.3 G (1) Typically a firm will appoint a director who is an approved person of that firm to direct its insurance distribution activity or MCD credit

~~intermediation activity. A firm that is not a relevant authorised person may also appoint a person performing another FCA governing function or PRA governing function.~~

- (1A) ~~A firm should not appoint someone performing one of the FCA's or PRA's non-executive director controlled functions or any other non-executive director.~~
- (1B) ~~Where responsibility for a firm's insurance distribution activity or MCD credit intermediation activity is allocated to a person performing a controlled function that is not in paragraph (1), the firm must ensure that the firm's insurance distribution activity or MCD credit intermediation activity is appropriately allocated. If the apportionment and oversight function applies to the firm, the person performing the apportionment and oversight function with responsibility for the apportionment of responsibilities should carry out the allocation.~~
- (2) ~~The descriptions of significant influence functions, other than the required functions, do not extend to activities carried on by an insurance intermediary with permission only to carry on insurance distribution activity and whose principal purpose is to carry on activities other than regulated activities (see SUP 10A.1.18 R). In this case, the firm may allocate the responsibility for the firm's insurance distribution activity to one or more of the persons performing the apportionment and oversight function who will be required to be an approved person.~~
- (2A) ~~Paragraph (2) does not apply to a relevant authorised person.~~
- (3) ~~In the case of a sole trader, the sole trader will be responsible for the firm's insurance distribution activity or MCD credit intermediation activity, as applicable. [deleted]~~

...

Annex L**Amendments to the Conduct of Business sourcebook (COBS)**

In this Annex, underlining indicates new text and striking through indicates deleted text.

19 Pensions supplementary provisions

...

19.5 Independent governance committees (IGCs)

...

- 19.5.8 G (1) A *firm* should consider allocating responsibility for the management of the relationship between the *firm* and its *IGC* to a person at the *firm* holding an *FCA significant-influence function* or *designated senior management function*.

...

...

Annex M

Amendments to the Client Assets sourcebook (CASS)

In this Annex, underlining indicates new text and striking through indicates deleted text. Where a cross-reference is amended by paragraph F of this instrument, that change is not shown.

1A CASS firm classification and operational oversight

...

1A.3 Responsibility for CASS operational oversight

1A.3.1 R ...

- (2) A CASS small firm that is not a ~~relevant authorised person~~ an SMCR firm must make the allocation in (1) to a *director* or *senior manager* who is approved to perform a *significant influence function* for that *firm*.

...

1A.3.1-A G The material in CASS 1A.3.1BG about how CASS 1A.3 fits into the *FCA approved persons* senior managers and certification regime for ~~relevant authorised persons~~ SMCR firms also applies to a CASS small firm that is an SMCR firm and the function in CASS 1A.3.1R. However:

- (1) the function in CASS 1A.3.1R is not an ~~FCA specified significant-harm~~ a separate FCA certification function; and
- (2) the *person* performing that function will not necessarily be subject to the employee certification regime described in SYSC 27 ~~(Certification Regime)~~ (Senior managers and certification regime: Certification regime).

...

1A.3.1B G (1) (a) CASS 1A.3.1AR describes the *FCA controlled function* known as the *CASS operational oversight function* (CF10a). The table of *FCA controlled functions* in SUP 10A.4.4R together with SUP 10A.7.9R specify the *CASS operational oversight function* as an *FCA required function* for a firm to which CASS 1A.3.1AR applies.

- (b) The *CASS operational oversight function* does not apply to a ~~relevant authorised person~~ an SMCR firm. For an SMCR firm, the function in CASS 1A.3.1AR is not a separate controlled function and performing that function does not

require approval as an *approved person*. Paragraphs (1A) to (4) describe how CASS 1A.3.1AR applies to *SMCR firms*.

- (c) However, nothing in paragraphs (1A) to (4) affects the requirement for the function in CASS 1A.3.1AR to be allocated to a single *director* or *senior manager* of sufficient skill and authority in accordance with CASS 1A.3.1AR and CASS 1A.3.2AR.
- (1A) There are three elements of the regime for *SMCR firms* that are particularly relevant to CASS 1A, although they do not all apply to all *SMCR firms*:
- (a) a *firm*'s obligation to allocate certain responsibilities to its *SMF managers* (see SYSC 24 (Senior managers and certification regime: Allocation of prescribed responsibilities));
- (b) a *firm*'s obligation to ensure that one or more of its *SMF managers* have overall responsibility for each of its activities, business areas and management functions (see SYSC 26 (Senior managers and certification regime: Overall and local responsibility)); and
- (c) the certification regime (see SYSC 27 (Senior managers and certification regime: Certification regime)).
- (2) (a) ~~For a *firm* that is a *UK relevant authorised person*, the function in CASS 1A.3.1AR is not a separate *controlled function* and performing that function does not require approval as an *approved person*. This paragraph (2) explains how CASS 1A.3.1AR applies to an *SMCR firm* to which SYSC 24 and SYSC 26 both apply.~~
- (b) ~~A *UK relevant authorised person*~~ The *firm* must allocate overall responsibility for the *firm*'s compliance with CASS to one of its *SMF managers* (see SYSC 4.7.5R SYSC 24.2.1R). That responsibility is an “*FCA-prescribed senior management responsibility*”. The full list of *FCA-prescribed senior management responsibilities* is in the table in SYSC 24.2.6R.
- (c) ~~A *UK relevant authorised person*~~ Although the CASS function in SYSC 24.2.1R is different from the function in CASS 1A.3.1AR, the *firm* may allocate the function in CASS 1A.3.1AR to the *SMF manager* in (b).
- (d) ~~A *UK relevant authorised person*~~ The *firm* may allocate the CASS *FCA-prescribed senior management responsibility* described in (b) to an *SMF manager* who does not perform any other function coming within the *FCA approved persons*

- regime for ~~relevant authorised persons~~ SMF managers in SMCR firms. See SUP 10C.7 (Other overall responsibility function (SMF18)) and SUP 10C.8.1R (Other local responsibility function (SMF22)) for details. Where this is the case, the manager will be performing the other overall responsibility function or the other local responsibility function.
- (e) ~~A UK relevant authorised person~~ The firm may choose to allocate the function in CASS 1A.3.1AR to someone who is not an *approved person* and *SMF manager*. If so:
- (i) that *person* will be subject to the employee certification regime described in SYSC 27 (Senior managers and certification regime: Certification regime);
 - (ii) that *person* will be subject to supervision by the *SMF manager* in (b); and
 - (iii) the function in CASS 1A.3.1AR will be the CASS oversight ~~FCA specified significant harm~~ FCA certification function in SYSC 27.8.1R.
- (3) ~~Broadly speaking, paragraph (2) applies to a third country relevant authorised person, with certain differences~~ In relation to an SMCR firm to which SYSC 24 applies but SYSC 26 does not apply, the guidance in sub-paragraphs (2)(b), (2)(c), and 2(e) applies, but the guidance in sub-paragraph (2)(d) does not apply.
- (a) ~~SYSC 4.8.6R and SYSC 4.8.9R apply instead of SYSC 4.7.5R and SYSC 4.7.7R;~~
 - (b) ~~SUP 10C.8 applies instead of SUP 10C.7;~~
 - (c) ~~the other local responsibility function (SMF22) applies in place of the other overall responsibility function (SMF18).~~
- (4) (a) ~~The position of an incoming EEA firm that has a top-up permission~~ SMCR firm to which neither SYSC 24 nor SYSC 26 apply is slightly different.
- (b) The *firm* may choose to allocate the function in CASS 1A.3.1AR to an *SMF manager*.
 - (c) The *firm* may instead choose to allocate the function in CASS 1A.3.1AR to someone who is not an *SMF manager*.
 - (d) Where (c) applies, the *person* performing the function in CASS 1A.3.1AR will fall into the certification regime. The

function in CASS 1A.3.1AR will be the CASS oversight FCA certification function in SYSC 27.8.1R.

- (e) ~~FCA prescribed senior management responsibilities do not apply to an incoming EEA firm that has a top-up permission. There is no requirement in SYSC 4.7 or SYSC 4.8 that an SMF manager in an incoming EEA firm should have overall responsibility for CASS.~~
- (f) ~~Having responsibility for CASS may fall within the scope of the EEA branch senior manager function (SMF21).~~
- (g) ~~However, having responsibility for CASS may not fall into any controlled function.~~

1A.3.1C R If, at the time a firm that is not a ~~relevant authorised person~~ an SMCR firm becomes a CASS medium firm or a CASS large firm in accordance with CASS 1A.2.12 R(1) or CASS 1A.2.12 R(2), the firm is not able to comply with CASS 1A.3.1AR because it has no director or senior manager who is an approved person in respect of the CASS operational oversight function, the firm must:

...

- 1A.3.1D G
- (1) CASS 1A.3.1CR provides a grace period for a firm that is not a ~~relevant authorised person~~ an SMCR firm to apply for someone to be approved to perform the CASS operational oversight function.
 - (2) There is no equivalent to CASS 1A.3.1CR for a ~~relevant authorised person~~ an SMCR firm, because a person does not need specific FCA approval before carrying out the function. This is explained in (3) to (5), below.
 - (3) As explained in CASS 1A.3.1BG(2), the function in CASS 1A.3.1AR is not, by itself, a controlled function.
 - (4) Therefore, if an approved person is to perform the function for a ~~relevant authorised person~~ an SMCR firm, it can be allocated to any director or senior manager who is already an approved person who is suitable to carry it out.
 - (5) If the function is to be carried out by a certification employee:

...

- (b) the firm should:
 - (i) either issue them with a certificate under SYSC 27 (Senior managers and certification regime: Certification regime) before the firm becomes a CASS medium firm or a CASS large firm; or

...

...

11 Debt management client money chapter

...

11.3 Responsibility for CASS operational oversight

CASS small debt management firm other than a not-for-profit debt advice body

11.3.1 R ...

- (2) A firm that is not ~~a relevant authorised person~~ an SMCR firm must make the allocation in (1) to a *director* or *senior manager* approved to perform a *significant influence function* in relation to that *firm*.

11.3.1A G CASS 11.3.3G(5) to (11) also apply to a *CASS small debt management firm* that is an SMCR firm and the function in CASS 11.3.1R. However:

- (1) the function in CASS 11.3.1R is not ~~an FCA specified significant-harm~~ a separate FCA certification function; and
- (2) the *person* performing that function will not necessarily be subject to the employee certification regime described in SYSC 27 (Senior managers and certification regime: Certification Regime regime).

...

CASS large debt management firm: the CASS operational oversight function (CF10a)

11.3.3 G ...

- (3) In the case of a *firm* that is not ~~a relevant authorised person~~ an SMCR firm, the *director* or *senior manager* in (2) should be an *approved person* under the *approved persons* regime provided for in SUP 10A (FCA Approved Persons).
- (4) However, the *CASS operational oversight function* does not apply to ~~a relevant authorised person~~ an SMCR firm.
- (4A) For an SMCR firm, the function in CASS 11.3.4R is not a separate controlled function and performing that function does not require approval as an approved person. Paragraphs (5) to (11) describe how CASS 11.3.4R applies to such firms.
- (4B) There are three elements of the regime for SMCR firms that are particularly relevant to CASS 11.3, although they do not all apply to all SMCR firms:

- (a) a firm's obligation to allocate certain responsibilities to its SMF managers (see SYSC 24 (Senior managers and certification regime: Allocation of prescribed responsibilities));
 - (b) a firm's obligation to ensure that one or more of its SMF managers have overall responsibility for each of its activities, business areas and management functions (see SYSC 26 (Senior managers and certification regime: Overall and local responsibility)); and
 - (c) the certification regime (see SYSC 27 (Senior managers and certification regime: Certification regime)).
- (5) ~~For a firm that is a relevant authorised person, the function in CASS 11.3.4R is not a separate controlled function and performing that function does not require approval as an approved person.~~ Paragraphs (6) to (9) explain how CASS 11.3.4R applies to an SMCR firm to which SYSC 24 and SYSC 26 apply.
- (6) ~~A relevant authorised person~~ The SMCR firm must allocate overall responsibility for the firm's compliance with CASS to one of its SMF managers (see ~~SYSC 4.7.5R~~ SYSC 24.2.1R). That responsibility is an "FCA-prescribed senior management responsibility". The full list of FCA-prescribed senior management responsibilities is in the table in SYSC 24.2.6R.
- (7) ~~A relevant authorised person~~ Although the CASS function in SYSC 24.2.1R is different from the function in CASS 11.3.4R, the SMCR firm may allocate the function in CASS 11.3.4R to the SMF manager in (6).
- (8) ~~A relevant authorised person~~ The SMCR firm may allocate the CASS FCA-prescribed senior management responsibility described in (6) to an SMF manager who does not perform any other function coming within the FCA approved persons regime for ~~relevant authorised persons~~ SMF managers in SMCR firms. See SUP 10C.7 (Other overall responsibility function (SMF18)) and SUP 10C.8.1R (Other local responsibility function (SMF22)) for details.
- (9) ~~A relevant authorised person~~ The SMCR firm may choose to allocate the function in CASS 11.3.4R to someone who is not an approved person and SMF manager. If so:
- (a) that person will be subject to the employee certification regime described in SYSC 27 (~~Certification Regime Senior managers and certification regime: Certification regime~~);
 - (b) that person will be subject to supervision by the SMF manager in (6); and

- (c) the function in CASS 11.3.4R will be the CASS oversight ~~FCA specified significant-harm~~ FCA certification function in SYSC 27.8.1R.
- (10) ~~Broadly speaking, paragraphs (1) to (9) apply to a third country relevant authorised person, with certain differences: In relation to an SMCR firm to which SYSC 24 applies but SYSC 26 does not apply the guidance in paragraphs (6), (7) and (9) applies, but the guidance in paragraph (8) does not apply.~~
- (a) ~~SYSC 4.8.6R and SYSC 4.8.9R apply instead of SYSC 4.7.5R and SYSC 4.7.7R;~~
- (b) ~~SUP 10C.8 applies instead of SUP 10C.7;~~
- (c) ~~the other local responsibility function (SMF22) applies in place of the other overall responsibility function (SMF18).~~
- (11) (a) The position of an ~~incoming EEA firm that has a top-up permission~~ SMCR firm to which neither SYSC 24 nor SYSC 26 apply is slightly different.
- (b) The *firm* may choose to allocate the function in CASS 11.3.4R to an *SMF manager*.
- (c) The *firm* may instead choose to allocate the CASS function to someone who is not an *SMF manager*.
- (d) Where (c) applies, the *person* performing the function in CASS 11.3.4R will fall into the certification regime. The function in CASS 1A.3.1AR will be the CASS oversight FCA certification function in SYSC 27.8.1R.
- (e) ~~FCA prescribed senior management responsibilities do not apply to an incoming EEA firm that has a top-up permission. There is no requirement in SYSC 4.7 or SYSC 4.8 that an SMF manager in an incoming EEA firm should have overall responsibility for CASS.~~
- (f) ~~Having responsibility for CASS may fall within the scope of the EEA branch senior manager function (SMF21).~~
- (g) ~~However, having responsibility for CASS may not fall into any controlled function.~~

...

- 11.3.5 R If, at the time a CASS debt management firm that is not a ~~relevant authorised person~~ an SMCR firm becomes a CASS large debt management firm in accordance with CASS 11.2.8R, the firm is not able to comply with CASS 11.3.4R because it has no *director* or *senior manager* who is an

approved person in respect of the *CASS operational oversight function*, the *firm* must:

...

- 11.3.5A G (1) CASS 11.3.5R provides a grace period for a *firm* that is not a ~~relevant authorised person~~ an SMCR firm to apply for someone to be approved to perform the *CASS operational oversight function*.
- (2) There is no equivalent to CASS 11.3.5R for a ~~relevant authorised person~~ an SMCR firm, because a *person* does not need specific *FCA* approval before carrying out the function. This is explained in (3) to (5), below.
- (3) As explained in CASS 11.3.3G, the function in CASS 11.3.5R is not, by itself, a *controlled function*.
- (4) Therefore, if an *approved person* is to perform the function for a ~~relevant authorised person~~ an SMCR firm, it can be allocated to any *director* or *senior manager* who is already an *approved person* who is suitable to carry it out.
- (5) If the function is to be carried out by a *certification employee*:

...

(b) the *firm* should:

- (i) either issue them with a certificate under SYSC 27 (Senior managers and certification regime: Certification regime) before the *firm* becomes a *CASS large debt management firm*; or

...

...

Annex N

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text. Where a cross-reference is amended by paragraph F of this instrument, that change is not shown.

Part 1: Comes into force [] 2018 [shortly after instrument is made]

10C.13 Variation of conditional and time-limited approvals

Purpose

10C.13.1 G ...

10C.13.2 G (1) ...

- (2) This section does not deal with the *FCA's* policies on varying a condition on its own initiative. *DEPP* 8 deals with that. However this section gives a short description of the *FCA's* powers to impose such variations.

Variation of a conditional approval at the request of the firm: general description

10C.13.3 G A *firm* may apply to the *FCA* to change a conditional or time-limited approval. The changes for which a *firm* may apply are:

- (1) a variation of the condition;
- (2) removal of the condition; ~~and~~
- (3) the imposition of a new condition; or
- (4) where the approval is time-limited:
 - (a) varying the time limit; or
 - (b) removing the time limit.

10C.13.4 G (1) ~~If a *firm* is applying for a change of the type described in SUP 10C.13.3G(1) or SUP 10C.13.3G(2),~~ There are requirements about whether the *firm* applying for a change described in SUP 10C.13.3G should apply to the *FCA* if the *FCA* imposed that condition, even if the approval was given by or the *PRA*. Paragraphs (2) to (3) summarise these requirements.

- (2) If the *firm* is applying for the imposition of a new condition, the *firm* should apply to the *FCA* if the approval to which the application relates was given by the *FCA*.
- (2A) If a *firm* is applying for a change of the type described in SUP 10C.13.3G(1) or SUP 10C.13.3G(2), the *firm* should (subject to (2C)) apply to the *FCA* if the *FCA* imposed that condition, even if the approval was given by the *PRA*.
- (2B) If a *firm* is applying for a change of the type described in SUP 10C.13.3G(4), the *firm* should subject to (2C)) apply to the *FCA* if the *FCA* imposed that time limit, even if the approval was given by the *PRA*.
- (2C) Where the time limit or condition has been varied before and the *FCA* was the last to vary it, the *firm* should apply to the *FCA*. This applies whether the variation was made on the application of the *firm* or on the initiative of the *FCA* or the *PRA*.
- (3) In other cases, the application should be to the *PRA*.
- 10C.13.5 G The ~~power right~~ to apply for a variation does not ~~apply to~~ include the right to apply for a time limitation where the current approval has effect for an unlimited period.
- 10C.13.5A G The procedures described in this section for the variation of an approval at the request of a *firm* do not apply where the condition or time limit has effect by virtue of section 66 of the *Act* (Disciplinary powers).
- ...
- 10C.13.24 G The *FCA* may vary an approval by:
- (1) imposing a condition;
 - (2) varying a condition;
 - (3) removing a condition; ~~or~~
 - (4) limiting the period for which the approval is to have effect; or
 - (5) removing or varying a time limit on an approval.
- ...

Part 2: Comes into force 10 September 2018

After SUP TP 10 (Benchmarks Regulation Transitional Provisions) insert the following new SUP TP 11. The text is not underlined.

TP 11 Bank of England and Financial Services Act 2016: Approved persons in insurers

11.1 Application and purpose

- 11.1.1 R (1) *SUP* TP 11 applies to **SMCR insurance firms**.
- (2) *SUP* TP 11.15 applies to every *firm*.
- 11.1.2 G (1) *SUP* TP 11 has transitional provisions relating to the changes to the *approved persons* regime made by Part 2 of the Bank of England and Financial Services Act 2016 and the Individual Accountability (Dual-Regulated Firms) Instrument 2018.
- (2) In particular, it has procedures for converting existing approvals for the performance of *controlled functions* into approvals for the corresponding *designated senior management functions*.
- 11.1.3 G (1) The main time period for which *SUP* TP 11 operates is 2018.
- (2) There are transitional provisions that can apply beyond that period. They are based on events occurring during that period.
- 11.1.4 G Most of *SUP* TP 11 relates *SUP* 10C.
- 11.1.5 G *SUP* TP 11.22 has a glossary of terms used in *SUP* TP 11 which have meanings that only apply in *SUP* TP 11. These terms appear in bold type in *SUP* TP 11.

11.2 Conversion of existing approvals

- 11.2.1 R If the conditions set out in *SUP* TP 11.2.2R are met, a **pre-implementation approval** in relation to a particular *approved person* (AP) and a particular **SMCR insurance firm** (F) has effect on and after the **commencement date** as if it had been given in relation to the *FCA-designated senior management function* or *FCA-designated senior management functions* specified in *SUP* TP 11.2.2R(2) and (3).
- 11.2.2 R Those conditions are:
- (1) the **pre-implementation approval** is in effect in relation to F:
- (a) (in the case of a **notifying firm**) at the **firm specific date**;
and
- (b) immediately before the **commencement date**;

- (2) AP is performing an *FCA-designated senior management function* in relation to F on the **commencement date**;
- (3) the **pre-implementation approval** in (1) is **potentially convertible** into approval for the *FCA-designated senior management function* in (2); and
- (4) (in the case of a **notifying firm**) F has notified the *FCA*:
- (a) between the **first notification date** and the **commencement date**;
- (b) that it considers that the **pre-implementation approval** will be converted into approval for the *FCA-designated senior management function* in (2) under *SUP TP 11.2*.
- 11.2.3 R (1) A **pre-implementation approval** is **potentially convertible** into approval for an *FCA-designated senior management function* if a single row within the applicable part of the mapping table in *SUP TP 11.2.5R* contains both:
- (a) the **pre-implementation controlled function** for which that **pre-implementation approval** was given; and
- (b) that *FCA-designated senior management function*.
- (2) An approval for a **pre-implementation controlled function** excluded from *SUP TP 11* by *SUP TP 11.4.2R* is not **potentially convertible** into approval for any *FCA-designated senior management function*.
- (3) An approval for a **pre-implementation controlled function** is not **potentially convertible** into approval for an *FCA-designated senior management function* in relation to a *firm* if either that **pre-implementation controlled function** or that *FCA-designated senior management function* does not apply to the *firm*.
- 11.2.4 R (1) Part One of the table in *SUP TP 11.2.5R* applies to a **non-notifying firm**.
- (2) Part Two of the table in *SUP TP 11.2.5R* applies to a **notifying firm**.
- 11.2.5 R Mapping table: Potential conversion of approval for existing controlled functions into approval for designated senior management functions

Part One (non-notifying firms)	
(1) Pre-Implementation Controlled Function	(2) New FCA-designated senior management function
Executive functions	
Director function	Executive director function
Chief executive function	Executive director function
Director of unincorporated association function	Executive director function
Small friendly society function	Executive director function
Required functions	
Compliance oversight function	Compliance oversight function
Money laundering reporting function	Money laundering reporting function

Part Two (notifying firms)	
(1) Pre-Implementation Controlled Function	(2) New FCA-designated senior management function
Executive functions	
Director function	(a) Executive director function (b) Conduct risk oversight (Lloyd's) function
Director of unincorporated association function	Executive director function
Small friendly society function	Executive director function
Oversight functions	
Chair of the nomination committee function	Chair of the nomination committee function
Chair of the with-profits committee function	Chair of the with-profits committee function
Systems and controls	

Systems and controls function	Other local responsibility function
Required functions	
Compliance oversight function	Compliance oversight function
Money laundering reporting function	Money laundering reporting function
CASS operational oversight function	(a) Other overall responsibility function (b) Other local responsibility function
Significant management function	
Significant management function	(a) Other overall responsibility function (b) Other local responsibility function (c) EEA branch senior manager function

Note for Parts One and Two of this table
All references to a new FCA-designated senior management function are to <i>FCA-designated senior management functions</i> brought into force for the <i>firm</i> concerned by the Individual Accountability (Dual-Regulated Firms) Instrument 2018.

- 11.2.6 G If a **pre-implementation controlled function** does not apply to a *firm* immediately before the **commencement date**, the applicable row of the table in *SUP* TP 11.2.5R does not apply to it either.
- 11.2.7 G (1) The general principle is that a **pre-implementation approval** cannot be converted to approval for an *FCA-designated senior management function* if that *FCA-designated senior management function* will not apply to the *firm* or to the particular *approved person* on the **commencement date**.
- (2) For example, if none of the *FCA-designated senior management functions* in a row of the table in *SUP* TP 11.2.5R apply to a *firm* on the **commencement date**, that row does not apply to the *firm*.
- 11.2.8 G Another example of the principle in *SUP* TP 11.2.7G is that if:
- (1) the result of *SUP* TP 11.2 would be that an *approved person* is deemed to be approved to perform the *other overall responsibility function* or the *other local responsibility function*; and

- (2) either that *approved person*:
- (a) is deemed by *SUP* TP 11.2 to be approved to perform any other *FCA-designated senior management function* for the same *firm*; or
 - (b) has approval to perform a *PRA controlled function* for the same *firm*;

then, for that *approved person* and that *firm*, the *other overall responsibility function* or the *other local responsibility function* (whichever is applicable) does not apply.

- 11.2.9 R (1) A notification to the *FCA* is not to be taken into account for the purposes of *SUP* TP 11.2.2R(4) so far as it concerns a particular *approved person* if the *firm* does not include a **statement of responsibilities** about that *approved person* with the notification when required to do so by *SUP* TP 11.11.
- (2) A notification to the *FCA* is not to be taken into account for the purposes of *SUP* TP 11.2.2R(4) if the *firm* does not include a **management responsibilities map** with the notification when required to do so by *SUP* TP 11.12.
- 11.2.10 G *SUP* TP 11.2.2R(4)(a) (together with *SUP* TP 11.5 and *SUP* TP 11.6) means that:
- (1) a failure to submit a Form K before the **final notification date** is a breach of the requirements of *SUP* TP 11; but
 - (2) despite that breach, the **pre-implementation approval** can still be converted into an approval for the applicable *FCA-designated senior management function* as long as it is received between the **first notification date** and the **commencement date**.
- 11.2.11 R (1) This *rule* applies to a *firm* (referred to as ‘B’ in this *rule*) in relation to an *approved person* (referred to as ‘AP’ in this *rule*) if:
- (a) immediately before the **commencement date**, AP is treated under *SUP* 10A.11.12R (The main rule) as not performing an *FCA governing function* for B;
 - (b) approval for that *FCA governing function* is **potentially convertible** into approval for an *FCA-designated senior management function*;
 - (c) that *FCA-designated senior management function* is an *FCA governing function*; and

- (d) AP would be performing that *FCA-designated senior management function* in relation to B on the **commencement date** but for this *rule*.
- (2) *SUP* 10C.9.8R (The main rule) applies in relation to AP, B and the *FCA-designated senior management function* in (1) from the **commencement date** so that:
- (a) that *FCA-designated senior management function* is treated as a ‘particular’ *FCA governing function* in *SUP* 10C.9.8R; and
- (b) the functions included in what would have been that *FCA governing function* are treated as a potential *FCA governing function* in *SUP* 10C.9.8R that:
- (i) meets the conditions in *SUP* 10C.9.8R(4); and
- (ii) has met the conditions in *SUP* 10C.9.8R(5) up to the **commencement date**.
- 11.2.12 G (1) *SUP* 10A.11.12R and *SUP* 10C.9.8R say that a *person* performing a *PRA controlled function* does not need approval for carrying on an *FCA governing function* if certain conditions are met.
- (2) The effect of *SUP* TP 11.2.11R is that if immediately before the **commencement date**, an *approved person* is taking advantage of *SUP* 10A.11.12R they will be able to rely on the corresponding arrangement in *SUP* 10C.9.8R as long as they have approval for performing a *PRA controlled function*.

11.3 Effect of conversion

- 11.3.1 R (1) Where, immediately before the **commencement date**, a **pre-implementation approval** is subject to a suspension, condition or limitation imposed under section 66(3) of the *Act* (Disciplinary powers), that suspension, condition or limitation is to be treated as if it were imposed in respect of the **converted approval** from the beginning of the **commencement date**.
- (2) This *rule* applies whether or not the *FCA* or the *PRA* has given a *warning notice* or a *decision notice* under:
- (a) section 63 of the *Act* (Withdrawal of approval); or
- (b) section 63B of the *Act* (Procedure and right to refer to tribunal); or

- (c) section 67 of the *Act* (Disciplinary measures: procedure and right to refer to Tribunal).

11.3.2 R Anything done under section 63 of the *Act* (Withdrawal of approval) in respect of a **pre-implementation approval** before the **commencement date** continues to have effect on and after that day in respect of the **converted approval**.

11.4 Lapse of existing approvals and special provisions about appointed representatives

11.4.1 R Subject to *SUP* TP 11.4.2R, any **pre-implementation approval** that is in effect immediately before the **commencement date** that is not converted under *SUP* TP 11.2 ceases to have effect as from the beginning of the **commencement date** in relation to the *controlled function* concerned.

11.4.2 R *SUP* TP 11 does not apply to a **pre-implementation approval** that has effect under *SUP* 10A.1.15R to *SUP* 10A.1.16AR (appointed representatives).

11.4.3 G An approval excluded from *SUP* TP 11 by *SUP* TP 11.4.2R continues in force and is not affected by *SUP* TP 11.

11.4.4 G (1) A *firm* does not have to submit a Form C for an *approved person* who had a **pre-implementation approval** to perform the *customer function* but ceases to perform that function because the *customer function* is (except in relation to *appointed representatives*) abolished after the **commencement date**.

(2) A *firm* should however notify the *FCA* by Form C that a **pre-implementation approval** has not been converted into approval for an *FCA-designated senior management function* under *SUP* TP 11.2 because the *approved person* resigned or otherwise stopped performing the *FCA controlled function* before the **commencement date**.

11.5 Notification to the FCA: Initial notification

11.5.1 R (1) A **notifying firm** must notify the *FCA* of:

(a) each **pre-implementation approval** that it considers will be converted into approval for an *FCA-designated senior management function* under *SUP* TP 11.2 (assuming that the *firm* complies with the applicable notification requirements in *SUP* TP 11);

- (b) the *approved person* in respect of whom that **pre-implementation approval** was given; and
 - (c) the *FCA-designated senior management function* referred to in (a).
 - (2) A *firm* must make the notification in (1) between the **first notification date** and the **final notification date**.
- 11.5.2 G *SUP* TP 11.10 explains how the *firm* should make the notification.
- 11.5.3 G (1) This paragraph (*SUP* TP 11.5.3G) gives examples of things that a *firm* should not include in a notification under *SUP* TP 11.5.1R.
- (2) A *firm* should not include a **pre-implementation approval** for the *customer function*. This is because there is no need to notify a **pre-implementation approval** if it is not **potentially convertible** into any *FCA-designated senior management function*.
 - (3) A *firm* should not include a **pre-implementation approval** if:
 - (a) it is **potentially convertible** into an *FCA-designated senior management function*; but
 - (b) the *firm* considers that the *approved person* will not be performing that *FCA-designated senior management function* on the **commencement date**.
 - (4) Therefore, a *firm* should not include an *approved person* who plans to resign before the **commencement date** if it is intended that they will have left the *firm* before then.
 - (5) A *firm* should not include a **pre-implementation approval** if *SUP* TP 11.4.2R says that *SUP* TP 11 does not apply to it.
- 11.5.4 G If the *firm* considers that some of an *approved person*'s **pre-implementation approvals** will be converted and some will not be, the *firm*'s notification should:
- (1) include the *approved person*; but
 - (2) exclude the approvals that will not be converted.

11.6 Notification to the FCA: Revision of initial notice

- 11.6.1 R (1) This *rule* applies if, before the **commencement date**:
- (a) there is a change relating to information given in or accompanying a notification that the *firm* has previously

made under *SUP* TP 11.5 (or a notification given under *SUP* TP 11.6); or

(b) the *firm* giving the notice discovers that any part of that information is inaccurate.

(2) Where circumstances described in (1) occur before the **final notification date**, the *firm* must submit a revision of the notice referred to in (1) to the *FCA* before the **final notification date**.

(3) Where circumstances described in (1) occur between the **final notification date** and the **commencement date**, the *firm* must submit a revision of the notice referred to in (1) to the *FCA* before the **commencement date**.

11.6.2 G *SUP* TP 11.10 explains how the *firm* should make the revised notification.

- 11.6.3 G (1) This paragraph *SUP* TP 11.6.3G gives examples of when a *firm* should revise its *SUP* TP 11.5 notice under *SUP* TP 11.6.
- (2) A *firm* need not include in a notification under *SUP* TP 11.5 an *approved person* who plans to leave the *firm* before the **commencement date**. However that plan may change and as a result the *firm* may later conclude that the *approved person* will carry on with their job after the **commencement date**. If so, the *firm* should revise the notice.
- (3) If, after the notice to the *FCA*, the *FCA* grants an approval under section 59 of the *Act* (Approval for particular arrangements) to someone who did not have any such approval for the *firm* at the time of the notice, the *firm* should revise its notice by including that new *approved person* and that new **pre-implementation approval**.
- (4) If, after a *firm* has given the notice to the *FCA*, the *FCA* grants a new approval under section 59 of the *Act* to someone who already was an *approved person* for the *firm* when the *firm* gave the notice to the *FCA*, the *firm* should revise its notice by including that new **pre-implementation approval**.
- (5) If a *firm* includes an *approved person* in a notification under *SUP* TP 11.5 and the *firm* later concludes that that *person's pre-implementation approval* will no longer qualify for conversion because that *person* will not be performing the relevant *FCA-designated senior management function* for the *firm* on the **commencement date**, the *firm* should revise its notice. Possible reasons for this include:
- (a) the *approved person* leaves the *firm*;
- (b) the *approved person* tells the *firm* they are going to leave the *firm* before the **commencement date**; or

- (c) the *approved person's* job changes so that it will no longer involve performing an *FCA-designated senior management function* on the **commencement date**.
- (6) There is no need to include information about the matters set out in *SUP TP 11.5.3G*.
- 11.6.4 G If a *firm* gives a notification to the *FCA* under *SUP TP 11.5* about an *approved person* and that *approved person* later leaves the *firm* or gives up performing some of their **pre-implementation controlled functions** before the **commencement date**, the *firm* should notify the *FCA* using Form C or Form E under *SUP 10A* as well as a Form K under *SUP TP 11.10*.
- 11.7 In-flight applications: Conversion**
- 11.7.1 R (1) A **pre-implementation application** by a *firm* that has not been determined or withdrawn by the **commencement date** is to be treated, on and after the **commencement date**, as if it had been made for the **corresponding FCA-designated senior management function** or *FCA-designated senior management functions* (if there are any).
- (2) If a *firm* is required to notify a **pre-implementation application** to the *FCA* under *SUP TP 11.8R*, (1) only applies to a **corresponding FCA-designated senior management function** if the *firm* has included in that notification:
- (a) that **pre-implementation application**; and
- (b) that *FCA-designated senior management function*.
- 11.7.2 R An *FCA-designated senior management function* “**corresponds**” to a **pre-implementation controlled function** if approval for the latter is **potentially convertible** into approval for the former and “**corresponding**” must be interpreted accordingly.
- 11.7.3 R *SUP TP 11.7.1R* is subject to any amendment the *firm* may make to the application after the **first notification date** and before the **commencement date** to specify that on the **commencement date**:
- (1) the **pre-implementation application** is to lapse; or
- (2) the **pre-implementation application** is to be treated as only being for some of the *FCA-designated senior management functions*.
- 11.7.4 G *SUP TP 11.8.3G* explains what *FCA-designated senior management functions* are covered by *SUP TP 11.7.1R(2)*.
- 11.7.5 G (1) *SUP TP 11.7.3R* is not the only way a *firm* may change the effect of *SUP TP 11.7*.

- (2) After the **commencement date** a *firm* is free to amend its application in accordance with the *Act* and the *FCA Handbook*.
- (3) Before the **commencement date**, a *firm* is free to amend its application in accordance with the *Act* and the *FCA Handbook* by changing the **pre-implementation controlled function** for which it is applying. That will affect the **corresponding FCA-designated senior management function**. If the *firm* amends its application in this way it should notify the *FCA* under *SUP TP 11.8* as well as under *SUP 10A*.
- 11.7.6 R Subject to *SUP TP 11.7.7R*, a **pre-implementation application** lapses on the **commencement date** unless it is continued in force by *SUP TP 11.7*.
- 11.7.7 R *SUP TP 11* does not apply to a **pre-implementation application** if the **pre-implementation approval** that would result if it was granted would be excluded from *SUP TP 11* by *SUP TP 11.4.2R*.

11.8 In-flight applications: Notification requirements

- 11.8.1 R A **notifying firm** must, between the **first notification date** and the **final notification date**, notify the *FCA* of every **pre-implementation application** if:
- (1) it has not been determined or withdrawn at the time of the notification;
- (2) it is not excluded under *SUP TP 11.7.7R*; and
- (3) the *firm* would be required to notify the *FCA* under *SUP TP 11.5* if that application had been granted and the approval was in effect immediately before the date of the notification in *SUP TP 11.8.1R*.
- 11.8.2 R The information about a **pre-implementation application** that the notification must contain is the information that the *firm* would be required to give the *FCA* in a notification under *SUP TP 11.5* if:
- (1) that **pre-implementation application** had been granted; and
- (2) the resulting approval was in effect immediately before the date of the notification in *SUP TP 11.8.1R*.
- 11.8.3 G *SUP TP 11.8.1R* and *SUP TP 11.8.2R* mean:
- (1) Only a **notifying firm** needs to make the notification.
- (2) The information to be notified to the *FCA* about a particular **pre-implementation application** includes each *FCA-designated senior management function* that meets the following conditions:

- (a) approval for the **pre-implementation controlled function** for which the **pre-implementation application** is being made is **potentially convertible** into approval for that *FCA-designated senior management function*; and
 - (b) the *firm* considers that the *approved person* concerned will be performing that *FCA-designated senior management function* on the **commencement date** if the **pre-implementation application** is approved before then.
- (3) A *firm* should not notify the *FCA* about a particular **pre-implementation application** if the *firm* considers that, if the application were approved before the **commencement date**, the *approved person* will not be performing on the **commencement date** any of the *FCA-designated senior management functions* into which the applicable **pre-implementation approval** would be **potentially convertible**. This might be because the *firm* intends that the *candidate* will only be in post for a short time.
- 11.8.4 R (1) This *rule* applies if, before the **commencement date**:
- (a) a *firm* makes a **pre-implementation application** after the initial notice under *SUP* TP 11.8.1R; and
 - (b) the *firm* would be required to notify the *FCA* under *SUP* TP 11.6 if that application had been granted and the approval was in effect immediately before the date of the notification under *SUP* TP 11.8.4R.
- (2) This *rule* also applies if, before the **commencement date**:
- (a) there is any other change relating to information given in or accompanying the initial notice under *SUP* TP 11.8.1R (or a notification given under *SUP* TP 11.8.4R), or
 - (b) the *firm* discovers that any part of that information is inaccurate.
- (3) Where circumstances described in (1) or (2) occur before the **final notification date**, the *firm* must submit a revision of the notice referred to in (1) or (2) to the *FCA* before the **final notification date**.
- (4) Where circumstances described in (1) or (2) occur between the **final notification date** and the **commencement date**, the *firm* must submit a revision of the notice referred to in (1) or (2) to the *FCA* before the **commencement date**.
- 11.8.5 G *SUP* TP 11.10 explains how the *firm* should make the notification.
- 11.8.6 G If a *firm* notifies the *FCA* under *SUP* TP 11.8 of a **pre-implementation application** and that application is granted or refused before the

commencement date, the *firm* should revise its notification under *SUP* TP 11.8.4R and, if applicable, *SUP* TP 11.6.

11.9 In-flight applications: Supplemental material

- 11.9.1 R (1) This *rule* applies if, in relation to a **pre-implementation application** continued in effect after the **commencement date** under *SUP* TP 11.7, the *FCA* has before the **commencement date**:
- (a) imposed a requirement under section 60 of the *Act* (Application for approval);
 - (b) given a *warning notice* under section 62(2) of the *Act* (Applications for approval: procedure and right to refer to tribunal) or a *decision notice* under section 62(3) of the *Act* to the interested parties referred to in section 62(5); or
 - (c) taken any step in connection with giving a *warning notice* or *decision notice* under section 62.
- (2) The requirement, notice or step in (1) is to be treated, on and after the **commencement date**, as having been imposed, given or taken in relation to the application as affected by *SUP* TP 11.7.

11.10 Procedure for notification

- 11.10.1 R A *firm* must only make a single notification under *SUP* TP 11.5 and *SUP* TP 11.8.1R and must do so on the same notification form.
- 11.10.2 R A *firm* must make a notification under *SUP* TP 11.5, *SUP* TP 11.6 or *SUP* TP 11.8 by completing Form K (*SUP* TP 11.23.1R).
- 11.10.3 R A *firm* must make a notification or submit a *document* to the *FCA* under *SUP* TP 11 in accordance with *SUP* 10C.15.11R(1) and (3) (Method of submission: electronic submission).
- 11.10.4 R (1) A *firm* making a notification under *SUP* TP 11.10.3R in accordance with *SUP* 10C.15.11R(1) must use the version of Form K made available on the electronic system referred to in *SUP* 10C.15.11R, which is based on the version in *SUP* TP 11.23.1R.
- (2) A *firm* making a notification under *SUP* TP 11.10.3R in accordance with *SUP* 10C.15.11R(3) and *SUP* 10C.15.14R must use the version of Form K in *SUP* TP 11.23.1R.
- 11.10.5 G If a *firm* discovers after the **commencement date** that any information it has given under *SUP* TP 11 is inaccurate it should notify the *FCA* as described

in SUP 15.6 (Inaccurate, false or misleading information). If SUP TP 11.17.4R applies, the *firm* should notify the *FCA* under that *rule* instead.

11.11 Statements of responsibilities

- 11.11.1 R A *firm* must, in relation to each **transitioned SMF manager**, prepare a statement setting out the aspects of the affairs of the *firm* which it is intended that they will be responsible for managing in performing their **converted designated senior management function**.
- 11.11.2 R A *firm* must have prepared the statement in SUP TP 11.11.1R by the **commencement date** (unless it must prepare it earlier under SUP TP 11.11.4R).
- 11.11.3 G A *firm* should not send that statement to the *FCA* unless it is required to do so by SUP TP 11.11.4R or SUP TP 11.11.5R.
- 11.11.4 R A notification to the *FCA* under SUP TP 11.5, SUP TP 11.6 or SUP TP 11.8 about an *approved person* or *candidate* must be accompanied by a **statement of responsibilities** about that *person*.
- 11.11.5 R A **non-notifying firm** must, within five *business days* after the **commencement date**, give the *FCA* a **statement of responsibilities** for each *candidate* who is the subject of a **pre-implementation application** by the *firm* that has been converted into an application for approval for the performance of an *FCA-designated senior management function* under SUP TP 11.7.
- 11.11.6 G A **statement of responsibilities** should comply with all the *rules* and directions in the *FCA Handbook* that will apply to *statements of responsibilities* prepared by the *firm* (see SUP TP 11.16).

11.12 Management responsibilities maps

- 11.12.1 R SUP TP 11.12 applies to a *firm* that will be required under SYSC 25 (Senior managers and certification regime: Management responsibilities maps and handover procedures and material) to have a *management responsibilities map* when that chapter comes into force on the **commencement date**.
- 11.12.2 R A notification to the *FCA* under SUP TP 11.10.1R must be accompanied by a **management responsibilities map**.
- 11.12.3 G A **management responsibilities map** should comply with all the *rules* and directions in the *FCA Handbook* that will apply to a *management responsibilities map* prepared by the *firm* (see SUP TP 11.16).

11.13 Supplemental material about statements of responsibilities and management responsibilities maps

- 11.13.1 R A **statement of responsibilities** and a **management responsibilities map** must be prepared as of the **commencement date**.
- 11.13.2 G (1) If there has been a change relating to a **statement of responsibilities** or a **management responsibilities map** submitted to the *FCA* under *SUP* TP 11, the *firm* should submit a revised version.
- (2) This is the effect of *SUP* TP 11.6 and *SUP* TP 11.8.4R.
- 11.13.3 G A *firm* should not assume that the *FCA* has reviewed a **statement of responsibilities** or a **management responsibilities map** submitted to it for completeness, quality or accuracy. It is the *firm's* responsibility to ensure that they have been prepared in accordance with the *FCA's* rules and the *Act*.

11.14 Criminal record checks and employment references

- 11.14.1 R *SUP* 10C.10.16R (Criminal record checks) does not apply to any **pre-implementation application** continued in effect by *SUP* TP 11.7.1R after the **commencement date**.
- 11.14.2 G *SUP* 10C.10.16R (Criminal record checks) applies to any application for approval made under *SUP* TP 11.15.
- 11.14.3 G *SYSC* TP 7.4.2R (Transitional provisions about regulatory references) has transitional provisions about regulatory references in relation to a **pre-implementation application** continued in effect by *SUP* TP 11.7.1R and applications for approval made under *SUP* TP 11.15.

11.15 Applications of approved persons to take effect from the commencement date

- 11.15.1 D (1) A *firm* may, before the **commencement date**, apply under section 60 of the *Act* (Applications for approval) for the *FCA's* approval under section 59 of the *Act* (Approval for particular arrangements) for the performance of an *FCA-designated senior management function* which comes into effect (as respects the *firm*) on the **commencement date**.
- (2) Any application may only be made after the **first notification date**.
- (3) Any such application is made on the basis that it is treated as being made on the **commencement date**.

- (4) The application must be made using the version of Form A or Form E applicable from the **commencement date** and in accordance with the other requirements to be in effect on that date.
- 11.15.2 G The rest of *SUP* TP 11 will not apply to an application under *SUP* TP 11.15. In particular, it is not a **pre-implementation application** and the application should not be included in the *firm's* Form K.
- 11.15.3 G Any such application should be accompanied by a *statement of responsibilities* and, if *SYSC* 25 (Senior managers and certification regime: Management responsibilities maps and handover procedures and material) will apply, a *management responsibilities map*.
- 11.15.4 G A *firm* does not have to make an application under *SUP* TP 11.15. It can make an application for an existing *controlled function* before the **commencement date** under the *rules* and directions in force at the time of the application. *SUP* TP 11 will apply to such applications.

11.16 Application of ongoing requirements to converted approvals and conversion documents

- 11.16.1 R (1) The *rules* of the *FCA Handbook* apply to a **converted approval**, as they do to approvals granted after the **commencement date**.
- (2) The *rules* of the *FCA Handbook* apply to a **pre-implementation application** that is continued in force under *SUP* TP 11 after the **commencement date** as they do to applications made after the **commencement date**.
- (3) This paragraph is subject to the other provisions of *SUP* TP 11.
- 11.16.2 R (1) The *rules* of the *FCA Handbook* apply to a **statement of responsibilities** (including one revised under (*SUP* TP 11.16.4R)) as they do to a *statement of responsibilities*.
- (2) (2) applies even if the *firm* is not required to submit the **statement of responsibilities** to the *FCA* under *SUP* TP 11.12.
- 11.16.3 R A **management responsibilities map** submitted to the *FCA* under *SUP* TP 11.12 must comply with all the *rules* and directions in the *FCA Handbook* that will apply to the *firm's management responsibilities map* as from the **commencement date**.
- 11.16.4 R (1) If, since the **commencement date**, there has been any significant change in the aspects of a *firm's* affairs which a **transitioned SMF manager** is responsible for managing in performing their **converted designated senior management function**, the *firm* must provide the *FCA* with a revised **statement of responsibilities**.

- (2) The requirements of the *FCA Handbook* about an obligation under section 62A of the *Act* (Changes in responsibilities of senior managers) apply to an obligation under (1).
- 11.16.5 D *SUP* TP 11.16.1R to *SUP* TP 11.16.4R apply to directions in *SUP* 10C in the same way as they do to *rules*.
- 11.16.6 G The table in *SUP* TP 11.16.7G gives examples of how *SUP* 10C and other parts of the *FCA Handbook* apply to **converted approvals**.
- 11.16.7 G Table: Examples of how ongoing requirements apply to converted approvals

Requirement in Handbook	Summary of the requirement in column (1)	How SUP 10C applies
Revised statements of responsibilities		
<i>SUP</i> 10C.11.7D	Submission of revised <i>statement of responsibilities</i>	<i>SUP</i> TP 11.16.4R(1) mirrors section 62A of the <i>Act</i> (Changes in responsibilities of senior managers). This means that if after the commencement date there has been a significant change in a transitioned SMF manager's responsibilities in relation to their converted designated senior management functions , the <i>firm</i> should submit a revised statement of responsibilities . It should also submit a Form J unless <i>SUP</i> 10C.11 says that it is not required. The question of whether there has been a significant change should be decided in the same way as under section 62A of the <i>Act</i> .
Varying an approval		
<i>SUP</i> 10C.11.10D	<i>Statements of responsibilities</i>	The powers and requirements in the <i>Act</i> and in <i>SUP</i> 10C about variation of approvals at the request of a <i>firm</i> and at the initiative of the <i>FCA</i> apply to converted approvals .
<i>SUP</i> 10C.11.12R	Ceasing to carry on some functions	
<i>SUP</i> 10C.13	Other material about variations	
		If a transitioned SMF manager ceases to perform a <i>designated senior management function</i> but continues to perform a converted designated senior management function , the <i>firm</i> should submit a revised statement of

		responsibilities <i>document</i> under SUP 10C.11.12R.
Single statement of responsibilities document		
SUP 10C.11.13D	One <i>statement of responsibilities</i> for each <i>SMF manager</i> for each <i>firm</i>	<p>Applies to statements of responsibilities in the same way as it applies to <i>statements of responsibilities</i>. For example:</p> <p>(1) If on the commencement date a transitioned SMF manager is already approved by the <i>PRA</i> to perform a <i>PRA-designated senior management function</i> for that <i>firm</i>, the statement of responsibilities should cover both the converted designated senior management function and the <i>PRA-designated senior management function</i>. That single <i>document</i> should be treated as a <i>statement of responsibilities</i> prepared under the <i>Act</i>.</p> <p>(2) If after the commencement date a <i>firm</i> applies for the <i>FCA</i>'s approval for a transitioned SMF manager to perform another <i>FCA-designated senior management function</i>, the <i>statement of responsibilities</i> prepared for that application should be combined with the statement of responsibilities required by SUP TP 11 into a single <i>document</i>.</p> <p>(3) If:</p> <p>(a) after the commencement date a transitioned SMF manager is approved by the <i>FCA</i> to perform another <i>FCA-designated senior management function</i>; and</p> <p>(b) later there is a significant change in the transitioned SMF manager's responsibilities;</p> <p>the <i>firm</i> should notify the <i>FCA</i> and submit a single revised <i>statement of responsibilities document</i>, whether the change relates to the converted designated senior management</p>

		function or to the additional <i>FCA-designated senior management function</i> .
Complete set of statements of responsibilities		
<i>SUP</i> 10C.11.20R	Complete set of current <i>statements of responsibilities</i>	Applies to statements of responsibilities in the same way as it does to <i>statements of responsibilities</i> .
Ceasing to carry on functions		
<i>SUP</i> 10C.11.12R	<i>Statements of responsibilities</i> to be included in notification	Applies to ceasing to carry on a converted designated senior management function after the commencement date .
<i>SUP</i> 10C.14.5R	Notification of ceasing to perform the function	
<i>SUP</i> 10C.14.7R	Qualified Form C	
Form D		
<i>SUP</i> 10C.14.13R	Changes to details	Applies to a transitioned SMF manager and to changes of any details relating to the converted designated senior management function . <i>SUP</i> 10C.14.15R says that a <i>firm</i> should not submit a Form D to the <i>FCA</i> if the <i>firm</i> is required to notify the <i>FCA</i> under section 62A of the <i>Act</i> (Changes in responsibilities of senior managers) or <i>SUP</i> 10C.11 (Statements of responsibilities). This also applies if the <i>firm</i> is required to notify changes under <i>SUP</i> TP 11.16.4R. The Form D requirements also apply to a <i>candidate</i> whose application is continued in force by <i>SUP</i> TP 11. Before the commencement date , the existing requirements of <i>SUP</i> 10A apply to changes in a <i>candidate</i> 's fitness.
<i>SUP</i> 10C.14.15R	Changes to arrangements	
<i>SUP</i> 10C.14.18R	Fitness	
Notifications under the Act		

<i>SUP</i> 10C.14.22R	Notifications under the <i>Act</i>	Applies to notification about a transitioned SMF manager .
General		
Requirements referring to a <i>current approved person approval</i>		Applies to a converted approval .
Requirements referring to a <i>current approved person approval</i> held within the last <i>six months</i>		These requirements apply to an approval for a <i>controlled function</i> abolished after the commencement date and to an approval that ceased to have effect under <i>SUP</i> TP 11 for some other reason. These requirements also apply to an approval given up within the last six <i>months</i> before the commencement date even though the <i>controlled function</i> ceases to exist after the commencement date .
<i>FCA- prescribed senior management responsibility (a)</i>	Responsibility for a <i>firm's</i> performance of its obligations under the senior managers regime	Includes compliance with the requirements about statements of responsibilities
<i>SYSC 25</i>	Preparation of <i>management responsibilities maps</i>	A <i>management responsibilities map</i> should include a transitioned SMF manager and their converted designated senior management functions

11.17 Making sure that the Financial Services Register is accurate

Existing notification requirements

- 11.17.1 R (1) If before the **commencement date** a *firm* is required to notify the *FCA* using Form C or Form D or under *SUP* 10A.14.10R, that obligation continues to apply after the **commencement date** if the *firm* has not complied with that obligation before then.
- (2) (1) applies whether the deadline for reporting expires before or after the **commencement date**.

- (3) (1) does not apply to the *customer function* (unless the *customer function* continues to apply after the **commencement date** under *SUP TP 11.4.2R*) if the deadline for reporting expires after the **commencement date**.

Notifying who will not be converted

- 11.17.2 R (1) This *rule* applies to a **non-notifying firm** (F) in relation to a particular *approved person* (AP) if:
- (a) F has **pre-implementation approval** for the performance by AP of a **pre-implementation controlled function**;
 - (b) that **pre-implementation approval** is **potentially convertible** into an *FCA-designated senior management function*; and
 - (c) F believes that that **pre-implementation approval** will not be converted into approval for the performance of that *FCA-designated senior management function*.
- (2) If F is not already required to notify the *FCA* of that fact, it must notify the *FCA* of that fact using Form C in accordance with *SUP 10A* before:
- (a) the **final notification date**; or
 - (b) (if the situation in (1) first arises after the **final notification date**) the **commencement date**.
- 11.17.3 G (1) The most likely reason for the situation in *SUP TP 11.17.2R* to arise is that, before the **commencement date**, AP resigns or gives up their *controlled function* or plans to do so.
- (2) In most cases F will already be required to notify the *FCA*. If so, *SUP TP 11.17.2R* will not apply.
- (3) An example of circumstances in which *SUP TP 11.17.2R* will apply is if:
- (a) AP is going to remain in post after the **commencement date**; but
 - (b) their job does not come within the definition of the *FCA-designated senior management function* in *SUP TP 11.17.2R* even though their job comes within the **pre-implementation controlled function**.
- 11.7.4 G *SUP TP 11.17.2R* does not apply to a **notifying firm**. The *FCA* will rely on its Form K instead.

Checking the Register

- 11.17.5 R A *firm* must, in the *month* beginning five *business days* after the **commencement date**, check whether the *Financial Services Register*:
- (1) correctly records all the *firm's SMF managers*;
 - (2) correctly records each *FCA-designated senior management function* for the performance of which by the *SMF manager* the *firm* has approval;
 - (3) includes everyone performing an *FCA-designated senior management function* for the performance of which the *firm* should have obtained approval; and
 - (4) includes all the *FCA-designated senior management functions* for which the *firm* should have obtained approval in relation to *persons* in (3).
- 11.17.6 R (1) If:
- (a) the *Financial Services Register* does not correctly do all the things in *SUP TP 11.17.5R*; and
 - (b) the *firm* is not already required to notify the *FCA* of the facts giving rise to (1)(a) or to apply for the necessary approvals under section 59 of the *Act* (Approval for particular arrangements);
- the *firm* must (by the end of the one *month* period in *SUP TP 11.17.5R*) notify the *FCA* of that fact using the applicable form in *SUP 10C*.
- (2) The applicable form in (1) is, in relation to a particular *person* (AP) and *firm*, whichever one or more of the following forms in *SUP 10C* applies:
- (a) Form A (short form) where AP is not, but should be, included in the *Financial Services Register* or where the *Financial Services Register* omits some of AP's *FCA-designated senior management functions* for which the *firm* has approval; or
 - (b) Form C where AP is, but should not be, included in the *Financial Services Register* or where the *Financial Services Register* shows an approval for AP to perform an *FCA-designated senior management function* that the *firm* does not have; or
 - (c) Form E where both (1) and (2) apply; or
 - (d) Form D in any other case.

- 11.17.7 G The requirement to check the *Financial Services Register* is particularly important in a case of a **non-notifying firm** because:
- (1) the *FCA* will update the *Financial Services Register* based on the information it has; but
 - (2) the *FCA* may not have sufficient information to tell whether all the conversion conditions in *SUP* TP 11.2.2R have been met.
- 11.17.8 G (1) In practice it is unlikely that *SUP* TP 11.17.6R will normally apply because the *firm* will already be required to notify the *FCA* of the matter or apply for approval. For example:
- (a) if the *Financial Services Register* does not include a *person* performing an *FCA-designated senior management function* because the *firm* has not yet applied for approval, the *firm* should apply for approval using Form A (long or short) or Form E as soon as possible;
 - (b) if the *Financial Services Register* includes a *person* who left the *firm* before the **commencement date** or who stopped performing their **pre-implementation controlled function** before then, the *firm* should report that using Form C (see *SUP* TP 11.17.1R);
 - (c) if the **pre-implementation controlled function** and the corresponding *designated senior management function* are so different that approval for the former is not converted into approval for the latter, a **non-notifying firm** should report that under *SUP* TP 11.17.2R.
- (2) *SUP* TP 11.17.6R may apply for example if the *firm* has made all the notifications (if any) required by *SUP* TP 11 and other parts of the *Handbook* but:
- (a) the *Financial Services Register* does not include one of the *firm's approved persons* even though their **pre-implementation controlled function** was converted under *SUP* TP 11; or
 - (b) the *Financial Services Register* includes one of the *firm's approved persons* even though none of their **pre-implementation controlled functions** were converted under *SUP* TP 11.

11.18 The 12-week rule

- 11.18.1 G (1) *SUP* 10C.3.13R (The 12-week rule) allows a *firm* to appoint someone (P) to perform a function which would normally be an

FCA-designated senior management function without needing to apply for the *FCA's* approval under section 59 of the *Act* (Approval for particular arrangements) where P is filling in for someone who is absent unexpectedly or temporarily. There is a maximum period for which P's appointment can last.

- (2) When calculating the maximum time period in (1), the *firm* need not take into account any time spent by P before the **commencement date** performing what will become the *FCA-designated senior management function* in (1).
- 11.18.2 G (1) *SUP* 10C.3.13R only applies where P (as referred to in *SUP* TP 11.18.1G) is providing cover for an *SMF manager* whose absence is temporary or reasonably unforeseen.
- (2) *SUP* 10C.3.13R may still apply if the absence referred to in (1) began before the **commencement date**.
- 11.18.3 G *SUP* TP 11.18.1G and *SUP* TP 11.18.2G may apply even if:
- (1) before the **commencement date** P was taking advantage of *SUP* 10A.5.6R (the equivalent of *SUP* 10C.3.13R under *SUP* 10A); and
- (2) approval for the *controlled function* disapproved by *SUP* 10A.5.6R is **potentially convertible** into approval for the *FCA-designated senior management function* in *SUP* TP 11.18.1G and *SUP* TP 11.18.2G.

11.19 Application for permission

- 11.19.1 D (1) This direction applies to a **pre-implementation application** that is made by an **authorisation applicant**:
- (a) between the **first notification date** and the **commencement date**; or
- (b) before the **first notification date** if it is still outstanding on the **first notification date**.
- (2) A **pre-implementation application** in (1)(a) must comply with the requirements (if any) of *SUP* TP 11 that apply to a **pre-implementation application** by a *firm*:
- (a) of the type that the **authorisation applicant** will be if the **authorisation application** is granted or otherwise succeeds; and
- (b) for an approval by the *FCA* for the performance of the same **pre-implementation controlled function**.

- (3) An **authorisation applicant** must, between the **first notification date** and the **final notification date**, revise any of its **pre-implementation applications** covered by (1)(b) to the extent necessary to meet the requirements in (2).

- 11.19.2 R *SUP* TP 11.7 and *SUP* TP 11.9 apply to a **pre-implementation application** in *SUP* TP 11.19.1D.
- 11.19.3 D *SUP* TP 11.15 applies to an **authorisation applicant**.

11.20 Prohibition orders

- 11.20.1 R The changes to the *FCA Handbook* made by the Individual Accountability (Dual-Regulated Firms) Instrument 2018 do not affect:
- (1) a *warning notice* or a *decision notice* under section 57 of the *Act* (Prohibition orders: procedure and right to refer to tribunal); or
- (2) a *prohibition order*;
- which is given or made before the **commencement date**.

11.21 Reporting under SUP 15.11

- 11.21.1 R The first notification period under *SUP* 15.11.13R (Timing and form of notifications: conduct rules staff other than SMF managers):
- (1) starts on the **commencement date**; and
- (2) ends on the last day of the following August.

11.22 Terms used in SUP TP 11

- 11.22.1 R The terms in the first column of the table in *SUP* TP 11.22.2R, where they appear in bold in *SUP* TP 11, have the meanings in the corresponding entry in column 2 for the purposes of *SUP* TP 11.
- 11.22.2 R Table: glossary of bespoke terms used in *SUP* TP 11

Part One: General	
Defined term	Meaning

authorisation applicant	an applicant for <i>Part 4A permission</i> , or another <i>person</i> seeking to carry on <i>regulated activities</i> as an <i>authorised person</i> .	
authorisation application	the application or other process referred to in the definition of authorisation applicant .	
converted approval	(in relation to a pre-implementation approval) the approval for an <i>FCA-designated senior management function</i> which that pre-implementation approval becomes under <i>SUP TP 11.2.1R</i> .	
converted designated senior management function	(in relation to a transitioned SMF manager) the <i>FCA-designated senior management function</i> for which they are treated as having approval under <i>SUP TP 11.2.1R</i>	
corresponding	(in relation to an <i>FCA-designated senior management function</i> and a pre-implementation controlled function) has the meaning in <i>SUP TP 11.7.2R</i> .	
firm specific date	the later of the following:	
	(1)	the date (if any) on which a <i>firm</i> makes the notification in <i>SUP TP 11.10.1R</i> ; or
	(2)	(if the <i>firm</i> has updated a notification in (1) under <i>SUP TP 11.6</i> or <i>SUP TP 11.8.4R</i>) the date that the most recent such updated notification was made to the <i>FCA</i> .
management responsibilities map	the <i>document</i> required to be produced under <i>SUP TP 11.12</i> , including under <i>SUP TP 11.12</i> as applied by <i>SUP TP 11.19</i> .	
non-notifying firm	each of the following:	
	(1)	a <i>small non-directive insurer</i> ;
	(2)	a <i>firm</i> in SYSC 23 Annex 1 4.2R (firms in run-off) as set out in the Individual Accountability (Dual-Regulated Firms) Instrument 2018;
	(3)	an <i>insurance special purpose vehicle</i> ;
	(taking account of amendments to be made to the <i>Glossary</i> by the Individual Accountability (Dual-Regulated Firms) Instrument 2018).	
notifying firm	an SMCR insurance firm that is not a non-notifying firm .	

potentially convertible	has the meaning in <i>SUP</i> TP 11.2.3R.	
pre-implementation application	an application made under section 60 of the <i>Act</i> (Applications for approval) if the application is:	
	(1)	for approval for the performance of a pre-implementation controlled function ; and
	(2)	received by the <i>FCA</i> before the commencement date .
pre-implementation approval	a <i>current FCA approved person approval</i> that is given by the <i>FCA</i> before the commencement date in relation to a pre-implementation controlled function . If a <i>person</i> is approved to perform more than one pre-implementation controlled function for a <i>firm</i> , there is a separate pre-implementation approval in relation to each.	
pre-implementation controlled function	(in relation to a <i>firm</i>) an <i>FCA controlled function</i> that, before the commencement date : (a) the <i>FCA</i> has specified for the purposes of section 59 of the <i>Act</i> (approval for particular arrangements); and (b) applies to the <i>firm</i> (even if the <i>firm</i> has no one approved to perform that function for the time being).	
SMCR insurance firm	a <i>firm</i> that is in the insurance sector as defined by Part Four of <i>SYSC 23 Annex 1</i> (Definition of Insurance Sector) as set out in the Individual Accountability (Dual-Regulated Firms) Instrument 2018.	
statement of responsibilities	the <i>document</i> required to be produced under <i>SUP</i> TP 11.11, including under <i>SUP</i> TP 11.11 as applied by <i>SUP</i> TP 11.19.	
SMCR banking firm, UK SMCR firm	have the meaning set out in the amendments to the <i>Glossary</i> to be made by the Individual Accountability (Dual-Regulated Firms) Instrument 2018). This is subject to <i>SUP</i> TP 11.22.3R.	
transitioned SMF manager	AP as defined in <i>SUP</i> TP 11.2.1R	

Part Two: Fixed dates

Defined term	Meaning
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first notification date	10 September 2018
final notification date	3 December 2018
commencement date	10 December 2018
Note: If a <i>firm</i> becomes an SMCR insurance firm or a notifying firm between the final notification date and the commencement date , the final notification date for it is the date it becomes an SMCR insurance firm or notifying firm .	

- 11.22.3 R (1) Between the **first notification date** and the **commencement date**, the question of:
- (a) whether a *firm* is an **SMCR insurance firm** for the purposes of *SUP* TP 11; and
- (b) (if it is) into which category it falls;
- is determined in accordance with *SYSC* 23 (as set out in the Individual Accountability (Dual-Regulated Firms) Instrument 2018) even though that chapter is not in force for other purposes.
- (2) (1) does not apply to an **SMCR banking firm**. An **SMCR banking firm** cannot be an **SMCR insurance firm** for the purposes of *SUP* TP 11.
- 11.22.4 G (1) The effect of *SUP* TP 11.22.3R is that if an **SMCR banking firm** changes its *permission* in a way that would turn it into an **SMCR insurance firm**, the conversion arrangements in *SUP* TP 11 will not apply to it.
- (2) *SUP* TP 11.15 will however apply and the *firm* can use this to apply for the approvals it needs because of its change of category.
- 11.22.5 G If a *firm* becomes a **non-notifying firm** after it has sent the *FCA* its Form K, it should notify the *FCA* as described in *SUP* 15.6 (Inaccurate, false or misleading information).

11.23 Forms

11.23.1 R Conversion Notification Form (Form K)

[Insert here the form titled “Conversion Notification Form (Form K) Solvency II and large non-directive firms”. The text of this form is contained in Part One of Annex X of this instrument.]

Part 3: Comes into force 1 November 2018

Amend the following forms in SUP 10C Annex 5D (Statement of responsibilities) as shown in Part Two of Annex X of this instrument:

- (a) UK RAPs Statement of Responsibilities form; and
- (b) Third Country RAPs Statement of Responsibilities form

Part 4: Comes into force 10 December 2018

6 Applications to vary and cancel Part 4A permission and to impose, vary or cancel requirements

...

6.3 Applications for variation of permission and/or imposition, variation or cancellation of requirements

...

How a variation of permission may affect the firm's approved persons

6.3.8 G (1) Where a *firm* is submitting an application for variation of *Part 4A permission* which would lead to a change in the *controlled functions* of its *approved persons*, it should, at the same time and as appropriate:

(a) make an application for an internal transfer of an *approved person*, Form E (Internal transfer of a person performing a controlled function), or make an application for an individual to perform additional *controlled functions*, the relevant Form A (Application to perform controlled functions); see:

(i) *SUP 10A.13.3D to SUP 10A.13.5G* (for a *firm* that is not a ~~relevant authorised person~~ an SMCR firm);

(ii) *SUP 10C.10* (for a ~~relevant authorised person~~ an SMCR firm); or

(iii) the corresponding *PRA* requirements;

(b) notify the ~~appropriate regulator~~ FCA or PRA of any *approved person* who has ceased to perform a *controlled function* specified by that regulator, Form C (~~Ceasing~~ Notice of ceasing to perform controlled functions (including senior management functions)); see:

- (i) ~~SUP 10A.14~~ (for a *firm* that is not a ~~relevant authorised person~~ an SMCR firm);
 - (ii) ~~SUP 10C.14~~ (for a ~~relevant authorised person~~ an SMCR firm); or
 - (iii) the corresponding *PRA* requirements; ;
- (2) If the *firm* intends to recruit new individuals to perform *controlled functions*, it should apply for approval of the individuals as *approved persons* as soon as possible using Form A (Application to perform controlled functions); see:
- (a) ~~SUP 10A.13~~ (for a *firm* that is not a ~~relevant authorised person~~ an SMCR firm);
 - (b) ~~SUP 10C.10~~ (for a ~~relevant authorised person~~ an SMCR firm); or
 - (c) the corresponding *PRA* requirements.

~~Relevant authorised person~~ SMCR firm status

- 6.3.9 G A variation of a *firm's Part 4A permission* may mean that it becomes a ~~relevant authorised person~~ an SMCR firm or that it changes from one type of SMCR firm to another. This would have a number of significant consequences, which include:
- (1) the application of the special powers in relation to misconduct by *approved persons* (see *DEPP* 6.2.9-AG);
 - (2) the *approved persons* regime switches from *SUP* 10A to *SUP* 10C;
 - (3) *COCON* applies in place of *APER*; and
 - (4) ~~the certification~~ other elements of the regime for SMCR firms described in ~~*SYSC* 27~~ applies 23.4 (Overview of the senior managers and certification regime) apply (which differ depending on the type of SMCR firm). †
 - (5) ~~the criminal offence in section 36 of the Financial Services (Banking Reform) Act 2013 (Offence relating to a decision causing a financial institution to fail) potentially applies, although that offence does not apply to every relevant authorised person; and [deleted]~~
 - (6) ~~*SYSC* 4.5 (Management responsibilities maps for relevant authorised persons), *SYSC* 4.7 (Senior management responsibilities for relevant authorised persons: allocation of~~

responsibilities and SYSC 4.9 (Handover procedures and material) apply. [deleted]

...

6.3.25 G Information which may be required. See SUP 6.3.24G

Type of business	Information which may be required
All	...
	3. Organisation charts and details of individuals transferring or being recruited to perform new <i>controlled functions</i> (see SUP 10A and SUP 10C, and the corresponding <i>PRA</i> requirements for details of the application or transfer procedures under the <i>approved persons</i> or <u>senior managers</u> regime).
...	...

...

6.4 Applications for cancellation of permission

...

Approved persons

- 6.4.18 G (1) A *firm* which is applying for cancellation of *Part 4A permission* and which is not otherwise *authorised* by, or under, the *Act* should, at the same time:
- (a) comply with:
 - (i) SUP 10A.14.8R (for a *firm* that is not a ~~relevant authorised person~~ an SMCR firm);
 - (ii) SUP 10C.14.5R (for a ~~relevant authorised person~~ an SMCR firm); or
 - (iii) the corresponding *PRA requirements*; and
 - (b) notify the ~~appropriate regulator~~ the FCA or PRA of *persons* ceasing to perform *controlled functions* specified by that regulator.

...

10A FCA Approved Persons**10A.1 Application**

General

- 10A.1.1 R This chapter applies to every:
- (1) *firm* that is not a ~~relevant authorised person~~ an SMCR firm; and
 - (2) ~~relevant authorised person~~ SMCR firm, but only to the extent required by SUP 10A.1.16BR (Appointed representatives).
- 10A.1.1A G SUP 10C deals with the *approved persons* regime for ~~relevant authorised persons~~ SMCR firms themselves.
- 10A.1.2 G This chapter is also relevant to every *FCA-approved person*:
- (1) of a *firm* that is not a ~~relevant authorised person~~ an SMCR firm; and
 - (2) of any *appointed representative*, including of an *appointed representative* of a ~~relevant authorised person~~ an SMCR firm.
- ...
- 10A.1.8 G (1) ...
- (2) For example, ~~persons in Solvency II firms which are incoming EEA firms are not expected to be carrying out FCA functions to the extent that the person will be regarded as effectively running the firm or responsible for a Solvency II Directive 'key function'~~. [deleted]
- 10A.1.9 G Notwithstanding SUP 10A.1.8G, an *incoming EEA firm* (~~other than an EEA pure reinsurer~~) or *incoming Treaty firm* will have had to consider the impact of the *Host State* rules with which it is required to comply when carrying on a *passport activity* or *Treaty activity* through a *branch* in the *United Kingdom*. An *incoming EEA firm* (~~other than an EEA pure reinsurer~~) will have been notified of those provisions under Part II of Schedule 3 to the *Act* in the course of satisfying the conditions for *authorisation* in the *United Kingdom*.
- ...
- 10A.1.12 R ~~If an incoming EEA firm is an EEA pure reinsurer, then SUP 10A.1.11R does not apply. Instead, none of the FCA controlled functions apply with respect to its passport activities carried on from a branch in the United Kingdom.~~ [deleted]
- ...

- 10A.1.16B R *SUP 10A.1.15R and SUP 10A.1.16R apply to the appointed representative of a ~~relevant authorised person~~ an SMCR firm.*
- 10A.1.16C G (1) References in this chapter to a *firm* include a ~~relevant authorised person~~ an SMCR firm, but only to the extent required by *SUP 10A.1.16BR*.
- (2) References in *SUP 10A.1.15R* and *SUP 10A.1.16R* to *FCA governing functions* and other *controlled functions* are to *controlled functions* in this chapter, not in *SUP 10C* (FCA senior ~~management managers~~ managers regime for approved persons in ~~relevant authorised persons~~ SMCR firms).
- 10A.1.16D G (1) Under section 59(6A) of the *Act*, if the *FCA* is satisfied that, in relation to the carrying on of a *regulated activity* by a ~~relevant authorised person~~ an SMCR firm, a *controlled function* is a *senior management function*, the *FCA* must designate the function in its *rules* as a *senior management function*.
- ...
- (4) *SUP 10C.1.8G* (~~Approved persons in relation to appointed representatives of relevant authorised persons~~ Appointed representatives) explains that it is unlikely that *SUP 10C* (FCA senior ~~management managers~~ managers regime for approved persons in ~~relevant authorised persons~~ SMCR firms) will apply to *approved persons* working in *appointed representatives* of ~~relevant authorised persons~~ an SMCR firm in addition to this chapter.
- ...
- Bidders in emissions auctions
- 10A.1.21 G ...
- This is because the *FCA-approved person* regime specifies a number of functions by incorporation of requirements in *SYSC*; however, a *firm* carrying on *auction regulation bidding* is only subject to *SYSC* to a limited extent in relation to that activity. This means that the *FCA required functions* do not apply to *auction regulation bidding*, except for the *money laundering reporting function*. Similarly, the *significant management function* does not apply in relation to *auction regulation bidding* because, in carrying on that activity, a *firm* is not subject to ~~SYSC 2.1.1R~~ or *SYSC 4.1.1R* and is not undertaking *proprietary trading*.
- ...
- ~~Swiss general insurers~~

- 10A.1.26 R For *Swiss general insurers*, references in this chapter to parts of the *PRA* Rulebook for ‘Solvency II firms’ are to be read as references to the corresponding parts of the *PRA* Rulebook applying to *non directive insurers*. [deleted]
- 10A.1.27 G *Swiss general insurers* are in the *large non directive insurers* sector of the *PRA* Rulebook and the *PRA* applies to them, in relation to their *controlled functions*, provisions equivalent to those applying to third country branches in the *Solvency II firms* sector of the *PRA* Rulebook. The *FCA* includes them as third country undertakings of *Solvency II firms* and so they must follow the requirements for *Solvency II firms* set out in *SUP 10A*. [deleted]

10A.2 Purpose

...

- 10A.2.2 G *SUP 10A* does not deal with the *PRA’s approved persons* regime. [deleted]
- 10A.2.3 G The *FCA* has certain powers in relation to *PRA approved persons*, such as the requirement to give its consent in certain cases to the *PRA* granting approval for the performance of a *PRA controlled function*. *SUP 10A* does not deal with these. [deleted]

...

10A.4 Specification of functions

...

- 10A.4.2 R Part 1 of the table of The table of FCA controlled functions applies in relation to an *FCA-authorised person*. It also applies in relation to an *appointed representative* for the purposes of *SUP 10A.1.15R* to *SUP 10A.1.16BR* (Appointed representatives) whether its *principal* is an *FCA-authorised person* or a *PRA-authorised person*. Part 2 applies in relation to a *PRA-authorised person*, except in relation to *CBTL business*.
- 10A.4.2A G For the purposes of *SUP 10A* (and *SYSC*, *APER*, *COCON* and *DEPP*) a *large non directive insurer* is treated as and included in the Glossary definition of a *Solvency II firm*. For *large non directive insurers*, references to parts of the *PRA* Rulebook applicable to *Solvency II Firms* are to be read as references to the corresponding parts of the *PRA* Rulebook applying to *large non directive insurers*. [deleted]

...

- 10A.4.4 R FCA controlled functions

Part 1 (FCA controlled functions for FCA- authorised persons and appointed representatives)		
Type	CF	Description of FCA controlled function
...		

Part 2 (FCA controlled functions for PRA- authorised persons) (See Note 1)		
Type	CF	Description of FCA controlled function
<i>FCA governing functions*</i>	1	<i>Director function</i> (see Note 2)
	2a	<i>Chair of the nomination committee function</i> (See Note 2 3)
	2b	<i>Chair of the with-profits committee function</i> (See Note 2 3)
	3	<i>Chief executive function</i> (see Note 3A)
	5	<i>Director of an unincorporated association function</i> (See Note 2 3B)
	6	<i>Small friendly society function</i> (see Note 3C)
	10	<i>Compliance oversight function</i>
	10A	<i>CASS operational oversight function</i>
	11	<i>Money laundering reporting function</i>
	51	<i>Actuarial conduct function (third country)</i> (see Note 4)
<i>Systems and controls function*</i>	28	<i>Systems and control function</i> (see Note 5)
<i>Significant management function*</i>	29	<i>Significant management function</i>

<i>Customer-dealing function</i>	30	<i>Customer function</i>
<i>*FCA significant-influence functions</i>		
Note 1: Part 2 of this table does not apply to appointed representatives of PRA-<i>authorised persons</i>, Part 1 applies instead. (See SUP 10A.4.2R.)		
Note 2: Solvency II firms (including large non-directive insurers) and small non-directive insurers.		
Note 3: Solvency II firms (including large non-directive insurers) only.		
Note 3A: small non-directive insurers only.		
Note 3B: Solvency II firms (including large non-directive insurers) and small non-directive insurers.		
Note 3C: small non-directive insurers and large non-directive insurers only.		
Note 4: Third country insurance or reinsurance undertakings which are Solvency II firms only.		
Note 5: Only Solvency II firms that are: (a) third country insurance or reinsurance undertakings; or (b) ISPVs.		

...

10A.6 FCA governing functions

Introduction

- 10A.6.1 G (1) Every *firm* will have one or more *persons* responsible for directing its affairs. These *persons* will be performing the *FCA governing functions* and will be required to be *FCA-approved persons* unless the application provisions in SUP 10A.1, or the particular description of an *FCA controlled function*, provide otherwise. For example, each *director* of a *company* incorporated under the Companies Acts will perform an *FCA governing function*. However, if the *firm* is a *PRA-~~authorised person~~*, the *governing functions* apply in the manner set out in (2) and (3). Note that for the purposes of SUP 10A (and SYSC, APER, COCON and DEPP) a *large non-directive insurer* is treated as and included in the definition of a *Solvency II firm*.

- (2) For a *Solvency II firm*, the *FCA governing functions* CF1, CF2a, CF2b, CF5 and (for *large non-directive insurers* only) CF6 may apply and for a *small non-directive insurer*, the *FCA governing functions* CF1, CF3, CF5 or CF6 may apply. These functions will apply if the *person* carrying out the function is not approved to carry out a *PRA controlled function* or the other conditions in *SUP 10A.11.12R* (minimising overlap with the *PRA approved persons regime*) are not satisfied. [deleted]
- (3) For a *Solvency II firm* and a *small non-directive insurer*, if the person is approved to carry out a *PRA controlled function* and the conditions in *SUP 10A.11.12R* are satisfied, the relevant *FCA function* is instead absorbed into the *PRA controlled function* that the person is approved for (by virtue of its inclusion in *PRA Rulebook: Solvency II firms: Insurance—Senior Insurance Management Functions, 2.5; Non-Solvency II firms: Non-Solvency II firms—Senior Insurance Management Functions, 2.6* and *Non-Solvency II firms: Large Non-Solvency II firms—Senior Insurance Management Functions, 2.5*). [deleted]
- ...
- 10A.6.2A G (1) As explained in more detail in the rest of this section, a number of *FCA governing functions* do not apply to a *PRA authorised person*.
- (2) However, (1) does not apply to an *FCA governing function* under *SUP 10A.1.15R* to *SUP 10A.1.16BR* (Appointed representatives). The *FCA governing functions* continue to apply for *appointed representatives* of a *PRA authorised person*.
- (3) For example, the *chief executive function* does not apply to a *PRA authorised person*. A *PRA controlled function* applies instead.
- (4) However, the *chief executive function* may apply to someone who is the chief executive of an *appointed representative* of a *PRA authorised person*.
- (5) See *SUP 10A.1.15R* to *SUP 10A.1.16BR* and *SUP 10A.4.2R* for the main *rules* that deal with what *controlled functions* apply to *appointed representatives*. [deleted]

What the FCA governing functions include

- 10A.6.3 R Each of the *FCA governing functions* includes:

- (1) (where apportioned under ~~SYSC 2.1.1R~~ or ~~SYSC 4.3.1R~~ and ~~SYSC 4.4.3R~~ (or, for a *full-scope UK AIFM* apportioned under article 60(1) of the *AIFMD level 2 regulation*))
- ...
- ...
- ...
- 10A.6.11 G (1) ~~The *director function* applies in relation to a *PRA authorised person*, as set out below.~~
- (2) ~~For a *Solvency II firm* or a *small non directive insurer*, the *FCA director function* may apply if the person carrying out the function is not approved to carry out a *PRA controlled function* or the other conditions in *SUP 10A.11.12R* (minimising overlap with the *PRA approved persons regime*) are not satisfied. [deleted]~~
- 10A.6.11A R ~~For the purposes of *SUP 10A.6.7R* and *SUP 10A.6.8R* (the *director function*), '*director*' includes an executive member of a committee to which the Council of the *Society* directly delegates authority to carry out the *Society's* regulatory functions. [deleted]~~
- ...
- 10A.6.15 G ~~The *non-executive director function* does not apply in relation to a *PRA authorised person*. *PRA* approval is required instead. [deleted]~~
- ~~Chair of the nomination committee (CF2a) and chair of the with profits committee functions (CF2b) (Solvency II firms only)~~
- 10A.6.15A R (1) ~~For a *Solvency II firm* only, if the *firm* has a nomination committee, the *chair of the nomination committee function* is the function of acting in the capacity of a non-executive chairman of that committee.~~
- (2) ~~The *chair of the nomination committee function* does not apply to a *Solvency II firm* that is a third country insurance or reinsurance undertaking. [deleted]~~
- 10A.6.15B R (1) ~~For a *Solvency II firm* only, if the *firm* has a *with profits committee*, the *chair of the with profits committee function* is the function of acting in the capacity of a non-executive chairman of the committee.~~
- (2) ~~The *chair of the with profits committee function* does not apply to a *Solvency II firm* that is a third country insurance or reinsurance undertaking. [deleted]~~

- 10A.6.15C G (1) ~~For a *Solvency II firm*, the *chair of the nomination committee function* and the *chair of the with profits committee function* may not apply if the person carrying out the function is approved to carry out a *PRA controlled function* and the conditions in *SUP 10A.11.12R* (minimising overlap with the *PRA approved persons regime*) are satisfied.~~
- (2) ~~In that case, the relevant *FCA function* is instead absorbed into the *PRA controlled function* that the person is approved for (by virtue of its inclusion in *PRA Rulebook: Solvency II firms: Senior Insurance Managers Regime, 2.5*). [deleted]~~
- ...
- 10A.6.21 G Note that a *body corporate* may be a *chief executive*. If so, it will need to be approved (if the *firm* in question is an *FCA authorised person*) to perform the *chief executive function*.
- 10A.6.22 G ~~The *chief executive function* does not apply in relation to a *PRA authorised person*. *PRA approval* is required instead. [deleted]~~
- ...
- 10A.6.24 G Any apportionment referred to in *SUP 10A.6.23R(3)(b)* will have taken place under ~~*SYSC 2.1.1R* or *SYSC 4.3.1R* and *SYSC 4.4.3R*~~. The *FCA* may ask to see details of the apportionment but will not require, as a matter of course, a copy of the material which records this (~~see *SYSC 2.2*~~).
- ...
- 10A.6.28 G ~~The *partner function* does not apply in relation to a *PRA authorised person*. *PRA approval* is required instead. [deleted]~~
- Director of unincorporated association function (CF5)
- 10A.6.29 R If a *firm* is an unincorporated association, the *director of unincorporated association function* is the function of acting in the capacity of a *director* of the unincorporated association. ~~In a *Solvency II firm* and a *small non-directive insurer* the function does not include acting in the capacity of a non-executive director.~~
- 10A.6.30 G ~~The *director of unincorporated association function* applies in relation to a *PRA authorised person* as set out in *SUP 10A.6.1G* above. [deleted]~~
- Small friendly society function (CF6)
- 10A.6.31 R (1) If a *firm* is a *non-directive friendly society*, the *small friendly society function* is the function of directing its affairs, either alone or jointly with others. ~~In a *large non-directive insurer* and~~

~~a small non-directive insurer the function does not include acting in the capacity of a non-executive director.~~

...

...

- 10A.6.34 G In practice, the *FCA* expects that most *non-directive friendly societies* will be *PRA-authorised persons*. Where that is the case, this chapter does not apply and so the small friendly society function will not apply as set out in SUP 10A.6.1G above.

10A.7 FCA required functions

Apportionment and oversight function (CF8)

- 10A.7.1 R (1) The *apportionment and oversight function* is the function of acting in the capacity of a *director* or *senior manager* responsible for the apportionment function and/or the oversight function set out in ~~SYSC 2.1.3R~~ or SYSC 4.4.5R.
- (2) ~~The *apportionment and oversight function* does not apply in relation to a *Solvency II firm* or a *small non-directive insurer*. [deleted]~~

- 10A.7.2 G In requiring someone to apportion responsibility, ~~neither a common platform firm nor a *Solvency II firm* or *small non-directive insurer*~~ should not apply for that *person* or *persons* to be *FCA-approved* to perform the *apportionment and oversight function* (see SUP 10A.7.1R, ~~SYSC 2.1.3R~~ and SYSC 1 Annex 1).

...

- 10A.7.4 G Generally, in relation to a UK establishment of an *overseas firm* or a *firm* which is part of an *overseas group*, where an overseas manager's responsibilities in relation to the *United Kingdom* are strategic only, ~~he~~ they will not need to be an *FCA-approved person*. However, where, in accordance with ~~SYSC 3~~ or SYSC 4 to SYSC 10, ~~he is~~ they are responsible for implementing that strategy in the *United Kingdom*, and ~~has~~ have not delegated that responsibility to a *senior manager* in the *United Kingdom*, ~~he is~~ they are likely to be performing an *FCA controlled function* for example, the *chief executive function* or a *PRA controlled function*.

- 10A.7.5 A *firm* carrying on *insurance distribution activity*, other than a *sole trader*, must allocate to a *director* or *senior manager* the responsibility for the *firm's insurance distribution activity* (MIPRU 2.2.1R). ~~MIPRU 2.2.2R(2) provides that the~~ The firm may allocate this responsibility to the *person* performing the *apportionment and oversight function*.

...

- 10A.7.7 G ~~As explained in SUP 10A.11 (Minimising overlap with the PRA approved persons regime), the application of the *apportionment and oversight function* is sometimes disapplied for a *PRA authorised person*. [deleted]~~

Compliance oversight function (CF10)

- 10A.7.8 R The *compliance oversight function* is the function of acting in the capacity of:
- (1) a *director or senior manager* who is allocated the function set out in:
- (a) ~~SYSC 3.2.8R; [deleted]~~

...

...

...

- 10A.7.11 G A *firm's* obligations in respect of its *money laundering reporting officer* are set out elsewhere in the *FCA Handbook* (see ~~SYSC 3.2.61R and SYSC 6.3.9R~~ and for their scope, see the application provisions in SYSC 1 Annex 1).

...

~~Actuarial conduct function in Solvency II third country insurance or reinsurance undertakings~~

- 10A.7.14 R ~~The *actuarial conduct function (third country)* is that part of the function of acting in the capacity of an actuary appointed (by a *Solvency II firm* which is a *third country insurance or reinsurance undertaking*) under rule 7.1(2) of the *PRA Rulebook: Solvency II Firms: Third Country Branches* that relates to compliance with *FCA* requirements and standards under the *regulatory system*. [deleted]~~

10A.8 Systems and controls functions

Systems and controls function (CF28)

- 10A.8.1 R The *systems and controls function* is the function of acting in the capacity of an *employee* of the *firm* with responsibility for reporting to the *governing body* of a *firm*, or the audit committee (or its equivalent) in relation to:

- ...
- (2) setting and controlling its risk exposure (see ~~SYSC 3.2.10G~~, SYSC 7.1.6R, article 23(2) of the *MiFID Org Regulation* and article 23(2) of the *MiFID Org Regulation* (as applied in accordance with SYSC 1 Annex 1 2.8AR, SYSC 1 Annex 1 3.2-AR, SYSC 1 Annex 1 3.2-BR, SYSC 1 Annex 1 3.2CR and SYSC 1 Annex 1 3.3R)); and
 - (3) adherence to internal systems and controls, procedures and policies (see ~~SYSC 3.2.16 G~~, SYSC 6.2, article 24 of the *MiFID Org Regulation* and article 24 of the *MiFID Org Regulation* (as applied in accordance with SYSC 1 Annex 1 2.8AR, SYSC 1 Annex 1 3.2-AR, SYSC 1 Annex 1 3.2-BR, SYSC 1 Annex 1 3.2CR and SYSC 1 Annex 1 3.3R)).
- 10A.8.1A R ~~For a Solvency II firm which is an insurance special purpose vehicle or a third country insurance or reinsurance undertaking, the systems and controls function is modified as follows:~~
- (1) ~~it does not include any of the activities described in any PRA controlled function if that controlled function applies to the firm;~~
 - (2) ~~it does not include activities allocated to and carried on by another person who is a PRA approved person; and~~
 - (3) ~~it only includes that part of the function that relates to compliance with FCA requirements and standards under the regulatory system. [deleted]~~
- ...
- 10A.8.3 G
- (1) ~~The systems and controls function does not apply in relation to a PRA authorised person. PRA approval is required instead.~~
 - (2) ~~The exception is a Solvency II firm which is an insurance special purpose vehicle or a third country insurance or reinsurance undertaking. For such firms, FCA approval may be required but only to the extent that the activities are not already covered by a PRA controlled function that applies to the firm or are not activities allocated to and carried on by another person who is a PRA approved person.~~
 - (3) ~~Also, for firms in (2), the function is expressly limited to that part of the function that relates to compliance with FCA requirements and standards under the regulatory system.~~
 - (4) ~~For firms in (2), references in SUP 10A.8.1R to SYSC should also be read as including references to comparable provisions in~~

~~the PRA Rulebook: Solvency II Firms: Third Country Branches and Solvency II Regulations, as appropriate. [deleted]~~

10A.9 Significant management functions

Application

- 10A.9.1 R *SUP* 10A.9 applies only to a *firm* which:
- (1) under ~~SYSC 2.1.1R, chapters 2, 3 and 5 of the Allocation of Responsibilities parts of the PRA Rulebook applicable to Solvency II Firms and Non-Solvency II firms or SYSC 4.1.1R,~~ apportions a significant responsibility, within the description of the *significant management function*, to a *senior manager* of a significant business unit; or
 - (2) undertakes *proprietary trading*.
- 10A.9.2 G The *FCA* anticipates that there will be only a few *firms* needing to seek approval for an individual to perform the *significant management function* set out in *SUP* 10A.9.1R(1). In most *firms*, those approved for the *FCA governing functions*, *FCA required functions* and, where appropriate, the *systems and controls function* ~~or the equivalent PRA controlled functions~~, are likely to exercise all the significant influence at senior management level.
- ...
- 10A.9.4 G The scale, nature and complexity of the *firm's* business may be such that a *firm* apportions, under *SUP* 10A.9.1R(1), a significant responsibility to an individual who is not approved to perform the *FCA governing functions*, *FCA required functions* or, where appropriate, the *systems and controls function* ~~or the equivalent PRA controlled functions~~. If so, the *firm* should consider whether the functions of that individual fall within the *significant management function*. For the purposes of the description of the *significant management functions*, the following additional factors about the *firm* should be considered:
- (1) the size and significance of the *firm's* business in the *United Kingdom*; for example, a *firm* carrying on *designated investment business* may have a large number of *approved persons* (for example, in excess of 100 individuals); ~~or a *firm* carrying on general insurance business may have gross written premiums in excess of €100m;~~

...

...

Significant management function (CF29)

10A.9.9 R The *significant management function* is the function of acting as a *senior manager* with significant responsibility for a significant business unit that:

...

(2) ~~*effects contracts of insurance (other than contractually based investments);*~~ [deleted]

...

...

10A.9.11 R The *significant management function* does not include any of the activities described in any other *FCA controlled function* ~~or *PRA controlled function*~~ if that other *controlled function* applies to the *firm*.

...

10A.9.14 G A *firm* carrying on *insurance distribution activity*, other than a *sole trader*, must allocate to a *director* or *senior manager* the responsibility for the *firm's insurance distribution activity* (MIPRU 2.2.1R). ~~MIPRU 2.2.2R(3) provides that the~~ The *firm* may allocate this responsibility to the *person* performing the *significant management function*.

...

10A.10 Customer-dealing functions

...

10A.10.5 R ...

10A.10.5A R In SUP 10A.10.5R, customer, in relation to a *firm*, means a *person* who is using, or who is or may be contemplating using, any of the services provided by the *firm*.

10A.10.6 G The *FCA* interprets the phrase “dealing with” as including having contact with ~~*customers*~~ customers and extending beyond “dealing” as used in the phrase “dealing in investments”. “Dealing in” is used in Schedule 2 to the *Act* to describe in general terms the *regulated activities* which are specified in Part II of the *Regulated Activities Order*.

...

10A.11 Minimising overlap with the PRA approved persons regime [deleted]**Introduction**

- 10A.11.1 G ~~SUP 10A.11 deals with how the FCA's approved persons regime applies to PRA authorised persons. SUP 10A.11 therefore only applies if the firm in question is a PRA authorised person.~~
- 10A.11.2 G ~~Both the FCA and the PRA may specify a function as a controlled function in relation to a PRA authorised person. However, only the FCA has power to specify a customer dealing function as a controlled function.~~
- 10A.11.3 G Therefore, if a person's job for a firm involves:
- (1) ~~an FCA controlled function, the firm should apply to the FCA for approval;~~
 - (2) ~~a PRA controlled function, the firm should apply to the PRA for approval~~
 - (3) ~~both an FCA controlled function and a PRA controlled function, the firm should apply to both the FCA and the PRA for approval (the purpose of SUP 10A.11 is to cut down the need for this sort of dual approval).~~
- 10A.11.4 G ~~The PRA cannot give its approval for the performance of a PRA controlled function without the consent of the FCA. The firm does not need to apply to the FCA for that consent. The PRA must as soon as practicable notify the FCA of the receipt or withdrawal of an application to the PRA.~~
- 10A.11.5 G ~~Under section 59B of the Act (Role of FCA in relation to PRA decisions) the FCA may arrange with the PRA that in agreed cases the PRA may give approval without obtaining the consent of the FCA. No such arrangements are currently in force.~~
- 10A.11.6 G ~~The FCA and PRA have coordinated their approved persons regime to reduce the amount of overlap. These arrangements do not relate to the customer dealing functions.~~
- 10A.11.7 G ~~[deleted]~~
- Guidance on how SUP 10A.11 works
- 10A.11.8 G (2) ~~For a Solvency II firm and a small non directive insurer only, SUP 10A.11.12R disapplies the FCA governing functions for a person who is approved to perform a PRA controlled function, subject to the conditions in SUP 10A.11.12R.~~
- (3) ~~The FCA functions disapplied in accordance with the FCA governing functions overlap rule for Solvency II firms and small non directive insurers (SUP 10A.11.12R) are absorbed into the relevant PRA controlled function by virtue of their inclusion in PRA Rulebook: Insurance—Solvency II firms: Senior Insurance~~

~~Management Functions, 2.5; Non-Solvency II firms: Non-Solvency II firms—Senior Insurance Management Functions, 2.6, and Non-Solvency II firms: Large Non-Solvency II firms—Senior Insurance Management Functions, 2.5).~~

10A.11.9 G {deleted}

10A.11.10 G {deleted}

~~The main rule~~

10A.11.11 R {deleted}

10A.11.12 R ~~A person (referred to as “A” in this rule) is not performing an FCA governing function (referred to as the ‘particular’ FCA governing function in this rule) in relation to a Solvency II firm or a small non-directive insurer (referred to as “B” in this rule), at a particular time, if:~~

- ~~(1) A has been approved by the PRA to perform any PRA controlled function in relation to B;~~
- ~~(2) throughout the whole of the period between the time of the PRA approval in (1) and the time in question, A has been the subject of a current PRA approved person approval to perform a PRA controlled function in relation to B;~~
- ~~(3) at the time of the PRA approval in (1), A was not subject to a current FCA approved person approval to perform the particular FCA controlled function in relation to B;~~
- ~~(4) as part of the application for the PRA approval in (1), B notified the PRA that A would start to perform what would otherwise have been the particular FCA governing function (referred to as the “potential” FCA governing function in this rule) at or around the time of the PRA approval in (1); and~~
- ~~(5) A started to perform the potential FCA governing function at or around the time of the PRA approval in (1) and has continued to perform it up to the time in question.~~

10A.12 Procedures relating to FCA-approved persons

...

10A.12.2 G Table: FCA-approved persons forms

Form	Purpose	Handbook requirement
------	---------	----------------------

...			
Form B	SUP 10A Annex 5R <u>SUP 10C Annex 4R</u>	Notice to withdraw an application to perform controlled functions under the approved persons regime	SUP 10A.13.19R
Form C	SUP 10A Annex 6R <u>SUP 10C Annex 5R</u>	Notice of ceasing to perform controlled functions	SUP 10A.14.8R
Form D	SUP 10A Annex 7R <u>SUP 10C Annex 6R</u>	Notification of changes in personal information or application details	SUP 10A.14.15R
...			
<p>Note (1): The form in the SUP annex shown is to be used by credit unions <u>a firm whose Part 4A permission covers only credit-related regulated activities</u>, and by other firms only in the event of a failure of the information technology systems used by the FCA. See the relevant “Handbook requirement”.</p>			
<p>Note (2): Where <u>SUP 10A.1.16BR (appointed representative of an SMCR firm)</u> applies, the version of the form to be used is the one required by <u>SUP 10C (FCA senior managers regime for approved persons in SMCR firms)</u>.</p>			

...

10A.13 Application for approval and withdrawing an application for approval

...

How to apply for approval

10A.13.3 D ...

10A.13.3A D If a firm must make an application using Form A, it must use Form A (shortened form) if:

(1) the candidate:

(a) has current approved person approval to perform:

- ...
- (i) an FCA controlled function that is a significant influence function; or
 - (ii) an FCA-designated senior management function; or
 - (iii) a PRA controlled function; or
- (b) has had current approved person approval of the type described in (a) within the previous six months; and
- (2) there have been no matters arising in relation to the fitness and propriety of the person to whom the application relates which mean that the information provided to the FCA or the PRA regarding fitness and propriety in connection with the current approved person approval in (1)(a) or (b) may have changed since the application for that current approved person approval was made.

10A.13.3B D A firm must not use Form A (shortened form) if:

- (1) the firm is a MiFID investment firm (except a credit institution); and
- (2) SUP 10A.14.4BD applies to that application.

...

Who should make the application?

10A.13.5 G

- (2) Usually this will be the *firm* that is employing the *FCA candidate* to perform the *FCA controlled function*. Where a *firm* has outsourced the performance of an *FCA controlled function*, the details of the outsourcing determine where responsibility lies and whom the *FCA* anticipates will submit *FCA-approved persons* application forms. *SUP 10A.13.6G* describes some common situations. The *firm* which is outsourcing is referred to as “A” and the *person* to whom the performance of the *FCA controlled function* has been outsourced, or which makes the arrangement for the *FCA controlled function* to be performed, is referred to as “B”. In each situation, A must take reasonable care to ensure that, in accordance with section 59(2) of the *Act*, no *person* performs an *FCA controlled function* under an arrangement entered into by its contractor in relation to the carrying on by A of a *regulated activity*, without approval from the *FCA*. See also ~~*SYSC 3.2.4G*~~ and ~~*SYSC 8.1.1R*~~, and ~~*SYSC 13.9*~~ for *insurers*.

10A.13.6 G Outsourcing arrangements

Outsourcing arrangements		Submitting form
...		
(i) A to B, where B is a non-authorised person not part of the same group as A (ii) A to B, where A is a <i>branch of an overseas firm</i> in the <i>United Kingdom</i> , and B is an overseas undertaking of the same <i>group</i> (iii) A to B, where A is a UK authorised subsidiary of an overseas <i>firm</i> and B is an overseas undertaking of the same <i>group</i>	Responsibility for (as opposed to the performance of) any activity outsourced to B will remain with A. See SYSC 3.2.4G and SYSC 8	A ensures that an individual approved by the FCA or the PRA under a controlled function that is a <i>significant-influence function</i> has responsibility for the outsourced arrangement and A submits a form in relation to that individual

...

Withdrawing an application for approval

- 10A.13.19 R A *firm* notifying the *FCA* of its withdrawal of an application for approval must notify the *FCA*; using Form B, ~~in the form set out in SUP 10A Annex 5R~~ (SUP 10C Annex 4R).

...

10A.14 Changes to an FCA-approved person's details

Moving within a firm

- 10A.14.1 G An *FCA-approved person's* job may change from time to time as a result, for instance, of a change in personal job responsibilities or a *firm's regulated activities*. Where the changes will involve the *person* performing one or more *FCA controlled functions* different from those for which approval has already been granted, then an application must be made to the *FCA* for approval for the *person* to perform those *FCA controlled functions*. The *firm* must take reasonable care to ensure that an individual does not begin performing an *FCA controlled function* until the *FCA* has granted *FCA-approved person* status to that individual in respect of that *FCA controlled function*. ~~Similarly, a *firm*~~

- must get the *FCA's* approval if a *person* is to start performing an *FCA controlled function* in relation to that *firm* when he already has the *PRA's* approval to perform a *PRA controlled function* in relation to that *firm*.
- 10A.14.2 G If an *FCA-approved person* or a *PRA-approved person* is ceasing to perform *FCA controlled functions* or a *PRA controlled function*, as well as applying for approval in respect of *FCA controlled functions* within the same *firm* or *group*, ~~*SUP 10A.14.4D*~~ the *firm* should generally apply use Form E. Further details can be found in ~~*SUP 10A Annex 2 SUP 10A.14.4D*~~.
- 10A.14.3 G If a *person* is to perform an *FCA controlled function* for a *firm* for which he they already performs ~~perform a *PRA controlled function* or an *FCA controlled function*~~ as an *approved person* but ~~he is~~ they are not at the same time ceasing to perform an *FCA controlled function* or *PRA controlled function* for the *firm* or a *firm* in the same *group*, a *firm* should use Form A. It is ~~not mandatory to complete all parts of the form~~. See the notes relevant to each form ~~*SUP 10A.13.3D* and *SUP 10A.13.3AD*~~ for ~~full~~ further details.
- 10A.14.4 D ...
- (2) ...
- (c) any of the following apply (where applicable):
- (i) a notification referred to in *SUP 10C.10.9D(4)(b)* or (c) (notification obligations under the *Act* applying to ~~relevant authorised persons~~ *SMCR firms*) has been made or should be made; or
- (ii) ...
- in relation to any:
- (iii) ...
- (iv) ~~any~~ *controlled function* that they are continuing to perform for that *firm* or a *firm* in the same *group*.
- (3) ...
- (b) *SUP 10C.14.18R* (the corresponding requirement for ~~relevant authorised persons~~ *SMCR firms*); or
- ...
- 10A.14.4A G (1) The ~~*MiFID II ITS*~~ *MiFID authorisation and management body change notification ITS* requires that *MiFID investment firms*

(except *credit institutions*) submit the Annex III information on the ESMA template available at <https://www.fca.org.uk/publication/forms/mifid-changes-management-body-form.docx> ('Annex III template') where there is a change to a member of the *management body* or a *person* who effectively directs the business.

- (2) *MiFID investment firms* (except *credit institutions*) need to submit this Annex III template within ten *business days* of the change in the *online notification and application system* (also known as Connect).
- (3) ~~In summary, where there is a change to a member of the *management body* or a *person* who effectively directs the business of a *MiFID investment firm* (except a *credit institution*) then the *firm* is required SUP 10A.14.4BD explains how this requirement fits in with the requirement to submit the following forms (in addition to the relevant a Form A, C, or Form E, about a candidate):~~
- (a) ~~Where a new member of the *management body* or a *person* who effectively directs the business is appointed:~~
- (i) ~~The Annex III template; and~~
- (ii) ~~MiFID Article 4 APER Information Form.~~
- (b) ~~Where a person ceases being a member of the *management body* or a *person* who effectively directs the business, the Annex III template (in addition to the relevant Form E).~~
- (4) ~~Where the Annex III template requires the *firm* to provide information which is also contained in Form A and/or E, the *firm* may, instead of duplicating the information, cross refer to the information in the relevant Form A or E and annex those forms to the Annex III template (see SUP 10A.14.4C). [deleted]~~

- 10C.14.4AA G (1) The *MiFID authorisation and management body change notification ITS* requires that a *person* applying to be a *MiFID investment firm* (except a *credit institution*) notify the *appropriate regulator* of information about members of its *management body* by filling in the template set out in Annex II of the *MiFID authorisation and management body change notification ITS*.
- (2) This applies whether:
- (a) the *person* is applying for *authorisation*; or

(b) the person is a firm applying for a variation of its permission that would turn it into a MiFID investment firm.

(3) The requirement in SUP 10A.14.4BD to fill in the MiFID Article 4 SMR Information Form along with a Form A or Form E does not apply.

10A.14.4B D Where :

(1) there is a change to a member of the management body or person who directs the business, of a MiFID investment firms firm (except a credit institutions institution) that the firm must notify to the appropriate regulator under Annex III of the MiFID authorisation and management body change notification ITS; and

(2) that change also requires the firm to apply for approval for that member or person to perform an FCA controlled function;

the firm must submit to the FCA the completed form found in SUP 10A Annex 10D (MiFID Article 4 APER Information Form) at the same time as submitting the Form A and/or or Form E about a the candidate.

~~[Editor's note: This is in accordance with the information required in article 4 of the Commission Delegated Regulation of 14 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards on information and requirements for the authorisation of investment firms.]~~

10A.14.4C G ~~Therefore,~~ *MiFID investment firms* (except credit institutions) who submit:

~~(a)~~ Form A and/or E; and

(1)

~~(b)~~ the MiFID Article 4 APER Information Form

(2)

about a *candidate* can complete the Annex III template outlined in SUP 10A.14.4AG(1) by cross-referring to ~~the~~ any information required by the template that has been included in the relevant Form A and/or or Form E . ~~The template should where it has already been provided by the firm, and this would then~~ be annexed to the relevant Form A ~~and/or or~~ Form E.

...

10A.14.7 G ~~In certain circumstances, when the FCA already has the information it would usually require, a shortened version of the relevant Form A may be completed. See the notes relevant to each form for full details.~~
[deleted]

Ceasing to perform an FCA controlled function

10A.14.8 R (1) A *firm* must submit to the FCA a completed Form C, ~~in the form set out in SUP 10A Annex 6R, (SUP 10C Annex 5R)~~ no later than ten business days after an *FCA-approved person* ceases to perform an *FCA controlled function*.

...

...

10A.14.9A G (1) The MiFID authorisation and management body change notification ITS requires that a MiFID investment firm (except a credit institution) submit the information in Annex III of the MiFID authorisation and management body change notification ITS on the ESMA template where there is a change to a member of the management body or a person who effectively directs the business.

(2) This means that a MiFID investment firm required to notify the FCA under (1) may also need to submit the Annex III information along with the Form C or Form E.

...

Changes to an approved person's personal details

10A.14.15 R If an *FCA-approved person's* title, name or national insurance number changes, the *firm* for which the *person* performs an *FCA controlled function* must notify the FCA on Form D, ~~in the form set out in SUP 10A Annex 7R, (SUP 10C Annex 6R)~~ of that change within seven *business days* of the *firm* becoming aware of the matter.

...

10A.14.21 G (1) If, in relation to a *firm* which has completed the relevant Form A (SUP 10A Annex 4D), any of the details relating to arrangements and *FCA controlled functions* are to change, the *firm* must notify the FCA on Form D ~~(SUP 10A Annex 7R)~~ (SUP 10C Annex 6R).

...

...

10A.15 References and accurate information

References

- 10A.15.1 G ...
- (2) This applies even if A is a *firm* to which SUP 10C (FCA senior ~~management~~ managers regime for approved persons in ~~relevant authorised persons~~ SMCR firms) applies rather than this chapter.
- (3) ~~SYSC 22 also requires certain insurers to get a reference before applying to have someone approved as an approved person.~~
[deleted]
- ...
- 10A.16 How to apply for approval and give notifications**
- 10A.16.1 D ...
- (2) Subject to (2A), an application by a *firm* ~~other than a credit union~~ must be made by submitting the Form online at fca.org.uk using the form specified on the *FCA's* and *PRA's* *online notification and application system*.
- ...
- (3) ~~An application by a credit union must be made using the form in SUP 10A Annex 4D or SUP 10A Annex 8D and must be submitted in the way set out in SUP 15.7.4R to SUP 15.7.9G (Form and method of notification).~~ [deleted]
- ...
- (5) An application by a firm in relation to a controlled function to which SUP 10A.1.16BR (appointed representative of an SMCR firm) applies must be made in accordance with SUP 10C.15 (Forms and other documents and how to submit them to the FCA) and not this section.
- 10A.16.2 R ...
- (2) A notification must be made in accordance with SUP 10A.16.1D, except that the annexes ~~to SUP 10A~~ in which the forms are to be found are ~~SUP 10A Annex 6R~~ SUP 10C Annex 5R or ~~SUP 10A Annex 7~~ SUP 10C Annex 6R, rather than the Annexes mentioned in SUP 10A.16.1D.
- (3) A notification by a firm in relation to a controlled function to which SUP 10A.1.16BR (appointed representative of an SMCR firm) applies must be made in accordance with SUP 10C.15

(Forms and other documents and how to submit them to the FCA) and not this section.

10A.16.2A **R** SUP 10A.16.2R(3) also applies to Form B in relation to a *controlled function* to which SUP 10A.1.16BR (appointed representative of an SMCR firm) applies.

...

10A Annex Frequently asked questions
1G

	Question	Answer
	Type of firm	
-1	Does this chapter apply to all types of <i>firm</i> ? If not, where can I find the equivalent material?	No, <i>SUP 10A</i> does not apply to relevant authorised persons <i>SMCR firms</i> (broadly speaking, <i>banks, credit unions, building societies, insurance firms</i> and investment firms that are <i>PRA-authorised persons</i>). The requirements for these <i>firms</i> can be found in <i>SUP 10C</i> . However, this chapter does cover <i>approved persons</i> in <i>appointed representatives</i> of such <i>firms</i> .
	Requirements of the regime	
...		
7	Do Lloyd's underwriting agents still require registration with Lloyd's? [deleted]	Yes. Approval for a <i>controlled function</i> is not sufficient.
...		

10A Approved person regime: summary of forms and their use for applications
Annex for approval to perform an FCA-controlled function
2G

Function	Form	Submission
...		
<i>Person</i> remaining with the same <i>firm group</i> but giving up a <i>PRA controlled function</i> and taking up an <i>FCA controlled function</i> .	E	Submitted by <i>firm</i> to the <i>FCA</i> before changes take place.

<i>Person remaining with the same firm in the circumstances described in Example 6 in the table in SUP 10A.11.10G (giving up a PRA controlled function triggering need for FCA approval).</i>	E	Submitted by firm to the FCA in hard copy in advance of giving up the PRA governing function.
<i>Person remaining with the same firm group but giving up an FCA significant-influence function and taking up a PRA controlled function.</i>	E	Submitted by firm to the PRA before changes take place (see the PRA's Handbook <u>PRA Handbook</u>).

...

Delete the following Annexes. The deleted text is not shown but [deleted] tags are added to the section headings as shown below.

10A Annex 5R Form B: Notice to withdraw an application to perform controlled functions (including senior management functions) [deleted]

10A Annex 6R Form C: Notice of ceasing to perform controlled functions (including senior management functions) [deleted]

10A Annex 7R Form D: Notification of changes in personal information or application details and conduct breaches/disciplinary action related to conduct [deleted]

Delete the following the following forms from the following Annexes. The deleted text is not shown.

Annex where form to be found	Name of form to be deleted
SUP 10A Annex 4D (Form A: Application to perform controlled functions under the approved person regime)	Long Form A – Solvency II firms only
	Short Form A - Solvency II firms only
	Long Form A – Large non-directive insurers only
	Short Form A – Large non-directive insurers only
	Long Form A – Small non-directive insurers only
	Short Form A – Small non-directive insurers only

	<p>Solvency II Firms: Scope of Responsibilities</p> <p>Large non-directive insurers: Scope of Responsibilities</p> <p>Small non-directive insurers: Scope of Responsibilities</p> <p>Long Form A – UK Firms (Relevant Authorised Persons only)</p>
SUP 10A Annex 8D (Form E: Internal transfer of an approved person)	<p>Form E Internal transfer of an approved person (for Solvency II firms only)</p> <p>Form E Internal transfer of an approved person (small non-directive insurers only)</p> <p>Form E Internal transfer of an approved person (for large non-directive insurers only)</p>

Amend the following as shown. Where a cross-reference is amended by paragraph F of this instrument, that change is not shown.

10C FCA senior ~~management~~ managers regime for approved persons in ~~relevant authorised persons~~ SMCR firms

10C.1 Application

General

10C.1.1 R This chapter applies to every ~~relevant authorised person~~ SMCR firm.

10C.1.2 G This chapter is also relevant to *FCA-approved SMF managers* of a ~~relevant authorised person~~ an SMCR firm.

10C.1.2A G SUP 10C Annex 1 (What functions apply to what type of firm) sets out:

(1) how this chapter applies to different types of SMCR firm; and

(2) the SMCR firms to which this chapter does not apply.

~~Non-UK relevant authorised persons~~ Overseas firms: UK services

10C.1.3 R This chapter does not apply to a ~~non-UK relevant authorised person~~ an overseas SMCR firm ~~in relation to regulated activities which are carried~~

~~on in the United Kingdom~~, other than in relation to an establishment maintained by it or its *appointed representative* in the *United Kingdom*.

EEA ~~relevant authorised persons~~ firms: general application

- 10C.1.4 R This chapter does not apply to an *EEA ~~relevant authorised person~~ SMCR firm* if and in so far as the question of whether a *person* is fit and proper to perform a particular function in relation to that *firm* is reserved to an authority in a country or territory outside the *United Kingdom* under:
- (1) the *Single Market Directives*;
 - (2) the *Treaty*;
 - (3) the *auction regulation*;
 - (4) the *benchmarks regulation*.
- 10C.1.5 G (1) *SUP 10C.1.4R* reflects the provisions of section 59(8) of the *Act* and, where relevant, the *Treaty*.
- (2) It preserves the principle of *Home State* prudential regulation.
 - (3) For an *EEA ~~relevant authorised person~~ SMCR firm*, the effect is to reserve to the *Home State regulator* the assessment of fitness and propriety of a *person* performing a function in the exercise of an *EEA right*. A member of the *governing body*, or the notified *UK branch manager*, of an *EEA ~~relevant authorised person~~ SMCR firm*, acting in that capacity, will not, therefore, have to be approved by the *FCA* under the *Act*.
 - (3A) For example, persons in Solvency II firms which are incoming EEA firms are not expected to be carrying out FCA functions to the extent that the person will be regarded as effectively running the firm or responsible for a Solvency II Directive ‘key function’.
 - (4) Aside from (1) to ~~(3)~~ (3A) an *EEA ~~relevant authorised person~~ SMCR firm* should have:
 - (a) considered the impact of the *Host State* rules with which it is required to comply when carrying on a *passported activity* or a *Treaty activity* through a *branch* in the *United Kingdom*;
 - (b) been notified of those provisions under Part II of Schedule 3 to the *Act* in the course of satisfying the conditions for *authorisation* in the *United Kingdom*; and
 - (c) considered, for example, the position of a *branch manager* based in the *United Kingdom* who may also be

performing a function in relation to the carrying on of a *regulated activity* not covered by the *EEA right* of the *firm*. In so far as the function is within the description of an *FCA controlled function*, the *firm* will need to seek approval for that *person* to perform that *FCA controlled function*.

Overseas firms: general

- 10C.1.5A G (1) Generally, where an overseas manager of a ~~non-UK relevant authorised person~~ an overseas SMCR firm has responsibilities in relation to its *branch* in the *United Kingdom* that are strategic only, they will not need to be an *FCA-approved SMF manager*.
- (2) However, where an overseas manager is responsible for implementing that strategy for its *branch* in the *United Kingdom*, and has not delegated that responsibility to an *SMF manager* in the *United Kingdom*, they will potentially be performing an *FCA controlled function* if the detailed conditions in this chapter defining the relevant *FCA controlled function* are met.

UK firm with overseas branches or providing services on a cross-border basis

- 10C.1.6 G There are no territorial limitations to *SUP 10C* for:
- (1) overseas branches of *UK firms*; or
- (2) *UK firms* providing services into or out of the *United Kingdom* on a cross-border basis.

Appointed representatives

- 10C.1.7 R This chapter does not deal with an *approved person* who is approved under *SUP 10A.1.16BR* (Appointed representatives).
- 10C.1.8 G (1) *SUP 10A.1.15R* to *SUP 10A.1.16DG* (Appointed representatives) deal with the *approved persons* regime for *appointed representatives* of ~~relevant authorised persons~~ SMCR firms.
- (2) In general this chapter does not apply to *appointed representatives* of ~~relevant authorised persons~~ SMCR firms. *SUP 10A* applies instead.
- (3) In theory, a *person* employed by an *appointed representative* of a ~~relevant authorised person~~ an SMCR firm could come within one of the *controlled functions* in this chapter. If so, that person will be performing a *senior management function* and this chapter would apply. However, the *FCA* thinks that such a

situation should rarely, ~~if ever~~, arise unless the person is seconded to the firm.

- (4) If a *person* is an *approved person* under this chapter and under SUP 10A for the same *firm*, this chapter applies to *FCA-designated senior management functions* under this chapter and SUP 10A applies to *controlled functions* under SUP 10A. It is unlikely that such a scenario would ~~ever~~ normally arise in practice.

Insolvency practitioners

- 10C.1.9 R This chapter does not apply to a function performed by a *person* acting as:
- (1) an insolvency practitioner within the meaning of section 388 of the Insolvency Act 1986;
 - (2) a nominee in relation to a voluntary arrangement under Parts I (Company Voluntary Arrangements) and VIII (Individual Voluntary Arrangements) of the Insolvency Act 1986;
 - (3) an insolvency practitioner within the meaning of article 3 of the Insolvency (Northern Ireland) Order 1989; or
 - (4) a nominee in relation to a voluntary arrangement under Parts II (Company Voluntary Arrangements) and VIII (Individual Voluntary Arrangements) of the Insolvency (Northern Ireland) Order 1989.

Swiss general insurers

- 10C.1.10 R For *Swiss general insurers*, references in this chapter to parts of the *PRA Rulebook* for ‘Solvency II firms’ are to be read as references to the corresponding parts of the *PRA Rulebook* applying to *large non-directive insurers*.

- 10C.1.11 G *Swiss general insurers* are in the *large non-directive insurers* sector of the *PRA Rulebook* and the *PRA* applies to them, in relation to their *controlled functions*, provisions equivalent to those applying to third country branches in the *Solvency II firms* sector of the *PRA Rulebook*. The *FCA* includes them as third country undertakings of *Solvency II firms* and so they must follow the requirements for *Solvency II firms* set out in this chapter.

Insurance and mortgage credit mediation

- 10C.1.12 G See *MIPRU 2.2* (Allocation of the responsibility for insurance distribution activity or MCD credit intermediation activity) for how the *FCA*’s senior managers regime for *SMCR firms* is adjusted for a *firm*

carrying on insurance distribution activity or MCD credit intermediation activity.

10C.2 Purpose

- 10C.2.1 G The purpose of *SUP* 10C is:
- (1) to specify, under section 59 of the *Act*, descriptions of the *FCA-designated senior management functions* for ~~relevant authorised persons~~ *SMCR firms*, which are listed in *SUP* 10C.4.3R; and
 - (2) to specify the manner in which a *firm* must apply for the *FCA's* approval under section 59 of the *Act* and other procedures for *FCA-approved SMF managers*; and
 - (3) ~~describe the *FCA's* senior management managers regime for *SMF managers in relevant authorised persons*.~~
- 10C.2.2 G ~~*SUP* 10C does not deal with the *PRA's* senior management regime for *relevant authorised persons*. The key parts of its regime can be found in the parts of the *PRA's* rulebook called 'Senior Management Functions' and 'Allocation of Responsibilities'. [deleted]~~
- 10C.2.3 G (1) The *FCA* has certain powers in relation to *PRA-approved persons*, such as the requirement for *FCA* consent to the *PRA* granting approval for the performance of a *PRA controlled function*. *SUP* 10C does not deal with these.
- (2) However, *SUP* 10C.12.1G has material about the *FCA's* policy on giving its consent to applications made to the *PRA* about conditional and time-limited approvals for *SMF managers in PRA-authorised persons*.
- 10C.2.4 G *SUP* 10C.14 (Changes to an approved person's details) applies, in certain cases, to *PRA-approved persons*. Where this is the case, it says so.

10C.3 General material about the definition of controlled functions

Purpose

- 10C.3.1 G This section has general provisions that apply to the definition of all *controlled functions*.

Types of controlled function

- 10C.3.2 G There are two types of *FCA controlled function* under the *Act*:

- (1) an *FCA-designated senior management function*; and
- (2) an *FCA controlled function* that is not a *designated senior management function*.
- 10C.3.3 G All the *controlled functions* that the *FCA* has specified in this chapter are *designated senior management functions*. The *FCA* has not, in this chapter, used its power to specify *controlled functions* that are not *designated senior management functions*.
- 10C.3.4 G The *FCA* has (in *SUP* 10A) specified *controlled functions* for ~~relevant authorised persons~~ *SMCR firms* that are not *designated senior management functions*. (See *SUP* 10C.1.7R to *SUP* 10C.1.8G (Appointed representatives)).
- 10C.3.5 G (1) Except as described in *SUP* 10C.3.4G, in this chapter, *FCA controlled function* and *FCA-designated senior management function* cover the same functions.
- (2) Therefore, a function is only covered by *SUP* 10C.4.3R (Table of *FCA-designated senior management functions* for ~~relevant authorised persons~~) if that function meets both the following sets of requirements:
- (a) the requirements of *SUP* 10C.3.6R (Definition of *FCA controlled function: arrangements*); and
- (b) the requirements of *SUP* 10C.3.10R (Definition of *FCA-designated senior management function*).
- Definition of *FCA controlled function: arrangements*
- 10C.3.6 R In accordance with section 59 of the *Act* (Approval for particular arrangements), a function specified in this chapter is an *FCA controlled function* only to the extent that it is performed under an *arrangement* entered into by:
- (1) a *firm*; or
- (2) a contractor of the *firm*;
- in relation to the carrying on by the *firm* of a *regulated activity*.
- 10C.3.7 G Section 59(1) and (2) of the *Act* provide that approval is necessary for an *FCA controlled function* which is performed under an *arrangement* entered into by a *firm*, or its contractor (typically an *appointed representative*), in relation to a *regulated activity*.
- 10C.3.8 G (1) *Arrangement* is defined in section 59(10) of the *Act* as any kind of arrangement for the performance of a function which is

entered into by a *firm* or any of its contractors with another *person*.

- (2) *Arrangement* includes the appointment of a *person* to an office, a *person* becoming a *partner*, or a *person*'s employment (whether under a contract of service or otherwise).
 - (3) An *arrangement* need not be a written contract but could arise by conduct, custom and practice.
- 10C.3.9 G If a *firm* is a member of a group, a *person* employed elsewhere in the *group* (for example, by the *holding company*) who carries out a function in relation to the *firm* will only perform an *FCA controlled function*:
- (1) if the function is performed under an *arrangement* entered into by the *firm* (under section 59(1)); or
 - (2) if:
 - (a) there is a contract (under section 59(2)) between the *firm* and the relevant *group* member permitting this; and
 - (b) the function is performed under an *arrangement* entered into by the contractor.

Definition of FCA-designated senior management function

- 10C.3.10 R Each *FCA-designated senior management function* is one which comes within the definition of a *senior management function*.
- 10C.3.11 G Section 59ZA(2) of the *Act* says that a function is a 'senior management function', in relation to the carrying on of a *regulated activity* by a *firm*, if:
- (1) the function will require the *person* performing it to be responsible for managing one or more aspects of the *firm*'s affairs, so far as relating to the activity; and
 - (2) those aspects involve, or might involve, a risk of serious consequences:
 - (a) for the *firm*; or
 - (b) for business or other interests in the *United Kingdom*.

- 10C.3.12 G Section 59ZA(3) of the *Act* says that 'managing' includes, for these purposes, taking decisions, or participating in the taking of decisions, about how one or more aspects of the *firm*'s affairs should be carried on.

The 12-week rule

- 10C.3.13 R If:
- (1) a *firm* appoints an individual to perform a function which, but for this *rule*, would be an *FCA-designated senior management function*;
 - (2) the appointment is to provide cover for an *SMF manager* whose absence is:
 - (a) temporary; or
 - (b) reasonably unforeseen; and
 - (3) the appointment is for less than 12 weeks in a consecutive 12-month period;
- the description of the relevant *FCA-designated senior management function* does not relate to those activities of that individual.
- 10C.3.14 G *SUP* 10C.3.13R enables cover to be given for (as an example) holidays and emergencies and avoids the need for the precautionary approval of, for example, a deputy. However, as soon as it becomes apparent that a *person* will be performing an *FCA-designated senior management function* for more than 12 weeks, the *firm* should apply for approval.
- 10C.3.15 G See *SUP* 10C.12.7G to *SUP* 10C.12.14G (time-limited approvals) for procedures for temporary appointments longer than 12 weeks.
- 10C.3.16 G (1) A *firm* to which SYSC 26 (Senior managers and certification regime: Overall and local responsibility) applies may have allocated responsibilities under that chapter to an *SMF manager* who is absent under *SUP* 10C.3.13R.
- (2) *SYSC* 26.4.6R (Exclusion where the 12-week rule applies) deals with how those responsibilities may be reallocated during the *SMF manager's* absence.
- (3) *SYSC* 26.4.8G explains that *SYSC* 26.4.6R and *SUP* 10C.3.13R apply to a person performing the *other overall responsibility function* or the *other local responsibility function* as well as to other *designated senior management functions*.
- 10C.3.17 G (1) If:
- (a) a *firm* allocates any *FCA-prescribed senior management responsibilities* to an *SMF manager*; and
 - (b) the *SMF manager* later becomes absent;
- the *firm* should reallocate them to another *SMF manager*.

- (2) The firm may not allocate the absent manager's FCA-prescribed senior management responsibilities to the person providing cover for that manager unless the person providing cover is also an SMF manager of the firm.

10C.4 Specification of functions

- 10C.4.1 R (1) Each function described in SUP 10C.4.3R is an *FCA controlled function*.
- (2) In accordance with section 59(6A) of the Act (Approval for particular arrangements), the FCA designates each function in (1) as a *senior management function*.
- 10C.4.2 R (1) ~~Part 1 of the table in SUP 10C.4.3R applies to UK relevant authorised persons. SUP 10C Annex 1 (What functions apply to what type of firm) sets out which of the functions in SUP 10C.4.3R apply to which kind of firm.~~
- (2) ~~Part 2 of the table in SUP 10C.4.3R applies to EEA relevant authorised persons.~~
- (3) ~~Part 3 of the table in SUP 10C.4.3R applies to third-country relevant authorised persons.~~
- 10C.4.3 R Table of FCA-designated senior management functions for ~~relevant authorised persons~~ SMCR firms

Delete the table in SUP 10.4.3R and replace it with the following. The deleted text is not shown and the new text is not shown underlined.

Type	SMF	Description of FCA controlled function
<i>FCA governing functions</i>	SMF 3	<i>Executive director function</i>
	SMF 13	<i>Chair of the nomination committee function</i>
	SMF 15	<i>Chair of the with-profits committee function</i>
	SMF 27	<i>Partner function</i>
<i>FCA required functions</i>	SMF 16	<i>Compliance oversight function</i>
	SMF 17	<i>Money laundering reporting function</i>

	SMF 18	<i>Other overall responsibility function</i>
	SMF22	<i>Other local responsibility function</i>
	SMF 23b	<i>Conduct risk oversight (Lloyd's) function</i>
Other high-level management functions	SMF 21	<i>EEA branch senior manager function</i>

Amend the following as shown. Where a cross-reference is amended by paragraph F of this instrument, that change is not shown.

- 10C.4.4 G As described in *SUP 10C.1.7R* to *SUP 10C.1.8G* (Appointed representatives), *SUP 10A* specifies certain other *controlled functions* for ~~relevant authorised persons~~ *SMCR firms*.

10C.4A **FCA governing functions: General**

PRA-authorised persons

- 10C.4A.1 G *SUP 10C.9* (Minimising overlap with the PRA approved persons regime) explains that in many cases a person performing one the functions set out in *SUP 10C.5* or *SUP 10C.5A* for a PRA-authorised person will not in fact require approval from the FCA to perform the function and will just require PRA approval.

10C.5 **FCA governing functions: Executive**

Executive director function (SMF3): General

- 10C.5.1 R (1) For a UK ~~relevant authorised person~~ *SMCR firm*, the ~~executive~~ executive director function is the function of acting in the capacity of a *director* (other than a *non-executive director*) of the *firm*.
- (2) For a ~~third country relevant authorised person~~ an overseas SMCR firm, the ~~executive~~ executive director function is the function of acting in the capacity of a *director* (other than a *non-executive director*) in relation to its *branch* in the *United Kingdom* where the *person* performing that function has responsibility for managing one or more aspects of the *firm's* affairs so far as relating to the activities of the *branch*.

- (3) Paragraph (2) includes a *person* who is a member (other than a non-executive member) of the *branch's governing body*.
- (4) The executive director function does not apply to a UK SMCR firm that is:
- (a) a partnership; or
- (b) a limited liability partnership.

~~Chairman of the nomination committee function (SMF13)~~

- 10C.5.2 R [deleted] [Editor's note: The text of this provision has been moved to SUP 10C.5A.3R]
- 10C.5.3 G [deleted] [Editor's note: The text of this provision has been moved to SUP 10C.5A.4G]
- 10C.5.4 G ~~Please note that the *chair of the nomination committee function* still applies if the *firm* is not a *CRR firm*. [deleted]~~
- 10C.5.5 G ~~In some *firms*, the chairman of the nomination committee is also the chairman of the *governing body*. As being chairman of the *governing body* is a *PRA controlled function*, the chairman may not need approval to perform the *chair of the nomination committee function* but instead just need *PRA* approval for being chairman of the *governing body*. [deleted]~~
- ~~(See SUP 10C.9 (Minimising overlap with the *PRA* approved persons regime) for an explanation of when *PRA* approval means that *FCA* approval is not needed.)~~

~~Non-executive directors~~

- 10C.5.6 G [deleted] [Editor's note: The text of this provision has been moved to SUP 10C.5A.1G]

~~Insurance distribution~~

- 10C.5.7 G ~~See *MIPRU 2.2* for how the *FCA's* senior management regime for *relevant authorised persons* is adjusted for a *firm* carrying on *insurance distribution activity*. [deleted]~~

Executive director function: Extension of definition for Lloyd's

- 10C.5.8 R In the case of the *Society*, the *executive director function* also includes the function of acting in the capacity of an executive member of a committee to which the Council of the *Society* directly delegates authority to carry out the *Society's* regulatory functions.

- (2) The *executive director function* includes being a *chief executive of the firm*.
- 10C.5.13 G SUP 10C.5.12R means:
- (1) that being the *chief executive of a small non-directive insurer* is an *FCA controlled function* (subject to (4));
- (2) but being *chief executive* is not an *FCA controlled function* in its own right but is rolled up into the *executive director function*;
- (3) that being promoted from executive director to *chief executive* does not require a new approval from the *FCA*;
- (4) that being the *chief executive* is not an *FCA controlled function* where *SUP 10C.4A.1G* applies; and
- (5) *SUP 10C.5.9R(4)* to *SUP 10C.5.9R(7)* do not apply to the *chief executive*.

Partner function (SMF27): Partnerships and limited liability partnerships

- 10C.5.14 R (1) This rule applies to a *UK SMCR firm* that is a *partnership*.
- (2) The *partner function* is the function of being or occupying the position of a *partner* in that *firm*.
- (3) The *partner function* also includes:
- (a) the function of being or occupying the position of a partner in that *firm* (by whatever name called); and
- (b) acting as a member of the *firm's governing body*.
- 10C.5.15 G (1) The purpose of *SUP 10C.5.14R(3)* is to make sure that every partner and everyone else performing a function in *SUP 10C.5.14R(3)* is potentially included in the *partner function* even if the *Glossary* definition of *partner* is not wide enough to cover them all.
- (2) Therefore, for example, the *partner function* applies to every partner in a *firm* unless *SUP 10C.5.18G* applies.
- (3) In practice most functions in *SUP 10C.5.14R(3)* will also fall within *SUP 10C.5.14R(2)*.
- 10C.5.16 R (1) This rule applies to a *UK SMCR firm* that is a *limited liability partnership*.

- (2) The *partner function* is the function of being or acting in the capacity of:
- (a) a member in that *firm* or a *person* occupying the position of a member (by whatever name called);
 - (b) a *person* appointed to direct the *firm's* affairs;
 - (c) a member of the *firm's* governing body; or
 - (d) a *person* in accordance with whose directions or instructions (not being advice given in a professional capacity) the members or *directors* are accustomed to act.

Partner function: Limited partnerships

- 10C.5.17 R If a *partnership* is registered under the Limited Partnership Act 1907, the *partner function* does not extend to any function performed by a limited partner.

Partner function: Partners without influence

- 10C.5.18 G (1) *SUP* 10C.5.14R to *SUP* 10C.5.17R (Partner function) are drafted to cover all partners and members.
- (2) However, the *partner function* (as are all *FCA-designated senior management functions*) is subject to *SUP* 10C.3.10R (Definition of *FCA-designated senior management function*).
- (3) The effect is that unless the function performed by the partner or member in question comes within the definition of a *senior management function*, the function does not come within the *partner function*. Therefore partners or members who play no part in the management of the *firm* are unlikely to be performing the *partner function*.

10C.5A **FCA governing functions: Oversight**

Non-executive directors

- 10C.5A.1
10C.5.6 G (1) As explained in *SUP* 10C.7.4G, the *FCA* does not expect a *non-executive director* ever to perform the *other overall responsibility function*.
- (2) Therefore, a *non-executive director* will not need to be approved to perform any *FCA-designated senior management function* unless they perform ~~the chair of the nomination~~

committee function one of the *FCA-designated senior management functions* set out in this section.

No requirement to set up committees

10C.5A.2

- G (1) This section says that being the chair of certain committees is an *FCA-designated senior management function*.
- (2) If a *firm* is not otherwise required to have one of the committees described in this section but chooses to set one up anyway:
- (a) being the chair of that committee is still an *FCA-designated senior management function*; and
- (b) this is the case even if the *firm* is not subject to any requirements of the *regulatory system* about the matters dealt with by the committee.
- (3) So for example being the chair of the *firm's* nomination committee is an *FCA-designated senior management function* even if the *firm*:
- (a) is not required to have a nomination committee by SYSC 4.3A.8R or some other requirement of the *regulatory system*; and
- (b) is not subject to any requirements of the *regulatory system* dealing with nominations to the *firm's* governing body or the other matters covered by SYSC 4.3A.9R.
- (4) However, nothing in SUP 10C requires a *firm* to set up one of the committees mentioned in this section if the *firm* is not required to have that committee by a *rule* elsewhere in the *FCA Handbook* or by some other requirement of the *regulatory system*.
- (5) So for example if a *firm* is not otherwise required to have a nomination committee nothing in this section requires it to set one up.
- (6) If a *firm*:
- (a) is not otherwise required to have one of the committees described in this section;
- (b) chooses to set it up anyway; and
- (c) gets approval for the chair of the committee to perform the applicable *FCA-designated senior management function*;

then:

- (d) the firm is free to scrap that committee later; and
- (e) if it does so, the chair will cease to perform that FCA-designated senior management function.

~~Chairman~~ Chair of the nomination committee function (SMF13)

- 10C.5A.3 R If the *firm* has a nomination committee, the *chair of the nomination committee function* is the function of acting in the capacity of the ~~chairman~~ chair of that committee.
- ~~10C.5.2~~
- 10C.5A.4 G See SYSC 4.3A (Management body and nomination committee) for material about nomination committees.
- ~~10C.5.3~~

Chair of the with-profits committee function (SMF15)

- 10C.5A.5 R If the firm has a with-profits committee, the chair of the with-profits committee function is the function of acting in the capacity of a non-executive chair of the committee.
- 10C.5A.6 R If the firm has a with-profits advisory arrangement, the chair of the with-profits committee function is the function of being whichever of the following applies to the firm:
- (1) the independent person referred to in paragraph (a) of the definition of with-profits advisory arrangement; or
 - (2) the non-executive directors referred to in paragraph (b) of that definition.

10C.6 FCA-required functions

Compliance oversight function (SMF16)

- 10C.6.1 R The *compliance oversight function* is the function of acting in the capacity of a ~~director or senior manager~~ person who is allocated the function in:
- (1) SYSC 6.1.4R(2); ~~or~~
 - (2) article 22(3) of the *MiFID Org Regulation*; ~~or~~
 - (3) article 22(3) of the *MiFID Org Regulation* (as applied in accordance with SYSC 1 Annex 1 2.8AR, SYSC 1 Annex 1 3.2-AR, SYSC 1 Annex 1 3.2-BR, SYSC 1 Annex 1 3.2CR and SYSC 1 Annex 1 3.3R);
 - (4) SYSC 6.1.4CR; or

(5) SYSC 3.2.8R.

Money laundering reporting function (SMF17)

10C.6.2 R The *money laundering reporting function* is the function of acting in the capacity of the *money laundering reporting officer* of a *firm*.

10C.6.3 G ~~A *firm's* obligations in respect of its *money laundering reporting officer* are set out elsewhere in the *Handbook* (see *SYSC 6.3.9R* and, for their scope, see the application provisions in *SYSC 1 Annex 1*). [deleted]~~

Conduct risk oversight (Lloyd's) function (SMF23b)

10C.6.4 R The *conduct risk oversight (Lloyd's) function* is the function of acting in the capacity of a *person* who is allocated the function in *SYSC 3.2.9AR*.

10C.7 Other overall responsibility function (SMF18)Application

10C.7.1-2 R This section applies to a *firm*:

- (1) to which *SYSC 26* (Senior managers and certification regime: Overall and local responsibility) applies; and
- (2) that is a *UK SMCR firm*.

10C.7.1-1 G The effect of *SUP 10C.7.1-2R* is that this section only applies to one of the following types of *UK SMCR firm*:

- (1) an *SMCR banking firm*; and
- (2) a *Solvency II firm* (including a *large non-directive insurer*) but excluding an *insurance special purpose vehicle* and certain *firms in run-off*.

Definition

10C.7.1 R A *person* performs the *other overall responsibility function* in relation to a *firm* if that *person*:

- (1) is performing:
 - (a) a function allocated to that *person* under *SYSC 4.7.8R* (~~Allocation of overall responsibility for a *firm's* activities, business areas and management functions~~) *SYSC 26.3.1R* (Main rules) in relation to the *firm*; or

(b) *FCA-prescribed senior management responsibility number (11) (z) in the table in SYSC 24.2.6R (functions in relation to CASS) allocated to that person under SYSC 4.7.5R (Allocation of FCA-prescribed senior management responsibilities) SYSC 24.2 (Allocation of FCA-prescribed senior management responsibilities: Main allocation rules); and*

(2) does not have an approval to perform any other *designated senior management function* in relation to the *firm*.

~~Other~~ The other overall responsibility function does not apply if approved for another function

10C.7.2 G The table in SUP 10C.7.3G gives examples of how SUP 10C.7.1R(2) works.

10C.7.3 G Table: Examples of how the other overall responsibility function applies

Example	Comments
(1) 'A' is appointed to perform the executive <u>executive director function</u> and to perform a potential <i>other overall responsibility function</i> for the same <i>firm</i> .	A only needs approval to perform the executive <u>executive director function</u> .
(2) 'A' is approved to perform the <i>other overall responsibility function</i> . Later, A is appointed to perform the executive <u>executive director function</u> for the same <i>firm</i> .	A requires approval for the <i>other overall responsibility function</i> when A is first appointed. When A is later approved to perform the executive <u>executive director function</u> , A stops performing the <i>other overall responsibility function</i> . The <i>firm</i> should use Form E to apply for approval for A to perform the executive <u>executive director function</u> and to notify the <i>FCA</i> that A is no longer performing the <i>other overall responsibility function</i> .
(3) 'A' is appointed to perform the <i>PRA's Head of Key Business Area designated senior management function</i> for <u>Firm X</u> and to perform a	A only needs approval to perform the <i>PRA's Head of Key Business Area designated senior management function</i> . It does not make any difference whether the potential <i>other overall responsibility function</i> that A

<p>potential <i>other overall responsibility function</i> for the same <i>firm</i>. <u>Firm X is an SMCR banking firm.</u></p>	<p>performs is connected to the <i>PRA's Head of Key Business Area designated senior management function</i>.</p>
<p>(4) 'A' is approved to perform the <i>other overall responsibility function for Firm X</i>. <u>Firm X is an SMCR banking firm.</u> Later, A is appointed to perform the <i>PRA's Head of Key Business Area designated senior management function</i> for the same <i>firm</i>.</p>	<p>A requires approval for the <i>other overall responsibility function</i> when A is first appointed. When A is later approved to perform the <i>PRA's Head of Key Business Area designated senior management function</i>, A stops performing the <i>other overall responsibility function</i>.</p>
<p>(5) 'A' is appointed to perform:</p> <p>(a) the <i>compliance oversight function</i> for one <i>firm</i> (Firm X) in a group (which may or may not be a relevant authorised person <u>an SMCR firm to which the <i>other overall responsibility function</i> applies</u>); and</p> <p>(b) a function coming within the scope of the <i>other overall responsibility function</i> for another <i>firm</i> (which is a relevant authorised person <u>an SMCR firm to which the <i>other overall responsibility function</i> applies</u>) in the same group (Firm Y).</p>	<p>A needs approval to perform the <i>compliance oversight function</i> for Firm X and the <i>other overall responsibility function</i> for Firm Y.</p>
<p>(6) 'A' is appointed to be head of sales <u>for Firm X</u> and to report directly to the <i>firm's governing body</i> about this. This function also comes within the <i>PRA's Head of Key Business Area designated senior management function</i>. <u>Firm X is an SMCR banking firm.</u></p>	<p>A only needs approval to perform the <i>PRA's Head of Key Business Area designated senior management function</i>.</p>

<p>(7) ‘A’ is appointed to take on some functions that come within the <i>other overall responsibility function</i>. Later, A is appointed as chief risk officer.</p> <p><u>The firm is one of those for which being chief risk officer is a PRA-designated senior management function.</u></p>	<p>On A’s first appointment, A will need to be approved to perform the <i>other overall responsibility function</i>.</p> <p>On being appointed as chief risk officer, the answer for example (4) applies because being chief risk officer is a PRA-designated senior management function. A will stop performing the <i>other overall responsibility function</i>.</p>
<p>(8) ‘A’ is appointed to a role for <u>Firm X</u> that comes within the <i>other overall responsibility function</i>. <u>Firm X is an SMCR banking firm.</u> Later, the <i>firm</i> reorganises and A’s role comes within the PRA’s Head of Key Business Area <i>designated senior management function</i>. A’s role does not otherwise change.</p>	<p>The answer for example (7) applies.</p> <p><u>On A’s first appointment, A will need to be approved to perform the other overall responsibility function.</u></p> <p><u>When A is later approved to perform the PRA’s Head of Key Business Area designated senior management function, A stops performing the other overall responsibility function.</u></p>
<p>(9) ‘A’ is appointed to a role for <u>Firm X</u> that comes within the PRA’s Head of Key Business Area <i>designated senior management function</i>. It is also a potential <i>other overall responsibility function</i>. Later, the <i>firm</i> reorganises—A’s role stays the same but now it falls outside the PRA’s Head of Key Business Area <i>designated senior management function</i>.</p>	<p>On A’s first appointment, A only needs approval to perform the PRA’s Head of Key Business Area <i>designated senior management function</i>. Following the reorganisation, the <i>firm</i> has three months to get approval for A to perform the <i>other overall responsibility function</i>. This three-month period applies because the relevant PRA rules keep the PRA’s Head of Key Business Area <i>designated senior management function</i> in place, which means that the <i>other overall responsibility function</i> does not apply during that period.</p> <p>The relevant PRA rules can be found in Chapter 2 of the part of the PRA rulebook <i>Rulebook</i> titled ‘Senior Management Functions’.</p> <p><u>This example only applies if Firm X is an SMCR banking firm. If Firm X is an insurer it will need to obtain</u></p>

	<u>FCA approval before the reorganisation takes effect as the relevant PRA insurance rules are different from the ones for SMCR banking firms.</u>
(10) 'A' is appointed to a role for Firm X that comes within the PRA's Head of Key Business Area designated senior management function. A also performs a potential other overall responsibility function. Later, A gives up the PRA role but carries on with the potential other overall responsibility function.	The answer to example (9) applies.
(11) 'A' is appointed as an executive director. A then resigns and takes up a job with the same firm coming within the other overall responsibility function.	On A's first appointment, A will need to be approved to perform the executive executive director function. A will need to get approval to perform the other overall responsibility function before A gives up being a director takes up their new responsibilities.
Note (1): A potential other overall responsibility function means a function that would have come within the other overall responsibility function but is excluded by SUP 10C.7.1R(2).	
Note (2): A potential other overall responsibility function should be recorded in A's statement of responsibilities and in the firm's management responsibilities map.	

Non-executive directors

- 10C.7.4 G For the reasons described in ~~SYSC 4.7.18G~~ SYSC 26.4.5G, the FCA does not expect that a non-executive director will ever perform the other overall responsibility function.

Temporary absences

- 10C.7.5 R A person does not perform the other overall responsibility function in relation to a firm by performing a function allocated to that person under SYSC 26.4.6R (Exclusion where the 12-week rule applies) in relation to the firm.

10C.8 The other local responsibility function (SMF22) and EEA branch senior manager functions (SMF21)

Application

10C.8.-1 G This section applies to an overseas SMCR firm.

Other local responsibility function (SMF22)

10C.8.1 R A person performs the *other local responsibility function* in relation to a branch maintained in the *United Kingdom* by a ~~third-country relevant authorised person~~ an overseas SMCR firm if that person:

- (1) is performing:
 - (a) a function allocated to that *person* under ~~SYSC 4.8.10R (Local responsibility for a firm's activities, business areas and management functions)~~ SYSC 26.3.1R (Main rules) in relation to the *firm*; or
 - (b) ~~FCA-prescribed senior management responsibility number (8) (z)~~ in the table in ~~SYSC 4.8.9R SYSC 24.2.6R~~ (functions in relation to CASS) allocated to that person under ~~SYSC 4.8.6R (FCA-prescribed senior management responsibilities)~~ SYSC 24.2 (Allocation of FCA-prescribed senior management responsibilities: Main allocation rules); and
- (2) does not have an approval to perform any other *designated senior management function* in relation to the *branch*.

10C.8.1A R The *other local responsibility function*:

- (1) applies to a *firm* to which SYSC 26 (Senior managers and certification regime: Overall and local responsibility) applies; and
- (2) does not apply to an EEA SMCR firm.

10C.8.1B G The *other local responsibility function* only applies to one of the following types of overseas SMCR firm:

- (1) an SMCR banking firm; and
- (2) a Solvency II firm (including a large non-directive insurer) but excluding certain firms in run-off;

but does not apply to any EEA SMCR firm.

- 10C.8.2 G The table in *SUP* 10C.8.3G gives:
- (1) examples of how *SUP* 10C.8.1R(2) works; and
 - (2) other examples of how the *other local responsibility function* works.

10C.8.3 G Table: Examples of how the other local responsibility function applies

Example	Comments
<p>(1) ‘A’ is allocated local responsibility for one of a <i>branch’s</i> main business lines. A is also appointed to perform a <i>PRA-designated senior management function</i> for the same <i>branch</i>.</p>	<p>A only needs approval to perform the <i>PRA-designated senior management function</i>.</p>
<p>(2) ‘A’ is outside the <i>branch’s</i> management structure and A’s responsibilities for the <i>branch</i> are limited to setting overall strategy for the <i>branch</i>. A does not have responsibility for implementing that strategy.</p>	<p>A is not performing the <i>other local responsibility function</i>. The reason for this is explained in <i>SYSC</i> 26.8.3G. <i>SUP</i> 10C.8.1R(2) is irrelevant to this example.</p>
<p>(3) A small branch undertakes two business lines (wholesale lending and corporate investments). ‘A’ is head of wholesale lending and is also an executive director of the branch. ‘B’ is head of corporate investments and does not sit on the branch management committee but reports to it on corporate investments. The branch allocates local responsibility for these functions to A and B. Neither A nor B performs any other <i>PRA</i> <i>FCA-designated senior management functions</i></p>	<p>A only needs approval to perform the executive <i>executive director function</i>. B needs approval to perform the <i>other local responsibility function</i>.</p>

<i>function or PRA-designated senior management function.</i>	
(4) A <i>branch</i> does not have a Head of Internal Audit. ‘P’ is allocated local responsibility for internal audit in relation to that <i>branch</i> .	P needs approval to perform the <i>other local responsibility function</i> . However, if P has already been approved to perform another PRA or <i>FCA-designated senior management function or PRA-designated senior management function</i> , then P will not be performing the <i>other local responsibility function</i> .
(5) ‘A’ is appointed to perform the executive <i>executive director function</i> . The same branch also allocates local responsibility for some branch functions to A.	A only needs approval to perform the executive <i>executive director function</i> .
(6) ‘A’ is approved to perform the <i>other local responsibility function</i> . Later, A is appointed to perform the executive <i>executive director function</i> for the same <i>firm</i> .	A requires approval for the <i>other local responsibility function</i> when A is first appointed. When A is later approved to perform the executive <i>executive director function</i> , A stops performing the <i>other local responsibility function</i> . The <i>firm</i> should use Form E to apply for approval for A to perform the executive <i>executive director function</i> and to notify the FCA that A is no longer performing the <i>other local responsibility function</i> .
(7) ‘A’ is appointed to perform: (a) the <i>compliance oversight function</i> for one <i>firm</i> (Firm X) in a group (which may or may not be a relevant authorised person <i>an SMCR firm to which the other local responsibility function applies</i>); and (b) a function coming within the scope of the <i>other local responsibility function</i> for the <i>United Kingdom branch</i>	A needs approval to perform the <i>compliance oversight function</i> for Firm X and the <i>other local responsibility function</i> for Firm Y.

<p><u>of another firm (which is a third-country relevant authorised person an overseas SMCR firm to which the other local responsibility function applies) in the same group (Firm Y).</u></p>	
<p>(8) 'A' is appointed to take on some functions that come within the <i>other local responsibility function</i>. Later, A is appointed as chief risk officer. <u>A is a type of firm for which being chief risk officer is a PRA designated senior management function.</u></p>	<p>On A's first appointment, A will need to be approved to perform the <i>other local responsibility function</i>. On being approved as chief risk officer, A stops performing the <i>other local responsibility function</i> as being chief risk officer is a PRA designated senior management function.</p>
<p>(9) 'A' is appointed as an executive director. A then resigns and takes up a job with the same <i>firm</i> coming within the other overall <i>local responsibility function</i>.</p>	<p>On A's first appointment, A will need to be approved to perform the executive <i>executive director function</i>. A will need to get approval to perform the other overall <i>local responsibility function</i> before A gives up being a director <u>takes up their new responsibilities</u>.</p>
<p>Note: Local responsibility is explained in SYSC 4.8.10R (Third-country relevant authorised persons: Allocation of responsibilities) <u>SYSC 26 (Senior managers and certification regime: Overall and local responsibility)</u>.</p>	

Temporary absences

- 10C.8.3A R A person does not perform the other local responsibility function in relation to a firm by performing a function allocated to that person under SYSC 26.4.6R (Exclusion where the 12-week rule applies) in relation to the firm.

EEA branch senior manager function (SMF21)

- 10C.8.4 R (1) A person performs the EEA branch senior manager function in relation to the branch in the United Kingdom of an EEA ~~relevant authorised person~~ SMCR firm if that person has significant responsibility for one or more significant business units of the branch that carry on any of the activities listed in (2).

- (2) The activities listed in this paragraph are:
- (a) *designated investment business* other than *dealing in investments as principal*, disregarding article 15 of the *Regulated Activities Order*;
 - (b) processing confirmations, payments, settlements, insurance claims, client money and similar matters, in so far as this relates to *designated investment business*;
 - (c) the activity of *accepting deposits* from *banking customers* and activities substantially connected to that activity to the extent that it does not fall within (a) or (b), above; and
 - (d) activities that are subject to *CASS*.
- (3) In considering whether a *person* performs the functions in (2), only activities carried on from the *branch* are relevant.
- (4) Paragraph (2)(d) only applies in relation to the activities of a *firm* for which it has a *top-up permission*.
- 10C.8.5 G (1) The definition of the *EEA branch senior manager function* (SMF21) is similar to that of the significant management ~~*FCA-specified significant-harm*~~ *FCA certification function* under SYSC 27.8.4R. However, only the former is an *FCA-designated senior management function*.
- (2) The main differences are:
- (a) *SUP 10C.8.4R(2)(d)* is not included in the significant management ~~*FCA-specified significant-harm*~~ *FCA certification function*; and
 - (b) the overriding requirements in *SUP 10C.3* (General material about the definition of controlled functions) do not apply to the significant management ~~*FCA-specified significant-harm*~~ *FCA certification function*.
- 10C.8.6 G A *person* performing the *EEA branch senior manager function* could, for example, be:
- (1) the head of a significant business unit carrying on the activities in *SUP 10C.8.4R(2)*; or
 - (2) a member of a committee (that is, a person who, together with others, has authority to commit the *branch*) making decisions about those activities.

EEA branch senior manager function (SMF21): ~~meaning~~ Meaning of significance

- 10C.8.7 G When considering whether a business unit is significant for the purposes of *SUP* 10C.8.4R, the *firm* should take into account all relevant factors in the light of the *firm's* current circumstances and its plans for the future, including:
- (1) the risk profile of that unit;
 - (2) its use or commitment of the *firm's* capital;
 - (3) its contribution to the profit and loss account;
 - (4) the number of *employees* or *approved persons* working in the business unit;
 - (5) the number of customers; and
 - (6) any other factor which makes the unit significant to the conduct of the *branch's* affairs.

10C.9 Minimising overlap with the PRA approved persons regime

Introduction

- 10C.9.1 G *SUP* 10C.9 deals with how the *FCA's* senior ~~management~~ managers regime for ~~relevant authorised persons~~ SMCR firms interacts with the *PRA's* one.
- 10C.9.2 G Both the *FCA* and the *PRA* may specify a function as a *designated senior management function* in relation to a *PRA-authorised person*.
- 10C.9.3 G If a *person's* job for a *firm* involves performing:
- (1) an *FCA-designated senior management function*, the *firm* should apply to the *FCA* for approval;
 - (2) a *PRA-designated senior management function*, the *firm* should apply to the *PRA* for approval;
 - (3) both an *FCA-designated senior management function* and a *PRA-designated senior management function*, the *firm* should apply to both the *FCA* and the *PRA* for approval (the purpose of *SUP* 10C.9 is to cut down the need for this sort of dual approval).

FCA controlled functions absorbed into PRA controlled functions

- 10C.9.4 G The *FCA* is under a duty, under section 59A of the *Act* (Specifying functions as controlled functions: supplementary), to exercise the power to specify any *senior management function* as an *FCA controlled function* in a way that it considers will minimise the likelihood that approvals need to be given by both the *FCA* and the *PRA* for the performance by a *person* of *senior management functions* in relation to the same *PRA-authorised person*.
- 10C.9.5 G The *FCA* and *PRA* have coordinated their *approved person* regimes to reduce the amount of overlap.
- 10C.9.6 G (1) *SUP* 10C.9.8R applies when a *firm* is seeking approval from the *PRA* for a *candidate* to perform a *PRA controlled function* and the intention is that the *candidate* will also perform what would otherwise be an *FCA governing function* once the *PRA* gives its approval. *SUP* 10C.9.8R works by disapplying that *FCA governing function*.
- (2) Where (1) applies, the activities within that *FCA governing function* are included in the *PRA controlled function* for which the *person* has approval. The following parts of the *PRA Rulebook* deal with this:
- (a) Chapter Two 2 of the part of the *PRA's rulebook PRA Rulebook* titled 'Senior Management Functions' deals with this ;
- (b) Chapter 2 of the part of the *PRA Rulebook* titled 'Insurance - Senior Management Functions';
- (c) Chapter 2 of the part of the *PRA Rulebook* titled 'Large Non-Solvency II Firms – Senior Management Functions';
- (d) Chapter 2 of the part of the *PRA Rulebook* titled 'Non-solvency II Firms - Senior Management Functions';
- (e) Chapter 6 of the part of the *PRA Rulebook* titled 'Insurance - Senior Managers Regime – Transitional Provisions'; and
- (f) Chapter 6 of the part of the *PRA Rulebook* titled 'Large Non-Solvency II Firms – Senior Managers Regime – Transitional Provisions'.
- 10C.9.7 G (1) *SUP* 10C.9.9G gives some examples of how *SUP* 10C.9.8R works.
- (2) The examples do not cover the *other overall responsibility function* because that function does not apply if the *person* holds any other *designated senior management function* for the

same *firm*. See the table in SUP 10C.7.3G for examples of how this works.

The main rule

- 10C.9.8 R A *person* (referred to as ‘A’ in this *rule*) is not performing an *FCA governing function* (referred to as the ‘particular’ *FCA governing function* in this *rule*) in relation to a *PRA-authorised person* (referred to as ‘B’ in this *rule*), at a particular time, if:
- (1) A has been approved by the *PRA* to perform any *PRA-designated senior management function* in relation to B;
 - (2) throughout the whole of the period between the time of the *PRA* approval in (1) and the time in question, A has been the subject of a *current PRA approved person approval* to perform a *PRA-designated senior management function* in relation to B;
 - (3) at the time of the *PRA* approval referred to in (1), A was not subject to a *current FCA approved person approval* to perform the particular *FCA governing function* in relation to B;
 - (4) as part of the application for the *PRA* approval referred to in (1), B notified the *PRA* that A would start to perform what would otherwise have been the particular *FCA governing function* (referred to as the ‘potential’ *FCA governing function* in this *rule*) at or around the time of the *PRA* approval in (1); and
 - (5) A started to perform the potential *FCA governing function* at, or around the time of, the *PRA* approval in (1) and has continued to perform it up to the time in question.

- 10C.9.9 G Table: Examples of how the need for dual FCA and PRA approval in relation to PRA-authorised persons is reduced

Example	Whether FCA approval required	Whether PRA approval required	Comments
(1) A is appointed as chief risk officer and an executive director.	No. He A is not treated as performing the executive <i>executive director function</i> .	Yes	Chief risk officer is a <i>PRA-designated senior management function</i> . A’s functions as a director will be included in the <i>PRA-designated senior management function</i> . To avoid the need for <i>FCA</i> approval, A’s

Example	Whether FCA approval required	Whether PRA approval required	Comments
			appointment as director should not take effect before <i>PRA</i> approval for the chief risk officer role.
(2) Same as example (1), except that A will take up the role as an executive director slightly later because the approval is needed from the <i>firm's</i> shareholders or <i>governing body</i> .	No	Yes	The answer for (1) applies. The arrangements in this section apply if the application to the <i>PRA</i> says that A will start to perform the potential <i>FCA governing function</i> around the time of the <i>PRA</i> approval as well as at that time.
(3) Same as example (1) but the application to the <i>PRA</i> does not mention that it is also intended that A is to be an executive director.	Yes, to perform the executive <i>executive director function</i> .	Yes	<i>SUP 10C.9.8R</i> does not apply if the application for <i>PRA</i> approval does not say that A will also be performing what would otherwise be an <i>FCA governing function</i> .
(4) A is to be appointed as chief executive and an executive director.	No. A is not treated as performing the executive <i>executive director function</i> .	Yes	Being a chief executive is a <i>PRA-designated senior management function</i> . A's functions as a director will be included in the <i>PRA controlled function</i> .
(5) A is appointed as	Yes, when A takes up the	Yes, when A takes up the	<i>SUP 10C.9.8R</i> does not apply because,

Example	Whether FCA approval required	Whether PRA approval required	Comments
<p>chief risk officer. Later, A is appointed as an executive director while carrying on as chief risk officer.</p>	<p>director role. The executive <u>executive director function</u> applies.</p>	<p>chief risk officer role.</p>	<p>when the <i>firm</i> applied for approval for A to perform the <i>PRA</i> chief risk officer <i>designated senior management function</i>, there was no plan for A also to perform the executive <u>executive director function</u>.</p>
<p>(6) A is appointed as an executive director. Later, A takes on the chief risk officer function and remains as an executive director.</p>	<p>Yes, when A is appointed as director. The executive <u>executive director function</u> applies.</p>	<p>Yes, when A takes up the chief risk officer role.</p>	<p>When A is appointed as chief risk officer, A is still treated as carrying on the executive <u>executive director function</u>. A retains the status of an <i>FCA-approved person</i>.</p>
<p>(7) A is appointed as chief risk officer. A then stops performing that role and for a while does not perform any <i>controlled function</i> for that <i>firm</i>. Later, A is appointed as an executive director with the same <i>firm</i>.</p>	<p>Yes, when A is appointed as an executive director. The executive <u>executive director function</u> applies.</p>	<p>Yes, when A takes up the chief risk officer role.</p>	<p><i>SUP 10C.9.8R</i> does not apply because there is no current <i>PRA</i> approval when A is being appointed as a director.</p>

Example	Whether FCA approval required	Whether PRA approval required	Comments
<p>(8) A is appointed as an executive director and chief risk officer at the same time. Later, A gives up the role as chief risk officer but remains as an executive director.</p>	<p>No, on A's first appointment (see example (1)). But when A gives up the role as chief risk officer, <i>FCA</i> approval is needed to perform the executive <i>executive director function</i>.</p> <p>Form E should be used. The application should state that it is being made as a result of A ceasing to perform a <i>PRA-designated senior management function</i>.</p> <p>Form A should be used if there have been changes in A's fitness (<i>SUP</i> 10C.10.9D(4))</p>	<p>Yes, on A's first appointment.</p>	<p>When A stops being a chief risk officer, A stops performing a <i>PRA-designated senior management function</i>. However, being an executive director requires <i>FCA</i> approval. A does not have that approval because A did not need it when A was first appointed.</p> <p>The combined effect of <i>SUP</i> 10C.9.8R and the relevant <i>PRA</i> rules is that the <i>firm</i> has three months to secure approval by the <i>FCA</i>. During that interim period, A keeps the status of a <i>PRA approved person</i> performing the director element of the <i>PRA</i> chief risk <i>designated senior management function</i> - which is included in that function under relevant <i>PRA</i> rules. The relevant <i>PRA</i> rules say that, during this transitional period, A is still treated as performing the <i>PRA</i> chief risk <i>designated senior management function</i> and <i>SUP</i> 10C.9.8R says that, for as long as A is</p>

Example	Whether FCA approval required	Whether PRA approval required	Comments
			performing a <i>PRA-designated senior management function</i> , A does not perform the executive <u>executive</u> <i>director function</i> .
(9) A is appointed as the chief finance officer and an executive director at the same time. Later, A switches to being chief risk officer while remaining as an executive director.	No	Yes	The arrangements in <i>SUP 10C.9.8R</i> continue to apply, even though A switches between <i>PRA-designated senior management function functions</i> after the <i>PRA</i> 's first approval.
(10) A is appointed chief risk officer and an executive director. A goes on temporary sick leave. A takes up his old job when he comes back.	No, neither on A's first appointment nor when A comes back from sick leave.	Yes	<i>SUP 10C.9.8R</i> still applies on A's return because A does not stop performing either the <i>PRA</i> 's chief risk function or what would otherwise have been the executive <u>executive</u> <i>director function</i> just because A goes on temporary sick leave.
(11) A is appointed to be chairman <u>chair</u> of the <i>governing body</i> and chairman	No. A does not need approval to perform the <i>chair of the nomination</i>	Yes, on first appointment.	Being chairman <u>chair</u> of the <i>governing body</i> is a <i>PRA-designated senior management function</i> . Therefore, the answer for example (1) applies.

Example	Whether FCA approval required	Whether PRA approval required	Comments
<u>chair</u> of the nomination committee at the same time.	<i>committee function.</i>		
(12) ‘A’ is to be appointed to perform the Head of Overseas Branch <i>PRA-designated senior management function</i> (SMF19) for a third-country relevant authorised person <u>an overseas SMCR firm that is not an EEA SMCR firm</u> . A is also an executive director of that <i>firm’s UK branch</i> .	No. A is not treated as performing the executive <i>executive director function.</i>	Yes	A’s functions as a director will be included in the <i>PRA controlled function.</i>
<p>Note 1: The relevant <i>PRA</i> rules can be found in Chapter 2 of the part parts of the <i>PRA</i> rulebook called ‘Senior Management Functions’ <i>Rulebook</i> listed in <i>SUP</i> 10C.9.6G.</p>			
<p>Note 2: Where one of the examples in this table includes someone being <u>chief risk or finance officer or chair of the governing body</u>, the example assumes that the <i>firm</i> is of a type for which that function is a <i>PRA-designated senior management function</i>.</p>			

- 10C.9.10 G (1) The potential *FCA governing functions* should be recorded in *A's statement of responsibilities* and in the *firm's management responsibilities map*.
- (2) A potential *FCA governing function* means a function that would have been an *FCA governing function* but which is not an *FCA governing function* because of *SUP 10C.9.8R*.

Further guidance on the arrangements between the FCA and PRA about approvals

- 10C.9.11 G The *PRA* cannot give its approval for the performance of a *PRA-designated senior management function* without the consent of the *FCA*. The *firm* does not need to apply to the *FCA* for that consent.
- 10C.9.12 G Under section 59B of the *Act* (Role of FCA in relation to PRA decisions), the *FCA* may arrange with the *PRA* that, in agreed cases, the *PRA* may give approval without obtaining the consent of the *FCA*. No such arrangements are currently in force.

10C.10 Application for approval and withdrawing an application for approval

Purpose

- 10C.10.1 G This section explains how a *firm* should apply for approval for a *person* to perform an *FCA-designated senior management function*.
- 10C.10.2 ~~G~~
R Unless the context otherwise requires, in *SUP 10C.10* (Application for approval and withdrawing an application for approval) to *SUP 10C.15* (Forms and other documents and how to submit them to the FCA), where reference is made to a *firm*, this includes an applicant for *Part 4A permission* and other *persons* seeking to carry on *regulated activities* as ~~a relevant authorised person~~ an SMCR firm.
- 10C.10.2A D *SUP 10C.10.2R* applies to every direction in *SUP 10C.10* to *SUP 10C.15*.

When to apply for approval

- 10C.10.3 G (1) Section 59 of the *Act* (Approval for particular arrangements) says that a *firm* must take reasonable care to ensure that no one performs an *FCA controlled function* (including an *FCA-designated senior management function*) unless that *person* is acting in accordance with an approval given by the *FCA*.
- (2) That means that where a *candidate* will be performing one or more *FCA-designated senior management functions*, a *firm* must take reasonable care to ensure that the *candidate* does not

perform these functions unless they have prior approval from the *FCA*.

Failure to apply for approval

- 10C.10.4 G (1) If a *person* performs an *FCA controlled function* (including an *FCA-designated senior management function*) without approval, it is not only the *firm* that is accountable. Under section 63A of the *Act* (Power to impose penalties), if the *FCA* is satisfied that:
- (a) a *person* ('P') has at any time performed an *FCA controlled function* without approval; and
 - (b) at that time P knew, or could reasonably be expected to have known, that P was performing an *FCA controlled function* without approval;
- it may impose a penalty on P of such amount as it considers appropriate.
- (2) A *person* performs a *controlled function* without approval for these purposes if that *person* is not acting in accordance with an approval given under section 59 (Approval for particular arrangements).

Who should make the application?

- 10C.10.5 G In accordance with section 60 of the *Act* (Applications for approval), applications must be submitted by, or on behalf of, the *firm* itself, not by:
- (1) the *FCA candidate*; or
 - (2) (where the *FCA candidate* works for the *firm's parent undertaking or holding company*) by the *firm's parent undertaking or holding company*.
- 10C.10.6 G (1) The *firm* that is employing the *FCA candidate* to perform the *FCA-designated senior management function* will usually make the submission itself.
- (*SUP* 10C.10.7G describes some common situations.)
- (2) Where a *firm* has outsourced the performance of an *FCA-designated senior management function*, the details of the outsourcing determines whom the *FCA* anticipates will submit the *FCA-approved persons* application forms.
 - (3) The *firm* which is outsourcing is referred to as 'A' and the *person* to whom the performance of the *FCA-designated senior management function* has been outsourced, or which makes the

arrangement for the *FCA-designated senior management function* to be performed, is referred to as ‘B’. In each situation, A must take reasonable care to ensure that, in accordance with section 59(2) of the Act, no *person* performs an *FCA-designated senior management function* under an arrangement entered into by its contractor in relation to the carrying on by A of a *regulated activity*, without approval from the *FCA*.

10C.10.7 G Outsourcing arrangements

Outsourcing arrangements	Explanation	Submitting form
<i>Firm A to firm B</i>	The <i>FCA</i> will consider A to have taken reasonable care if it enters into a contract with B under which B is responsible for ensuring that the relevant <i>FCA-designated senior management functions</i> are performed by <i>FCA-approved SMF managers</i> , and that it is reasonable for A to rely on this.	<i>Firm B</i> submits <i>FCA-approved persons</i> forms on behalf of <i>firm A</i> .
Outsourcing by A to B (both being a member of the same <i>United Kingdom group</i> and each having its registered office in the <i>United Kingdom</i>)	See <i>SUP</i> 10C.3.9G	Either A or B may submit <i>FCA-approved persons</i> forms on behalf of <i>firms</i> in the group (see <i>SUP</i> 15.7.8G).
(i) A to B, where B: (a) is not an <i>authorised person</i> ; and (b) is not part of the same <i>group</i> as A; or	Responsibility for (as opposed to the performance of) any activity <i>outsourced</i> to B will remain with A. See <i>SYSC</i> 8.	A ensures that an individual approved by the <i>FCA</i> or the <i>PRA</i> to perform a <i>designated senior management function</i> has responsibility for the <i>outsourced arrangement</i> and A submits a form in

<p>(ii) A to B, where A is a <i>branch</i> of an <i>overseas firm</i> in the <i>United Kingdom</i>, and B is an <i>overseas undertaking</i> of the same <i>group</i>; or</p> <p>(iii) A to B, where A is a <i>UK authorised subsidiary</i> of an <i>overseas firm</i> and B is an <i>overseas undertaking</i> of the same <i>group</i>.</p>		<p>relation to that individual.</p>
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How to apply for approval

- 10C.10.8 D (1) An application by a *firm* for the *FCA*'s approval under section 59 of the *Act* (Approval for particular arrangements) for the performance of an *FCA-designated senior management function* must be made by completing Form A (~~*SUP 10C Annex 2D*~~ *SUP 10C Annex 3D*), except where *SUP 10C.10.9D* requires Form E.
- (2) If a *firm* must make an application using Form A, it must use Form A (shortened form) ~~if:~~ in the circumstances described in *SUP 10C.10.8AD*.
- (a) ~~the person has current approved person approval to perform:~~
- (i) ~~an *FCA controlled function* that is a *significant influence function*; or~~
 - (ii) ~~an *FCA designated senior management function*; or~~
 - (iii) ~~a *PRA controlled function*; and~~
- (b) ~~there have been no matters arising in relation to the fitness and propriety of the person to whom the application relates which mean that the information provided to the *FCA* or the *PRA* regarding fitness and propriety in connection with the *current approved person approval* may have changed since the~~

application for the *current approved person approval* was made.

- 10C.10.8A D If a firm must make an application using Form A, it must use Form A (shortened form) if:
- (1) the candidate:
- (a) has current approved person approval to perform:
- (i) an FCA controlled function that is a significant influence function; or
- (ii) an FCA-designated senior management function; or
- (iii) a PRA controlled function; or
- (b) has had current approved person approval of the type described in (a) within the previous six months; and
- (2) there have been no matters arising in relation to the fitness and propriety of the person to whom the application relates which mean that the information provided to the FCA or the PRA regarding fitness and propriety in connection with the current approved person approval in (1)(a) or (b) may have changed since the application for that current approved person approval was made.
- 10C.10.8B D A firm must not use Form A (shortened form) if:
- (1) the firm is a MiFID investment firm (except a credit institution); and
- (2) SUP 10C.10.9BD applies to that application.
- 10C.10.9 D (1) A firm must use Form E (~~SUP 10C Annex 3D~~ SUP 10C Annex 7D) where an approved person:
- (a) is both ceasing to perform one or more controlled functions; and
- (b) needs to be approved in relation to one or more FCA-designated senior management function;
- within the same firm or group.
- (2) A firm must not use Form E if the approved person has never before been approved to perform for any firm:
- (a) an FCA controlled function that is a significant influence function;

- (b) an *FCA-designated senior management function*; or
 - (c) a *PRA controlled function*.
- (3) A *firm* must not use Form E if the *approved person* has not been subject to a *current approved person approval* from the *FCA* or *PRA* to perform for any *firm* for more than six months:
- (a) an *FCA controlled function* that is a *significant influence function*;
 - (b) an *FCA-designated senior management function*; or
 - (c) a *PRA controlled function*.
- (4) A *firm* must not use Form E if:
- (a) a notification has been made or should be made:
 - (i) to the *FCA* under *SUP 10C.14.18R* (Changes in fitness to be notified under Form D); or
 - (ii) to the *PRA* under any equivalent *PRA* rule; or
 - (iii) to the *FCA* under *SUP 10A.14.17R* (the equivalent to (i) ~~for firms that are not relevant authorised persons~~) ; or in *SUP 10A*;
 - ~~(iv) the *PRA* requirements corresponding to (iii);~~
 (whichever is applicable);
 - (b) a notification has been made or should be made to the *FCA* or *PRA* under any of the following:
 - (i) section 63(2A) of the *Act* (Duty to notify regulator of grounds for withdrawal of approval); or
 - (ii) [deleted]
 - (iii) section 64C of the *Act* (Requirement for relevant authorised persons to notify regulator of disciplinary action); or
 - (c) a notification has been made or should be made to the *PRA* under any provision of ~~Chapter 11 of the part of the *PRA* rulebook~~ *Rulebook* titled "Notifications" ~~(Conduct Rules: Notifications)~~ corresponding to the requirements in (b); or

- (d) any of the circumstances in *SUP* 10C.14.7R (qualified Form C) apply;

in relation to any:

- (e) *controlled functions* which that *person* is ceasing to perform (as referred to in (1)); or
- (f) any *controlled function* that they are continuing to perform for that *firm* or a *firm* in the same *group*.

- 10C.10.9A G (1) The ~~*MiFID II ITS*~~ *MiFID authorisation and management body change notification ITS* requires that *MiFID investment firms* (except *credit institutions*) submit the Annex III information on the ESMA template available at <https://www.fca.org.uk/publication/forms/mifid-changes-management-body-form.doc> ('Annex III template') where there is a change to a member of the *management body* or a *person* who effectively directs the business.
- (2) *MiFID investment firms* (except *credit institutions*) need to submit this Annex III template within ten *business days* of the change in the *online notification and application system* (also known as Connect).
- (3) ~~In summary, where there is a change to a member of the *management body* or a *person* who effectively directs the business of a *MiFID investment firm* (except a *credit institution*) then the *firm* is required~~ *SUP* 10C.10.9BD explains how this requirement fits in with the requirement to submit the following forms (in addition to the relevant a Form A, C, or Form E, about a candidate):
- (a) ~~Where a new member of the *management body* or a *person* who effectively directs the business is appointed:~~
- (i) the Annex III template; and
- (ii) MiFID Article 4 SMR Information Form.
- (b) ~~Where a person ceases being a member of the *management body* or a *person* who effectively directs the business, then the *firm* must submit the Annex III template (in addition to the relevant Form E).~~
- (4) ~~Where the Annex III template requires the *firm* to provide information which is also contained in Form A and/or E, the *firm* may, instead of duplicating the information, cross refer to the information in the relevant Form A or E and annex those forms to the Annex III template (see *SUP* 10C.10.9C). [deleted]~~

- 10C.10.9AA G (1) The MiFID authorisation and management body change notification ITS requires that a *person* applying to be a *MiFID investment firm* (except a *credit institution*) should notify the *appropriate regulator* of information about members of its *management body* by filling in the template set out in Annex II of the *MiFID authorisation and management body change notification ITS*.
- (2) This applies whether:
- (a) the person is applying for authorisation; or
- (b) the person is a firm applying for a variation of its permission that would turn it into a MiFID investment firm.
- (3) There is no requirement to fill in the MiFID Article 4 SMR Information Form referred to in SUP 10C.10.9BD along with a Form A or Form E.
- 10C.10.9B D Where:
- (1) there is a change to a member of the *management body* or *person* who directs the business; ~~of a MiFID investment firms~~ firm (except a ~~credit institutions~~ *institution*) that the firm must notify to the appropriate regulator under Annex III of the MiFID authorisation and management body change notification ITS; and
- (2) that change also requires the firm to apply for approval for that member or person to perform an FCA-designated senior management function;
- the *firm* must submit to the FCA the completed form found in SUP 10C Annex ~~7D~~ 11D (MiFID Article 4 SMR Information Form) at the same time as submitting the Form A and/or or Form E about a the candidate.
- [Editor's note: This is in accordance with the information required in article 4 of the Commission Delegated Regulation of 14 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards on information and requirements for the authorisation of investment firms.]
- 10C.10.9C G *MiFID investment firms* (except *credit institutions*) who submit:
- (a) Form A ~~and/or~~ or Form E; and
- (1)
- (b) the MiFID Article 4 SMR Information Form;

(2)

about a *candidate* can complete the Annex III template outlined in SUP 10C.10.9AG by cross-referring to ~~the~~ any information required by the template that has been included in the relevant Form A and/or or Form E . The template should ~~where it has already been provided by the firm, and this would then~~ be annexed to the relevant Form A ~~and/or or~~ Form E.

- 10C.10.10 G SUP 10C.15 (Forms and other documents and how to submit them to the FCA) explains how applications should be submitted.

Statements of responsibilities

- 10C.10.11 G An application by a *firm* for the FCA's approval under section 59 of the Act (Approval for particular arrangements) for the performance of an FCA-designated senior management function should be accompanied by a *statement of responsibilities about the candidate*.
- 10C.10.12 G SUP 10C.11 (Statements of responsibilities) contains more material about *statements of responsibilities*, including (in particular) about a *statement of responsibilities* submitted under an application under SUP 10C.10.

Other material to be included in an application

- 10C.10.13 G A firm to which SYSC 25.9 (Handover procedures and material) applies should include in an application a reasonable summary of:
- (1) any handover certificate; and
 - (2) any other handover material;
- referred to in SYSC 25.9 (~~Handover procedures and material~~) that relates to the responsibilities that the *candidate* is to perform.

- 10C.10.13A D A firm to which SYSC 25.2 (Management responsibilities maps: Main rules) applies must include in an application for the FCA's approval under section 59 of the Act (Approval for particular arrangements) for the performance of an FCA-designated senior management function the latest version of the firm's management responsibilities map.

Vetting of candidates by the firm

- 10C.10.14 G Under section 60A of the Act, before a *firm* makes an application for approval, it should be satisfied that the *candidate* is a fit and proper person to perform the function to which the application relates. In deciding that question, the *firm* should have particular regard to whether the *candidate*, or any *person* who may perform a function on the *candidate*'s behalf:

- (1) has obtained a qualification;
- (2) has undergone, or is undergoing, training;
- (3) possesses a level of competence; or
- (4) has the personal characteristics;

required by *FCA rules* in relation to *persons* performing functions of the kind to which the application relates.

- 10C.10.15 G For *guidance* on criteria that a *firm* should use for assessing whether an *FCA candidate* is fit and proper (including the *FCA rules* referred to in *SUP 10C.10.14G*), see *FIT*.

Criminal records checks and verifying fitness and properness

- 10C.10.16 R (1) This rule applies to an application by a firm for the FCA's approval under section 59 of the Act (Approval for particular arrangements) for the performance of an FCA-designated senior management function.

- (2) A *firm* must (as part of its assessment of whether a *candidate* is a fit and proper person to perform an *FCA-designated senior management function* and to verify the information contained in the application to carry out the *FCA-designated senior management function*) obtain the fullest information that it is lawfully able to obtain about the *candidate* under Part V of the Police Act 1997 (Certificates of Criminal ~~records~~ Records, etc &c) and related subordinated legislation of the *UK* or any part of the *UK* before making the application.

- 10C.10.17 G (1) In England and Wales a *firm* should get an application form from the Disclosure and Barring Service (DBS) or an umbrella body (a registered body that gives access to DBS checks).
- (2) The *firm* should ask the *candidate* to fill in and return the form to the *firm*. The *firm* should then send the completed application form to the DBS or the *firm's* umbrella body.
- (3) The *firm* should then ask the *candidate* to show the *firm* the certificate when the *candidate* receives it from the DBS.
- (4) There is an equivalent procedure in Scotland (involving Disclosure Scotland) and Northern Ireland (involving AccessNI).

- 10C.10.18 G ~~Subject to SUP 10C.10.18A, the~~ The firm should not send a copy of the certificate to the FCA unless required to do so under SUP 10C.10.18AG or SUP 10C.10.28G (requests for additional information).

- 10C.10.18A G *MiFID investment firms* (except *credit institutions*) should provide a copy of the certificate to the FCA in cases where they disclose the existence of a criminal conviction in response to the questions in :
- (a) ~~Long Form A; and~~
 - (b) ~~The the *MiFID authorisation and management body change notification ITS* or the MiFID Article 4 SMR Information Form accompanied by Form E.~~
- 10C.10.19 G If the *candidate* is employed by a contractor, the *firm* may ask the contractor to obtain the certificate.
- 10C.10.20 G A *firm* should also check the *Financial Services Register* as part of its assessment of whether a *candidate* is fit and proper and to verify the information contained in the application for approval.
- 10C.10.21 G If appropriate, a *firm* should:
- (1) carry out a criminal record check; and
 - (2) check any equivalent of the *Financial Services Register*;
- in a jurisdiction outside the *UK*. This may be appropriate if the *candidate* has spent time working or living in that jurisdiction.
- 10C.10.22 G A *firm* should consider whether it should take additional steps to verify any information contained in an application to carry out an *FCA-designated senior management function* or that it takes into account in its assessment of whether a *candidate* is a fit and proper person.
- 10C.10.23 G Please see *SYSC 22* (Regulatory references) about the requirement for a *firm* to ask for references from previous employers.
- 10C.10.23A G (1) *SUP 10C.10.16R* (Criminal records checks) does not require a *firm* to carry out a criminal records check for the purposes of its annual assessment of the fitness and propriety of its *SMF managers* under section 63(2A) of the *Act*.
- (2) The requirement in section 63(2A) of the *Act* is described in *SYSC 23.3.3G* (Table: Summary of the senior managers and certification regime).

Processing an application

- 10C.10.24 G The *Act* sets out the time that the *FCA* has to consider an application and come to a decision.
- 10C.10.25 G In any case , where the application for approval is made by a *person* applying for a *Part 4A permission*, the *FCA* has until the end of whichever of the following periods ends last:

- (1) the period within which an application for that *permission* must be determined; and
 - (2) the period of three months from the time it receives a properly completed application.
- 10C.10.26 G In any other case, it is the period of three months from the time it receives a properly completed application.
- 10C.10.27 G The *FCA* will deal with cases more quickly than this whenever circumstances allow and will try to meet the standard response times published on the website and in its Annual Report. However, the processing time will be longer than the published standard response times if:
- (1) an application is incomplete when received; or
 - (2) the *FCA* has knowledge that, or reason to believe that, the information is incomplete.
- 10C.10.28 G Before making a decision to grant the application or give a *warning notice*, the *FCA* may ask the *firm* for more information about the *FCA candidate*. If it does this, the three-month period in which the *FCA* must determine a completed application:
- (1) will stop on the day the *FCA* requests the information; and
 - (2) will start running again on the day on which the *FCA* finally receives all the requested information.
- 10C.10.29 G If there is a delay in processing the application within the standard response time, the *FCA* will tell the *firm* making the application as soon as this becomes apparent.
- 10C.10.30 G
- (1) Application forms must always be completed fully and honestly. Further notes on how to complete the form are contained in each form.
 - (2) If forms are not completed fully and honestly, applications will be subject to investigation and the *FCA candidate's* suitability to be approved to undertake an *FCA controlled function* will be called into question.
 - (3) A *person* who provides information to the *FCA* that is false or misleading may commit a criminal offence and could face prosecution under section 398 of the *Act*, regardless of the status of their application.
- 10C.10.31 G The *FCA* may grant an application only if it is satisfied that the *FCA candidate* is a fit and proper *person* to perform the *FCA-designated senior management function* stated in the application form.

Responsibility lies with the *firm* making the application to satisfy the *FCA* that the *FCA candidate* is fit and proper to perform the *FCA-designated senior management function* applied for.

- 10C.10.32 G For further *guidance* on criteria for assessing whether an *FCA candidate* is fit and proper for the purposes of *SUP* 10C.10.31G, see *FIT*.

Decisions on applications

- 10C.10.33 G The *FCA* must:
- (1) grant the application;
 - (2) grant the application subject to conditions or limitations (see *SUP* 10C.12 for more information); or
 - (3) refuse the application.

- 10C.10.34 G Whenever it grants an application, the *FCA* will confirm this in writing to all *interested parties*.

- 10C.10.35 G If the *FCA* proposes to take the steps in *SUP* 10C.10.33G(2) or *SUP* 10C.10.33G(3) in relation to one or more *FCA-designated senior management functions*, it must follow the procedures for issuing *warning* and *decision notices* to all *interested parties*. The requirements relating to *warning* and *decision notices* are in *DEPP* 2.

Withdrawing an application for approval

- 10C.10.36 R A *firm* notifying the *FCA* of its withdrawal of an application for approval must use Form B (~~*SUP* 10A Annex 5R~~ *SUP* 10C Annex 4R).
- 10C.10.37 G Under section 61(5) of the *Act* (Determination of applications), the *firm* may withdraw an application only if it also has the consent of:
- (1) the *candidate*; and
 - (2) the *person* by whom the *candidate* is or would have been employed, if this is not the *firm* making the application.
- 10C.10.38 G *SUP* 10C.15 (Forms and other documents and how to submit them to the *FCA*) explains how a notice of withdrawal should be submitted.

10C.11 Statements of responsibilities

What a statement of responsibilities is

- 10C.11.1 G (1) Section 60(2A) of the *Act* (Applications for approval) says that, if a *firm* is applying for approval from the *FCA* or the *PRA* for a

person to perform a *designated senior management function*, the regulator to which the application is being made must require the application to contain, or be accompanied by, a statement setting out the aspects of the affairs of the *firm* which it is intended that the *person* will be responsible for managing in performing the function.

- (2) That statement is a *statement of responsibilities*.
- (3) A *statement of responsibilities* includes a statement amended under section 62A of the *Act* (see *SUP 10C.11.5G*).

What this section covers

- 10C.11.2 G (1) This section is about the *FCA*'s requirements for *statements of responsibilities*.
- (2) However, where applications and notifications relate both to *FCA-designated senior management functions* and to *PRA* ones, the regulators' requirements are consistent with each other.
- (3) The general material in this section (*SUP 10C.11.13G* to *SUP 10C.11.35G*) applies to *statements of responsibilities* submitted in all the cases covered by this section. It covers *statements of responsibilities* submitted as part of an application for approval or variation and revised *statements of responsibilities*.

Applications for approval

- 10C.11.3 D An application by a *firm* for the *FCA*'s approval under section 59 of the *Act* (Approval for particular arrangements) for the performance of an *FCA-designated senior management function* must be accompanied by a *statement of responsibilities* (~~*SUP 10C Annex 5D*~~) (*SUP 10C Annex 10D*).
- 10C.11.4 G (1) *SUP 10C.10* (Application for approval and withdrawing an application for approval) explains the procedures for applying for approval.
- (2) *SUP 10C.15* (Forms and other documents and how to submit them to the *FCA*) explains how applications for approval should be submitted.
- (3) See the table in *SUP 10C.11.19G* for examples of how the requirements of this section about including *statements of responsibilities* in applications for approval apply in different situations.

Revised statements of responsibilities: Introduction

- 10C.11.5 G Under section 62A of the *Act*, a *firm* must provide the *FCA* with a revised *statement of responsibilities* if there has been any significant

change in the responsibilities of an *FCA-approved SMF manager*. More precisely:

- (1) if a *firm* has made an application (which was granted) to the *FCA* for approval for a *person* to perform an *FCA-designated senior management function*;
- (2) the application contained, or was accompanied by, a *statement of responsibilities*; and
- (3) since the granting of the application, there has been any significant change in the aspects of the *firm's* affairs which the *FCA-approved SMF manager* is responsible for managing in performing the function;

the *firm* should provide the *FCA* with a revised *statement of responsibilities*.

Revised statements of responsibilities: Meaning of significant change

- 10C.11.6 G
- (1) This paragraph sets out non-exhaustive examples of potential changes which, in the *FCA's* view, may be significant and thus require the submission of a revised *statement of responsibilities*.
 - (2) A variation of the *FCA-approved SMF manager's* approval, either at the *firm's* request or at the *FCA's* or *PRA's* initiative, resulting in the imposition, variation or removal of a condition or time limit, may involve a significant change.
 - (3) Fulfilling or failing to fulfil a condition on approval may involve a significant change.
 - (4) The addition, re-allocation or removal of any of the following (or part of one):
 - (a) an *FCA-prescribed senior management responsibility*;
 - (b) a *PRA-prescribed senior management responsibility* ~~or a *PRA-prescribed UK branch senior management responsibility*~~; or
 - (c) responsibility for a function under ~~*SYSC 4.7.8R*~~ (~~Allocation of overall responsibility for a firm's activities, business areas and management functions~~) *SYSC 26 (Senior managers and certification regime: Overall and local responsibility)* ;
 may involve a significant change.
 - (5) The sharing or dividing of ~~a function in (4)~~ an *FCA-prescribed senior management responsibility* or a *PRA-prescribed senior management responsibility* that was originally performed by

one *person* between two or more *persons* may involve a significant change.

- (6) Ceasing to share a function in (4) an *FCA-prescribed senior management responsibility* or a *PRA-prescribed senior management responsibility* that was originally shared with another, or others, may involve a significant change.
- (6A) Beginning or ceasing to share responsibility for a function under SYSC 26 (Senior managers and certification regime: Overall and local responsibility) may involve a significant change.
- (7) A change is likely to be significant if it reflects a significant change to the job that the *person* is doing for the *firm*. Some factors relevant here include:
 - (a) the importance to the *firm* of the functions being given up or taken on;
 - (b) whether the *FCA-approved SMF manager's* seniority in the *firm's* management changes;
 - (c) whether there are changes to the identity, number or seniority of those whom the *FCA-approved SMF manager* manages; and
 - (d) whether there are changes to the skills, experience or knowledge needed by the *FCA-approved SMF manager* for the job.

Revised statements of responsibilities: Procedure

- 10C.11.7 D (1) *A firm* must provide a revised *statement of responsibilities* under section 62A of the *Act* under cover of Form J (~~*SUP 10C Annex 5D*~~) (*SUP 10C Annex 9D*).
- (2) *A firm* must not use Form J where the revisions are to be made as part of arrangements involving an application:
- (a) for approval for the *FCA-approved SMF manager* concerned to perform another *designated senior management function* for the same *firm*; or
 - (b) to vary (under section 63ZA of the *Act* (Variation of senior manager's approval at request of relevant authorised person)) an approval for the *FCA-approved SMF manager* concerned to perform a *designated senior management function* for the same *firm*.

- (3) Where the change to be notified to the FCA under section 62A of the Act is part of an arrangement under which:
- (a) the firm is also required to make an application or notification about the FCA-approved SMF manager to the PRA which involves sending a statement of responsibilities for that FCA-approved SMF manager to the PRA; but
- (b) the firm is not required to send any application or notice about the FCA-approved SMF manager under this chapter directly to the FCA except for the notification under section 62A of the Act;
- the firm must provide the revised statement of responsibilities to the FCA by including it with the application or notice to the PRA.

10C.11.8 G Broadly, the intention of SUP 10C.11.7D(2) is that there is no need for Form J if the revised *statement of responsibilities* is being submitted together with Form A, Form E, the MiFID Article 4 SMR Information Form or Form I for the same *firm*.

- 10C.11.9 G (1) SUP 10C.15 (Forms and other documents and how to submit them to the FCA) explains how revised *statements of responsibilities* should be submitted.
- (2) See the table in SUP 10C.11.19G for examples of how the requirements of this section about submitting revised *statements of responsibilities* apply in different situations.
- (3) In particular, the table in SUP 10C.11.19G gives examples of how SUP 10C.11.7D(2) and (3) works work.

Variation of approval

10C.11.10 D An application by a *firm* to the FCA for the variation of an existing approval under section 63ZA of the Act (Variation of a senior manager's approval at request of ~~relevant~~ authorised person) must be accompanied by a *statement of responsibilities*.

- 10C.11.11 G (1) See SUP 10C.13 (Variation of conditional and time-limited approvals) for more details about applications to vary an approval.
- (2) SUP 10C.15 (Forms and other documents and how to submit them to the FCA) explains how applications to vary an approval should be submitted.
- (3) See the table in SUP 10C.11.19G for examples of how the requirements of this section about submitting *statements of*

responsibilities with applications to vary an approval apply in different situations.

Ceasing to carry on some functions

- 10C.11.12 R If:
- (1) an *FCA-approved SMF manager* ceases to perform a *designated senior management function* for a *firm*; but
 - (2) continues to perform an *FCA-designated senior management function* for that *firm*;
- the *firm* must (under Form J) submit a *statement of responsibilities* for the remaining functions complying with the requirements of this section (including SUP 10C.11.13D).

One document for each SMF manager for each firm

- 10C.11.13 D (1) A *firm* must prepare *statements of responsibilities* (including revised ones) for one of its *FCA-approved SMF managers* as a single document covering every *designated senior management function* for which:
- (a) that *FCA-approved SMF manager* has approval; or
 - (b) for which an application for approval is being made;
- for that *firm*.
- (2) The statement must be up to date for each *designated senior management function*.
- 10C.11.14 G (1) SUP 10C.11.13D means that, at any time, a *firm* should have a single document for an *FCA-approved SMF manager* that:
- (a) contains *statements of responsibilities* for all *designated senior management functions* for which that *SMF manager* has approval; and
 - (b) where relevant, contains *statements of responsibilities* for all *designated senior management functions* for which the *firm* is applying for approval.
- (2) The document in (1) should cover *PRA-designated senior management functions* as well as *FCA-designated senior management functions*.
- (3) The document should be updated:
- (a) under section 62A of the *Act* (see SUP 10C.11.5G); and

(b) whenever the *firm* has to submit *statements of responsibilities* under this section.

(4) The *FCA* and the *PRA* have coordinated their arrangements so that a *firm* can prepare a single document that will meet the requirements of both regulators about *statements of responsibilities*.

(5) The table in *SUP* 10C.11.19G gives examples of how these requirements work.

10C.11.15 G If a *person* is an *SMF manager* for several *firms* in a group that are ~~*relevant authorised persons*~~ *SMCR firms*, there should be a separate document for each *firm*.

10C.11.16 G There should be a separate document for each *SMF manager* in a *firm*. A *firm* should not combine *statements of responsibilities* for several *SMF managers*.

10C.11.17 G The requirement for a single document does not prevent the document having an attachment sheet for additional information where ~~*SUP* 10C Annex 5D~~ (*SUP* 10C Annex 10D) (the *FCA*'s template for *statements of responsibilities*) allows this.

Submitting statements of responsibilities: examples of how the requirements work

10C.11.18 G The table in *SUP* 10C.11.19G gives examples of how the requirements in this section for submitting *statements of responsibilities* (combined with the corresponding *PRA* requirements) work in different cases.

10C.11.19 G Table: ~~examples~~ Examples of how the requirements for submitting statements of responsibilities work

Example	Comments
(1) A <i>firm</i> applies for approval for A to perform the executive <u><i>executive director function</i></u> and the <i>money laundering function</i> .	There should be a single <i>statement of responsibilities</i> document that covers the two functions. The combined document should be included with the application for approval.
(2) Firm X applies for approval for A to perform the executive <u><i>executive director function</i></u> . Firm Y applies for approval for A	There should be separate <i>statements of</i>

Example	Comments
<p>to perform the <i>money laundering function</i>. Both firms are relevant authorised persons <u>SMCR firms</u>.</p>	<p><i>responsibilities</i> for each firm.</p> <p>This is the case even if Firm X and Firm Y are in the same group.</p>
<p>(3) A firm applies for approval for A to perform an <i>FCA-designated senior management function</i> and a <i>PRA-designated senior management function</i>.</p> <p>The arrangements in SUP 10C.9 for <i>FCA</i> functions to be absorbed into <i>PRA</i> ones do not apply and so there are separate applications to the <i>FCA</i> and <i>PRA</i>.</p>	<p>The single <i>statement of responsibilities</i> document should cover both the <i>FCA</i> and the <i>PRA</i> functions.</p>
<p>(4) A has approval to perform the executive <i>executive director function</i>. Later, A is to be appointed to perform the <i>money laundering function</i> for the same firm. This will also result in substantial changes to A's duties as an executive director.</p>	<p>The firm should not use Form J to notify the changes to A's duties as an executive director.</p> <p>The firm should submit a revised single <i>statement of responsibilities</i> document along with the application to perform the <i>money laundering function</i>.</p> <p>The single <i>statement of responsibilities</i> document should cover both functions. The part relating to A's duties as an executive director should be updated.</p>
<p>(5) A has approval to perform the executive <i>executive director function</i>. Later, A is to be appointed to perform the PRA's chief risk officer <i>designated senior management function</i> for the same firm. This will also result in substantial changes to A's duties as an executive director.</p>	<p>The firm should not use Form J to notify the changes to A's duties as an executive director.</p> <p>The firm should submit a revised single <i>statement of responsibilities</i> document along with the application to perform the <i>PRA</i> function.</p>

Example	Comments
	<p>The <i>firm</i> should not submit the revised single <i>statement of responsibilities</i> document separately to the <i>FCA</i>. Instead, it should include it as part of the application to the <i>PRA</i>.</p> <p>The single <i>statement of responsibilities</i> document should cover both the <i>FCA</i> and the <i>PRA</i> functions. The part relating to A's duties as an executive director should be updated.</p>
<p>(6) A has approval to perform the <i>money laundering function</i>. The approval to perform the <i>money laundering function</i> is subject to a condition. The <i>firm</i> is applying to vary that condition.</p>	<p>The <i>firm</i> should include a revised <i>statement of responsibilities</i> with the application.</p> <p>The <i>firm</i> should not use Form J. It should submit a revised <i>statement of responsibilities</i> along with the application to vary the approval.</p>
<p>(7) A has approval to perform the executive <i>executive director function</i> and the <i>money laundering function</i> for the same <i>firm</i>. The approval to perform the <i>money laundering function</i> is subject to a condition. The <i>firm</i> is applying to vary that condition. As part of the same arrangements, there are to be substantial changes to A's job as an executive director.</p>	<p>The <i>firm</i> should not use Form J to notify the changes to A's duties as an executive director.</p> <p>The <i>firm</i> should submit a revised single <i>statement of responsibilities</i> document along with the application to vary the approval for the <i>money laundering function</i>.</p> <p>The single <i>statement of responsibilities</i> document should be updated and should cover both functions.</p>

Example	Comments
<p>(8) A has approval to perform the executive <i>executive director function</i> and the PRA's chief risk officer <i>designated senior management function</i> for the same firm. The arrangements in SUP 10C.9 for FCA functions to be absorbed into PRA ones do not apply and so there are separate FCA and PRA approvals.</p> <p>The approval to perform the PRA's chief risk officer <i>designated senior management function</i> is subject to a condition. The firm is applying to vary that condition. As part of the same arrangements, there are to be substantial changes to A's job as an executive director.</p>	<p>The firm should not use Form J to notify the changes to A's duties as an executive director.</p> <p>The firm should submit a revised single <i>statement of responsibilities</i> document along with the application to vary the PRA function.</p> <p>The firm should not submit the revised document separately to the FCA. Instead it should include it as part of the application to the PRA.</p> <p>The single <i>statement of responsibilities</i> document should cover both the FCA and the PRA functions and should be updated.</p>
<p>(9) A has approval to perform the executive <i>executive director function</i> and the <i>money laundering function</i> for the same firm.</p> <p>Sometime later, A is to give up the <i>money laundering function</i> and take up the PRA's chief risk officer <i>designated senior management function</i>. This will involve major changes to A's role as executive director.</p>	<p>The answer to example (5) applies.</p> <p>The application to the PRA to perform the PRA function should be accompanied by a single document that:</p> <p>(1) contains the <i>statement of responsibilities</i> for the new function;</p> <p>(2) contains the revised <i>statement of responsibilities</i> for the executive <i>executive director function</i>; and</p> <p>(3) reflects the fact that A is no longer</p>

Example	Comments
	performing the <i>money laundering function</i> .
<p>(10) A <i>firm</i> has approval for A to perform the executive <i>executive director function</i> and the <i>money laundering function</i>.</p> <p>A then ceases to perform the <i>money laundering function</i> but continues to perform the executive <i>executive director function</i>.</p>	<p>The <i>firm</i> must submit:</p> <p>(a) Form C for the <i>money laundering function</i>;</p> <p>(b) Form J; and</p> <p>(c) a single updated <i>statement of responsibilities</i> document that covers the executive <i>executive director function</i> and <u>reflects the fact that A is no longer performing the <i>money laundering function</i></u>.</p>
<p>(11) A has approval to perform the executive <i>executive director function</i> and the <i>PRA's</i> chief risk officer <i>designated senior management function</i> for the same <i>firm</i>. Later, A gives up his role as chief risk officer.</p>	<p>The <i>firm</i> must submit:</p> <p>(a) Form C for the <i>PRA</i> function;</p> <p>(b) Form J; and</p> <p>(c) a single updated <i>statement of responsibilities</i> document that covers the executive <i>executive director function</i>.</p> <p>The <i>firm</i> should not submit the revised single <i>statement of responsibilities</i> document separately to the <i>FCA</i>. Instead, it should include it as part of the notification to the <i>PRA</i>.</p>
<p>(12) A has approval to perform the executive <i>executive director function</i>. Later, A is to be appointed to perform the <i>money laundering function</i> for the same <i>firm</i>.</p> <p>The application is rejected.</p>	<p>The single <i>statement of responsibilities</i> document submitted as part of the application will no longer be correct</p>

Example	Comments
	<p>as it reflects the proposed new approval.</p> <p>If the only changes to the single document in the version sent with the application are ones that clearly and exclusively tied to the new function, the <i>firm</i> will not need to amend the document as the changes will automatically fall away.</p> <p>In any other case (for instance if the application is approved conditionally), it is likely that the <i>firm</i> will need to update it using Form J.</p> <p>In any case, the <i>FCA</i> may contact the <i>firm</i> to agree a revised single <i>statement of responsibilities</i> document.</p>
<p>(13) A has approval to perform the executive director <u>money laundering function</u>. Later, A is to be appointed to perform the money laundering function <u>as an executive director</u> for the same <i>firm</i>.</p> <p>This will not result in any changes to A's duties as an executive director in the money laundering function. However, there have been some insignificant changes to A's role as an executive director in the money laundering function since the <i>firm</i> submitted the most recent single <i>statement of responsibilities</i> document. The changes are not connected to A's appointment to perform the money laundering function <u>as executive director</u>.</p>	<p>The answer for example (4) applies.</p> <p>The single <i>statement of responsibilities</i> document should be updated to cover the changes to A's duties as executive director, as well as covering A's new <u>in the money laundering role as well as covering A's appointment to perform the executive director function</u>. It does not matter that the changes to A's <u>money laundering role as an executive director</u> are not significant.</p>

Example	Comments
<p>(14) A has approval to perform the executive <i>executive director function</i>. Later, A's business unit grows in size and so the <i>firm</i> needs to apply for A to be approved to perform the <i>PRA's Head of Key Business Area designated senior management function</i>. However, A's responsibilities do not change.</p>	<p>The <i>firm</i> should submit a revised single <i>statement of responsibilities</i> document along with the application to perform the <i>PRA</i> function.</p> <p>The <i>firm</i> should submit a single <i>statement of responsibilities</i> document that covers both the <i>FCA</i> and the <i>PRA</i> functions.</p> <p>It should not submit the revised single <i>statement of responsibilities</i> document separately to the <i>FCA</i>. Instead, it should include it as part of the application to the <i>PRA</i>.</p>
<p>(15) Firm X has a <i>branch</i> in the <i>United Kingdom</i>. Firm Y is a <i>UK authorised subsidiary</i> of firm X.</p> <p>Firm X is a third-country relevant authorised person <i>an overseas SMCR firm</i> that is not an <i>EEA SMCR firm</i> and firm Y is a <i>UK relevant authorised person SMCR firm</i>.</p> <p>Both <i>firms</i> apply for approval for the same individual (P) to perform the executive <i>executive director function</i>.</p>	<p>There should be separate <i>statement of responsibilities</i> for P for each <i>firm</i>.</p>
<p><u>Note:</u> The single <i>statement of responsibilities</i> document means the single document described in <i>SUP 10C.11.13D</i>.</p>	

Need for a complete set of current statements of responsibilities

- 10C.11.20 R A *firm* must, at all times, have a complete set of current *statement of responsibilities* for all its *SMF managers*.
- 10C.11.21 G (1) A complete set of current *statement of responsibilities* means all *statements of responsibilities* that the *firm* has provided to the

FCA or PRA as revised under section 62A of the Act and this chapter.

- (2) *A statement of responsibilities is not current if the person in question no longer performs any of the ~~controlled function~~ functions to which it relates.*

Past versions

- 10C.11.22 (1) *A firm should consider past versions of its statements of responsibilities as an important part of its records and as an important resource for the FCA in supervising the firm.*
- (2) *Past versions of a firm's statements of responsibilities form part of its records under ~~SYSC 9.1 (General rules on record keeping)~~ the regulatory system.*
- 10C.11.22A R (1) *This rule applies to an SMCR firm that is a Solvency II firm (including a large non-directive insurer).*
- (2) *A firm must retain each version of a statement of responsibilities for:*
- (a) *(in the case of a large non-directive insurer) six years;*
or
- (b) *(in any other case) ten years;*
- from the date on which it was superseded by a more up-to-date version.*
- (3) *A firm must be in a position to provide each version to the FCA on request for as long as the firm is required to retain it.*

What statements of responsibilities should contain: ~~general~~ General

- 10C.11.23 G *A statement of responsibilities should:*
- (1) *show clearly how the responsibilities that the SMF manager performs as part of their FCA-designated senior management function fit in with the firm's overall governance and management arrangements; and*
- (1A) *be consistent with the statement of responsibilities for the firm's other SMF managers; and*
- (2) *be consistent with the firm's management responsibilities map (if the firm is required to have one).*
- (See ~~SYSC 4.5.9G, SYSC 4.6.12G and SYSC 4.6.27G~~ SYSC 25.4.1G and SYSC 25.4.2G for more about this.)*

- 10C.11.24 G (1) A *statement of responsibilities* (including its attachment sheet for additional information) should:
- (a) be complete by itself;
 - (b) not refer to documents not forming part of it; and
 - (c) only contain material about the matters that this chapter, the corresponding *PRA* requirements and the *Act* say should be included in it.
- (2) For example, if it is necessary to include relevant material from the *firm's* report and accounts, the *statement of responsibilities* should not attach the whole of the report and accounts or cross refer to them. Instead it should include a summary of the relevant part only.
- 10C.11.25 G A *statement of responsibilities* should be:
- (1) practical and useable by the *FCA*;
 - (2) without unnecessary detail; and
 - (3) succinct and clear.
- 10C.11.26 G (1) *SYSC* or another part of the *regulatory system* will generally impose requirements (referred to as 'prescribed requirements' in this paragraph) that relate to a particular post or set of responsibilities.
- (2) For instance, these include:
- (a) the responsibilities that go with the *FCA required functions*; and
 - (b) the *FCA-prescribed senior management responsibilities*; and the *PRA-prescribed senior management responsibilities* ~~and the *PRA-prescribed UK branch senior management responsibilities*~~.
- (3) The allocation of responsibilities under a *statement of responsibilities* should not reduce or alter the scope of any applicable prescribed requirements.
- (4) If:
- (a) the responsibilities that the *SMF manager* carries out as described in the *statement of responsibilities* go beyond the prescribed requirements; or

- (b) the *firm* includes additional information about any prescribed requirements;

the additional responsibilities or additional information should not:

- (c) reduce or alter the scope of the prescribed requirements; or
- (d) dilute or undermine the prescribed requirements.

10C.11.27 G (1) ~~A~~ An example of the requirement that a *firm*'s statements of responsibilities for its *SMF* managers should be consistent (see *SUP* 10C.11.23G) is that they should together demonstrate that there are no gaps in the allocation of responsibilities among ~~it's~~ the *firm*'s *SMF* managers.

(2) A *firm*'s statements of responsibilities should be interpreted, where possible, so as to avoid any gaps in the allocation of responsibility for its activities among its *SMF* managers.

(3) Paragraphs (1) and (2) ~~are not relevant to *EEA relevant authorised persons*~~ apply to a *firm* to which SYSC 26 (Senior managers and certification regime: Overall and local responsibility) applies.

10C.11.28 G (1) A statement of responsibilities of an *SMF* manager should include details about any:

(a) ~~*FCA-prescribed senior management responsibilities*, and *PRA-prescribed senior management responsibilities* and ~~*PRA-prescribed UK branch senior management responsibilities*~~ allocated to the *SMF* manager;~~

(b) functions that are included in a *PRA controlled function* under the arrangements described in *SUP* 10C.9 (Minimising overlap with the *PRA* approved persons regime); and

(c) responsibility for a function allocated to the *SMF* manager under ~~*SYSC* 4.7.8R (Allocation of overall responsibility for a *firm*'s activities, business areas and management functions) or *SYSC* 4.8.10R (Local responsibility for a branch's activities, business areas and management functions).~~ *SYSC* 26 (Senior managers and certification regime: Overall and local responsibility) if that chapter applies to the *firm*; and

(d) responsibilities allocated under *MIPRU* 2.2 (Responsibility for insurance distribution activity or *MCD* credit intermediation activity).

- (2) Paragraph (1)(c) applies even if the responsibility is excluded from the *other overall responsibility function* under SUP 10C.7.1R(2) (~~Exclusion~~ exclusion for *approved person* with approval to perform other *controlled functions*) or from the *other local responsibility function* under SUP 10C.8.1R(2) (~~Exclusion~~ exclusion for *approved person* with approval to perform other *controlled functions*).
- 10C.11.29 G (1) The definition of every *FCA-designated senior management function* contains a responsibility which is inherent, inseparable from and intrinsically built into the specific role.
- (2) In many ways, this inherent responsibility is the most important responsibility of any given *SMF manager*, as it provides a rationale as to why that specific function is subject to pre-approval by the *FCA* in the first place.
- (3) Even where an *SMF manager* has not been allocated any other responsibilities by the *firm*, the responsibility inherent in the definition of their *FCA-designated senior management function* means that they will be accountable for that aspect of the *firm's* activities.
- (4) For instance, even if a person approved to perform the *compliance oversight function* has no other responsibilities allocated to them, they will be accountable for the *Handbook* requirements for the *compliance oversight function*.
- 10C.11.30 G (1) The *FCA* may request a *firm* to include specific responsibility for a regulatory outcome in the *statement of responsibilities* of the relevant *SMF managers*.
- (2) For example, where the *FCA* asks a *firm* to take remediation action following an internal or supervisory review or a report under section 166 of the *Act* (Reports by skilled persons) and considers it appropriate for an *SMF manager* to take responsibility for that action, it may ask the *firm* to add an additional, customised, explicit responsibility to the relevant *SMF manager's statement of responsibilities*.

What statements of responsibilities should contain: Dividing and splitting responsibilities

- 10C.11.31 G (1) Where a responsibility or function is shared or divided between an *SMF manager* and others, the *statements of responsibilities* for each *SMF manager* concerned should make this clear.
- (2) Where a responsibility or function is divided between an *SMF manager* and others, the *statements of responsibilities* for each *SMF manager* concerned should make it clear for what part of

which responsibility or function that *SMF manager* has responsibility.

- (3) Together, the *statements of responsibilities* should show which responsibility or function is shared or divided between which *SMF managers* or other persons. It should be clear which responsibility or function and which *SMF managers* or other *persons* are involved.
- 10C.11.32 G (1) Where:
- (a) an FCA-prescribed senior management responsibility is divided or shared between several SMF managers; or
- (b) any function allocated under SYSC 4.7.8R (Allocation of overall responsibility for a firm's activities, business areas and management functions) or SYSC 4.8.10R (Local responsibility for a branch's activities, business areas and management functions) SYSC 26 (Senior managers and certification regime: Overall and local responsibility) is shared between several SMF managers (if that chapter applies to the firm);
- ~~is divided or shared between several SMF managers, the statement of responsibilities for each SMF manager should:~~
- (c) explain why this has been done; and
- (d) give full details of the arrangements, including the names of the other *persons* and their *FCA/PRA* Individual Reference Numbers (IRN) (if known).
- (2) Where a responsibility or function is shared between several *SMF managers*, this should be recorded in the same way in the *statements of responsibilities* of each of them. This should also be consistent with the *firm's management responsibilities map*.
- 10C.11.33 G (1) Where two or more *SMF managers* share a responsibility, each will be individually responsible for everything included in that responsibility, including anything inherent in that responsibility (see *SUP* 10C.11.29G for inherent responsibilities).
- (2) Where:
- (a) a responsibility is divided between several *SMF managers*; but
- (b) some part of the responsibility has not clearly been allocated to any of them;

it should be assumed that that part is the joint responsibility of all of them.

What statements of responsibilities should contain: Non-executive directors

- 10C.11.34 G In general, the *FCA* expects the *statement of responsibilities* of a *non-executive director* who is an *SMF manager* to be less extensive than those of an executive *SMF manager*.
- 10C.11.35 G The *FCA* does not require any of the general duties of a *non-executive director* described in section 2 of *COCON 1 Annex 1* (The general role of a NED) to be included in the *non-executive director's statement of responsibilities*.

10C.12 Conditional and time-limited approvals

Purpose

- 10C.12.1 G (1) *SUP 10C.12* describes the regime for conditional and time-limited approvals.
- (2) In particular, *SUP 10C.12* sets out the *FCA's* policies on giving approval under section 59 subject to conditions or for a limited period only, as required by section 63ZD of the *Act* (Statement of policy relating to conditional approval and variation).
- (3) The policies described in *SUP 10C.12* also apply when the *FCA* is considering whether to give its consent to an application made to the *PRA* for approval.
- (4) Material on variations of conditional and time-limited approvals can be found in *SUP 10C.13* (Variation of conditional and time-limited approvals).
- 10C.12.2 G (1) The power to grant an approval subject to conditions or for a limited period only applies to *senior management functions*.
- (2) As all *FCA controlled functions* specified in this chapter are *senior management functions*, this means that this power applies to all *FCA controlled functions* specified in this chapter.
- (3) The *FCA* has (in *SUP 10A*) specified *controlled functions* for ~~relevant authorised persons~~ *SMCR firms* that are not *designated senior management functions*. See *SUP 10C.1.7R* to *SUP 10C.1.8G* (Appointed representatives) for more about this.
- (4) The power to grant an approval subject to conditions or for a limited period does not apply to the *controlled functions* in (3).

Introduction

- 10C.12.3 G The ~~FCA~~ *FCA* may:
- (1) grant an application for approval subject to any conditions that the *FCA* considers appropriate; and
 - (2) grant the application to give approval only for a limited period.
- 10C.12.4 G The *FCA* may use this power only if it appears to the *FCA* that it is desirable to do so to advance one or more of its *operational objectives*.
- 10C.12.5 G Factors that the *FCA* will take into account include:
- (1) those relating to the *firm* at the time of the application, such as:
 - (a) its size, scale and complexity; and
 - (b) its plans and prospects; and
 - (2) those relating to the *candidate* and, in particular, the *candidate's* fitness and properness.
- 10C.12.6 G The *FCA* expects that the most common use of the power to give qualified approvals would be:
- (1) time-limited approvals;
 - (2) a time limitation in relation to an ongoing or prospective enforcement investigation;
 - (3) a competency-related condition; and
 - (4) a role-limited condition.

Time-limited approval

- 10C.12.7 G An example of a time-limited approval is where a *firm* needs to appoint the *candidate* on an interim basis while the *firm* seeks to appoint a permanent *candidate*. The *FCA* may approve the interim appointee on a time-limited basis.
- 10C.12.8 G The *FCA* would not generally impose a time limitation in these circumstances for a period of less than 12 weeks. The *FCA* would expect the *firm* to use the 12-week rule in *SUP* 10C.3.13R.
- 10C.12.9 G An example of when the *FCA* may approve an individual on a time-limited basis is where, following a sudden or unexpected departure:
- (1) a *firm* needs to fill an *FCA-designated senior management function* vacancy immediately; but

- (2) it is likely to take longer than 12 weeks to recruit a permanent replacement; and
- (3) there is an individual at the *firm* not currently approved to perform the relevant *FCA-designated senior management function* whom the *firm* and the *FCA* think capable of fulfilling the role on an interim, provisional basis but not necessarily on a permanent basis.
- 10C.12.10 G Generally, the *FCA* would not impose a time limitation of this type for longer than 12 to 18 months.
- 10C.12.11 G The *FCA* would consider using this power for a person who is in the running for the long-term appointment.
- 10C.12.12 G
- (1) An example of how the *FCA* could deal with a *person* who is in the running for the long-term appointment is outlined below.
- (2) The head of compliance resigns unexpectedly from a *firm*. The *firm* wishes to appoint one of the deputies. The *FCA* and the *firm* believe the deputy to be capable of running the *firm's* compliance function on a day-to-day 'business as usual basis' but the deputy has no experience developing a long-term, firm-wide strategy. The *firm* estimates that it could take up to a year to recruit a permanent head of compliance. It also believes that the deputy could be the ideal candidate if the deputy could outline a viable compliance strategy for the *firm*.
- (3) In this situation, it may be appropriate to approve the deputy as head of compliance subject to a 12-month time limit.
- (4) Before the end of that period, the deputy would have to prepare a new compliance strategy and the deputy's ability to do so would be taken into account when deciding whether to approve the deputy on a permanent basis.
- 10C.12.13 G In deciding whether a *candidate* is fit and proper, the *FCA* will take into account the role that the *candidate* is going to perform. The standard for a *person* who is appointed on a temporary basis may be different from a *person* appointed on a permanent basis when the *person* with a temporary appointment has a more limited role.
- 10C.12.14 G The *FCA* may impose a condition on the approval, as well as time limitation. As in the example in *SUP* 10C.12.12G, the *FCA* may impose a condition prohibiting the *candidate* from significantly amending the management structure of the department.
- 10C.12.15 G The other main examples of a time-limited approval are:
- (1) an enforcement action time-limited approval (see *SUP* 10C.12.16G);

- (2) a time limitation used in conjunction with a competence condition (see *SUP* 10C.12.26G); and
- (3) a time limitation in relation to the scale of a role (see *SUP* 10C.12.35G).

Enforcement action: Time limitation

- 10C.12.16 G An enforcement action time-limited approval relates to a case in which there is an enforcement investigation ongoing, or in prospect, the results of which may call into question the *candidate's* fitness and properness, but at the time of application there are no or insufficient grounds to refuse approval. The *candidate* may or may not be a subject of that investigation.
- 10C.12.17 G The *FCA* will generally limit an enforcement action time-limited approval for a period long enough to allow the investigation to be completed so far as relevant to the *candidate*. Imposing a time limitation on approval would allow the *FCA* to look at the situation in more detail after approval, with the benefit of all the facts arising from the investigation.
- 10C.12.18 G The policy on the length of time-limited approvals in *SUP* 10C.12.8G does not apply to time limitations of this type.

Competence and related conditions

- 10C.12.19 G The *FCA* may take the view that a *candidate* would meet the fit and proper requirement with an approval subject to either, or both, of the following:
- (1) one or more conditions; and/or
 - (2) a time limitation;
- who would not have met that requirement without the qualification.
- 10C.12.20 G *Firms* should not see the power to give approval on this basis as an opportunity to put forward sub-standard *candidates* in the knowledge that they are unlikely to gain unconditional approval but may scrape through by way of a qualified approval.
- 10C.12.21 G
- (1) The *FCA* is likely only to give a qualified approval on the basis described in *SUP* 10C.12.19G in limited circumstances.
 - (2) Generally, the *FCA* would only use this power in place of rejection where the deficiency is in only a relatively small proportion of the required job competencies.
 - (3) Lack of technical knowledge is more likely to be easier to remedy than a problem with personal characteristics.

- (4) The *FCA* is only likely to give its approval on this basis when the *candidate* has fallen short of the required standard by a reasonably small margin (a ‘near miss’).
- 10C.12.22 G One example of a conditional approval based on the competence of the *candidate* would be where the *candidate* would have met the fitness and properness standard but for a shortfall in the *candidate*’s technical knowledge and the shortfall is in a relatively narrow and specific area.
- 10C.12.23 G The *FCA* does not see this as being a probationary or standalone measure. The competency-related limitation would be time specific and linked to something that the *FCA* would wish to re-examine after the period has expired.
- 10C.12.24 G (1) When the *FCA* is imposing a competence-related condition where there is a shortfall, approval will only be granted on the condition that the *candidate* is required to undertake training or receive mentoring to eliminate the shortfall.
- (2) See *SUP* 10C.12.39G (role-limited approval) for an example of a shortfall in competence that is not dealt with by trying to remove it.
- 10C.12.25 G (1) An example of where a qualified approval based on competence may be used is for a *candidate* with proven management skills who is new to the role or the industry and requires some new technical knowledge for the new role.
- (2) For instance, a *candidate* for the role of a senior manager may have a proven track record as a senior manager but may lack detailed knowledge of a specific area, such as money laundering or of the technical details of prudential capital requirements.
- (3) A competence condition would require the *candidate* to undertake training in the area of shortfall after appointment.
- 10C.12.26 G (1) A competency-related approval is likely to be linked with a time-limited approval.
- (2) Under an approval of this kind, the *candidate* will be required to undertake the necessary training or other remedial measures.
- (3) The time for which the approval will last would be set to give the *firm* and the *candidate* a reasonable time to complete the measures.
- (4) At the end of the period, the *firm* would need to apply to the *FCA* to appoint the *candidate* on a permanent basis.
- 10C.12.27 G The *FCA* would only be likely to consider a qualified approval based on competence if it was sure that the *candidate* could achieve the

required level of competence within a specified period, which is unlikely to be more than 12 to 18 months.

- 10C.12.28 G (1) The *FCA* may give a conditional approval instead of rejection in cases where the condition does not relate to the *candidate's* abilities.
- (2) For example, the *FCA* may consider that the *candidate* is suitable only if the *candidate* refrains from, or ceases undertaking, certain actions and makes the approval conditional on that basis.
- (3) The *FCA* may require the *candidate* to go beyond the regulatory requirements in a given area.

- 10C.12.29 G (1) An example of *SUP* 10C.12.28G is where a *firm* wishes to appoint someone as an executive director who has a number of non-executive directorships.
- (2) The *FCA* may be concerned about the potential impact of these other commitments on that individual's ability to devote sufficient time to the proposed role with the *firm*.
- (3) In this situation, it might be appropriate to attach a condition to the individual's approval requiring that person to resign from some of their non-executive directorships.

Role-limited

- 10C.12.30 G A role-limited approval means:
- (1) a time-limited approval; or
- (2) a condition;
- relating to the nature or scope of the *candidate's* role.
- 10C.12.31 G One example of a role-limited approval relates to the fact that the size, nature, scope and complexity of a *firm's* activities can change over time. An individual may be fit and proper to perform a *senior management function* at a certain *firm* at a point in time but the *FCA* may wish to re-assess that individual if the *firm's* situation changes.
- 10C.12.32 G It is not *FCA* policy to impose role-limited approvals routinely for all *firms* or for a certain category of *firm*. For example, there is no blanket policy that approval of a *candidate* for a post in a small *firm* would be subject to a qualification based on the *firm* remaining small.
- 10C.12.33 G Where a *firm* is expanding or transforming its business model or its risk profile and there are identifiable upcoming milestones, the *FCA* may wish to link the duration of a *candidate's* approval to these milestones.

- 10C.12.34 G If the change is likely to occur in the near future and the details are clear, the *FCA* may consider its approval of the application in the light of this proposed change.
- 10C.12.35 G
- (1) Very often it will be uncertain whether a change in circumstances will happen at all, the details may not yet be known or the timing may be uncertain.
 - (2) In that case, the *FCA* may, subject to (3), make its judgement based on the *candidate's* proposed role, without taking into account the possible change. This reflects the fact that the judgement of whether a *candidate* is fit and proper takes into account the role that they are actually going to play.
 - (3) However, to reflect the possible change, the *FCA* would give a time-limited approval that would come to an end on the occurrence of the milestone.
 - (4) The *firm* could then apply for a new and possibly unqualified approval.
- 10C.12.36 G An example under *SUP* 10C.12.35G is as follows.
- (1) In this example:
 - (a) an individual is to perform an *FCA-designated senior management function* in an unlisted *firm* which currently operates only in the *UK*; and
 - (b) the *firm* is planning a listing and a string of acquisitions which are projected to treble the size of its balance sheet and give it a global footprint over the next three years, but the *candidate* has never worked for an institution as large or as complex.
 - (2) In this situation:
 - (a) it may be appropriate to limit the *candidate's* approval to a specified period. If the projected time for completing the transactions is three years, the approval would be for three years; or
 - (b) it may be appropriate to draft the time limitation by reference to the milestone. For example, the approval might be expressed to come to an end at the point at which the *firm's* balance sheet exceeds a certain size.
- 10C.12.37 G The policy on the length of time-limited approvals in *SUP* 10C.12.8G does not apply to time limitations of this type.

- 10C.12.38 G Another way of dealing with a *firm* that plans to reorganise itself but has not made a firm decision to do so or worked out the details, is to make the approval subject to the condition that the nature or scope of the *candidate's* role should not change. The *firm* could apply for the condition to be removed once the plans are ready to be carried out.
- 10C.12.39 G (1) Another example of a limited-role approval is where:
- (a) a *candidate* is not competent to carry out all the functions that are capable of falling within the *FCA-designated senior management function* for which approval is sought; but
 - (b) the *candidate* will be fit to carry out most of them; and
 - (c) the *firm* has adequate arrangements to deal with the other aspects.
- (2) In such circumstances, the condition would be that the *candidate* does not get involved in the aspects of the role for which that *candidate* is not competent, as specified in the condition.

Condition not based on fitness

- 10C.12.40 G The power to impose a conditional or time-limited approval:
- (1) does not depend on the *candidate* being unfit without that condition or limit; and
 - (2) need not be related to the *candidate's* ability to do the job properly (see *SUP* 10C.12.28G).
- 10C.12.41 G One example of a conditional approval when the *candidate* is fit and proper and able to do the job is to support supervisory action in relation to the *firm*. So, if a *firm* is running a remedial programme, it may be a condition of the *candidate's* approval that the *candidate* takes responsibility for aspects of that programme.
- 10C.12.42 G Although it is not general *FCA* policy to use the power to give qualified approval as a probationary measure, there may be circumstances where a *firm* wants to appoint a *candidate* to perform an *FCA-designated senior management function* who, although fit and proper, may, in the role, be responsible for the *firm's* approach to dealing with particularly unusual or severe challenges in the near future. In this situation, it might be appropriate to approve the *candidate* subject to a time limit with a view to reassessing that *candidate* for a permanent position in due course.
- 10C.12.43 G In this scenario, the time-limited approval may be accompanied by a condition requiring the *candidate* to:

- (1) complete an action or deliverable on or before the end of the time limit, eg a requirement on the acting Head of Sales to produce a revised strategy for treating customers fairly within the next six months; and
- (2) refrain from taking specific actions or decisions associated with the role until that person receives permanent approval, eg ; a requirement not to introduce a new sales channel until they receive permanent approval.

Effects of a breach of condition

10C.12.44 G The provisions in:

- (1) section 59 of the *Act* that say a *firm* should take reasonable care to ensure that no *person* performs a *controlled function* without approval (see *SUP* 10C.10.3G); and
- (2) section 63A of the *Act*, under which a *person* performing a *controlled function* without approval may be subject to a penalty (see *SUP* 10C.10.4G);

apply not only to the performance of an *FCA-designated senior management function* by someone who has not been approved to perform that function but also to the performance of an *FCA-designated senior management function* for which the person has been approved in breach of a condition or time limitation.

10C.12.45 G Sections 59 and 63A of the *Act* show that failure to observe a condition does not in itself necessarily invalidate an approval. Instead, both the *firm* and the *SMF manager* may be subject to a penalty for breach of the *Act*. Such a failure may also:

- (1) involve a breach of *FCA rules* by the *firm* and a breach by the *SMF manager* of *COCON*; and
- (2) call into question the fitness of the *SMF manager*.

10C.12.46 G For example, if an *SMF manager* is subject to a role-limited condition under which the *SMF manager* is not allowed to carry out certain specified aspects of the *FCA-designated senior management function* but the *SMF manager* goes ahead and carries out those aspects, the *SMF manager's* approval does not automatically come to an end. Instead, both the *firm* and the *SMF manager* may be subject to a financial penalty.

10C.12.47 G However the *Act* does allow a condition to be drafted in such a way that the approval ends if the condition is not met or is no longer met.

10C.13 Variation of conditional and time-limited approvals

Purpose

10C.13.1 G This section deals with variation of a conditional approval at the:

- (1) request of the *firm*; and
- (2) initiative of the *FCA*.

10C.13.2 G (1) In particular, this section sets out the *FCA*'s policies about varying conditional approvals at the request of a *firm*, as required by section 63ZD of the *Act* (Statement of policy relating to conditional approval and variation).

- (2) This section does not deal with the *FCA*'s policies on varying a condition on its own initiative. *DEPP* 8 deals with that. However this section gives a short description of the *FCA*'s powers to impose such variations.

Variation of a conditional approval at the request of the firm: general description

10C.13.3 G A *firm* may apply to the *FCA* to change a conditional or time-limited approval. The changes for which a *firm* may apply are:

- (1) a variation of the condition;
- (2) removal of the condition;
- (3) the imposition of a new condition; or
- (4) where the approval is time-limited:
 - (a) varying the time limit; or
 - (b) removing the time limit.

10C.13.4 G (1) There are requirements about whether the *firm* applying for a change described in *SUP* 10C.13.3G should apply to the *FCA* or the *PRA*. Paragraphs (2) to (3) summarise these requirements.

- (2) If the *firm* is applying for the imposition of a new condition, the *firm* should apply to the *FCA* if the approval to which the application relates was given by the *FCA*.
- (2A) If a *firm* is applying for a change of the type described in *SUP* 10C.13.3G(1) or *SUP* 10C.13.3G(2), the *firm* should (subject to (2C)) apply to the *FCA* if the *FCA* imposed that condition, even if the approval was given by the *PRA*.

- (2B) If a *firm* is applying for a change of the type described in SUP 10C.13.3G(4), the *firm* should subject to (2C)) apply to the *FCA* if the *FCA* imposed that time limit, even if the approval was given by the *PRA*.
- (2C) Where the time limit or condition has been varied before and the *FCA* was the last to vary it, the *firm* should apply to the *FCA*. This applies whether the variation was made on the application of the *firm* or on the initiative of the *FCA* or the *PRA*.
- (3) In other cases, the application should be to the *PRA*.
- 10C.13.5 G The right to apply for a variation does not include the right to apply for a time limitation where the current approval has effect for an unlimited period.
- 10C.13.5A G The procedures described in this section for the variation of an approval at the request of a *firm* do not apply where the condition or time limit has effect by virtue of section 66 of the *Act* (Disciplinary powers).

Variation of a conditional approval at the request of the firm: process

- 10C.13.6 D An application by a *firm* to the *FCA* under section 63ZA of the *Act* (Variation of senior manager's approval at request of ~~relevant~~ authorised persons) must be made by using Form I (~~SUP 10C Annex 4D~~) (SUP 10C Annex 8D).
- 10C.13.7 G (1) An application under SUP 10C.13.6D should be accompanied by a *statement of responsibilities* for the *approved person* concerned.
- (2) See SUP 10C.11 (Statements of responsibilities) for more details.
- 10C.13.8 G SUP 10C.15 (Forms and other documents and how to submit them to the *FCA*) explains how applications to vary a conditional approval should be submitted.
- 10C.13.9 G The *FCA* has until the end of the period of three months from the time it receives a properly completed application to consider the application and come to a decision.
- 10C.13.10 G The *FCA* must either grant the application or, if it proposes not to grant an application, issue a *warning notice* (see DEPP 2).
- 10C.13.11 G The *FCA* may refuse an application if it appears to the *FCA* that it is desirable to do so to advance one or more of its *operational objectives*.
- 10C.13.12 G Before making a decision to grant the application or give a *warning notice*, the *FCA* may ask the *firm* for more information. If it does this,

- the three-month period in which the *FCA* must determine a completed application:
- (1) will stop on the day the *FCA* requests the information; and
 - (2) will start running again on the day on which the *FCA* finally receives all the requested information.
- 10C.13.13 G Whenever it grants an application, the *FCA* will confirm this in writing to all *interested parties*.
- 10C.13.14 G If the *FCA* proposes to refuse an application, it must follow the procedures for issuing *warning notices* and *decision notices* to all *interested parties*. The requirements relating to warning and decision notices are in *DEPP 2*.
- 10C.13.15 R A *firm* notifying the *FCA* of its withdrawal of an application for variation of an approval must use Form B (~~*SUP 10A Annex 5R*~~) (*SUP 10C Annex 4R*).
- 10C.13.16 G *SUP 10C.15* (Forms and other documents and how to submit them to the *FCA*) explains how notifications of withdrawal of an application should be submitted.
- 10C.13.17 G Under section 61(5) of the *Act* (Determination of applications), as applied by section 63ZA(8) of the *Act* (Variation of senior manager's approval at request of relevant authorised person), the *firm* may withdraw an application only if it also has the consent of:
- (1) the *approved person*; and
 - (2) the person by whom the *approved person* is employed if this is not the *firm* making the application.
- Variation of a conditional approval at the request of the firm: policy
- 10C.13.18 G The *FCA*'s policy on approving or refusing a request for a variation is the same as it is for imposing conditions on approval (see *SUP 10C.12* (Conditional and time-limited approvals)).
- 10C.13.19 G
- (1) An example of a situation in which the *FCA* would consider varying a condition would be a competency-related condition which required a training course to be completed (see, in particular, *SUP 10C.12.24G* for this type of condition).
 - (2) If the *firm* later concludes that a different course would be better, the *firm* may apply for a variation of the condition.
- 10C.13.20 G Another example of a situation in which the *FCA* would consider varying a condition would be a condition relating to a remedial

programme (see *SUP* 10C.12.41G). If the remedial programme is changed, it may be appropriate to change the condition.

- 10C.13.21 G (1) Other examples of where the *FCA* may agree to removing a condition are where:
- (a) the *approved person's* role has changed so that the reason for the condition originally being imposed no longer applies; or
 - (b) new information has come to light that removes any doubt about the *approved person's* competence so a condition is no longer necessary.
- (2) For example, the *FCA* may agree to removing a condition about the scope of the *approved person's* role of the type described in *SUP* 10C.12.39G.

- 10C.13.22 G See *SUP* 10C.12.38G for another example of a case where the *FCA* may agree to removing a condition (condition imposed pending reorganisation).

Variation of a conditional approval: action at the initiative of the *FCA*

- 10C.13.23 G Under section 63ZB of the *Act* (Variation of senior manager's approval on initiative of regulator), the *FCA* may vary an approval given by the *FCA* or the *PRA* for the performance of a *designated senior management function* if the *FCA* considers that it is desirable to do so to advance one or more of its *operational objectives*.

- 10C.13.24 G The *FCA* may vary an approval by:
- (1) imposing a condition;
 - (2) varying a condition;
 - (3) removing a condition;
 - (4) limiting the period for which the approval is to have effect; or
 - (5) removing or varying a time limit on an approval.

- 10C.13.25 G More information about the *FCA's* powers to vary a condition on its own initiative, including its policy on using these powers, can be found in *DEPP* 8.

10C.14 Changes to an *FCA*-approved person's details

Moving within a firm

- 10C.14.1 G (1) An *FCA-approved SMF manager's* job may change from time to time as a result, for instance, of a change in personal job responsibilities or a *firm's regulated activities*.
- (2) Where the changes will involve the *SMF manager* performing one or more *FCA-designated senior management functions* different from those for which approval has already been granted, an application must be made to the *FCA* for approval for the *SMF manager* to perform those *FCA-designated senior management functions*.
- (3) The *firm* must take reasonable care to ensure that an individual does not begin performing an *FCA-designated senior management function* until the *FCA* has granted *FCA-approved SMF manager* status to that individual for that *FCA-designated senior management function*.
- (4) Similarly, a *firm* must get the *FCA's* approval if an individual is to start performing an *FCA-designated senior management function* in relation to that *firm* when they already have the *PRA's* approval to perform a *PRA-designated senior management function* in relation to that *firm*.
- 10C.14.2 G (1) A *firm* should generally use Form E where an *approved person* is both ceasing to perform one or more *controlled functions* and needs to be approved in relation to one or more *FCA-designated senior management functions* within the same *firm* or *group*.
- (2) In certain cases, a *firm* should use Form A.
- (2A) When a *MiFID investment firm* (except a *credit institution*) notifies the *FCA* of a change using Form A or Form E, ~~they must~~ it may also have to submit the MiFID Article 4 SMR Information Form (see *SUP* 10C.10.9BD).
- (3) The details can be found in *SUP* 10C.10.8D to *SUP* 10C.10.9CG.

Moving between firms

- 10C.14.3 G If it is proposed that an *FCA-approved SMF manager*:
- (1) will no longer be performing an *FCA-designated senior management function* under an *arrangement* entered into by one *firm* or one of its contractors; but
- (2) will be performing the same or a different *FCA-designated senior management function* under an *arrangement* entered into by a new *firm* or one of its contractors (whether or not the new *firm* is in the same *group* as the old *firm*);

the new *firm* will be required to make a fresh application for the performance of the *FCA-designated senior management function* by that *person*.

- 10C.14.4 G In certain circumstances, when the *FCA* already has the information it would usually require, a shortened version of the relevant Form A may be completed. See ~~the notes relevant to each form~~ SUP 10C.10.8D to SUP 10C.10.8BD for full details.

Ceasing to perform an FCA-designated senior management function

- 10C.14.5 R (1) A *firm* must notify the *FCA* no later than ten *business days* after an *FCA-approved SMF manager* ceases to perform an *FCA-designated senior management function*.
- (2) It must make that notification by submitting to the *FCA* a completed Form C (~~SUP 10A Annex 6R~~ SUP 10C Annex 5R).
- (3) If:
- (a) the *firm* is also making an application for approval for that *approved person* to perform a *controlled function* within the same *firm* or *group*; and
- (b) ceasing to perform the *FCA-designated senior management function* in (1) has triggered a requirement to make that application for approval:
- (i) to the *FCA* using Form E (rather than a Form A) under SUP 10C.10.9D; or
- (ii) to the *FCA* using Form E (rather than a Form A) under SUP 10A; or
- (iii) to the *PRA* using the *PRA*'s Form E in accordance with the corresponding *PRA* requirements;

it must make the notification under (1) using that Form E.

- 10C.14.6 G SUP 10C.15 (Forms and other documents and how to submit them to the *FCA*) explains how notifications should be submitted.

- 10C.14.6A G (1) The *MiFID* authorisation and management body change notification ITS requires that a *MiFID investment firm* (except a *credit institution*) submit the information in Annex III of the *MiFID* authorisation and management body change notification ITS on the ESMA template where there is a change to a member of the *management body* or a *person* who effectively directs the business.

- (2) This means that a MiFID investment firm required to notify the FCA under (1) may also need to submit the Annex III information along with the Form C or Form E.
- 10C.14.7 R (1) A *firm* must notify the *FCA* as soon as practicable after it becomes aware, or has information which reasonably suggests, that it will submit a qualified Form C for an *FCA-approved SMF manager*.
- (2) Form C is qualified if the information it contains:
- (a) relates to the fact that the *firm* has dismissed, or suspended, the *FCA-approved SMF manager* from its employment;
- (b) relates to the resignation by the *FCA-approved SMF manager* while under investigation by the *firm*, the *FCA* or any other *regulatory body*;
- (c) otherwise reasonably suggests that it may affect the *FCA's* assessment of the *FCA-approved SMF manager's* fitness and propriety; or
- (d) includes a notification about the *FCA-approved SMF manager* under one of the provisions of the *Act* listed in *SUP* 10C.14.22R (notification of grounds for withdrawal of approval and disciplinary action).
- 10C.14.8 G (1) Notification under *SUP* 10C.14.7R may be made by telephone, email or fax and should be made, where possible, within one *business day* of the *firm* becoming aware of the information.
- (2) Oral notifications should be given directly to the *firm's* usual supervisory contact at the *FCA*. An oral notification left with another *person* or left on a voicemail, or other automatic messaging service, is unlikely to have been given appropriately.
- 10C.14.9 G A *firm* is responsible for notifying the *FCA* if any *FCA-approved SMF manager* has ceased to perform an *FCA-designated senior management function* under an arrangement entered into by its contractor.
- 10C.14.10 G (1) A *firm* can submit Form C or Form E (and ~~the~~ any MiFID Article 4 SMR Information Form required by SUP 10C.10.9BD) to the *FCA* in advance of the cessation date.
- (2) If the actual cessation date turns out to be different from the one notified in advance, the *firm* should notify the *FCA*.
- (3) If the *firm*:

- (a) does not submit Form C (including a qualified one), ~~the MiFID Article 4 SMR Information Form, or Form E,~~ following notification under *SUP 10C.14.7R*; or
- (b) submits a form in advance under (1) but it turns out that there is no requirement to have done so (because for example the *approved person* is staying in post);

it should inform the *FCA* in due course of the reason. This could be done using Form D, if appropriate.

10C.14.11 G (1) When a *person* ceases the arrangement under which they perform an *FCA-designated senior management function*, they will automatically cease to be an *FCA-approved SMF manager* in relation to that *FCA-designated senior management function*.

- (2) A *person* can only be an *FCA-approved SMF manager* in relation to a specific *FCA-designated senior management function*. Therefore, a *person* is not an *FCA-approved SMF manager* during any period between ceasing to perform one *FCA-designated senior management function* (when they are performing no other *FCA-designated senior management function*) and being approved for another *FCA-designated senior management function*.

10C.14.12 G Sending forms promptly will help to ensure that any fresh application can be processed within the standard response times.

Changes to an approved person's personal details

10C.14.13 R If an *FCA-approved SMF manager's* title, name or national insurance number changes, the *firm* for which the *person* performs an *FCA-designated senior management function* must notify the *FCA* on Form D (~~*SUP 10A Annex 7R*~~ *SUP 10C Annex 6R*), of that change within seven *business days* of the ~~firm~~ *firm* becoming aware of the matter.

10C.14.14 G The duty to notify in *SUP 10C.14.13R* does not apply to changes to an *FCA-approved SMF manager's* private address.

Changes to arrangements

- 10C.14.15 R (1) If any of the details relating to:
- (a) the arrangements in relation to any of a *firm's FCA-approved SMF managers*; or
 - (b) any *FCA-designated senior management functions* of one of its *FCA-approved SMF managers*;

are to change, the *firm* must notify the *FCA* on Form D (~~*SUP 10A Annex 7R*~~ *SUP 10C Annex 6R*).

- (2) The notification under (1) must be made as soon as reasonably practicable after the *firm* becomes aware of the proposed change.
- (3) This *rule* does not apply to anything required to be notified under section 62A of the *Act* (Changes in responsibilities of senior managers) or *SUP* 10C.11 (Statements of responsibilities).
- 10C.14.16 G *SUP* 10C.15 (Forms and other documents and how to submit them to the FCA) explains how notifications should be submitted.
- Revised statements of responsibilities
- 10C.14.17 G (1) Under section 62A of the *Act*, a *firm* should provide the *FCA* with a revised *statement of responsibilities* if there has been any significant change in the responsibilities of an *FCA-approved SMF manager*.
- (2) Details can be found in *SUP* 10C.11 (Statements of responsibilities).
- Notifications about fitness, disciplinary action and breaches of COCON
- 10C.14.18 R (1) If a *firm* becomes aware of information which would reasonably be material to the assessment of the fitness and propriety of an *FCA-approved SMF manager*, or of a *candidate* to be one (see *FIT*), it must inform the *FCA* either:
- (a) on Form D; or
- (b) if it is more practical to do so and with the prior agreement of the *FCA*, by email or fax;
- as soon as practicable and, in any case, within seven *business days*.
- (2) This *rule* does not apply to anything required to be notified under *SUP* 10C.14.7R (Qualified Form C).
- 10C.14.19 G *SUP* 10C.15 (Forms and other documents and how to submit them to the FCA) applies to the submission of Form D.
- 10C.14.20 G Failing to disclose relevant information to the *FCA* may be a criminal offence under section 398 of the *Act*.
- 10C.14.21 G The duty to notify in *SUP* 10C.14.18R extends to any circumstances that would normally be declared when giving the information required for section 5 of Form A or matters considered in *FIT* 2.

- 10C.14.22 R If a *firm* is required to notify the *FCA* about an *FCA-approved SMF manager* under any of the following:
- (1) section 63(2A) of the *Act* (Duty to notify regulator of grounds for withdrawal of approval); or
 - (2) [deleted]
 - (3) section 64C of the *Act* (Requirement for ~~relevant~~ authorised persons to notify regulator of disciplinary action);

it must give that notification:

- (4) under *SUP* 10C.14.5R (Form C) if that *rule* applies;
- (5) under *SUP* 10C.14.7R (Qualified Form C) if that *rule* applies; or
- (6) (in any other case) in accordance with *SUP* 10C.14.18R (Form D);

and in accordance with the requirements of this chapter (or if applicable the requirements of ~~*SUP* 10A or of the *PRA*~~) about submission of those forms.

10C.14.23 G The table in ~~*SUP* 10C.12.24G~~ *SUP* 10C.14.24G summarises what the relevant parts of the sections of the *Act* listed in ~~*SUP* 10C.12.22G~~ *SUP* 10C.14.22R say.

10C.14.24 G Table: Explanation of the sections of the *Act* mentioned in ~~*SUP* 10C.12.22G~~ *SUP* 10C.14.22R

Section	Summary of relevant parts	Other Handbook material	Comments
Section 63(2A) (Duty to notify regulator of grounds for withdrawal of approval)	At least once a year, each <i>firm</i> must, in relation to every <i>SMF manager</i> for whom an approval has been given on the application of that <i>firm</i> : (a) consider whether there are any grounds on which the <i>FCA</i> could		<i>FIT</i> sets out <i>guidance</i> on the factors a <i>firm</i> should take into account when assessing the fitness and propriety of an <i>approved person</i> .

	<p>withdraw the approval; and</p> <p>(b) if the <i>firm</i> is of the opinion that there are such grounds, notify the <i>FCA</i> of those grounds.</p>		
<p>Section 64C of the <i>Act</i> (Requirement for relevant authorised persons to notify regulator of disciplinary action)</p>	<p>If:</p> <p>(a) a <i>firm</i> takes disciplinary action in relation to an <i>SMF manager</i>; and</p> <p>(b) the reason, or one of the reasons, for taking that action is a reason specified in <i>SUP</i> 15.11.6R;</p> <p>the <i>firm</i> should notify the <i>FCA</i> of that fact.</p>	<p><i>SUP</i> 15.11 (Notification of COCON breaches and disciplinary action)</p>	<p>An example of when a notification should be made using Form C rather than Form D is when a <i>firm</i> is required to notify the <i>FCA</i> under section 64C of the <i>Act</i> that it has dismissed an <i>SMF manager</i>.</p>

- 10C.14.25 G (1) When considering how to notify the *FCA* under *SUP* 10C.14.18R or *SUP* 10C.14.22R, a *firm* should have regard to the urgency and significance of a matter. If appropriate, the *firm* should also notify its usual supervisory contact at the *FCA* by telephone or by other prompt means of communication, before submitting a written notification.
- (2) Oral notifications should be given directly to the *firm*'s usual supervisory contact at the *FCA*. An oral notification left with another *person* or left on a voicemail, or other automatic messaging service, is unlikely to have been given appropriately.

The need for complete and accurate information

- 10C.14.26 G (1) The obligations to supply information to the *FCA* under:
- (a) *SUP* 10C; or

(b) the sections of the *Act* listed in *SUP* 10C.14.22R;

apply notwithstanding any agreement (for example, a ‘COT 3’ Agreement settled by the Advisory, Conciliation and Arbitration Service (ACAS)) or any other arrangements entered into by a *firm* and an *employee* upon termination of the *employee’s* employment.

(2) A *firm* should not enter into any such arrangements or agreements that could conflict with its obligations under this section or the *Act*.

10C.14.27 G Failing to disclose relevant information to the *FCA* may be a criminal offence under section 398 of the *Act*.

Application of this section to PRA-approved persons

10C.14.28 R This section also applies to a notification to the *FCA* about a *PRA-approved SMF manager* who is not an *FCA-approved SMF manager* required by any of the provisions of the *Act* listed in *SUP* 10C.14.22R.

10C.14.29 R The *PRA’s rules* determine how a notification under *SUP* 10C.14.28R is to be made.

10C.14.30 G If a *firm* is required to notify the *FCA* about a *PRA-approved SMF manager* who is not an *FCA-approved SMF manager* under one of the sections of the *Act* referred to in *SUP* 10C.14.28R, it should make a single notification under the *PRA’s* requirements. There is no need for a separate notification to the *FCA*.

10C.15 Forms and other documents and how to submit them to the FCA

Purpose

10C.15.1 G The purpose of this section is to:

- (1) summarise the main forms and other documents used in this chapter; and
- (2) explain how they should be submitted to the *FCA*.

Forms and documents

10C.15.2 G The main forms and other documents used in this chapter are listed in *SUP* 10C.15.3G.

10C.15.3 G Table: FCA approved persons forms and other documents

Form or other document		Purpose	Handbook requirement
the The relevant Form A	SUP 10C Annex 2D <u>SUP 10C Annex 3D</u>	Application to perform <i>designated senior management functions</i> under the <i>approved persons regime</i>	<i>SUP</i> 10C.10.8D
Form B	SUP 10A Annex 5R <u>SUP 10C Annex 4R</u>	Notice to withdraw an application to perform <i>controlled functions</i> under the <i>approved persons regime</i>	<i>SUP</i> 10C.10.36R
		Notice to withdraw an application to vary an approval under the senior <u>management managers</u> regime for SMP <i>managers</i>	<i>SUP</i> 10C.13.15R
Form C	SUP 10A Annex 6R <u>SUP 10C Annex 5R</u>	Notice of ceasing to perform <i>controlled functions</i>	<i>SUP</i> 10C.14.5R
Form D	SUP 10A Annex 7R <u>SUP 10C Annex 6R</u>	Notification of changes in personal information or application details or functions	<i>SUP</i> 10C.14.13R
			<i>SUP</i> 10C.14.15R

		Notification about fitness or of breach of conduct rules	<i>SUP</i> 10C.14.18R <i>SUP</i> 10C.14.22R
Form E	<i>SUP</i> 10C Annex 3D <u><i>SUP</i> 10C Annex 7D</u>	Internal transfer of an <i>approved person</i>	<i>SUP</i> 10C.10.9D
Form I	<i>SUP</i> 10C Annex 4D <u><i>SUP</i> 10C Annex 8D</u>	Application to vary a conditional approval under the senior management regime for <i>SMF</i> managers	<i>SUP</i> 10C.13.6D
Form J	<i>SUP</i> 10C Annex 6D <u><i>SUP</i> 10C Annex 9D</u>	Notification of significant change to a <i>statement of responsibilities</i>	<i>SUP</i> 10C.11
Relevant <i>statement of responsibilities</i>	<i>SUP</i> 10C Annex 5D <u><i>SUP</i> 10C Annex 10D</u>		<i>SUP</i> 10C.11
MiFID Article 4 SMR Information Form	<i>SUP</i> 10C Annex 7D <u><i>SUP</i> 10C Annex 11D</u>		<i>SUP</i> 10C.11 <u><i>SUP</i> 10C.10.9BD</u>
Annex III template	https://www.fca.org.uk/publication/forms/mifid-changes-management-body-form.docx	As required by <i>MiFID II ITS</i> <u>the <i>MiFID</i> <i>authorisation</i> and <i>management body change notification</i> <i>ITS</i></u>	<i>SUP</i> 10C.10.9B <u><i>SUP</i> 10C.10.9AG</u> and <u><i>SUP</i> 10C.14.6AG</u>
Note: Some of the forms are also used in <i>SUP</i> 10A, which deals with the <i>approved persons</i> regime for <i>firms</i> that are not <i>relevant authorised persons</i> .			

Therefore:

(1) where column three refers to the *approved persons* regime, that includes the senior management regime for *SMF managers* in this chapter, as well as the regime in *SUP 10A* for *approved persons in firms* that are not *relevant authorised persons*;

(2) where column three refers to *approved persons*, that includes *SMF managers* in this chapter as well as other *approved persons in SUP 10A*

- 10C.15.4 G *SUP 10C Annex 1G 2G* gives examples of the circumstances in which the documents in *SUP 10C.15.3G* should be used.
- 10C.15.5 G Copies of the forms in *SUP 10C.15.3G* and of the *statement of responsibilities* may be obtained from the *FCA* website. *Credit unions* can obtain copies from the *FCA*'s Firm Contact Centre.
- 10C.15.6 G To contact the ~~FCA's~~ *FCA's* Customer Contact Centre for *approved persons* enquiries:

- (1) telephone: 0300 500 0597;
- (2) email: firm.queries@fca.org.uk; or
- (3) ~~fax: 020 7066 0017;~~ or ~~[deleted]~~
- (4) write to:

Customer Contact Centre

The Financial Conduct Authority

12 Endeavour Square

London

E20 1JN.

How to make applications and give notifications

- 10C.15.7 D (1) A *firm* other than a *credit union* must submit a document in column 1 of the table in *SUP 10C.15.10R*, in accordance with the corresponding requirement in column two of that table.
- (2) A *credit union* must submit a document in column 1 of the table in *SUP 10C.15.10R*, in accordance with the corresponding requirement in column three of that table.

- (3) This direction applies to the forms and other documents listed in the table in *SUP* 10C.15.10R that are submitted under a direction.
- 10C.15.8 R *SUP* 10C.15.7D also applies to the forms and other documents listed in the table in *SUP* 10C.15.10R that are submitted under a *rule*.
- 10C.15.9 G It is up to the *credit union* concerned to decide which of the methods of submission available to it under *SUP* 10C.15.10R it is going to use.
- 10C.15.10 R Table: Method of submission

Form or other document	Firms that are not credit unions	Credit unions
The relevant Form A	<i>SUP</i> 10C.15.11R	<i>SUP</i> 10C.15.11R or <i>SUP</i> 10C.15.14R
Form B	<i>SUP</i> 10C.15.14R	<i>SUP</i> 10C.15.14R
Form C	<i>SUP</i> 10C.15.11R	<i>SUP</i> 10C.15.11R or <i>SUP</i> 10C.15.14R
Form D	<i>SUP</i> 10C.15.11R	<i>SUP</i> 10C.15.11R or <i>SUP</i> 10C.15.14R
Form E	<i>SUP</i> 10C.15.11R	<i>SUP</i> 10C.15.11R or <i>SUP</i> 10C.15.14R
Form I	<i>SUP</i> 10C.15.11R	<i>SUP</i> 10C.15.11R or <i>SUP</i> 10C.15.14R
Form J	<i>SUP</i> 10C.15.11R	<i>SUP</i> 10C.15.11R or <i>SUP</i> 10C.15.14R
Relevant <i>statement of responsibilities</i>	In accordance with the requirements for the form with which it is submitted	In accordance with the requirements for the form with which it is submitted
MiFID Article 4 SMR Information Form	Submit at the same time as Form A and/or E	Not applicable
Annex <u>II</u> or III template	Submit at the same time as Form A, C and/or E	Not applicable

Method of submission: electronic submission

- 10C.15.11 R (1) An application or submission by a *firm* made under this *rule* must be made by submitting the form or document online at fca.org.uk using the *FCA* 's and *PRA* 's ~~Connect system~~ online notification and application system.
- (2) A *firm* must use the version of the form or document made available on the electronic system referred to in (1), ~~which~~ . If the form or document is included in an Annex to this chapter, that electronic version is based on the version found in the applicable Annex to this chapter ~~or to SUP 10A~~ (which are listed in *SUP* 10C.15.3G).
- (3) If the information technology systems used by the *FCA* fail and online submission is unavailable for 24 hours or more, *SUP* 10C.15.14R applies until such time as facilities for online submission are restored.
- 10C.15.12 G If the information technology systems used by the *FCA* fail and online submission is unavailable for 24 hours or more, the *FCA* and *PRA* will endeavour to publish a notice on their websites confirming that:
- (1) online submission is unavailable; and
- (2) the alternative methods of submission in *SUP* 10C.15.14R applies.
- 10C.15.13 G Where *SUP* 10C.15.11R(3) applies to a *firm*, *GEN* 1.3.2R (Emergency) does not apply.

Method of submission: other forms of submission

- 10C.15.14 R (1) An application or submission by a *firm* made under this *rule* must be made in the way set out in *SUP* 15.7.4R to *SUP* 15.7.9G (Form and method of notification).
- (2) ~~A~~ If the form or document is included in an Annex to this chapter, a *firm* must use the version of the form or document found in the applicable Annex to this chapter ~~or to SUP 10A~~ (which are listed in *SUP* 10C.15.3G).

10C.16 References and accurate information

References

- 10C.16.1 R (1) *SYSC* 22 (Regulatory references) says that if a *firm* (A):

- (a) is considering appointing a *person* (P) to perform any *controlled function* or certain other functions;
- (b) requests a reference from a *firm* (B) that is P's current or former *employer*; and
- (c) indicates to B the purpose of the request;

B should, as soon as reasonably practicable, give a reference to A.

- (2) This applies even if A is a *firm* to which SUP 10A (FCA Approved Persons) applies rather than this chapter.

10C.16.2 G SYSC 22 also requires *firms* to get a reference before applying to have someone approved as an *approved person*.

10C.16.3 G [deleted]

10C.16.4 G [deleted]

The need for complete and accurate information

10C.16.5 G (1) The obligations to supply information to:

- (a) the *FCA* under this chapter;
- (b) [deleted]

apply notwithstanding any:

- (c) agreement (for example a 'COT 3' Agreement settled by the Advisory, Conciliation and Arbitration Service (ACAS)); or
- (d) any other arrangements entered into by a *firm* and an *employee* upon termination of the *employee's* employment.

- (2) A *firm* should not enter into any such arrangements or agreements that could conflict with its obligations under this chapter.

10C.16.6 G Failing to disclose relevant information to the *FCA* may be a criminal offence under section 398 of the *Act*.

- (a) a UK SMCR banking firm;
- (b) an EEA SMCR banking firm; and
- (c) a third-country SMCR banking firm.

3.2 R Table: Controlled functions applying to banking firms

(1) Brief description of function	(2) Function number	(3) UK firm	(4) EEA firm	(5) Third-country firm
Governing functions				
<i>Executive director function</i>	SMF 3	✓	×	✓
<i>Chair of the nomination committee function</i>	SMF 13	✓	×	×
<i>Partner function</i>	SMF 27	✓	×	×
Required functions				
<i>Compliance oversight function</i>	SMF 16	✓	×	✓
<i>Money laundering reporting function</i>	SMF 17	✓	✓	✓
<i>Other overall responsibility function</i>	SMF 18	✓	×	×
<i>Other local responsibility function</i>	SMF 22	×	×	✓
Other high-level management functions				
<i>EEA branch senior manager function</i>	SMF 21	×	✓	×
<p>Note: The categories of <i>firm</i> in the column headings of this table are to be interpreted in accordance with the classification of <i>firms</i> in SUP 10C Annex 1 3.1R. Therefore:</p> <p>(1) column three (UK firm) refers to SUP 10C Annex 1 3.1R(2)(a);</p> <p>(2) column four (EEA firm) refers to SUP 10C Annex 1 3.1R(2)(b); and</p> <p>(3) column five (Third-country firm) refers to SUP 10C Annex 1 3.1R(2)(c).</p>				

Part Four: Functions applying to insurance sector firms

- 4.1 R (1) The table in *SUP 10C Annex 1 4.2R* sets out which *FCA controlled function* applies to which type of *SMCR firm* in the insurance sector as defined in Part Four of *SYSC 23 Annex 1* (Definition of insurance sector)..
- (2) *SMCR firms* in (1) are divided into the following categories for the purposes in (1):
- (a) a *Solvency II firm* not within any other paragraph of this rule;
- (b) a *Solvency II firm* within paragraph (c) of the *Glossary* definition of *Solvency II firm* (EEA branch);
- (c) a *Solvency II firm* within paragraph (b) of the *Glossary* definition of *Solvency II firm* (third country branch);
- (d) a *small non-directive insurer*;
- (e) a *firm* in *SYSC 23 Annex 1 4.2R* (*firms* in run-off); and
- (f) an *insurance special purpose vehicle*.
- (3) An *insurance special purpose vehicle* only falls into paragraph (2)(f). Subject to that, a *firm* in (2)(e) does not fall into any other paragraph.
- 4.2 G References to a *Solvency II firm* include a *large non-directive insurer*.
- 4.3 R Table: Controlled functions applying to insurance sector firms

(1) Brief description of function	(2) Function number	(3) Solvency II and large NDF	(4) EEA branches	(5) Third country branches	(6) Small NDF and other	(7) ISPV
Governing functions						
<i>Executive director function</i>	SMF 3	✓	×	✓	✓	✓
<i>Chair of the nomination committee function</i>	SMF 13	✓	×	×	×	×

<i>Chair of the with-profits committee function</i>	SMF 15	✓	×	✓	×	×
<i>Partner function</i>	SMF 27	✓	×	×	✓	×
Required functions						
<i>Compliance oversight function</i>	SMF 16	✓	×	✓	✓	✓
<i>Money laundering reporting function</i>	SMF 17	✓	✓	✓	✓	×
<i>Other overall responsibility function</i>	SMF 18	✓	×	×	×	×
<i>Other local responsibility function</i>	SMF 22	×	×	✓	×	×
<i>Conduct risk oversight (Lloyd's) function</i> See Note 2	SMF 23b	✓	×	×	×	×
Other high-level management functions						
<i>EEA branch senior manager function</i>	SMF 21	×	✓	×	×	×
<p>Note 1: The categories of <i>firm</i> in the column headings of this table are to be interpreted in accordance with the classification of <i>firms</i> at SUP 10C Annex 1 4.1R. Therefore:</p> <p>(a) column three (Solvency II and large NDF) refers to SUP 10C Annex 1 4.1R(2)(a);</p> <p>(b) column four (EEA branches) refers to SUP 10C Annex 1 4.1R(2)(b);</p> <p>(c) column five (Third country branches) refers to SUP 10C Annex 1 4.1R(2)(c);</p> <p>(d) column six (Small NDF and other) refers to SUP 10C Annex 1 4.1R(2)(d) and (e); and</p> <p>(e) column seven (ISPV) refers to SUP 10C Annex 1 4.1R(2)(f).</p>						
<p>Note 2: The <i>conduct risk oversight (Lloyd's) function</i> only applies to the <i>Society</i>.</p>						

- 4.4 R None of the *FCA controlled functions* apply to an *incoming EEA firm* that is an *EEA pure reinsurer* with respect to its *passported activities* carried on from a *branch* in the *United Kingdom*.

Delete the existing SUP 10C Annex 2D (Form A: Application to perform senior management functions) and replace it with a new annex. The text of the deleted annex is not shown. The text of the new annex is the same as what was SUP 10C Annex 1G (Summary of forms and their use in the senior management regime for SMF managers) before the insertion of a new SUP 10C Annex 1 by this instrument but is amended as shown.

10C **Summary of forms and their use in the senior ~~management~~ managers**
Annex **regime for ~~SMF~~ managers**
2G

Function	Form	Submission
(1) <i>Person</i> about to perform an <i>FCA-designated senior management function</i> if he has <u>they have</u> never been approved by the <i>FCA</i> or <i>PRA</i> before.	A	Submitted by the <i>firm</i> making the application before activities requiring approval commence.
(2) The <i>candidate</i> is to perform an <i>FCA-designated senior management function</i> and either: (a) has current approval to perform an <i>FCA controlled function</i> that is a <i>significant influence function</i> , an <i>FCA-designated senior management function</i> , or a <i>PRA controlled function</i> ; or (b) has had such an approval within the previous six <i>months</i> .	Shortened Form A if <u>the other</u> conditions met	Submitted by the <i>firm</i> making the application before activities requiring approval commence.
(3) <i>Candidate</i> ceased to be an <i>approved person</i> more than six months <u>months</u> ago.	A	Submitted by the <i>firm</i> making the application before activities requiring approval commence.
(4) Either: (a) <i>candidate</i> is seeking to perform an <i>FCA-designated senior management function</i> for the first time and has never been approved to perform an <i>FCA controlled function</i> that is a <i>significant influence function</i> or a <i>PRA controlled function</i> before; or (b) <i>candidate</i> ceased to have approval from the <i>FCA</i> or <i>PRA</i> to perform an <i>FCA controlled function</i> that is a <i>significant influence function</i> , an <i>FCA-designated</i>	A	Submitted by the <i>firm</i> making the application before activities requiring approval commence.

<i>senior management function</i> or a <i>PRA controlled function</i> more than six months ago.		
(5) <i>Firm</i> withdrawing an outstanding application to perform an <i>FCA-designated senior management function</i> .	B	Submitted by the <i>firm</i> : signed by all <i>interested parties</i> .
(6) <i>Person</i> ceasing to perform an <i>FCA-designated senior management function</i> .	C (unless it should be notified under Form E)	Submitted by the <i>firm</i> within seven <i>business days</i> of <i>approved person</i> ceasing to perform <i>controlled function(s)</i> .
(7) Either: (a) an <i>FCA-approved SMF manager's</i> title, name or national insurance number changes; or (b) there is information which may be material to the continuing assessment of an <i>FCA-approved SMF manager's</i> fitness and propriety.	D Form C to be used instead where the <i>person</i> is ceasing to perform a <i>controlled function</i>	Submitted by <i>firm</i> within seven <i>business days</i> of the <i>firm</i> becoming aware of the matter.
(8) <i>Firm</i> obliged to notify the <i>FCA</i> <u>about an <i>SMF manager</i></u> under: (a) section 63(2A) of the <i>Act</i> (Duty to notify regulator of grounds for withdrawal of approval); or (b) [deleted] (c) section 64C of the <i>Act</i> (Requirement for relevant authorised persons to notify regulator of disciplinary action).	Form D. Form C to be used instead where the <i>person</i> is ceasing to perform a <i>controlled function</i>	Submitted by <i>firm</i> within seven <i>business days</i> of the <i>firm</i> becoming aware of the matter. <i>A firm</i> should not use Form H as that form only applies to notifications relating to breaches by those who are not <i>SMF managers</i> .
(9) <i>Person</i> remaining with the same <i>firm</i> but changing <i>FCA-designated senior management functions</i> .	E	Submitted by <i>firm</i> to the <i>FCA</i> before changes take place.
(10) <i>Person</i> remaining with the same <i>firm</i> but giving up a <i>PRA controlled function</i> and taking up an <i>FCA-designated senior management function</i> .	E	Submitted by <i>firm</i> to the <i>FCA</i> before changes take place.
(11) <i>Person</i> remaining with the same <i>firm</i> but giving up an <i>FCA-designated senior</i>	E	Submitted by <i>firm</i> to the <i>PRA</i> before changes take place (see the <i>PRA's</i> requirements).

<i>management function and taking up a PRA-designated senior management function.</i>		
(12) <i>Person remaining with the same firm in the circumstances described in example 9 in the table in SUP 10C.7.3G (ceasing to perform a PRA controlled function triggering need for FCA approval to perform the other overall responsibility function).</i>	E	Submitted by <i>firm</i> to the FCA in advance of giving up the PRA controlled function.
(13) <i>Person with approval to perform the other overall responsibility function remaining with the same firm but ceasing to require approval to perform that function because of being approved to perform another controlled function (see the table in SUP 10C.7.3G for examples).</i>	E	Submitted by <i>firm</i> to: (a) the PRA (if the new function is a PRA controlled function); or (b) the FCA (if the new function is an FCA controlled function).
(14) <i>Person remaining with the same firm in the circumstances described in example 8 in the table in SUP 10C.9.9G (giving up a PRA controlled function triggering need for FCA approval).</i>	E	Submitted by <i>firm</i> to the FCA in advance of giving up the PRA controlled function.
(15) <i>Firm applying for the variation of a conditional approval.</i>	Form I	
(16) <i>Firm withdrawing an outstanding application to vary a conditional approval.</i>	Form B	Submitted by the <i>firm</i> : signed by all <i>interested parties</i> .
(17) Significant change to an <i>approved person's</i> responsibilities.	Form J Form J should not be used if the <i>firm</i> is also submitting a Form A, E or I for the same <i>SMF manager</i>	The revised <i>statement of responsibilities</i> should be included. A <i>statement of responsibilities</i> must be submitted in the format prescribed by the FCA (SUP 10C Annex 5D) (<u>SUP 10C Annex 10D</u>).
<u>(18) Person (P) has approval to perform a governing function under SUP 10A for an appointed representative of an SMCR firm (F). P then takes up an FCA-designated senior management function position with F</u>	<u>E</u>	<u>Submitted by F to the FCA before changes take place.</u> <u>F should use a Form E because P is treated as performing an FCA-designated senior management</u>

<u>itself and gives up their role with the appointed representative.</u>		<u>function within the same firm (F).</u>
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Delete the following annexes to SUP 10C. The deleted text is not shown

SUP 10C Annex 3D: Form E: Internal transfer of an approved person (for firms and individuals subject to the senior management regime)

SUP 10C Annex 4D: Form I: Application for the variation of a conditional approval for performance of a senior management function

SUP 10C Annex 5D: Statement of responsibilities

SUP 10C Annex 6D: Form J: Notification of significant change to a statement of responsibilities

SUP 10C Annex 7D: MiFID Article 4 SMR Information Form

Insert the following annexes in the appropriate position. The text (which consists of forms) is included in Part Three of Annex X of this instrument. The text in ordinary type underneath the Annex number and title is the title of the form to be included. Underlined text is to be included in the Handbook as a heading.

10C Annex 3D Form A: Application to perform senior management functions

Long Form A

Long Form A – Dual-regulated firms (including EEA and third country firms)

Long Form A – UK and overseas firms (not incoming EEA) for MiFID authorisation applications

Short Form A

Short Form A – Dual-regulated firms (including EEA and third country firms)

10C Annex 4R Form B: Notice to withdraw an application to perform controlled functions (including senior management functions)

Form B – Notice to withdraw an application to perform controlled functions (including senior management functions)

10C Annex 5R Form C: Notice of ceasing to perform controlled functions including senior management functions

Form C – Notice of ceasing to perform controlled functions including senior management functions

10C Annex 6R Form D: Notification: Changes to personal information/application details and conduct breaches/disciplinary action related to conduct

Form D – Notification: Changes to personal information/application details and conduct breaches/disciplinary action related to conduct

10C Annex 7D Form E: Internal transfer of a person performing a controlled function

Form E – Internal transfer of a person performing a controlled function for dual-regulated firms

10C Annex 8D Form I: Application to add, vary or remove a conditional approval for the performance of a senior management function

Form I – Application to add, vary or remove a conditional approval for the performance of a senior management function

10C Annex 9D Form J: Notification of significant changes in responsibilities of a person performing a senior management function

Form J – Notification of significant changes in responsibilities of a person performing a senior management function

10C Annex 10D Statement of responsibilities

Statement of responsibilities for dual-regulated SMCR firms

10C Annex 11D MiFID Article 4 SMR Information Form

MiFID Article 4 SMR Information Form

Amend the following as shown. Where a cross-reference is amended by paragraph F of this instrument, that change is not shown.

...

12 Appointed representatives

...

12.4 What must a firm do when it appoints an appointed representative or an EEA tied agent?

...

Appointment of an appointed representative (other than an introducer appointed representative)

...

- 12.4.2B G (1) A *firm* to which *SUP* 12.4.2AR applies should also have regard to *SYSC* 5.1 (Skills, knowledge and expertise). The requirements of the Training and Competence sourcebook (*TC*) and *guidance* in the Fit and Proper Test for ~~Approved Persons and specified significant harm functions~~ Employees and Senior Personnel (*FIT*) may also be relevant.

...

...

- 12.4.4 G In assessing, under *SUP* 12.4.2R(2)(b), whether an *appointed representative* or prospective *appointed representative* is otherwise suitable to act for the *firm* in that capacity, a *firm* should consider:

...

- (2) the fitness and propriety (including good character and competence) and financial standing of the *controllers, directors, partners, proprietors and managers* of the *person; firms* seeking *guidance* on the information which they should take reasonable steps to obtain and verify should refer to *FIT* and the questions in the relevant Form A (Application to perform controlled functions under the approved person regime) in *SUP* 10A Annex 4 ~~or in the PRA's rulebook~~.

...

12.6 Continuing obligations of firms with appointed representatives or EEA tied agents

...

Obligations of firms under the approved persons and senior managers regime

12.6.8

G ...

- (4) The *approved persons* regime for ~~relevant authorised persons~~ *SMCR firms* is in *SUP* 10C (FCA senior ~~management~~ managers regime for approved persons in ~~relevant authorised persons~~ *SMCR firms*), rather than *SUP* 10A. However, *SUP* 10A still applies to *approved persons* of *appointed representatives* of ~~relevant authorised persons~~ *SMCR firms* (see *SUP* 10A.1.16BR to *SUP* 10A.1.16DG and *SUP* 10C.1.8G for more about this).

...

The certification regime

12.6.16 G SYSC 27.4.2G explains the application of the certification regime in SYSC 27 to *appointed representatives of ~~relevant authorised persons~~ SMCR firms*. The certification regime does not apply to *firms* that are not *relevant authorised persons* SMCR firms.

...

13A Qualifying for authorisation under the Act

...

13A.6 Which rules will an incoming EEA firm be subject to?

...

13A.6.3 G ...

(2) An EEA SMCR firm ~~or Treaty firm~~ which is an ~~EEA relevant authorised person~~ should also refer to SUP 10C (FCA senior management managers regime for approved persons in ~~relevant authorised persons~~ SMCR firms).

...

13A Annex 1G Application of the Handbook to Incoming EEA Firms

...

(1) Module of Handbook	(2) Potential application to an incoming EEA firm with respect to activities carried on from an establishment of a firm (or its appointed representative) in the United Kingdom	(3) Potential application to an incoming EEA firm with respect to activities carried on other than from an establishment of the firm (or its appointed representative) in the United Kingdom
...
SYSC	... SYSC 19A, 19B, 19C and 19D do not apply.	...

	<p>...</p> <p><u>SYSC 23 to 27 apply with the modifications described in those chapters.</u></p>	<u>SYSC 23 to 27 do not apply</u>
<i>COCON</i>	<i>COCON</i> applies to employees of <i>firms</i> which are relevant authorised persons <u>SMCR firms</u> . See <i>COCON</i> 1.1 for detailed rules on the application of <i>COCON</i> .	Does not apply.
...
<i>APER</i>	<i>APER</i> applies to <i>approved persons</i> other than relevant authorised persons of firms other than SMCR firms <u>(APER 1.1A.1G)</u> . See below under <i>SUP</i> 10A as to whether <i>controlled functions</i> are performed, and approval therefore required.	Not relevant because <i>SUP</i> 10A does not apply.
...
<i>SUP</i>	...	...
	<p>SUP 10A (Approved persons)</p> <p>Applies to an <u>EEA firm that is not an SMCR firm</u>, but the applicable <i>controlled functions</i> are limited. See <i>SUP</i> 10A.1 (Application) for more detailed <i>guidance</i>. <i>SUP</i> 10A applies in a limited way in relation to an incoming EEA firm that is a Solvency II firm (see <i>SUP</i> 10A.1.8G).</p>	<p>SUP 10A (Approved persons)</p> <p>Does not apply (<i>SUP</i> 10A.1.6R).</p>

	<p>SUP 10C (FCA senior management regime for approved persons in relevant authorised persons) (FCA senior managers regime for approved persons in SMCR firms)</p> <p><u>Applies to EEA SMCR firms, but the applicable controlled functions are limited. See SUP 10C Annex 1 (What functions apply to what type of firm) for more details of what functions apply.</u></p>	<p>Applies to EEA incoming firms which are EEA relevant authorised persons, but the applicable controlled functions are limited. See SUP 10C.1 (Application) for more detailed guidance.</p> <p><u>Does not apply.</u></p>
...

...

15 Notifications to the FCA

15.1 Application

~~Relevant authorised persons~~ SMCR firms

15.1.7 R The following apply only to ~~relevant authorised persons~~ SMCR firms:

...

...

15.2 Purpose

...

15.2.5 G SUP 15.11 (Notification of COCON breaches and disciplinary action) provides *rules* and *guidance* on notifications to the FCA by a ~~relevant authorised person~~ an SMCR firm where the ~~relevant authorised person~~ SMCR firm takes disciplinary action in relation to any *conduct rules staff* and the reason for taking that action is a reason specified in *rules*

made by the *FCA*. This is a requirement imposed under section 64C of the *Act*.

...

15.3 General notification requirements

...

15.3.14A G ...

(4) *SUP* 10C.14 only applies to ~~relevant authorised persons~~ SMCR firms. *SUP* 10A.14 applies similar, but less extensive, obligations to firms that are not ~~relevant authorised persons~~ SMCR firms. Paragraphs (2) and (3) apply to those notifications as well. Such notifications should however be made under *SUP* 10A.14.

...

15.6 Inaccurate, false or misleading information

...

15.6.6A G *SUP* 15.11.13R(4) adjusts the time when, and how, ~~a relevant authorised person~~ an SMCR firm should make updates under *SUP* 15.6.4R about notifications under section 64C of the *Act* (Notification of disciplinary action against certain employees).

...

15.11 Notification of COCON breaches and disciplinary action

Reasons for making a notification to the FCA

15.11.1 G Under section 64A of the *Act*, the *FCA* may make *rules* about the conduct of *approved persons* and certain other *persons* who work for a *firm*.

15.11.2 G *COCON* sets out *rules* under section 64A of the *Act* and *guidance* on those *rules* for ~~relevant authorised person and insurers~~ SMCR firms.

15.11.3 G [deleted]

15.11.4 G Under section 64C of the *Act*, a *firm* must notify the *FCA* if it takes disciplinary action against certain people working for ~~a relevant authorised person~~ an SMCR firm and the reason for this action is a reason specified in *rules* made by the *FCA* (those *rules* are set out in *SUP* 15.11.6R).

15.11.5 G Disciplinary action against a *person* is defined in section 64C of the *Act* as the issuing of a formal written warning, the suspension or dismissal

- of that *person* or the reduction or recovery of any of such *person's* remuneration.
- 15.11.6 R If a reason for taking ~~the~~ disciplinary action as referred to in section 64C of the Act (Requirement for authorised persons to notify regulator of disciplinary action) is any action, failure to act or circumstance that amounts to a breach of *COCON*, then the ~~relevant authorised person~~ SMCR firm is required to notify the *FCA* of the disciplinary action.
- 15.11.6A G The effect of section 64C of the *Act* and *SUP* 15.11.6R is that the reporting obligation in section 64C of the *Act* and in this section:
- (a) only applies to ~~relevant authorised persons~~ SMCR firms; and
- (1)
- (b) only covers *persons* who are subject to *COCON* (who are called *conduct rules staff* in the *FCA Handbook*) rather than to the whole workforce of a ~~relevant authorised person~~ an SMCR firm.
- 15.11.7 G A *firm* should make a separate notification about a *person* under section 64C of the *Act* where:
- (1) it has made a notification to the *FCA* about ~~a~~ the person pursuant to *SUP* 15.3.11R(1)(a) because of a breach of *COCON*; and
- (2) it subsequently takes disciplinary action against the *person* for the action, failure to act, or circumstance, that amounted to a breach of *COCON*.
- 15.11.8 G If, after a *firm* has made a notification for a *person* (A) pursuant to section 64C of the *Act*, it becomes aware of facts or matters which cause it to change its view that A has breached *COCON*, or cause it to determine that A has breached a provision of *COCON* other than the provision to which the notification related, the *firm* should inform the *FCA* of those facts and matters and its revised conclusion in line with a *firm's* obligation to comply with *Principle* 11, *SUP* 15.6.4R and, if applicable, *SUP* 10C or *SUP* 15.11.13R(4).
- 15.11.9 G (1) If a *firm* takes disciplinary action as a result of a conduct breach (see *SUP* 15.11.6R) against an *employee* but the *employee* has appealed or plans to appeal, the *firm* should still report the disciplinary action under section 64C of the *Act* but should include the appeal in the notification.
- (2) The *firm* should update the *FCA* on the outcome of any appeal.
- 15.11.10 G [deleted]

- 15.11.11 G In relation to any *conduct rules staff*, the *FCA* does not expect a *firm* to notify it pursuant to section 64C of the *Act* if the breach of *COCON* occurred before the application of *COCON* to that *firm*.

Timing and form of notifications: SMF managers

- 15.11.12 G Where a *firm* is required to notify the *FCA* pursuant to section 64C of the *Act* and that notification relates to an *SMF manager*, *SUP* 10C sets out how and when the notification must be made, and the relevant *notification rules* in *SUP* 10C apply.

Timing and form of notifications: conduct rules staff other than SMF managers

- 15.11.13 R (1) A *firm* must make any notifications required pursuant to section 64C of the *Act* relating to *conduct rules staff* other than *SMF managers* in accordance with *SUP* 15.11.13R to *SUP* 15.11.15R.
- (2) That notification must be made annually.
- (3) Each notification must:
- (a) cover the 12 *month* period ending on the last day of August; and
- (b) be submitted to the *FCA*:
- (i) within two months of the end of the reporting period; or
- (ii) (if the end of the reporting submission period in (b)(i) falls on a *day* which is not a *business day*) so as to be received no later than the first *business day* after the end of that submission period.
- (4) *SUP* 15.6.4R and *SUP* 15.6.5R (updates to a notification that is or has become incorrect) apply to a notification under this *rule* but the *firm* must include the update or correction in the next notification it is due to make under this *rule* rather than in the time and manner otherwise required for notifications under those *rules*.
- (5) If a *firm* (other than a *credit union*) has nothing to report under section 64C of the *Act* and nothing to report under *SUP* 15.11.13R(4) for a particular reporting period, it must notify the *FCA* of that fact in accordance with *SUP* 15.11.13R to *SUP* 15.11.14R.

- 15.11.13A G *SUP 15.11.8G gives and SUP 15.11.9G(2) give examples of when a notification should be updated under SUP 15.11.13R(4).*
- 15.11.14 R (1) *A firm other than a credit union must make each notification pursuant to SUP 15.11.13R (notifications about section 64C of the Act relating to conduct rules staff other than SMF managers) by submitting it online through the FCA's website using the electronic system made available by the FCA for this purpose.*
- (2) *A firm must use the version of Form H (named REP008 – Notification of Disciplinary Action) made available on the electronic system referred to in (1), which is based on the version found in SUP 15 Annex 7R.*
- (3) *If the information technology systems used by the FCA fail and online submission is unavailable for 24 hours or more, SUP 15.11.15R applies until such time as the facilities for online submission are restored.*
- 15.11.14A G (1) *If the information technology systems used by the FCA fail and online submission is unavailable for 24 hours or more, the FCA will endeavour to publish a notice on its website confirming that:*
- (a) *online submission is unavailable; and*
- (b) *the alternative methods of submission in SUP 15.11.15R apply.*
- (2) *Where SUP 15.11.14R(3) applies to a firm, GEN 1.3.2R (Emergency) does not apply.*
- 15.11.15 R *A credit union must make each notification pursuant to SUP 15.11.13R (notifications about section 64C of the Act relating to conduct rules staff other than SMF managers) in accordance with the rules and guidance in SUP 15.7, using Form H as set out in SUP 15 Annex 7R.*
- 15.11.15A R (1) *If a firm to which SUP 15.11.14R applies fails to submit a completed notification under SUP 15.11.13R by the date on which it is due, in accordance with SUP 15.11.13R, the firm must pay an administrative fee of £250.*
- (2) *The administrative fee in (1) does not apply if the firm is unable to submit a report in electronic format within the time required because of a systems failure of the kind described in SUP 15.11.14R(3).*

General guidance on notifications of rule breaches and disciplinary action

- 15.11.17 G The obligation to notify pursuant to section 64C of the *Act* or to update or correct a notification under *SUP* 15.11.13R(4) does not replace or limit a *firm*'s obligation to comply with *Principle* 11.
- 15.11.18 G When considering whether to make a notification pursuant to section 64C of the *Act*, a *firm* should also consider whether a notification should be made under any *notification rules*, including, without limitation, any *notification rules* that require a notification to be made to the *PRA*.
- 15.11.19 G The obligations to make a notification pursuant to section 64C of the *Act* apply notwithstanding any agreement (for example a 'COT 3' Agreement settled by the Advisory, Conciliation and Arbitration Service (ACAS)) or any other arrangements entered into by a *firm* and an *employee* upon termination of the *employee's* employment. A *firm* should not enter into any such arrangements or agreements that could conflict with its obligations under this section.
- 15.11.20 G Failing to disclose relevant information to the *FCA* may be a criminal offence under section 398 of the *Act*.

...

15 Annex 7R **Form H: Form for the notification of disciplinary action relating to conduct rules staff (other than SMF managers) in relevant authorised persons SMCR firms**

Delete the form in *SUP* 15 Annex 7R and replace it with the new form titled "Notification of Disciplinary Action relating to conduct rules staff (other than SMF managers) in SMCR firms" as set out in Part Three of Annex X of this instrument. The deleted text is not shown.

Amend the following as shown.

...

TP 6 **Financial Services (Banking Reform) Act 2013: Approved persons**

Note to the reader

6.1.1-2 G (1) *SUP* TP 6 has not been amended to reflect changes in the *FCA Handbook and Glossary* since the beginning of 2018. This is because it is made up of transitional provisions that mostly expired before then.

- (2) A small number of provisions may have effect beyond that date. To help the reader, the table in SUP TP 6.1.1-1G explains how superseded *Glossary* terms in SYSC TP 5 should be interpreted.

6.1.1-1 G Table: Meaning of superseded Glossary terms

<u>Term in SYSC TP 5</u>	<u>Term that has replaced it</u>
<u>EEA relevant authorised person</u>	<i><u>EEA SMCR banking firm</u></i>
<u>non-UK relevant authorised person</u>	<i><u>an EEA SMCR banking firm or a third-country SMCR banking firm</u></i>
<u>relevant authorised person</u>	<i><u>SMCR banking firm</u></i>
<u>third-country relevant authorised person</u>	<i><u>third-country SMCR banking firm</u></i>
<u>UK relevant authorised person</u>	<i><u>UK SMCR banking firm</u></i>

...

Annex O

Amendments to the Decision Procedure and Penalties manual (DEPP)

In this Annex, underlining indicates new text and striking through indicates deleted text. Where a cross-reference is amended by paragraph F of this instrument, that change is not shown.

6 Penalties

...

6.2 Deciding whether to take action

...

Action against individuals under section 66 of the Act

...

6.2.7 G The *FCA* will not discipline individuals on the basis of vicarious liability (that is, holding them responsible for the acts of others), provided appropriate delegation and supervision has taken place (see *APER* 4.6.13G, *APER* 4.6.14G, *COCON* 4.1.8G and *COCON* 4.2.17G to *COCON* 4.2.24G). In particular, disciplinary action will not be taken against an *approved person* performing a *significant influence function* or a *senior conduct rules staff member* simply because a regulatory failure has occurred in an area of business for which they are responsible. The *FCA* will consider that an *approved person* performing a *significant influence function* may have breached *Statements of Principle* 5 to 7, or that a *senior conduct rules staff member* may have breached *rules* ~~SC1/SI1~~ to ~~SC4/SI4~~ in *COCON* 2.2, only if their conduct was below the standard which would be reasonable in all the circumstances at the time of the conduct concerned (see also *APER* 3.1.8AG and *COCON* 3.1.6G, as applicable).

...

6.2.9-E G When determining under section 66A(5)(d) of the *Act* whether or not an *SMF manager* has taken such steps as a person in their position could reasonably be expected to take to avoid the contravention of a relevant requirement by the *firm* occurring (or continuing), additional considerations to which the *FCA* would expect to have regard include, but are not limited to:

(1) the role and responsibilities of the *SMF manager* (for example, such steps as an *SMF manager* in a non-executive role could reasonably be expected to take may differ, depending on the circumstances, from those reasonably expected of an *SMF manager* in an executive role: see, for example, the *guidance* on the role and responsibilities

of non-executive directors for ~~relevant authorised persons~~ SMCR firms in COCON 1 Annex 1G);

...

...

6.5B The five steps for penalties imposed on individuals in non-market abuse cases

...

Step 2 – the seriousness of the breach

6.5B.2 G ...

- (3) This approach reflects the *FCA*'s view that an individual receives remuneration commensurate with his responsibilities, and so it is reasonable to base the amount of penalty for failure to discharge his duties properly on his remuneration. The *FCA* also believes that the extent of the financial benefit earned by an individual is relevant in terms of the size of the financial penalty necessary to act as a credible deterrent. The *FCA* recognises that in some cases an individual may be approved for only a small part of the work he carries out on a day-to-day basis. However, in these circumstances the *FCA* still considers it appropriate to base the relevant income figure on all of the benefit that an individual gains from the relevant employment, even if ~~his~~ their employment is not totally related to a ~~controlled function~~ controlled function.

...

...

8 Variation of SMF managers' approval on the FCA's own initiative

8.1 Introduction

8.1.1 G *DEPP* 8 sets out the *FCA*'s statement of policy on the exercise of its power under section 63ZB of the *Act* to vary, on its own initiative, an approval given by the *FCA* or the *PRA* for the performance of a *designated senior management function* in relation to the carrying on of a *regulated activity* by ~~a relevant authorised person~~ an SMCR firm. The *FCA* is required to publish this statement of policy by section 63ZD of the *Act*.

[**Note:** the *FCA*'s statement of policy on the exercise of its power under section 63ZA of the ~~Act~~ Act to vary an approval at the request of ~~a relevant authorised person~~ an SMCR firm is set out in *SUP* 10C]

...

Annex P

Amendments to the Dispute Resolution: Complaints sourcebook (DISP)

In this Annex, underlining indicates new text and striking through indicates deleted text. Where a cross-reference is amended by paragraph F of this instrument, that change is not shown.

1 Treating complainants fairly

...

1.3 Complaints handling rules

...

- 1.3.7 R (1) A *firm* must appoint an individual at the *firm*, or in the same *group* as the *firm*, to have responsibility for oversight of the *firm's* compliance with *DISP* 1.
- (2) The individual appointed must be carrying out a *FCA governing function* at the *firm* or in the same *group* as the *firm*.
- (3) If there are no individuals at the *firm* or in the same *group* as the *firm* within (2), the *firm* must appoint an individual of appropriate seniority.
- (4) A person approved to perform the *apportionment and oversight function* for the *firm* or for a *firm* in the same *group* as the *firm* satisfies the condition in (3).

...

1.10 Complaints reporting rules

...

- 1.10.2A R ...
- (3) For the purposes of *DISP* 1 Annex 1CR *retail investment adviser* information must be reported by:
- (a) the *employee's* Individual Reference Number (IRN); or
- (b) in the case of an *employee* of ~~a relevant authorised person~~ an *SMCR firm* who is performing an ~~*FCA specified significant-harm FCA certification function*~~ *FCA certification function* and has no IRN:

...

Annex Q

Amendments to the Credit Unions sourcebook (CREDS)

In this Annex, underlining indicates new text and striking through indicates deleted text. Where a cross-reference is amended by paragraph F of this instrument, that change is not shown.

2 Senior management arrangements, systems and controls

...

2.1 Application and purpose

...

- 2.1.3 G (1) ...
- (2) ~~SYSC 4 to SYSC 10 (other than SYSC 4.5 to SYSC 4.9 and SYSC 4 Annex 1)~~ and SYSC 14 do not apply to a *firm* (including a *credit union*) in relation to its carrying on *benchmark activities* (see SYSC 1 Annex 1 for the detailed *rules* on the application of SYSC 4 to SYSC 10).

...

...

2.2 General provisions

...

Governance and senior manager arrangements: general

- 2.2.65 G (1) ~~SYSC 4.5, SYSC 4.7 and SYSC 4.9~~ SYSC 23 to SYSC 27 have a number of requirements about the governance and senior management arrangements of *relevant authorised persons* SMCR firms.
- (2) A *credit union* is a type of ~~relevant authorised person~~ SMCR firm.
- (3) ~~SYSC 4.5, SYSC 4.7 and SYSC 4.9~~ SYSC 23 to SYSC 27 are summarised in *CREDS* 2.2.66G to *CREDS* 2.2.70G.
- (4) The *PRA*'s requirements about the subjects dealt with in ~~SYSC 4.5, SYSC 4.7 and SYSC 4.9~~ SYSC 23 to SYSC 27 are set out in its Rulebook. *CREDS* does not summarise them.

Governance and senior management arrangements: responsibilities maps

- 2.2.66 G (1) *SYSC 25* says that ~~a relevant authorised person~~ certain SMCR firms, including a *credit union*, should, at all times, have a comprehensive and up-to-date document that describes ~~its~~ their management and governance arrangements. This is called the *management responsibilities map*.
- (2) ~~SYSC 4.5.13G~~ SYSC 25.4.14G has *guidance* on *management responsibilities maps* for small *firms*, which is likely to be of particular relevance to *credit unions*.

Governance and senior management arrangements: allocation of senior management responsibilities

- 2.2.67 G ~~SYSC 4.7~~ says that ~~a relevant authorised person, including a credit union,~~ should:
- (1) SYSC 24 says that certain SMCR firms, including a credit union, should allocate a number of specified management responsibilities (called *FCA-prescribed senior management responsibilities*) to one or more of ~~its~~ their *SMF managers*; ~~and~~
- (2) SYSC 26 says that certain SMCR firms, including a credit union, should ensure that, at all times, one or more of ~~its~~ their *SMF managers* have overall responsibility for each of the activities, business areas and management functions of the *firm*.

...

- 2.2.69 G (1) The list of *FCA-prescribed senior management responsibilities* that a *credit union* should allocate is simpler than for most other ~~relevant authorised persons~~ SMCR firms.

...

...

Certification regime

- 2.2.71 G Under section 63E(1) of the *Act*, ~~a relevant authorised person~~ an SMCR firm (including a *credit union*) should take reasonable care to ensure that no employee of the *firm* performs an ~~FCA-specified significant-harm~~ FCA certification function under an arrangement entered into by the *firm* in relation to the carrying on by that *firm* of a *regulated activity*, unless the employee has a valid certificate issued by that *firm* to perform the function to which the certificate relates. The definition of employee for these purposes goes beyond a conventional employee and is explained in more detail in *SYSC 27.4.1G*. It includes volunteers or unpaid staff.
- 2.2.72 G *SYSC 27* gives details about the certification requirement described in *CREDS 2.2.71G* and sets out *rules* and *guidance* about it, including a list of ~~FCA-specified significant-harm~~ FCA certification functions.

...

8 Supervision

...

8.3 Approved persons

...

- 8.3.4 G (1) The regime for *approved persons* differs between ~~relevant authorised persons~~ SMCR firms and other types of *firm*.
- (2) A *credit union* is a type of ~~relevant authorised person~~ SMCR firm.
- (3) SUP 10C deals with the *approved persons* requirements for *credit unions* and other ~~relevant authorised persons~~ SMCR firms.
- 8.3.5 G (1) The *controlled functions* specified by the FCA for *credit unions* and other ~~relevant authorised persons~~ SMCR firms can be found in the table in SUP 10C.4.3R. SUP 10C Annex 1 sets out which of them apply to credit unions.
- (2) The *controlled functions* specified by the PRA for *credit unions* and other ~~relevant authorised persons~~ SMCR firms can be found in the PRA's Rulebook. They are not summarised in the *Handbook*.
- ...
- 8.3.8 G ...
- (3) *Designated senior management functions* only apply to ~~relevant authorised persons~~ SMCR firms, including *credit unions*.
- ...
- 8.3.9 G As well as listing the FCA's *designated senior management functions* for *credit unions* and other ~~relevant authorised persons~~ SMCR firms, SUP 10C has other requirements about *SMF managers*:
- ...

...

10 Application of other parts of the Handbook to credit unions

10.1 Application and purpose

...

Application of other parts of the Handbook and of Regulatory Guides to Credit Unions

10.1.3

G

Module	Relevance to Credit Unions
...	...
Senior Management Arrangements, Systems and Controls (SYSC)	<p><i>SYSC 1, SYSC 4 to 10 and SYSC 21 apply to all credit unions in respect of the carrying on of their regulated activities and unregulated activities in a prudential context. SYSC 4.5 (Management responsibilities maps for relevant authorised persons), SYSC 4.7 (Senior management responsibilities for relevant authorised persons: allocation of responsibilities), SYSC 4.9 (Handover procedures and material), SYSC 5.2 (Certification regime) SYSC 23 (Senior managers and certification regime: Introduction and classification), SYSC 24 (Senior managers and certification regime: Allocation of prescribed responsibilities), SYSC 25 (Senior managers and certification regime: Management responsibilities maps and handover procedures and material), SYSC 26 (Senior managers and certification regime: Overall and local responsibility), SYSC 27 (Senior managers and certification regime: Certification regime) and SYSC 18 apply to all credit unions in respect of both their regulated activities and their unregulated activities.</i></p>
...	...
<p>The Fit and Proper test for Approved Persons <u>Fit and Proper test for Employees and Senior Personnel (FIT)</u></p>	<p>The purpose of <i>FIT</i> is to set out and describe the criteria that a <i>firm</i> should consider when assessing the fitness and propriety of a person (1) in respect of whom an application is being made for approval to undertake a <i>controlled function</i> under the approved persons <u>senior managers</u> regime, (2) who has already been approved, (3) who is a <i>certification employee</i> or (4) whom a <i>firm</i> is considering appointing to be a <i>certification employee</i>.</p> <p>It also sets out and describes criteria that the <i>FCA</i> will consider when assessing the fitness and propriety of a <i>candidate</i> for a <i>controlled function</i> position and that it may consider when assessing the continuing fitness and propriety of <i>approved persons</i>.</p>
...	...
Supervision manual (SUP)	The following provisions of <i>SUP</i> are relevant to <i>credit unions</i> : <i>SUP 1A</i> (The <i>FCA</i> 's approach to supervision),

	<p><i>SUP 2</i> (Information gathering by the FCA or PRA on its own initiative), <i>SUP 3.1 to SUP 3.8</i> (Auditors), <i>SUP 5</i> (Skilled persons), <i>SUP 6</i> (Applications to vary or cancel Part 4A permission), <i>SUP 7</i> (Individual requirements), <i>SUP 8</i> (Waiver and modification of rules), <i>SUP 9</i> (Individual guidance), <i>SUP 10C</i> (FCA senior management <u>managers</u> regime for approved persons in relevant authorised persons <u>SMCR firms</u>), <i>SUP 11</i> (Controllers and Close links), <i>SUP 15</i> (Notifications to the FCA or PRA) and <i>SUP 16</i> (Reporting Requirements).</p> <p>...</p>
<p>...</p>	<p>...</p>

...

Annex R

Amendments to the Consumer Credit sourcebook (CONC)

In this Annex, underlining indicates new text and striking through indicates deleted text.

12 Requirements for firms with interim permission for credit-related regulated activities

12.1 Application and purpose

...

12.1.4 R Table: Disapplied or modified modules or provisions of the Handbook

Module	Disapplication or modification
...	...
Supervision manual (<i>SUP</i>)	<p><i>SUP</i> 3 (Auditors), <i>SUP</i> 10A (FCA Approved persons), <i>SUP</i> 10C (FCA senior management <u>managers</u> regime for approved persons in relevant authorised persons <u>SMCR firms</u>) and <i>SUP</i> 12 (Appointed representatives) (see Note 2) do not apply:</p> <p>(1) to a <i>firm</i> with only an <i>interim permission</i>; or</p> <p>(2) with respect to a <i>credit-related regulated activity</i> or <i>operating an electronic system in relation to lending</i> for which a <i>firm</i> has an <i>interim permission</i> that is treated as a variation of permission,</p> <p>except that <i>SUP</i> 3.10 and <i>SUP</i> 3.11 apply to a <i>firm</i> in relation to its <i>designated investment business</i> that comprises <i>operating an electronic system in relation to lending</i>.</p>
...	...

...

Annex S

Amendments to the Energy Market Participants guide (EMPS)

In this Annex, underlining indicates new text and striking through indicates deleted text.

1 Special guide for energy market participants

...

1.2 Parts of the Handbook applicable to energy market participants

...

1.2.3 G Applicability of parts of Handbook to energy market participants

This table belongs to *EMPS* 1.2.1G

	Part of Handbook	Applicability to energy market participants
High Level Standards	...	...
	Senior management arrangements, Systems and Controls (<i>SYSC</i>)	...
	<u>Code of Conduct</u> (<i>COCON</i>)	<u>This does not apply.</u>

	Statements of Principle and Code of Practice for Approved Persons (<i>APER</i>)	...

	<p>The <u>Fit and Proper test for Approved Persons</u> <u>Fit and Proper test for Employees and Senior Personnel</u> (<i>FIT</i>)</p>	...
...

Annex T

Amendments to the Oil Market Participants guide (OMPS)

In this Annex, underlining indicates new text and striking through indicates deleted text.

1 Special guide for oil market participants

...

1.2 Parts of the Handbook applicable to oil market participants

...

1.2.2 G Parts of the Handbook applicable to oil market participants

This table belongs to *OMPS* 1.2.1G

	Part of Handbook	Applicability to oil market participants
High Level Standards	...	...
	Senior management arrangements, Systems and Controls (<i>SYSC</i>)	...
	<u>Code of Conduct</u> (<i>COCON</i>)	<u>This does not apply.</u>

	Statements of Principle and Code of Practice for Approved Persons (<i>APER</i>)	...
	The Fit and Proper test for Approved	...

	<u>Persons Fit and Proper test for Employees and Senior Personnel (FIT)</u>	
...

Annex U

Amendments to the Service companies guide (SERV)

In this Annex, underlining indicates new text and striking through indicates deleted text.

1 Handbook requirements for service companies

...

1.2 Parts of the Handbook applicable to service companies

...

1.2.2 G Parts of the Handbook applicable to service companies

This table belongs to *SERV* 1.2.1G

	Part of Handbook	Applicability to service companies
High Level Standards	...	...
	Senior management arrangements, Systems and Controls (<i>SYSC</i>)	...
	<u>Code of Conduct</u> (<i>COCON</i>)	<u>This does not apply.</u>
	...	
	Statements of Principle and Code of Practice for Approved Persons (<i>APER</i>)	...
	The Fit and Proper test for Approved Persons <u>Fit and</u>	...

	<u>Proper test for Employees and Senior Personnel (FIT)</u>	
...

Annex V

Amendments to General guidance on Benchmark Administration, Contribution and Use (BENCH)

In this Annex, underlining indicates new text and striking through indicates deleted text.

...

2 Parts of the Handbook applicable to regulated benchmark administrators and benchmark contributors

2.1 Parts of the Handbook applicable to regulated benchmark administrators

...

2.1.2 G Parts of the *Handbook* applicable to the *regulated activity of administering a benchmark*.

	Part of the Handbook	Applicability to the <i>regulated activity of administering a benchmark</i>
High Level Standards	...	
	Statements of Principle and Code of Practice for Approved Persons (<i>APER</i>)	This applies to an <i>approved person</i> of a <i>firm</i> that is not a relevant authorised person <u>an SMCR firm</u>
	Code of Conduct sourcebook (<i>COCON</i>)	This applies to <i>conduct rules staff</i> of relevant authorised persons <u>SMCR firms</u> .
	The Fit and Proper test for Approved Persons and specified significant-harm functions <u>Employees and Senior</u>	...

	<u>Personnel</u> (FIT)	
	...	
...		
Regulatory Processes	Supervision Manual (SUP)	<p>This applies subject to the following qualifications:</p> <p>(a) ...</p> <p>(b) SUP 10A only applies to a <i>regulated benchmark administrator</i> which is not a relevant authorised person <u>an SMCR firm</u> (but not all <i>controlled functions</i> apply to a <i>firm</i> which only has <i>permission</i> to carry on the <i>regulated activity</i> of <i>administering a benchmark</i>).</p> <p>(c) SUP 10C only applies to a <i>regulated benchmark administrator</i> which is a relevant authorised person <u>an SMCR firm</u>.</p>
	...	
...		

Annex W

Amendments to the Enforcement Guide (EG)

In this Annex, underlining indicates new text and striking through indicates deleted text.

9 Prohibition Orders and withdrawal of approval

...

9.3 Prohibition Order and withdrawal of approval - approved persons

...

9.3.2 When the *FCA* decides whether to make a *prohibition order* against an *approved person* and/or withdraw their approval, the *FCA* will consider all the relevant circumstances of the case. These may include, but are not limited to those set out below.

...

(3) Whether, and to what extent, the *approved person* has:

- (a) failed to comply with the *Statements of Principle* or *COCON*, as applicable, issued by the *FCA* with respect to the conduct of *approved persons*; or

...

...

...

9.3.5 The following are examples of types of behaviour which have previously resulted in the *FCA* the deciding to issue a *prohibition order* or withdraw the approval of an *approved person*:

...

- (5) Serious breaches of ~~the~~ *Statements of Principle* *APER* or *COCON*, for *approved persons*, such as failing to make terms of business regarding fees clear or actively misleading clients about fees; acting without regard to instructions; providing misleading information to clients; consumers or third parties; giving clients poor or inaccurate advice; using intimidating or threatening behaviour towards clients and former clients; failing to remedy breaches of the general prohibition or to ensure that a *firm* acted within the scope of its permissions.

...

15 Disqualification of auditors and actuaries

...

15.2 Disqualification of auditors and actuaries under its powers contained in section 345, section 249 and section 261K of the Act: the FCA’s general approach

...

15.2.2 *Actuaries appointed by firms under rule 4.3.1 of the FCA’s Supervision Manual are approved persons and as such will be subject to the FCA’s ~~Statements of Principle and Code of Practice for Approved Persons APER or COCON~~, as applicable. When deciding whether to exercise its power to disqualify an actuary who is an approved person, the FCA will consider whether the particular breach of duty can be adequately addressed by the exercise of its disciplinary powers in relation to approved persons.*

...

App 3 Appendix 3 – Appendix to the guidelines on investigation of cases of interest or concern to the financial conduct authority and other prosecuting and investigating agencies

App 3.1 The FCA

...

3.1.4 The FCA has the power to take the following enforcement action:
discipline authorised firms under Part XIV of the 2000 Act and approved persons and other individuals under s.66 of the 2000 Act;
impose penalties on persons that perform ~~controlled functions~~ controlled functions without approval under s.63A of the 2000 Act;

...

...

Annex X

Handbook forms

All the text in this Annex is new and so it is not underlined. The forms are to be inserted in the place specified in paragraph H of the cover sheet of this instrument.

Part 1: Comes into force 10 September 2018

Application number
(for FCA use only)

Form K - Conversion Notification Form

Solvency II¹ and large non-directive firms²

FCA Handbook Reference: SUP TP 10.23.1R

If a *firm* intends that any *individual* will not perform any *controlled function* that they would be eligible to take up through conversion (including those functions where information is not required to be submitted in this form), it should submit a Form C (notice of ceasing to perform *controlled functions*) accordingly.

Name of *firm*

Firm Reference Number (FRN)

Financial Conduct Authority
12 Endeavour Square
Stratford
London E20 1JN
United Kingdom

Telephone +44 (0) 300 500 0597

E-mail firm.queries@fca.org.uk

Website <http://www.fca.org.uk>

Registered as a Limited Company in England and Wales No 1920623. Registered Office as above

¹ Including EEA and Third Country branches but excluding *Insurance Special Purpose Vehicles*

² Please see the *FCA Handbook Glossary* for the definitions of *large non-directive insurer* and *small non-directive insurer*.

1.01 Contact for this notification

1.01 Title	
1.02 First name	
1.03 Surname	
1.04 Job title	
1.05 Business address	
1.06 Postcode	
1.07 Phone number	
1.08 Email address	
1.09 Mobile number	

2.01 The table below provides a breakdown of possible applicable *senior management functions*. Please tick all of the *senior management functions* which have been allocated in this conversion notification. Only those *senior management functions* potentially applicable to the *firm* types below are listed.

Function	Description of a <i>Senior Management Function</i>	Allocated
SMF 3	Executive Director	<input type="checkbox"/>
SMF13	Chairman of the Nomination Committee	<input type="checkbox"/>
SMF15	Chairman of With Profits Committee	<input type="checkbox"/>
SMF16	Compliance Oversight	<input type="checkbox"/>
SMF17	Money Laundering Reporting Officer (MLRO)	<input type="checkbox"/>
SMF18	Other overall responsibility function	<input type="checkbox"/>
SMF21	EEA Branch Senior Manager (EBSM)	<input type="checkbox"/>
SMF22	Other local responsibility function	<input type="checkbox"/>
SMF23b	Conduct Risk Oversight Function (Lloyd's)	<input type="checkbox"/>

2.02 Provide details of each currently approved person who will perform a *senior management function* following the commencement date, in accordance with the Bank of England and Financial Services Act 2016 and SYSC 25 and SUP 10C of the *FCA Handbook*, and provide details of which *senior management functions* are to be carried out by each such *approved person*. **If this is an update to a previous conversion notification please complete Section 3.**

Function	Description of a <i>senior management function</i>	Name of <i>person to whom allocation of senior management function is proposed</i>	Current <i>controlled function(s)</i> held	IRN
SMF 3	Executive Director			

Function	Description of a <i>senior management function</i>	Name of <i>person to whom allocation of senior management function is proposed</i>	Current <i>controlled function(s)</i> held	IRN
SMF13	Chairman of the Nomination Committee			
SMF15	Chairman of With Profits Committee			
SMF16	Compliance Oversight			
SMF17	Money Laundering Reporting Officer (MLRO)			
SMF18	Other overall responsibility function			
SMF23b	Conduct Risk Oversight Function (Lloyd's)			

2.03 If you have submitted any applications for approval of *individuals* to perform one or more *significant influence functions* that are currently subject to determination by the *FCA* and any of these *individuals* will perform a *senior management function* following commencement date in accordance with the Bank of England and Financial Services Act 2016, and the [XXXX], provide details below of which *senior management functions* are to be carried out by each such *approved person*.

Function	Description of a <i>Senior Management Function</i>	Name of <i>person to whom allocation of senior management function is proposed</i>	<i>Controlled functions</i> applied for	IRN or application reference
SMF 3	Executive Director			
SMF13	Chairman of the Nomination Committee			
SMF15	Chairman of With Profits Committee			
SMF16	Compliance Oversight			
SMF17	Money Laundering Reporting Officer (MLRO)			
SMF18	Other overall responsibility function			
SMF23b	Conduct Risk Oversight Function (Lloyd's)			

3.01 If you need to update a previous conversion notification, please provide details of updates to the *firm's* Conversion Notification Form below.

IRN	Name of <i>individual</i>
Controlled Function	Proposed <i>Senior Management Function(s)</i>
Details of change and reasons for such change.	

IRN	Name of <i>individual</i>
Controlled Function	Proposed <i>Senior Management Function(s)</i>
Details of change and reasons for such change.	

Statements of Responsibilities and Management Responsibilities Map **Section 4**

4.01 Please attach a *statement of responsibilities* for each *individual* identified in this form as being converted to perform one or more *senior management functions*.
Please also attach the *firm's management responsibilities map*

4.02 How many additional sheets are being submitted?

Declaration

In this declaration, the *firm* making the notification in relation to each *individual* is referred to as the “**applicant**”.

The applicant must ensure that it has the authority of each *individual* in relation to whom it is making a notification for conversion to a *senior management function* to cause the information contained in this form relating to such *individual* to be submitted, and that it has made each such individual aware of their prospective regulatory responsibilities as set out in the *FCA*’s Code of Conduct (*COCOM*).

It is a criminal offence, knowingly or recklessly, to give the *FCA* information that is materially false, misleading or deceptive (see sections 398 and 400 of the Financial Services and Markets Act 2000).

The applicant must notify the *FCA* immediately if there is a change to the information in this form and/or if inaccurate information has been provided.

In addition to other regulatory responsibilities, *firms* and *approved persons* have a responsibility to disclose to the *FCA* matters of which it would reasonably expect to be notified. Failure to notify the *FCA* of such information may lead to the *FCA* taking disciplinary or other action against the *firm* and/or *individuals*.

For the purposes of complying with data protection legislation, please read the *FCA*’s privacy notice at <https://www.fca.org.uk/data-protection>. This notice will tell you what to expect when the *FCA* collects personal information, including how and why we use your personal information and who to contact if you have any queries or wish to exercise your rights.

The *person* signing on behalf of the applicant confirms that:

- they have read this declaration in full;
- they have confirmed that the information supplied is accurate and complete to the best of their knowledge, and that each *statement of responsibilities* submitted with this form accurately reflects the aspects of the affairs of the applicant which it is intended that the relevant *individual* will be responsible for managing in performing their proposed *senior management functions*.

Name of the applicant**Name of person signing on behalf of the applicant****Position****Signature****Date**

Part 2: Comes into force 1 November 2018



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY



FINANCIAL
CONDUCT
AUTHORITY

Application number or IRN
(for FCA/PRA use only)

Senior Management Regime: Statement of Responsibilities (Third Country Relevant Authorised Persons only)

This form applies to third country relevant authorised persons. It does not apply to UK relevant authorised persons, EEA relevant authorised persons, or appointed representatives of any relevant authorised person.

A statement provided under section 60(2A) of the *Act* (Applications for approval), including a statement revised under section 62A of the *Act* (Changes in responsibilities of senior managers).

For candidates for approval, this form **must** be submitted as an attachment to a Form A: application or a Form E application.

For significant changes to an existing *statement of responsibilities*, this form **must** be submitted as an attachment to a Form J notification or a Form I application or variation.

FCA Handbook Reference: SUP 10C, SYSC 4.6, SYSC 4.8

PRA Rulebook Reference: Senior Managers Regime - Applications and Notifications

1 November 2018

Name of *individual*
(to be completed by *firm*)

Name of *firm*
(as entered in 2.01)

Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London E14 5HS
United Kingdom

Telephone +44 (0) 300 500 0597

E-mail iva@fca.org.uk

Website <http://www.fca.org.uk>

Prudential Regulation Authority

20 Moorgate

London

EC2R 6DA

United Kingdom

Telephone +44 (0) 203 461 7000

Email PRA-ApprovedPersons@bankofengland.co.uk

Website www.bankofengland.co.uk/PRA

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime – Applications and Notifications' in the *PRA Rulebook*.

Personal identification details**Section 1**

1.01 Individual Reference Number (IRN)

1.02 Title
(e.g. Mr, Mrs, Ms, etc)

1.03 Surname

1.04 ALL forenames

1.05 Date of birth

1.06 National Insurance number

Firm identification details**Section 2**2.01 Name of *firm*2.02 *Firm* Reference Number (FRN)2.03 a Who should the *FCA/PRA* contact at the *firm* in relation
to this *statement of responsibilities*?

b Position

c Telephone

d Fax

e E-mail

I have supplied further information
related to this page in Section 4YES NO

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime – Applications and Notifications' in the *PRA* Rulebook.

A *statement of responsibilities* should be drafted to clearly show the responsibilities that the *candidate* or senior manager is to perform as part of their *controlled function* and how they fit in with the *firm's* overall governance and management arrangements. A *statement of responsibilities* should also be consistent with the *firm's management responsibilities map*.

A *statement of responsibilities* should be drafted in such a way as to be practical and useable by regulators. The FCA and the PRA consider that this would be achieved by succinct, clear descriptions of each responsibility which avoid unnecessary detail. Firms have the opportunity to provide details of each responsibility allocated to an individual using the free text boxes in this form. However, the PRA and FCA would not usually expect the description of each responsibility to exceed 300 words.

A *statement of responsibilities* must be a self-contained document. There should be one statement per senior manager per firm. Where an individual performs a senior management function on behalf of more than one firm within a group, one *statement of responsibilities* is required for each firm. Any supplementary information may be provided in section 4 (or if submitting electronically, in a **single** attachment). A statement of responsibilities must not cross-refer to or include other documents, attachments or links.

A *statement of responsibilities* should include responsibilities held in relation to FCA controlled functions that are included in a *PRA controlled function* under SUP 10C.9 (Minimising overlap with the *PRA* approved persons regime). (SUP 10C.11)

If the appropriate regulator considers that the *statement of responsibilities* is not sufficiently clear to be practical and usable, it could be challenged as part of a candidate's application for approval, or in ongoing supervision.

Details of the individual's responsibilities should be set out in sections 3.2 to 3.4, as appropriate:

- Section 3.2 covers those responsibilities required by regulators to be allocated to one or more senior managers.
- Section 3.3 covers having local responsibility for each of the business areas, activities, management functions and risks of the firm.
- Section 3.4 covers anything else, not otherwise included, for which a candidate or senior manager is to be responsible as part of their *FCA* and/or *PRA* senior management function(s) role.

3.1 Effective date and relevant Senior Management Functions

3.1.1 Please state the effective date of this *statement of responsibilities*:

Please note that where this is a revised *statement of responsibilities*, i.e. since the granting of the application, there has been a significant change in the aspects of the firm's affairs which the individual is responsible for managing in performing the function (for example, a change in allocation of responsibilities within the firm, or the senior manager is applying for a new or additional senior management function), then this *statement of responsibilities* supersedes any previous versions.

3.1.2 List all *senior management functions* which the *approved person* is to perform and the effective date the *person* commenced or will commence the performance of the functions.

SMF	Description	Tick SMF applied for or held	Effective Date
SMF2	Chief Finance function	<input type="checkbox"/>	
SMF3	Executive Director	<input type="checkbox"/>	
SMF4	Chief Risk function	<input type="checkbox"/>	
SMF5	Head of Internal Audit	<input type="checkbox"/>	
SMF7	Group Entity Senior Manager	<input type="checkbox"/>	
SMF16	Compliance Oversight	<input type="checkbox"/>	
SMF17	Money Laundering Reporting	<input type="checkbox"/>	
SMF19	Head of Overseas Branch	<input type="checkbox"/>	
SMF22	Other local responsibility function	<input type="checkbox"/>	

This *statement of responsibilities* is considered to automatically include the existing legal and regulatory obligations where they exist for these roles and functions (for example, the Money Laundering Reporting function). Such responsibilities do not need to be recorded in this statement, but any additional responsibilities should be recorded in the sections below.

3.1.3 Please indicate those FCA functions that are included in a PRA controlled function under SUP 10C.9 (Minimising overlap with the PRA approved persons regime).

SMF	Description	Yes?
SMF3	Executive Director	<input type="checkbox"/>

3.2 Prescribed Responsibilities

This section deals with those responsibilities to be allocated to one or more senior managers. The allocation of responsibilities under a statement of responsibilities should not reduce or alter the scope of any applicable prescribed responsibilities.

If the responsibilities that the candidate or senior manager is to carry out as described in the statement of responsibilities go beyond those set out in this section, those additional responsibilities should not reduce or alter the scope of the prescribed requirements set out in this section.

(FCA SUP 10C.11/PRA: Allocation of Responsibilities)

3.2.1 Please indicate below which of the responsibilities listed are/will be allocated to this individual, if any.

Note: the form includes references to provisions in the FCA Handbook which are also set out in the PRA Rulebook, sometimes in slightly different wording. Where this is the case, the underlying provisions should be interpreted as equivalent in substance unless indicated otherwise. Any differences are purely presentational.

If the individual has not been allocated a prescribed responsibility, please go to section 3.3.

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime – Applications and Notifications' in the PRA Rulebook.

Ref	Prescribed Responsibility (Applicable to all firms)	Does this prescribed responsibility apply?	Is this prescribed responsibility shared?
za	Responsibility for the branch's performance of its obligations under the senior management regime	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
zb	Responsibility for the branch's performance of its obligations under the employee certification regime	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
b-1	Responsibility for the firm's obligations in relation to individual conduct rules for training and reporting	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
zc	Responsibility for compliance with the requirements of the regulatory system about the management responsibilities map	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
zd	Responsibility for management of the UK branch's risk management processes in the UK	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
ze	Responsibility for the branch's compliance with the UK regulatory system applicable to the branch	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
zf	Responsibility for the escalation of correspondence from the PRA, FCA and other regulators in respect of the branch to the governing body and/or the management body of the firm or, where appropriate, of the parent undertaking or holding company of the firm's group	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
zg	Local responsibility for the branch's policies and procedures for countering the risk that the branch might be used to further financial crime	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
zh	Local responsibility for the branch's compliance with CASS	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
zi	Responsibility for management of the branch's systems and controls in the UK	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
zj	Responsibility for the allocation of all UK branch prescribed responsibilities	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
zk	Responsibility for the management of the branch's liquidity or, where a liquidity waiver is in place, the submission of information to the PRA on the firm's liquidity position	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>
zl	Responsibility for the production and integrity of the branch's financial information and its regulatory reporting in respect of its regulated activities	Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime – Applications and Notifications' in the PRA Rulebook.

3.2.2 If necessary, please provide additional information about each prescribed responsibility, including:

- A breakdown of the different components and tasks which the responsibility encompasses; and
- If applicable, details of any sharing arrangements including, if known, the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this prescribed responsibility with. The responsibility should be recorded in the same way in the statements of responsibilities for each individual.

Additional information must be relevant, succinct and not dilute or undermine the prescribed responsibility.

Ref	Prescribed Responsibility	Further Relevant Details



I have supplied further information
related to this page in Section 4

YES

NO

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime – Applications and Notifications' in the *PRA* Rulebook.

3.3 Local Responsibility

This section deals with having local responsibility for each of the business areas, activities and management functions of the firm.

Local responsibility is explained in SYSC 4.8. In summary, by local responsibility we mean:

- a) for a *person* who is allocated local responsibility under SYSC 4.8.10R(1), ultimate responsibility (under the *governing body* of the *branch*) for managing or supervising that function and primary and direct responsibility for briefing and reporting about that function to the branch's governing body or equivalent and for putting matters for decision about that function to the *branch's governing body* or equivalent. SYSC 4.8 states that, in general, the FCA expects that a *person* to whom overall responsibility for a function is allocated under SYSC 4.8.10R(1), will be the most senior employee or officer responsible for managing or supervising that function under the management of the *branch's governing body*;
- b) for a *person* who is allocated local responsibility under SYSC 4.8.10R(2), a *person* who is directly involved in the management of the relevant activity, business area or management function. SYSC 4.8 states that, the FCA expects that a *firm* appointing someone to have local responsibility for a function under SYSC 4.8.10R(2) will appoint the most senior employee or officer of the *firm* with responsibility for that activity, business area or management function.

(SYSC 4.8)

- 3.3.1 If the individual has local responsibility for any or part of the activities, business areas or management functions of a branch, please provide details of each in the table below.

Where responsibilities are shared (for example, a responsibility may be shared as part of a job share or where departing and incoming senior managers work together temporarily as part of a handover), please provide details of any sharing arrangements including, if known, the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this responsibility with. The responsibility should be recorded in the same way in the statements of responsibilities for each individual.

If the individual does not have local responsibility for an activity, business area or management function of the branch, please skip this section.

A *firm* may wish to refer to SYSC 4 Annex 1G (replicated in Annex A of this form) to help it make sure it has not failed to allocate local responsibility for a particular activity of the firm. Please note that the FCA does not require firms to organise themselves by the functions in SYSC 4 Annex 1G, and that the Annex is not comprehensive. It is important that a firm does not fail to allocate local responsibility for business areas, activities and management functions, in line with SYSC 4.8.10R.

Please provide a title for this local responsibility	Please provide further details of this local responsibility	Is this local responsibility shared? If 'Yes' please provide the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this responsibility with (where known)
		Yes / No
		Yes / No
		Yes / No



I have supplied further information related to this page in Section 4

YES

NO

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime – Applications and Notifications' in the *PRA* Rulebook.

3.4 Other Responsibilities

- 3.4.1 Please set out below anything else, not otherwise included in this statement, for which a candidate or senior manager is to be responsible as part of their *FCA* and/or *PRA* controlled function(s) role. For example, responsibilities outside the normal course of business such as those linked to high profile projects or initiatives.

Where responsibilities are shared (for example, a responsibility may be shared as part of a job share or where departing and incoming senior managers work together temporarily as part of a handover), please provide details of any sharing arrangements including, if known, the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this responsibility with. The responsibility should be recorded in the same way in the statements of responsibilities for each individual.

Please provide a title for this other responsibility	Please provide further details of this other responsibility	Is this other responsibility shared? If 'Yes' please provide the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this responsibility with (where known)
		Yes / No
		Yes / No
		Yes / No



I have supplied further information related to this page in Section 4

YES

NO

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime – Applications and Notifications' in the *PRA* Rulebook.

4.1 Is there any other information the *individual* or the *firm* considers to be relevant?

YES

NO

If yes, please provide details below or on a separate sheet of paper and clearly identify the section and question to which the additional information relates.

Question	Information

4.2 How many additional sheets are being submitted?

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime – Applications and Notifications' in the *PRA* Rulebook.

ANNEX A

SYSC 4
Annex 1G

The main business activities and functions of a relevant authorised person

Business areas and management functions	Explanation
(1) Payment services	<p>This means:</p> <p>(1) <i>payment services</i>;</p> <p>(2) issuing and administering other means of payment (for example, cheques and bankers' drafts);</p> <p>(3) issuing <i>electronic money</i>; and</p> <p>(4) current accounts.</p>
(2) Settlement	<p>This means clearing and settlement of any transactions described in rows (3) and (6) to (9) of this annex in relation to the assets covered by (9).</p> <p>It also includes clearing and settlement of any transactions described in row (10).</p>
(3) Investment management	<p>This has the same meaning as <i>managing investments</i> with the following adjustments:</p> <p>(a) it covers all types of assets; and</p> <p>(b) the exclusions in the <i>Regulated Activities Order</i> do not apply.</p> <p>It also covers fund management.</p>
(4) Financial or investment advice	This includes <i>advising on investments</i> .
(5) Mortgage advice	This has the same meaning as <i>advising on regulated mortgage contracts</i> but is expanded to cover land anywhere in the world and to cover security of any kind over land.
(6) Corporate investments	This means acquiring, holding, managing and disposing a <i>firm's</i> investments made for its own account.
(7) Wholesale sales	<p>This means the <i>selling</i> of any <i>investment</i> to a <i>person</i> other than a <i>retail customer</i>.</p> <p>It does not include the activities in (1).</p>
(8) Retail sales	<p>This means the <i>selling</i> of any <i>investment</i> to a <i>retail customer</i>.</p> <p>It includes savings accounts. It does not include the activities in (1).</p>
(9) Trading for clients	This means <i>dealing in investments as agent and execution of orders on behalf of clients</i> but the list of products includes money market instruments and foreign

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime – Applications and Notifications' in the *PRA* Rulebook.

Business areas and management functions	Explanation
	exchange.
(10) Market making	This has the same meaning as it does in <i>MIFID</i> (see the definition of market maker in article 4.1(8)).
(11) <i>Investment research</i>	
(12) Origination/syndication and underwriting	<p>Origination and syndication include:</p> <p>(1) entering into or acquiring (directly or indirectly) any commitment or <i>investment</i> with a view to transferring some or all of it to others, or with a view to others investing in the same transaction;</p> <p>(2) sub-participation; and</p> <p>(3) any transaction described in the <i>Glossary</i> definition of <i>originator</i>.</p> <p>Underwriting includes underwriting that is not on a firm commitment basis.</p> <p>A commitment or <i>investment</i> includes an economic interest in some or all of it.</p> <p>This activity also includes the provision of services relating to such transactions.</p>
(13) Retail lending decisions	<p>Deciding whether, and on what terms, to lend to <i>retail customers</i>.</p> <p>Lending includes granting credit, leasing and hire (including finance leasing).</p>
(14) Wholesale lending decisions	<p>Deciding whether, and on what terms, to lend to <i>persons</i> who are not <i>retail customers</i>.</p> <p>Lending includes granting credit, leasing and hire (including finance leasing).</p>
(15) Design and manufacturing of products intended for wholesale customers	Wholesale customers mean <i>persons</i> who are not <i>retail customers</i>
(16) Design and manufacture of products intended for <i>retail customers</i>	
(17) Production and distribution of marketing materials and communications	This includes <i>financial promotions</i>
(18) Customer service	This means dealing with <i>clients</i> after the point of sale, including queries and fulfilment of <i>client</i> requests
(19) Customer complaints handling	<p>This includes the <i>firm's</i> compliance with <i>DISP</i>.</p> <p>It also includes:</p> <p>(1) any similar procedures relating to activities that do not come under the jurisdiction of the <i>Financial Ombudsman</i></p>

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime – Applications and Notifications' in the *PRA* Rulebook.

Business areas and management functions	Explanation
	<i>Service</i> ; (2) activities that take place outside the <i>UK</i> ; and (3) activities that are not subject to any ombudsman service.
(20) Collection and recovering amounts owed to a <i>firm</i> by its customers Dealing with customers in arrears	“Customer” means any <i>person</i> falling into any of the definitions of <i>client</i> in the <i>Glossary</i> so far as they apply to the <i>FCA’s Handbook</i> . The definition is extended to cover all services provided by the <i>firm</i> and not just those that are provided in the course of carrying on a <i>regulated activity</i> or an <i>ancillary service</i> .
(21) Middle office	This means risk management and controls in relation to, and accounting for, transactions in <i>securities</i> or <i>derivatives</i>
(22) The <i>firm’s</i> information technology	
(23) Business continuity planning	This means the functions described in SYSC 4.1.6R and SYSC 4.1.7R
(24) Human resources	This includes recruitment, training and competence and performance monitoring
(25) Incentive schemes for the <i>firm’s</i> staff	This is not limited to schemes based on sales.
(26) <i>Providing information in relation to a specified benchmark</i>	
(27) <i>Administering a specified benchmark</i>	
Note (1): The purpose of this annex is explained in SYSC 4.5 (Management responsibilities maps for relevant authorised persons) and SYSC 4.7.37G.	
Note (2): A <i>firm</i> does not have to use the split of activities in this annex for the purposes in Note (1). If a <i>firm</i> does decide to use it, it may adapt it to suit its management arrangements better. For example, a <i>firm</i> may find the split of activities into <i>retail</i> and wholesale activities unsuitable. If so, the <i>firm</i> might: (a) treat <i>retail</i> and wholesale activities together; or (b) use its own definition of retail and wholesale activities.	

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BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY



FINANCIAL
CONDUCT
AUTHORITY

Application number or IRN
(for FCA/PRA use only)

Senior Management Regime: Statement of Responsibilities

This form applies to UK relevant authorised persons. It does not apply to incoming EEA relevant authorised persons, third country relevant authorised persons, or appointed representatives of any relevant authorised person.

A statement provided under section 60(2A) of the *Act* (Applications for approval), including a statement revised under section 62A of the *Act* (Changes in responsibilities of senior managers).

For candidates for approval, this form **must** be submitted as an attachment to a Form A application or a Form E application

For significant changes to an existing *statement of responsibilities*, this form **must** be submitted as an attachment to a Form J notification or a Form I application or variation.

FCA Handbook Reference: SUP 10C, SYSC 4.5, SYSC 4.7

PRA Rulebook Reference: Senior Managers Regime - Applications and Notifications

1 November 2018

Name of *individual*
(to be completed by *firm*)

Name of *firm*
(as entered in 2.01)

Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London E14 5HS
United Kingdom
Telephone +44 (0) 845 606 9966
Facsimile +44 (0) 207 066 0017
E-mail iva@fca.org.uk
Website <http://www.fca.org.uk>

Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA
United Kingdom
Telephone +44 (0) 203 461 7000
Email PRA-ApprovedPersons@bankofengland.co.uk
Website www.bankofengland.co.uk/PRA

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the *PRA Rulebook*

Senior Management Regime: Statement of Responsibilities

Personal identifications details

Section 1

1.01 Individual Reference Number (IRN)

1.02 Title
(e.g. Mr, Mrs, Ms, etc)

1.03 Surname

1.04 ALL forenames

1.05 Date of birth

1.06 National Insurance number

Firm identification details

Section 2

2.01 Name of *firm*

2.02 *Firm* Reference Number (FRN)

2.03 a Who should the *FCA/PRA* contact at the *firm* in relation to this *statement of responsibilities*?

b Position

c Telephone

d Fax

e E-mail



I have supplied further information related to this page in Section 4 YES NO

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the *PRA* Rulebook

Senior Management Regime: Statement of Responsibilities

A *statement of responsibilities* should be drafted to clearly show the responsibilities that the *candidate* or senior manager is to perform as part of their *controlled function* and how they fit in with the *firm's* overall governance and management arrangements. A *statement of responsibilities* should also be consistent with the *firm's management responsibilities map*.

A *statement of responsibilities* should be drafted in such a way as to be practical and useable by regulators. The *FCA* and the *PRA* consider that this would be achieved by succinct, clear descriptions of each responsibility which avoid unnecessary detail. Firms have the opportunity to provide details of each responsibility allocated to an individual using the free text boxes in this form, however, the *PRA* and *FCA* would not usually expect the description of each responsibility to exceed 300 words.

A *statement of responsibilities* must be a self-contained document. There should be one statement per senior manager per firm. Where an individual performs a senior management function on behalf of more than one firm within a group, one *statement of responsibilities* is required for each firm. Any supplementary information may be provided in section 4 (or if submitting electronically, in a **single** attachment). A statement of responsibilities must not cross refer to other documents, attachments or links.

A *statement of responsibilities* should include responsibilities held in relation to *FCA* controlled functions that are included in a *PRA controlled function* under *SUP* 10C.9 (Minimising overlap with the *PRA* approved persons regime).

(*SUP* 10C.11)

If the appropriate regulator considers that the *statement of responsibilities* is not sufficiently clear to be practical and usable, it could be challenged as part of a candidate's application for approval, or in ongoing supervision.

Details of the individual's responsibilities should be set out in sections 3.2 to 3.4, as appropriate:

- Section 3.2 covers prescribed responsibilities required by regulators to be allocated to one or more senior managers.
- Section 3.3 covers having overall responsibility for each of the business areas, activities, and management functions of the firm.
- Section 3.4 covers anything else, not otherwise included, for which a candidate or senior manager is to be responsible as part of their *FCA* and/or *PRA* senior management function(s) role.

3.1 Effective date and relevant Senior Management Functions

3.1.1 Please state the effective date of this *statement of responsibilities*:

Please note that where this is a revised *statement of responsibilities*, i.e. since the granting of the application, there has been a significant change in the aspects of the firm's affairs which the individual is responsible for managing in performing the function (for example, a change in allocation of responsibilities within the firm, or the senior manager is applying for a new or additional senior management function), then this *statement of responsibilities* supersedes any previous versions.

3.1.2 List all *senior management functions* which the *approved person* is to perform and the effective date the *person* commenced or will commence the performance of the functions.

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in *SUP* 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the *PRA* Rulebook

Senior Management Regime: Statement of Responsibilities

SMF	Description	Tick SMF applied for or held	Effective Date
SMF1	Chief Executive function		
SMF2	Chief Finance function		
SMF3	Executive Director		
SMF4	Chief Risk function		
SMF5	Head of Internal Audit		
SMF6	Head of Key Business Area		
SMF7	Group Entity Senior Manager		
SMF8	Credit Union SMF (small Credit Unions only)		
SMF9	Chairman		
SMF10	Chair of the Risk Committee		
SMF11	Chair of the Audit Committee		
SMF12	Chair of the Remuneration Committee		
SMF13	Chair of the Nominations Committee		
SMF14	Senior Independent Director		
SMF16	Compliance Oversight		
SMF17	Money Laundering Reporting		
SMF18	Other Overall Responsibility function		

This *statement of responsibilities* is considered to automatically include the existing legal and regulatory obligations where they exist for these roles and functions. For example, certain specific responsibilities of a director are set out in company law. Such responsibilities do not need to be recorded in this statement, but any additional responsibilities should be recorded in the sections below.

3.1.3 Please indicate those FCA functions that are included in a PRA controlled function under SUP 10C.9 (Minimising overlap with the PRA approved persons regime).

SMF	Description	Yes?
SMF3	Executive Director	
SMF13	Chair of the Nominations Committee	

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the PRA Rulebook

Senior Management Regime: Statement of Responsibilities

3.2 Prescribed Responsibilities

This section deals with those responsibilities to be allocated to one or more senior managers. The allocation of responsibilities under a statement of responsibilities should not reduce or alter the scope of any applicable prescribed requirements.

If the responsibilities that the candidate or senior manager is to carry out as described in the statement of responsibilities go beyond those set out in this section, those additional responsibilities should not reduce or alter the scope of the prescribed requirements set out in this section.

(FCA SUP 10C.11/PRA: Allocation of Responsibilities)

3.2.1 Please indicate below which of the responsibilities listed are/will be allocated to this individual, if any.

Note: the form includes references to provisions in the FCA Handbook which are also set out in the PRA Rulebook, sometimes in slightly different wording. Where this is the case, the underlying provisions should be interpreted as equivalent in substance unless indicated otherwise. Any differences are purely presentational.

If the individual has not been allocated a prescribed responsibility, please go to section 3.3.

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the PRA Rulebook

Senior Management Regime: Statement of Responsibilities

Ref	Prescribed Responsibility (Applicable to all firms)	Does this prescribed responsibility apply?	Is this prescribed responsibility shared?
a	Responsibility for the <i>firm's</i> performance of its obligations under the senior management regime	Yes / No	Yes / No
b	Responsibility for the firm's performance of its obligations under the employee certification regime	Yes / No	Yes / No
b-1	Responsibility for the firm's obligations in relation to individual conduct rules for training and reporting	Yes / No	Yes / No
c	Responsibility for compliance with the requirements of the regulatory system about the management responsibilities map	Yes / No	Yes / No
d	Overall responsibility for the firm's policies and procedures for countering the risk that the firm might be used to further financial crime	Yes / No	Yes / No
e	Responsibility for the allocation of all prescribed responsibilities	Yes / No	Yes / No

Ref	Prescribed Responsibility (Applicable to all firms except small firms)	Does this prescribed responsibility apply?	Is this prescribed responsibility shared?
f	Responsibility for: (a) leading the development of; and (b) monitoring the effective implementation of; policies and procedures for the induction, training and professional development of all members of the <i>firm's governing body</i> .	Yes / No	Yes / No
g	Responsibility for monitoring the effective implementation of policies and procedures for the induction, training and professional development of all persons performing <i>designated senior management functions</i> on behalf of the <i>firm</i> other than members of the <i>governing body</i> .	Yes / No	Yes / No

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Senior Management Regime: Statement of Responsibilities

Ref	Prescribed Responsibility (Applicable to all firms except small firms)	Does this prescribed responsibility apply?	Is this prescribed responsibility shared?
h	Responsibility for overseeing the adoption of the <i>firm's</i> culture in the day-to-day management of the <i>firm</i> .	Yes / No	Yes / No
i	Responsibility for leading the development of the firm's culture by the governing body as a whole.	Yes / No	Yes / No
j	Responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of: the internal audit function in accordance with SYSC 6.2 (Internal Audit)	Yes / No	Yes / No
k	Responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of; the compliance function in accordance with SYSC 6.1(Compliance)	Yes / No	Yes / No
l	Responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of; the risk function in accordance with SYSC 7.1.21R and SYSC7.1.22R (Risk control)	Yes / No	Yes / No
m	Responsibility for overseeing the development of, and implementation of the firm's remuneration policies and practices in accordance with SYSC 19D (Remuneration Code)	Yes / No	Yes / No
n	Responsibility for the independence, autonomy and effectiveness of the firm's policies and procedures on whistleblowing, including the procedures for protection of staff who raise concerns from detrimental treatment	Yes / No	Yes / No
o	Management of the allocation and maintenance of capital, funding and liquidity	Yes / No	Yes / No
p	The firm's treasury management functions	Yes / No	Yes / No

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Senior Management Regime: Statement of Responsibilities

Ref	Prescribed Responsibility (Applicable to all firms except small firms)	Does this prescribed responsibility apply?	Is this prescribed responsibility shared?
q	The production and integrity of the firm's financial information and its regulatory reporting in respect of its regulated activities	Yes / No	Yes / No
r	The firm's recovery plan and resolution pack and overseeing the internal processes regarding their governance	Yes / No	Yes / No
s	Responsibility for managing the firm's internal stress-tests and ensuring the accuracy and timeliness of information provided to the PRA and other regulatory bodies for the purposes of stress-testing;	Yes / No	Yes / No
t	Responsibility for the development and maintenance of the firm's business model by the governing body;	Yes / No	Yes / No
u	Responsibility for the firm's performance of its obligations under <i>Fitness and Propriety</i> (in the PRA Rulebook) in respect of its notified non-executive directors	Yes / No	Yes / No

Ref	Prescribed Responsibility (Applicable to specific types of firm)	Does this prescribed responsibility apply?	Is this prescribed responsibility shared?
v	If the firm carries out proprietary trading, responsibility for the firm's proprietary trading activities;	Yes / No	Yes / No
w	If the firm does not have an individual performing the Chief Risk function, overseeing and demonstrating that the risk management policies and procedures which the firm has adopted in accordance with SYSC 7.1.2 R to SYSC 7.1.5 R satisfy the requirements of those rules and are consistently effective in accordance with SYSC 4.1.1R.	Yes / No	Yes / No
x	If the firm outsources its internal audit function taking reasonable steps to ensure that every person involved in the performance of the service is independent from the persons who	Yes / No	Yes / No

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Senior Management Regime: Statement of Responsibilities

Ref	Prescribed Responsibility (Applicable to specific types of firm)	Does this prescribed responsibility apply?	Is this prescribed responsibility shared?
	perform external audit, including (a)Supervision and management of the work of outsourced internal auditors and (b)Management of potential conflicts of interest between the provision of external audit and internal audit services		
y	If the firm is a ring-fenced body, responsibility for ensuring that those aspects of the firm's affairs for which a person is responsible for managing are in compliance with the ring-fencing requirements.	Yes / No	Yes / No
z	Overall responsibility for the firm's compliance with CASS	Yes / No	Yes / No

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Senior Management Regime: Statement of Responsibilities

Ref	Prescribed Responsibility (Applicable to small firms only ¹)	Does this prescribed responsibility apply?	Is this prescribed responsibility shared?
aa	Responsibility for implementing and management of the firm's risk management policies and procedures	Yes / No	Yes / No
bb	Responsibility for managing the systems and controls of the firm	Yes / No	Yes / No
cc	Responsibility for managing the firm's financial resources.	Yes / No	Yes / No
dd	Responsibility for ensuring the governing body is informed of its legal and regulatory obligations	Yes / No	Yes / No

¹ Small firms are firms with gross total assets of £250 million or less (determined on the basis of the annual average amount calculated across a rolling period of 5 years (calculated by reference to the firm's annual accounting date)).

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Senior Management Regime: Statement of Responsibilities

3.2.2 If necessary, please provide additional information about each prescribed responsibility, including:

- A breakdown of the different components and tasks which the responsibility encompasses; and
- If applicable, details of any sharing arrangements including, if known, the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this prescribed responsibility with. The responsibility should be recorded in the same way in the statements of responsibilities for each individual.

Additional information must be relevant, succinct and not dilute or undermine the prescribed responsibility.

Ref	Prescribed Responsibility	Further Relevant Details



I have supplied further information related to this page in Section 4

YES

NO

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the PRA Rulebook

3.3 Overall Responsibility

This section deals with having overall responsibility for any of the business areas, activities, or management functions of the firm.

By overall responsibility we mean the ultimate responsibility (under the governing body) for managing or supervising that function, and primary and direct responsibility for briefing and reporting to the governing body about that function and putting matters for decision about that function to the governing body of the firm.

(SYSC 4.7)

3.3.1 If the individual has overall responsibility for any or part of the business areas, activities, or management functions of a firm, please provide details of each in the table below.

Where responsibilities are shared (for example, a responsibility may be shared as part of a job share or where departing and incoming senior managers work together temporarily as part of a handover), please provide details of any sharing arrangements including, if known, the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this responsibility with. The responsibility should be recorded in the same way in the statements of responsibilities for each individual.

If the individual does not have overall responsibility for a business area, activity or management function of the firm, please go to section 3.4

A *firm* may wish to refer to SYSC 4 Annex 1G (replicated in Annex A of this form) to help it make sure it has not failed to allocate overall responsibility for a particular activity of the firm. Please note that the *FCA* does not require firms to organise themselves by the functions in SYSC 4 Annex 1G, and that the Annex is not comprehensive. It is important that a firm does not fail to allocate overall responsibility for business areas, activities and management functions, in line with SYSC 4.7.8R.

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Senior Management Regime: Statement of Responsibilities

Please provide a title for this overall responsibility	Please provide further details of this overall responsibility.	Is this overall responsibility shared? If 'Yes' please provide, the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this responsibility with (where known)
		Yes / No
		Yes / No
		Yes / No
		Yes / No



I have supplied further information related to this page in Section 4

YES

NO

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Senior Management Regime: Statement of Responsibilities

3.4 Other Responsibilities

3.4.1 Please set out below anything else, not otherwise included in this statement, for which a candidate or senior manager is to be responsible as part of their *FCA* and/or *PRA* controlled function(s) role. For example, responsibilities outside the normal course of business such as those linked to high profile projects of initiatives.

Where responsibilities are shared (for example, a responsibility may be shared as part of a job share or where departing and incoming senior managers work together temporarily as part of a handover), please provide details of any sharing arrangements including, if known, the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this responsibility with. The responsibility should be recorded in the same way in the statements of responsibilities for each individual.

Please provide a title for this other responsibility	Please provide further details of this other responsibility	Is this other responsibility shared? If 'Yes' please provide ,the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this responsibility with (where known)
		Yes / No
		Yes / No
		Yes / No
		Yes / No



I have supplied further information related to this page in Section 4

YES

NO

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the *PRA* Rulebook

4.1 Is there any other information the *individual* or the *firm* considers to be relevant?

YES NO

If yes, please provide details below or on a separate sheet of paper and clearly identify the section and question to which the additional information relates.

Question	Information

4.2 How many additional sheets are being submitted?

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the PRA Rulebook

Senior Management Regime: Statement of Responsibilities

SYSC 4 The main business activities and functions of a relevant authorised person
Annex 1G

Business areas and management functions	Explanation
(1) Payment services	<p>This means:</p> <p>(1) <i>payment services</i>;</p> <p>(2) issuing and administering other means of payment (for example, cheques and bankers' drafts);</p> <p>(3) issuing <i>electronic money</i>; and</p> <p>(4) current accounts.</p>
(2) Settlement	<p>This means clearing and settlement of any transactions described in rows (3) and (6) to (9) of this annex in relation to the assets covered by (9).</p> <p>It also includes clearing and settlement of any transactions described in row (10).</p>
(3) Investment management	<p>This has the same meaning as <i>managing investments</i> with the following adjustments:</p> <p>(a) it covers all types of assets; and</p> <p>(b) the exclusions in the <i>Regulated Activities Order</i> do not apply.</p> <p>It also covers fund management.</p>
(4) Financial or investment advice	<p>This includes <i>advising on investments</i>.</p>
(5) Mortgage advice	<p>This has the same meaning as <i>advising on regulated mortgage contracts</i> but is expanded to cover land anywhere in the world and to cover security of any kind over land.</p>
(6) Corporate investments	<p>This means acquiring, holding, managing and disposing a <i>firm's</i> investments made for its own account.</p>
(7) Wholesale sales	<p>This means the <i>selling</i> of any <i>investment</i> to a <i>person</i> other than a <i>retail customer</i>.</p> <p>It does not include the activities in (1).</p>

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the PRA Rulebook

Business areas and management functions	Explanation
(8) Retail sales	This means the <i>selling</i> of any <i>investment</i> to a <i>retail customer</i> . It includes savings accounts. It does not include the activities in (1).
(9) Trading for clients	This means <i>dealing in investments as agent</i> and <i>execution of orders on behalf of clients</i> but the list of products includes money market instruments and foreign exchange.
(10) Market making	This has the same meaning as it does in <i>MIFID</i> (see the definition of market maker in article 4.1(8)).
(11) <i>Investment research</i>	
(12) Origination/syndication and underwriting	Origination and syndication include: (1) entering into or acquiring (directly or indirectly) any commitment or <i>investment</i> with a view to transferring some or all of it to others, or with a view to others investing in the same transaction; (2) sub-participation; and (3) any transaction described in the <i>Glossary</i> definition of <i>originator</i> . Underwriting includes underwriting that is not on a firm commitment basis. A commitment or <i>investment</i> includes an economic interest in some or all of it. This activity also includes the provision of services relating to such transactions.
(13) Retail lending decisions	Deciding whether, and on what terms, to lend to <i>retail customers</i> . Lending includes granting credit, leasing and hire (including finance leasing).
(14) Wholesale lending decisions	Deciding whether, and on what terms, to lend to <i>persons who are not retail customers</i> . Lending includes granting credit, leasing and hire (including finance leasing).
(15) Design and manufacturing of products intended for wholesale customers	Wholesale customers mean <i>persons who are not retail customers</i>
(16) Design and manufacture of products intended for <i>retail</i>	

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the *PRA* Rulebook

Senior Management Regime: Statement of Responsibilities

Business areas and management functions	Explanation
<i>customers</i>	
(17) Production and distribution of marketing materials and communications	This includes <i>financial promotions</i>
(18) Customer service	This means dealing with <i>clients</i> after the point of sale, including queries and fulfilment of <i>client</i> requests
(19) Customer complaints handling	This includes the <i>firm's</i> compliance with <i>DISP</i> . It also includes: (1) any similar procedures relating to activities that do not come under the jurisdiction of the <i>Financial Ombudsman Service</i> ; (2) activities that take place outside the <i>UK</i> ; and (3) activities that are not subject to any ombudsman service.
(20) Collection and recovering amounts owed to a <i>firm</i> by its customers Dealing with customers in arrears	"Customer" means any <i>person</i> falling into any of the definitions of <i>client</i> in the <i>Glossary</i> so far as they apply to the <i>FCA's Handbook</i> . The definition is extended to cover all services provided by the <i>firm</i> and not just those that are provided in the course of carrying on a <i>regulated activity</i> or an <i>ancillary service</i> .
(21) Middle office	This means risk management and controls in relation to, and accounting for, transactions in <i>securities</i> or <i>derivatives</i>
(22) The <i>firm's</i> information technology	
(23) Business continuity planning	This means the functions described in SYSC 4.1.6R and SYSC 4.1.7R
(24) Human resources	This includes recruitment, training and competence and performance monitoring
(25) Incentive schemes for the <i>firm's</i> staff	This is not limited to schemes based on sales.
(26) <i>Providing information in relation to a specified benchmark</i>	
(27) <i>Administering a specified benchmark</i>	

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the *PRA* Rulebook

Senior Management Regime: Statement of Responsibilities

Business areas and management functions	Explanation
<p>Note (1): The purpose of this annex is explained in SYSC 4.5 (Management responsibilities maps for relevant authorised persons) and SYSC 4.7.37G.</p>	
<p>Note (2): A <i>firm</i> does not have to use the split of activities in this annex for the purposes in Note (1). If a <i>firm</i> does decide to use it, it may adapt it to suit its management arrangements better.</p> <p>For example, a <i>firm</i> may find the split of activities into <i>retail</i> and wholesale activities unsuitable. If so, the <i>firm</i> might:</p> <ul style="list-style-type: none"> (a) treat <i>retail</i> and wholesale activities together; or (b) use its own definition of retail and wholesale activities. 	

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the PRA Rulebook

Senior Management Regime: Statement of Responsibilities

Part 3: Comes into force 10 December 2018



Application number
(for FCA/PRA use only)

The *FCA* has produced notes which will assist both the applicant *firm* and the *candidate* in answering the questions in this form. Please read these notes, which are available on both the *FCA* and *PRA* websites at: <https://www.handbook.fca.org.uk/handbook/SUP/10C/Annex3D.html>

Both the applicant *firm* and the *candidate* will be treated by the *FCA* and *PRA* as having taken these notes into consideration when completing this form. Terms defined in either or both of the *FCA* Handbook or the *PRA* Rulebook are italicised and should be construed accordingly.

Long Form A – Dual-regulated firms (including EEA and third country firms)

Application to perform *controlled functions* including *senior management functions*

FCA Handbook Reference: SUP 10C Annex 3D

PRA Rulebook Reference: Senior Managers Regime - Applications and Notifications¹

10 December 2018

Name of *candidate*
(to be completed by applicant *firm*)

Name of applicant *firm*
(as entered in 2.01)

Firm reference number
(as entered in 2.02)

Financial Conduct Authority
12 Endeavour Square
Stratford
London E20 1JN
United Kingdom
Telephone +44 (0) 300 500 0597
E-mail firm.queries@fca.org.uk
Website <http://www.fca.org.uk>
Registered as a Limited Company in England and
Wales No 1920623. Registered Office as above

Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA
United Kingdom
Telephone +44 (0) 203 461 7000
E-mail PRA-
ApprovedPersons@bankofengland.co.uk
Website www.bankofengland.co.uk/PRA

¹ The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying. For example: CRR firms: Senior Managers Regime - Applications and Notifications; Non – CRR firms: Senior Managers Regime - Applications and Notifications; Solvency II firms: Insurance - Senior Managers Regime – Applications and Notifications; Large Non-Solvency II firms: Insurance - Senior Managers Regime – Applications and Notifications; Non-Solvency II firms: Insurance - Senior Managers Regime – Applications and Notifications

1.01 a	<i>Candidate</i> Individual Reference Number (IRN)	
b	OR name of previous <i>regulatory body</i>	
c	AND previous reference number (if applicable)	
1.02	Title (e.g. Mr, Mrs, Ms)	
1.03	Surname	
1.04	ALL forenames	
1.05	Name commonly known by	
1.06	Date of birth (dd/mm/yyyy)	
1.07	National Insurance number	
1.08	Previous name	
1.09	Date of name change	
1.10 a	Nationality	
b	Passport number (if National Insurance number not available)	
1.11	Place of birth	
1.12	Phone number	
1.13	Email address	



I have supplied further information related to this page in Section 6

YES

NO

1.14 a Private address

[Redacted address]

b

Postcode

c

Dates resident at this address (dd/mm/yyyy)

From

[Redacted date]

To

PRESENT

(If address has changed in the last three years, please provide addresses for the previous three years.)

1.15 a Previous address 1

[Redacted address]

b

Postcode

c

Dates resident at this address (dd/mm/yyyy)

From

[Redacted date]

To

[Redacted date]

1.16 a Previous address 2

[Redacted address]

b

Postcode

c

Dates resident at this address (dd/mm/yyyy)

From

[Redacted date]

To

[Redacted date]



I have supplied further information related to this page in Section 6

YES

NO

2.01	Name of <i>firm</i> making the application	<input type="text"/>
2.02	<i>Firm</i> Reference Number (FRN)	<input type="text"/>
2.03 a	Who should the <i>FCA/PRA</i> contact at the <i>firm</i> in relation to this application?	<input type="text"/>
b	Position	<input type="text"/>
c	Phone number	<input type="text"/>
d	E-mail	<input type="text"/>

Please note that the contact at the *firm* cannot be the same person as the *candidate*



I have supplied further information related to this page in Section 6

YES

NO

Complete this section if the application is for a *senior management function*. If you are submitting an application for a *controlled function* at an *appointed representative*, then please complete Section 3B.

3A.01 Nature of the arrangement between the candidate and the applicant firm

a Employee

b Group employee

Name of group

c Contract for services

d Partner

e Other

Give details

Proposed date of appointment

Length of appointment (if applicable)

3A.02 For applications from a single firm, please tick the boxes that correspond to the *senior management functions* to be performed. If the *senior management functions* are to be performed for more than one firm, please leave the boxes below blank and go to question **3A.04**

The table below sets out the full list of *senior management functions* (SMFs). Please refer to the *PRA Rulebook* and *FCA Handbook* for the mandatory SMFs for your firm.

Function	Description of a Senior Management Function	UK banks*	UK branches of EEA banks and insurers	UK branches of non-EEA banks	Credit unions	Solvency II firms & large NDFs	Small NDFs	ISPVs	Small firms in run off	UK branches of non-EEA insurers
SMF 1	Chief Executive	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF 2	Chief Finance	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF 3	Executive Director	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF 4	Chief Risk	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF 5	Head of Internal Audit	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF 6	Head of Key Business Area	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	

Function	Description of a Senior Management Function	UK banks*	UK branches of EEA banks and insurers	UK branches of non-EEA banks	Credit unions	Solvency II firms & large NDFs	Small NDFs	ISPVs	Small firms in run off	UK branches of non-EEA insurers
SMF 7	Group Entity Senior Manager	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF 8	Credit Union Senior Manager				<input type="checkbox"/>					
SMF 9	Chair of the Governing Body	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF10	Chair of the Risk Committee	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF11	Chair of the Audit Committee	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF12	Chair of the Remuneration Committee	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF13	Chair of the Nomination Committee	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>				
SMF14	Senior Independent Director	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF15	Chair of With Profits Committee					<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>
SMF16	Compliance Oversight	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SMF17	Money Laundering Reporting Officer (MLRO)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SMF18	Other Overall Responsibility	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>				
SMF19	Head of Third Country Branch/ Head of Overseas			<input type="checkbox"/>						<input checked="" type="checkbox"/>
SMF20	Chief Actuary					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SMF20a	With-Profits Actuary					<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SMF21	EEA Branch Senior Manager (EBSM)		<input type="checkbox"/>							
SMF22	Other Local Responsibility			<input checked="" type="checkbox"/>						<input checked="" type="checkbox"/>
SMF23	Chief Underwriting Officer					<input type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SMF23a	Underwriting Risk Oversight (Lloyd's)					<input type="checkbox"/>				
SMF23b	Conduct Risk Oversight (Lloyd's)					<input type="checkbox"/>				

Function	Description of a Senior Management Function	UK banks*	UK branches of EEA banks and insurers	UK branches of non-EEA banks	Credit unions	Solvency II firms & large NDFs	Small NDFs	ISPVs	Small firms in run off	UK branches of non-EEA insurers
SMF24	Chief Operations	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SMF25	Small Insurer Senior Management Function						<input type="checkbox"/>			
SMF26	Head of Small Run-Off Firm								<input type="checkbox"/>	
SMF27	Partner	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	

*UK Banks' refers to UK banks, building societies and PRA designated investment firms

3A.03 Job title

Insurance distribution

Will the *candidate* be responsible for insurance distribution at the *firm*? YES NO

(Note: Yes can only be selected if the individual is applying for a governing function (other than a *non-executive director* function))

Mortgage Credit Directive

Will the *candidate* be responsible for Mortgage Credit Directive Intermediation at the *firm*? YES NO



I have supplied further information related to this page in Section 6 YES NO

3A.04

Complete this section only if the application is on behalf of more than one *firm*.

List all *firms* within the *group* (including the *firm* entered in **2.01**) for which the *candidate* requires approval and the requested *senior management function* for that *firm*.

	Firm Reference Number	Name of firm	Senior Management Function	Job title	Responsible for insurance distribution?	Responsible for mortgage credit intermediation?	Effective date
a							
b							
c							
d							
e							



I have supplied further information related to this page in Section 6

YES

NO

Arrangements and controlled functions – Appointed Representatives Section 3B

Complete this section if the application is for a *controlled function* at an *appointed representative (AR)*. If you are submitting an application for a *senior management function*, then please complete Section 3A.

For *limited permission consumer credit firms* that are also *appointed representatives*, only the *customer function* is relevant in this section. For these firms, relevant *senior management functions* apply instead of the *governing functions* (ie CF1 (AR), CF3 (AR), CF4 (AR) and CF5 (AR)). We do not expect this to apply to many *firms*.

3B.01 Nature of the arrangement between the candidate and the applicant.

a Appointed representative/tied agent – customer function

AR firm name and reference number

b Appointed representative/tied agent – governing function

AR firm name and reference number

c Other

Give details

3B.02 For applications from a single *firm*, please tick the boxes that correspond to the *controlled functions* to be performed. If the *controlled functions* are to be performed for more than one *firm*, please go to question **3B.05**.

a **Significant influence functions**

CF 1 (AR) Director function	<input type="checkbox"/>
CF 3 (AR) Chief executive function	<input type="checkbox"/>
CF 4 (AR) Partner function	<input type="checkbox"/>
CF 5 (AR) Director of an unincorporated association function	<input type="checkbox"/>

b **Senior Management Functions**

(This section is only applicable for limited permission consumer credit firms that are ARs for other business)

SMF1 (AR) Chief Executive function	<input type="checkbox"/>
SMF3 (AR) Executive Director function	<input type="checkbox"/>
SMF4 (AR) Partner function	<input type="checkbox"/>

c **Customer function**

CF 30 (AR) Customer function	<input type="checkbox"/>
------------------------------	--------------------------

3B.03 Effective date of *controlled functions* indicated above

3B.04 Job title

Please refer to notes on the requirements for submitting a CV.

➔ I have supplied further information related to this page in Section 6 YES NO

3B.05

Complete this section only if the application is on behalf of more than one *firm*.

List all *firms* within the *group* (including the *firm* entered in **2.01**) for which the *candidate* requires approval and the requested *controlled function* for that *firm*.

	Firm Reference Number	Name of firm	Controlled function	Job title	Effective date
a					
b					
c					
d					
e					



I have supplied further information related to this page in Section 6

YES

NO

N.B.: ALL gaps must be accounted for

4.01 Employment details (1)

a	Period (dd/mm/yyyy)	From	<input type="text"/>	To	<input type="text"/>
b	Nature of employment	a	Employed	<input type="checkbox"/>	
		b	Self-employed	<input type="checkbox"/>	
		c	Not employed	<input type="checkbox"/>	
		d	Full-time education	<input type="checkbox"/>	
	If c or d is ticked, please give details				
	<input type="text"/>				
c	Name of employer	<input type="text"/>			
d	Nature of business	<input type="text"/>			
e	Previous / other names of employer	<input type="text"/>			
f	Last known address of employer	<input type="text"/>			
g	Is/was employer regulated by a <i>regulatory body</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	Name of <i>regulatory body</i>	
				<input type="text"/>	
h	Is/was employer an <i>appointed representative/tied agent</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	If yes, of which <i>firm</i> ?	
				<input type="text"/>	
i	Position held	<input type="text"/>			
j	Responsibilities	<input type="text"/>			
k	Reason for leaving:	a	Resignation	<input type="checkbox"/>	
		b	Redundancy	<input type="checkbox"/>	
		c	Retirement	<input type="checkbox"/>	
		d	Termination/dismissal	<input type="checkbox"/>	
		e	End of contract	<input type="checkbox"/>	
		f	Other	<input type="checkbox"/>	
	If 'other', please specify				
	<input type="text"/>				

4.02 Employment details (2)

a Period (dd/mm/yyyy) From To

b Nature of employment

<i>a</i>	Employed	<input type="checkbox"/>
<i>b</i>	Self-employed	<input type="checkbox"/>
<i>c</i>	Not employed	<input type="checkbox"/>
<i>d</i>	Full-time education	<input type="checkbox"/>

If *c* or *d* is ticked, please give details

c Name of employer

d Nature of business

e Previous / other names of employer

f Last known address of employer

g Is/was employer regulated by a *regulatory body*? YES NO Name of *regulatory body*

h Is/was employer an *appointed representative/tied agent*? YES NO If yes, of which *firm*?

i Position held

j Responsibilities

k Reason for leaving:

<i>a</i>	Resignation	<input type="checkbox"/>
<i>b</i>	Redundancy	<input type="checkbox"/>
<i>c</i>	Retirement	<input type="checkbox"/>
<i>d</i>	Termination/dismissal	<input type="checkbox"/>
<i>e</i>	End of contract	<input type="checkbox"/>
<i>f</i>	Other	<input type="checkbox"/>

If 'other', please specify



I have supplied further information related to this page in Section 6

YES

NO

5.01 Criminal Proceedings

When answering the questions in this section the *candidate* should include matters whether in the UK or overseas. By virtue of the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975, if the *candidate* is subject to the law of England and Wales, the *candidate* must disclose spent convictions and cautions (other than a protected conviction or caution). By virtue of the Rehabilitation of Offenders Act 1974 (Exclusions and Exceptions) (Scotland) Order 2013 and the Rehabilitation of Offenders (Exceptions) Order (Northern Ireland) 1979, if the *candidate* is subject to the law of Scotland or Northern Ireland, the *candidate* must disclose spent convictions (other than a protected conviction).

For the avoidance of doubt, references to the legislation above are references to the legislation as amended.

If any question has been answered ‘yes’ in Section 5, further details should be provided in Section 6.

If there is any other information the *candidate* or the *firm* considers to be relevant to the application, it must be included in Section 6.

<p>5.01.1a</p> <p>Has the <i>candidate</i> ever been convicted of any criminal offence (whether spent or not and whether or not in the <i>United Kingdom</i>):</p> <p style="margin-left: 20px;">i. involving fraud, theft, false accounting, offences against the administration of public justice (such as perjury, perverting the course of justice and intimidation of witnesses or jurors), serious tax offences or other dishonesty or</p> <p style="margin-left: 20px;">ii. relating to <i>companies, building societies, industrial and provident societies, credit unions, friendly societies, insurance, banking or other financial services, insolvency, consumer credit or consumer protection, money laundering, market manipulations or insider dealing?</i></p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
<p>b</p> <p>Is the <i>candidate</i> currently the subject of any criminal proceedings, whether in the UK or elsewhere?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
<p>c</p> <p>Has the <i>candidate</i> ever been given a caution in relation to any criminal offence?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
<p>5.01.2</p> <p>Has the <i>candidate</i> any convictions for any offences other than those in 5.01.1 above (excluding traffic offences that did not result in a ban from driving or did not involve driving without insurance)?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
<p>5.01.3</p> <p>Is the <i>candidate</i> the subject of any ongoing criminal investigation?</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>
<p>5.01.4</p> <p>Has the <i>candidate</i> been ordered to produce documents pursuant to any ongoing criminal investigation or been the subject of a search (with or without a warrant) pursuant to any ongoing criminal investigation?</p> <p>In answering question 5.01.4, you should include all matters even where the <i>candidate</i> was not the subject of the investigation.</p>	<p>YES <input type="checkbox"/> NO <input type="checkbox"/></p>



I have supplied further information related to this page in Section 6 YES NO

5.01.5 Has any *firm* at which the *candidate* holds or has held a position of influence ever:

(Please check the guidance notes for the meaning of 'position of influence' in the context of the questions in this part of the form.)

- | | | | |
|----------|--|------------------------------|-----------------------------|
| a | Been convicted of any criminal offence? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| b | Been summonsed, charged with or otherwise investigated or prosecuted for any criminal offence? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| c | Been the subject of any criminal proceeding which has not resulted in a conviction? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| d | Been ordered to produce documents in relation to any criminal investigation or been the subject of a search (with or without a warrant) in relation to any criminal investigation? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |

In answering question **5.01.5**, you should include all matters even when the summons, charge, prosecution or investigation did not result in a conviction, and, in respect of **5.01.5d**, even where the *firm* was not the subject of the investigation. However, *firms* are not required to disclose details of any specific individuals who were subject to historic (as opposed to ongoing) criminal investigations, prosecutions, summons or other historic criminal proceedings.



I have supplied further information related to this page in Section 6 YES NO

5.02 Civil Proceedings

5.02.1 Has the *candidate*, **ever** been the subject of a judgement debt or award against the *candidate* (whether satisfied or not)? YES NO

Please give a full explanation of the events in question,
The candidate should include all County Court Judgement(s) (CCJs) made against the *candidate*, whether satisfied or not); and
i) the sum and date of all judgements debts, awards or CCJs (whether satisfied or not); and
ii) the total number of all judgement debts, awards or CCJs ordered.

5.02.2 Has the *candidate* ever been party to any civil proceedings which resulted in any order against the *candidate* (other than a judgement debt or award referred to in **5.02.1** above)? (the *candidate* should include, for example, injunctions and employment tribunal proceedings.) YES NO

5.02.3 Is the *candidate* aware of:
a Any proceedings that have begun, or anyone's intention to begin proceedings against the *candidate*, for a CCJ or another judgement debt? YES NO

b More than one set of proceedings, or anyone's intention to begin more than one set of proceedings, that may lead to a CCJ or other judgement debt? YES NO

5.02.4 Does the *candidate* have any **current** judgement debts (including CCJs) made under a court order still outstanding, whether in full or in part? YES NO

5.02.5 Has the *candidate* **ever** failed to satisfy any such judgment debts (including CCJs) made under a court order still outstanding, whether in full or part, within one year of the order being made? YES NO



I have supplied further information related to this page in Section 6 YES NO

5.02.6	Has the <i>candidate</i> ever:		
a	Filed for the <i>candidate</i> 's own bankruptcy or had a bankruptcy petition served on the <i>candidate</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
b	Been adjudged bankrupt?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
c	Been the subject of a bankruptcy restrictions order (including an interim bankruptcy restrictions order) or offered a bankruptcy restrictions undertaking?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
d	Made any arrangements with the <i>candidate</i> 's creditors, for example a deed of arrangement or an individual voluntary arrangement (or in Scotland a trust deed)?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
e	Had assets sequestrated?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
f	Been involved in any proceedings relating to the above matters even if such proceedings did not result in the making of any kind of order against the <i>candidate</i> or result in any kind of agreement with the <i>candidate</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
5.02.7	Does the <i>candidate</i> , or any undertaking under their management, have any outstanding financial obligations arising from <i>regulated activities</i> , which have been carried out in the past (whether or not in the UK or overseas)?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
5.02.8	Has the <i>candidate</i> ever been adjudged by a court or tribunal (whether criminal, civil or administrative) for any fraud, misfeasance, negligence, wrongful trading or other misconduct? Or been found by a judge or tribunal to have lied on oath and/or that their evidence was to be disbelieved?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
5.02.9	Is the <i>candidate</i> currently:		
a	Party to any civil proceedings (including those covered in 5.02.7 above)?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
b	Aware of anybody's intention to begin civil proceedings against the <i>candidate</i> ? (<i>Candidate</i> should include any ongoing disputes whether or not such dispute is likely to result in any order against the <i>candidate</i> .)	YES <input type="checkbox"/>	NO <input type="checkbox"/>
5.02.10	During the period over which the <i>candidate</i> has held a position of influence and/or in the 10 years after this, has any <i>firm</i> at which the <i>candidate</i> holds or has held a position of influence ever been:	YES <input type="checkbox"/>	NO <input type="checkbox"/>
a	Adjudged by a court civilly liable for any fraud, misfeasance, wrongful trading or other misconduct?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
b	The subject of a judgement debt or award against the <i>firm</i> ? (<i>Candidate</i> should include all CCJs made against the <i>firm</i> , whether satisfied or not.)	YES <input type="checkbox"/>	NO <input type="checkbox"/>
c	Party to any other civil proceedings which resulted in an order against the <i>firm</i> other than in relation to matters covered in 5.02.10a and 5.02.10b above?	YES <input type="checkbox"/>	NO <input type="checkbox"/>



I have supplied further information related to this page in Section 6

YES NO

5.02.11 Is any *firm* at which the *candidate* currently holds or has held, within the last 12 months from the date of the submission of this form, a position of influence currently:

a a party to civil proceedings; and/or

YES NO

b aware of anyone's intention to begin civil proceedings against them?

YES NO

5.02.12 Has any company, partnership or unincorporated association of which the *candidate* is or has been a controller, director, senior manager, partner or company secretary, in the UK or elsewhere, at any time during their involvement, or within one year of such an involvement, been put into liquidation, wound up, ceased trading, had a receiver or administrator appointed or entered into any voluntary arrangement with its creditors?

YES NO



I have supplied further information related to this page in Section 6

YES NO

5.03 Business and Employment Matters

5.03.1 Has the *candidate* ever been:

a Disqualified from acting as a director or similar position (one where the *candidate* acts in a management capacity or conducts the affairs of any company, partnership or unincorporated association)?

YES NO

b The subject of any proceedings of a disciplinary nature (whether or not the proceedings resulted in any finding against the *candidate*)?

YES NO

c The subject of any investigation which has led or might lead to disciplinary proceedings?

YES NO

d Notified of any potential proceedings of a disciplinary nature against the *candidate*?

YES NO

e The subject of an investigation into allegations of misconduct or malpractice in connection with any business activity? (This question covers internal investigation by an authorised *firm*, as well as investigation by a *regulatory body*, at any time.)

YES NO

5.03.2 Has the *candidate* ever been refused entry to, or been dismissed, suspended or requested to resign from, any professional, vocation, office or employment, or from any fiduciary office or position of trust whether or not remunerated?

YES NO

5.03.3 Does the *candidate* have any material written complaints made against the *candidate* by the *candidate's* clients or former clients in the last five years which the *candidate* has accepted, or which are awaiting determination, or have been upheld – by an ombudsman or complaints scheme?

YES NO

5.03.4 Has the *candidate* ever participated in arbitration proceedings? (This question only applies where the applicant *firm* is a Solvency II insurance *firm*).

YES NO



I have supplied further information related to this page in Section 6

YES NO

5.04 Regulatory Matters

5.04.1

In relation to activities regulated by the *FCA* and/or *PRA* or any other *regulatory body*, has:

- the *candidate*, or
- any company, partnership or unincorporated association of which the *candidate* is or has been a controller, director, senior manager, partner or company secretary, during the *candidate's* association with the entity and for a period of three years after the *candidate* ceased to be associated with it, **ever** –

a	Been refused, had revoked, restricted, been suspended from or terminated, any licence, authorisations, registration, notification, membership or any other permission granted by any such body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
b	Been criticised, censured, disciplined, suspended, expelled, fined or been the subject of any other disciplinary or interventional action by any such body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
c	Received a warning (whether public or private) that such disciplinary or interventional action may be taken against the <i>candidate</i> or the <i>firm</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
d	Been the subject of an investigation by any <i>regulatory body</i> , whether or not such an investigation resulted in a finding against the <i>candidate</i> or the <i>firm</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
e	Been required or requested to produce documents or any other information to any <i>regulatory body</i> in connection with such an investigation (whether against the <i>firm</i> or otherwise)?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
f	Been investigated or been involved in an investigation by an inspector appointed under companies or any other legislation, or required to produce documents to the Secretary of State, or any other authority, under any such legislation?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
g	Ceased operating or resigned whilst under investigation by any such body or been required to cease operating or resign by any <i>regulatory body</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
h	Decided, after making an application for any licence, authorisation, registration, notification, membership or any permission granted by any such body, not to proceed with it?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
i	Been the subject of any civil action related to any regulated activity which has resulted in a finding by a court?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
j	Provided payment services or distributed or redeemed e-money on behalf of a regulated <i>firm</i> or itself under any contractual agreement where that agreement was terminated by the regulated <i>firm</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
k	Been convicted of any criminal offence, censured, disciplined or publicly criticised by any inquiry, by the Takeover Panel or any governmental or statutory authority or any other <i>regulatory body</i> (other than as indicated in this group of questions)?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
l	Been on a board of directors in an operating undertaking that has not been granted a release from liability? (This question only applies where the applicant <i>firm</i> is a Solvency II insurance <i>firm</i>).	YES <input type="checkbox"/>	NO <input type="checkbox"/>



I have supplied further information related to this page in Section 6

YES

NO

5.04.2 In relation to activities regulated by the *FCA/PRA* or any other *regulatory body*, has the *candidate* or any *firm* at which the *candidate* holds or has held a position of influence at any time during and within one year of the *candidate's* association with the *firm ever*:

- | | | | |
|----------|--|------------------------------|-----------------------------|
| a | Been found to have carried on activities for which authorisation or registration by the <i>FCA/PRA</i> or any other <i>regulatory body</i> is required without the requisite authorisations? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| b | Been investigated for the possible carrying on of activities requiring authorisation or registration by the <i>FCA/PRA</i> or any other <i>regulatory body</i> without the requisite authorisation whether or not such investigation resulted in a finding against the <i>candidate</i> ? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| c | Been found to have performed a <i>senior management function</i> or other <i>controlled function</i> (or an equivalent function requiring approval by the <i>FCA/PRA</i> or any other <i>regulatory body</i>) without the requisite approval? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| d | Been investigated for the possible performance of a <i>senior management function</i> or other <i>controlled function</i> (or an equivalent function requiring approval by the <i>FCA/PRA</i> or any other <i>regulatory body</i>) without the requisite approval, whether or not such investigation resulted in a finding against the <i>candidate</i> ? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| e | Been found to have failed to comply with an obligation under the Electronic Money Regulations 2011 or Payment Services Regulations 2009 to notify the <i>FCA/PRA</i> of the identity of a person acting in a position of influence over its electronic money or payment services business? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| f | Been the subject of a prohibition order under section 56 of the Financial Services and Markets Act 2000, or received a warning notice proposing that such a direction or order be made, or received a private warning? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |



I have supplied further information related to this page in Section 6 YES NO

5.05 Other Matters

5.05.1 Is the *candidate*, in the role to which the application relates, aware of any business interests, employment obligations, or any other circumstance which may conflict with the performance of the *senior management functions* for which approval is now being sought? YES NO

5.05.2 **Question 5.05.2 should only be answered if the applicant *firm* is a Solvency II Insurer.**
Does the *candidate* have, or know of any:

a Qualifying ownership² or any other form of substantial influence in the *firm* or *group*, or any other companies YES NO

- If yes, please provide:
1. Company name and registration number
 2. Nature and scope of the operations
 3. The registered office of the company
 4. Possession in percentage

b Close relatives with any other financial relations in the *firm* or *group* YES NO

c Any other commitments that may give rise to a conflict of interest YES NO

If the response is 'yes' to any of the above, please provide, in Section 6, explanations of the circumstances and how the *candidate* intends to mitigate this.

5.05.3 Is the *candidate* or the *firm* aware of any other information relevant to this notification that the *FCA/PRA* might reasonably expect from the *candidate*? YES NO

5.05.4 Has the *firm* undertaken a criminal records check in accordance with the requirements of the *FCA* or *PRA*? YES NO

Please note that a *firm* is required, under *PRA* rules, to request and under *FCA* rules, to obtain the fullest information that it is lawfully able to obtain about the *candidate* under Part V of the Police Act 1997 (Certificates of Criminal records, etc) and related subordinated legislation of the *UK* or any part of the *UK* before making the application (*SUP* 10C.10 and *PRA* Rulebook: Fitness and Propriety).³

If yes, please enter date the check was undertaken

Date (dd/mm/yy):

Note: if date is more than 3 months prior to current date or 3 months prior to date of application submission or the check has not been undertaken, please provide details why in Section 6

5.05.5 Has / Have a reference or references been obtained from current or previous employer(s) in accordance with the requirements of the *FCA* or *PRA*? YES NO

If no, please provide details why the reference or references has/have not been obtained.

² As defined in Article 13(21) of the Solvency II Directive, qualifying ownership is 'direct or indirect holding in an undertaking which represent 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking'.

³ The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying.



I have supplied further information
related to this page in Section 6

YES

NO

Please note that a firm is required to use reasonable steps to obtain an appropriate reference from any current or previous employer of the candidate during the last 6 years (see SYSC 22 and Fitness and Propriety 2 in the PRA Rulebook). "Employer" has an extended meaning for these purposes.

6.01 Please provide full details of:

- a) why the *candidate* is competent and capable to carry out the *controlled function(s)* applied for;
- b) why the appointment complements the *firm's* business strategy, activity and market in which it operates;
- c) how the appointment was agreed including details of any discussions at governing body level (where applicable);
- d) a list of all directorships currently or previously held by the *candidate* in the past 10 years (where *director* has the meaning given in the Glossary); and
- e) if the *candidate* currently holds more than one directorship, please provide a breakdown on the *candidate's* time commitment to each directorship.

6.02 If there is any additional information indicated in previous sections or any other information the candidate or the firm considers being relevant to this application it must be included here. (Please also provide full details of any issues that could affect the Fitness and Propriety of the individual that arose when leaving an employer listed in Section 4 or if any question has been answered 'yes' in Section 5)

Question	Information

Note: If there is insufficient space, please continue on a separate sheet of paper and clearly identify the section and question to which the additional information relates.

6.03 Firms must also provide the following supporting documents required with this form (please tick)

It is for firms to assess which supporting documents they should submit but, in the majority of cases, it is expected that firms will submit all of the listed supporting documents.

- Statement of responsibilities**
- Candidate's Curriculum Vitae (C.V)**
- Role(s) description**
- A copy of the firm's management responsibilities map (SYSC 25 and Allocation of Responsibilities in the PRA Rulebook).⁴ This requirement does not apply to all firms.**
- A summary of any handover material (as referred to in SYSC 25.9 and SUP 10C.10 and senior management functions in the PRA Rulebook).⁵ This requirement does not apply to all firms.**

⁴ The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying

⁵ The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying.

	A description or copy of the <i>candidate's</i> Skills Gap Analysis.
	A description or copy of the <i>candidate's</i> Induction programme
	A description or copy of the <i>candidate's</i> Learning and Development plan (including the name of the individual responsible for monitoring the <i>candidate's</i> progress against the development points and the time frame for completion)
	A description or documentation setting out how the competency was assessed (demonstrating competence and suitability mapped to the specific role and responsibilities of the role).

Declaration of *Candidate*

It is a criminal offence, knowingly or recklessly, to give the *FCA* and/or *PRA* information that is materially false, misleading or deceptive (see sections 398 and 400 of the Financial Services and Markets Act 2000 –‘FSMA’). Even if you believe or know that information has been provided to the *FCA* and/or *PRA* before (whether as part of another application or otherwise) or is in the public domain, you must nonetheless disclose it clearly and fully in this form and as part of this application – you should not assume that the *FCA* and/or *PRA* will itself identify such information during the assessment of this application.

There will be a delay in processing the application if information is inaccurate or incomplete, and it may call into question the suitability of the *candidate* and/or lead to the *FCA* and/or *PRA* exercising their powers (including but not limited to taking disciplinary/ Enforcement action). You must notify the *FCA* and/or *PRA* immediately if there is a change to the information in this form and/or if inaccurate information has been provided (insofar as the *FCA* and/or *PRA* are reasonably likely to consider the information material).

The *candidate* confirms that the information provided in this application is accurate and complete to the best of their knowledge and that they have read the notes to this form. The *candidate* will notify the *FCA* and/or *PRA* immediately if there is a material change to the information provided.

The *candidate* confirms that the attached *statement of responsibilities* accurately reflects the aspects of the affairs of the *firm* which it is intended that the *candidate* will be responsible for managing. The *candidate* confirms that they have accepted all the responsibilities set out in this *statement of responsibilities*.

The *candidate* agrees that the *FCA* and/or *PRA* may use the address specified for the *candidate* in this form as the proper address for service in the United Kingdom (as defined in the Financial Services and Markets Act 2000 (Service of Notices) Regulations (SI 2001/1420)) to serve any notices on the *candidate*.

For the purposes of complying with data protection legislation, please read our privacy notices:

FCA’s privacy notice <https://www.fca.org.uk/data-protection>

Bank of England’s privacy notice <https://www.bankofengland.co.uk/prudential-regulation/authorisations>

These notices will tell you what to expect when the *FCA* and/or the Bank of England collects personal information, including how and why we use your personal information and who to contact if you have any queries or wish to exercise your rights.

The *candidate* confirms that they understand the regulatory responsibilities of the proposed role as set out in the rules of conduct in the *FCA*’s *COCON* or *APER* and/or the *PRA Rulebook*: Conduct Rules, Insurance – Conduct Standards, Non-Solvency II Firms – Conduct Standards, and Large Non-Solvency II Firms – Conduct Standards.

The *candidate* is aware that, while advice may be sought from a third party (e.g. legal advice), responsibility for the accuracy of information, as well as the disclosure of relevant information, on the form is ultimately the responsibility of those who sign the application.

In addition to other regulatory responsibilities, *firms* and *candidates/approved persons* have a responsibility to disclose to the *FCA* and/or *PRA* matters of which it would reasonably expect to be notified. Failure to notify the *FCA* and/or *PRA* of such information may lead to the *FCA* and/or *PRA* taking disciplinary or other action against the Applicant and/or the *candidate*.

Tick here to confirm you have read and understood this declaration:

7.01 Name of *candidate*

7.02 Signature

Date

Declaration of *Firm*

It is a criminal offence, knowingly or recklessly, to give the *FCA* and/or *PRA* information that is materially false, misleading or deceptive (see sections 398 and 400 of the Financial Services and Markets Act). Even if you believe or know that information has been provided to the *FCA* and/or *PRA* before (whether as part of another application or otherwise) or is in the public domain, you must nonetheless disclose it clearly and fully in this form and as part of this application – you should not assume that the *FCA* and/or *PRA* will itself identify such information during the assessment of this application. If there is any doubt about the relevance of information, it should be included

There will be a delay in processing the application if information is inaccurate or incomplete, and it may call into question the suitability of the *candidate* and/or lead to the *FCA* and/or *PRA* exercising their powers under FSMA (including but not limited to taking disciplinary/ Enforcement action). You must notify the *FCA* and/or *PRA* immediately if there is a change to the information in this form and/or if inaccurate information has been provided (insofar as the *FCA* and/or *PRA* are reasonably likely to consider the information material).

In addition to other regulatory responsibilities, *firms* and *candidates/ approved persons* have a responsibility to disclose to the *FCA* and/or *PRA*, matters of which it would reasonably expect to be notified. Failure to notify the *FCA* and/or *PRA* of such information may lead to the *FCA* and/or *PRA* taking disciplinary or other action against the Applicant and/or the *candidate*.

The Applicant confirms that the information provided in this application is accurate and complete to the best of its knowledge and that it has read the notes to this form. The Applicant will notify the *FCA* and/or *PRA* immediately if there is a material change to the information provided.

The Applicant authorises the *FCA* and/or *PRA* to make such enquiries and seek such further information as it thinks appropriate to identify and verify information that it considers relevant to the assessment of this application.

Where applicable, the Applicant confirms that it has requested the fullest information that it is lawfully able to obtain about the *candidate* under Part V of the Police Act 1997 and any related subordinate legislation of the *UK* or any part of the *UK*, and (where available) has given due consideration to that information in determining that *candidate* to be fit and proper.

In making this application the Applicant believes on the basis of due and diligent enquiry and, where applicable, by reference to the criteria in *FIT* in the *FCA Handbook* and/or the Fitness and Propriety part of the *PRA Rulebook* that the *candidate* is a fit and proper person to perform the *controlled function(s)* listed in Section 3.

The Applicant also believes, on the basis of due and diligent enquiry, that the *candidate* is competent to fulfil the duties required in the performance of such function(s). Note: For *EEA firms*, this would only apply to those *firms* undertaking any non MiFID business.

The Applicant confirms that it has complied with its obligations under equality and diversity legislation when selecting the *candidate* to perform the function(s) applied for.

The Applicant confirms that it has made the *candidate* aware of their regulatory responsibilities as set out in the rules of conduct in the *FCA's COCON or APER* and/or the *PRA Rulebook: Conduct Rules, Insurance – Conduct Standards, Non-Solvency II Firms – Conduct Standards and Large Non-Solvency II Firms – Conduct Standards*.

The Applicant confirms that the *statement of responsibilities* submitted with this form accurately reflects the aspects of the affairs of the *firm* which it is intended that the *candidate* will be responsible for managing.

The Applicant is aware that, while advice may be sought from a third party (e.g. legal advice), responsibility for the accuracy of information, as well as the disclosure of relevant information, on the form is ultimately the responsibility of those who sign the application.

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Bank of England's privacy notice <https://www.bankofengland.co.uk/prudential-regulation/authorisations>

These notices will tell you what to expect when the *FCA* and/or the *Bank of England* collects personal information, including how and why we use your personal information and who to contact if you have any queries or wish to exercise your rights.

In signing this form on behalf of the Applicant *firm*:

I confirm that the information in this form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this form.

I confirm that I have authority to make this application and provide the declarations given by the Applicant, and sign this form, on behalf of the *firm* identified in Section 2.01 and/or each *firm* identified in Section 3.04. I also confirm that a copy of this form, as submitted to the *FCA* and/or *PRA*, will be sent to each of those firms at the same time as submitting the form to the *FCA* and/or *PRA*.

7.03 Name of the *firm* submitting the application

7.04 Name of *person* signing on behalf of the
Applicant firm

7.05 Job title

7.06 Signature

Date

Application number
(for FCA use only)

The FCA has produced notes which will assist both the applicant *firm* and the *candidate* in answering the questions in this form. Please read these notes, which are available on the Handbook website at:

<https://www.handbook.fca.org.uk/handbook/SUP/10C/Annex3.html>

Both the applicant *firm* and the *candidate* will be treated by the FCA as having taken these notes into consideration when completing their answers to the questions in this form.

Long Form A – UK and Overseas Firms (not Incoming EEA) for MiFID authorisation applications*

Application to perform *senior management functions*

FCA Handbook Reference: SUP 10C Annex 3D

10 December 2018

Name of *candidate*[†]
(to be completed by applicant *firm*)

Name of applicant *firm*[†]
(as entered in 2.01)

Firm reference number[†]
(as entered in 2.02)

Financial Conduct Authority
12 Endeavour Square
Stratford
London E20 1JN
United Kingdom
Telephone +44 (0) 300 500 0597
E-mail firm.queries@fca.org.uk
Website <http://www.fca.org.uk>

Registered as a Limited Company in England and Wales No 1920623. Registered Office as above.

*This Form should only be used when an unauthorised firm applies for permission to carry out MiFID activities and where an authorised firm which does not have permission to carry out MiFID activities applies for permission to carry out those activities.

[†] The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

1.01 a	<i>Candidate</i> Individual Reference Number (IRN) †	
b	OR name of <i>previous regulatory body</i> †	
c	AND previous reference number (if applicable) †	
1.02	Title (e.g. Mr, Mrs, Ms, etc) †	
1.03	Surname †	
1.04	ALL forenames †	
1.05	Name commonly known by †	
1.06	Date of birth (dd/mm/yyyy) †	
1.07	National Insurance number †	
1.08	Previous name †	
1.09	Date of name change †	
1.10 a	Nationality †	
b	Passport number (if National Insurance number not available) †	
1.11	Place of birth †	
1.12	Phone number	
1.13	Email address	


I have supplied further information related to this page in Section 6 †
 YES NO

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

1.14 a Private address[†]

[Redacted address field]

b Postcode[†]

c Dates resident at this address (dd/mm/yyyy)[†] From [Redacted] To PRESENT

(If address has changed in the last three years, please provide addresses for the previous three years.)

1.15 a Previous address 1[†]

[Redacted address field]

b Postcode

c Dates resident at this address (dd/mm/yyyy)[†] From [Redacted] To [Redacted]

1.16 a Previous address 2[†]

[Redacted address field]

b Postcode[†]

c Dates resident at this address (dd/mm/yyyy)[†] From [Redacted] To [Redacted]



I have supplied further information related to this page in Section 6[†]

YES

NO

[†] The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

2.01	Name of <i>firm</i> making the application	
2.02	<i>Firm</i> Reference Number (FRN)	
2.03 a	Who should the <i>FCA</i> contact at the <i>firm</i> in relation to this application?	
b	Position	
c	Phone number	
d	Fax	
e	E-mail	



I have supplied further information related to this page in Section 6[†]

YES

NO

[†] The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

3.01

Nature of the arrangement between the candidate and the applicant.

a Employee

b Group employee

Name of group

c Contract for services

d Partner/Sole trader

e Other

Give details

Proposed date of appointment

Length of appointment (if applicable)

3.02

For applications from a single firm, please tick the boxes that correspond to the senior management functions to be performed. If the senior management functions are to be performed for more than one firm, please go to question 3.05

Function	Description of Senior Management Function	Tick (if applicable)			
		Core firms			Enhanced scope SMCR firms
		Limited scope SMCR firms	UK core SMCR firms	Third country branches	
SMF 1	Chief Executive		<input type="checkbox"/>		<input type="checkbox"/>
SMF 2	Chief Finance				<input type="checkbox"/>
SMF 3	Executive Director		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF 4	Chief Risk Officer				<input type="checkbox"/>
SMF 5	Head of Internal Audit				<input type="checkbox"/>

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

SMF 7	Group Entity Senior Manager				<input type="checkbox"/>
SMF 9	Chair of the governing body		<input type="checkbox"/>		<input type="checkbox"/>
SMF10	Chair of the Risk Committee		<input type="checkbox"/>		<input type="checkbox"/>
SMF11	Chair of the Audit Committee		<input type="checkbox"/>		<input type="checkbox"/>
SMF12	Chair of the Remuneration Committee		<input type="checkbox"/>		<input type="checkbox"/>
SMF13	Chair of the Nomination Committee		<input type="checkbox"/>		<input type="checkbox"/>
SMF14	Senior Independent Director		<input type="checkbox"/>		<input type="checkbox"/>
SMF16	Compliance Oversight	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF17	Money Laundering Reporting Officer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF18	Other overall responsibility function				<input type="checkbox"/>
SMF19	Head of Third Country Branch			<input type="checkbox"/>	
SMF24	Chief Operations				<input type="checkbox"/>
SMF27	Partner		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF29	Limited scope function (<i>limited scope SMCR firms only</i>)	<input type="checkbox"/>			

3.03

Job title[†]

Please refer to notes on the requirements for submitting a CV

Insurance distribution

Will the *candidate* be responsible for Insurance distribution at the *firm*?

(Note: Yes can only be selected if the *individual* is applying for (SMF1, SMF3, SMF27 or SMF29))

YES NO

Mortgage Credit Directive

Will the *candidate* be responsible for Mortgage Credit Directive Intermediation at the *firm*?

(Note: Yes can only be selected if the *individual* is applying for (SMF1, SMF 3, SMF 27 or SMF 29.)

YES NO

[†] The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7



I have supplied further information
related to this page in Section 6[†]

YES

NO

[†] The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

3.04

Complete this section only if the application is on behalf of more than one *firm*.

List all *firms* within the *group* (including the *firm* entered in **2.01**) for which the *candidate* requires approval and the requested *senior management function* for that *firm*.[†]

	Firm Reference Number	Name of firm	Senior management function	Job title	Responsible for insurance distribution?	Responsible for MCD credit intermediation?	Effective date
a							
b							
c							
d							
e							



I have supplied further information related to this page in Section 6[†]

[†] The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

N.B.: ALL gaps must be accounted for

4.01 Employment details (1) †

a	Period (dd/mm/yyyy)	From	<input type="text"/>	To	<input type="text"/>
b	Nature of employment	a	Employed	<input type="checkbox"/>	
		b	Self-employed	<input type="checkbox"/>	
		c	Not employed	<input type="checkbox"/>	
		d	Full-time education	<input type="checkbox"/>	
	If c or d is ticked, please give details		<input type="text"/>		
c	Name of employer	<input type="text"/>			
d	Nature of business	<input type="text"/>			
e	Previous / other names of employer	<input type="text"/>			
f	Last known address of employer	<input type="text"/>			
g	Is/was employer regulated by a <i>regulatory body</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	Name of <i>regulatory body</i>	
				<input type="text"/>	
h	Is/was employer an <i>appointed representative/tied agent</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>	If yes, of which <i>firm</i> ?	
				<input type="text"/>	
i	Position held	<input type="text"/>			
j	Responsibilities	<input type="text"/>			
k	Reason for leaving:	a	Resignation	<input type="checkbox"/>	
		b	Redundancy	<input type="checkbox"/>	
		c	Retirement	<input type="checkbox"/>	
		d	Termination/dismissal	<input type="checkbox"/>	
		e	End of contract	<input type="checkbox"/>	
		f	Other	<input type="checkbox"/>	
	Specify	<input type="text"/>			

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

4.02 Employment details (2) †

a Period (dd/mm/yyyy) From To

b Nature of employment

<i>a</i>	Employed	<input type="checkbox"/>
<i>b</i>	Self-employed	<input type="checkbox"/>
<i>c</i>	Not employed	<input type="checkbox"/>
<i>d</i>	Full-time education	<input type="checkbox"/>

If *c* or *d* is ticked, please give details

c Name of employer

d Nature of business

e Previous / other names of employer

f Last known address of employer

g Is/was employer regulated by a *regulatory body*? YES NO Name of *regulatory body*

h Is/was employer an *appointed representative/tied agent*? YES NO If yes, of which *firm*?

i Position held

j Responsibilities

k Reason for leaving:

<i>a</i>	Resignation	<input type="checkbox"/>
<i>b</i>	Redundancy	<input type="checkbox"/>
<i>c</i>	Retirement	<input type="checkbox"/>
<i>d</i>	Termination/dismissal	<input type="checkbox"/>
<i>e</i>	End of contract	<input type="checkbox"/>
<i>f</i>	Other	<input type="checkbox"/>

Specify

➔ I have supplied further information related to this page in Section 6† YES NO

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

5.01 Criminal Proceedings

When answering the questions in this section the *candidate* should include any matters whether in the UK or overseas. By virtue of the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975, if the *candidate* is subject to the law of England and Wales, the *candidate* must disclose spent convictions and cautions (other than a protected conviction or caution). By virtue of the Rehabilitation of Offenders Act 1974 (Exclusions and Exceptions) (Scotland) Order 2013 and the Rehabilitation of Offenders (Exceptions) Order (Northern Ireland) 1979, if the *candidate* is subject to the law of Scotland or Northern Ireland, you must disclose spent convictions (other than a protected conviction).

For the avoidance of doubt, references to the legislation above are references to the legislation as amended.

5.01.1a Has the *candidate* **ever** been convicted of any criminal offence (whether spent or not and whether or not in the *United Kingdom*):

- i. involving fraud, theft, false accounting, offences against the administration of public justice (such as perjury, perverting the course of justice and intimidation of witnesses or jurors), serious tax offences or other dishonesty: or
- ii. relating to *companies, building societies, industrial and provident societies, credit unions, friendly societies, insurance, banking or other financial services, insolvency, consumer credit or consumer protection, money laundering, market manipulations or insider dealing?*

YES NO

b Is the *candidate* currently the subject of any criminal proceedings, whether in the UK or elsewhere?

YES NO

c Has the *candidate* **ever** been given a caution in relation to any criminal offence?

YES NO

5.01.2 Has the *candidate* any convictions for any offences other than those in **5.01.1** above (excluding traffic offences that did not result in a ban from driving or did not involve driving without insurance)?

YES NO

If the answer to questions **5.01.1a** or **5.01.2** is “yes”, please provide an official certificate of conviction or equivalent document if and so far as it is available from the UK or, where applicable, another country. Please attach a copy of this form as an Additional Supporting Document.

5.01.3 Is the *candidate* the subject of any ongoing criminal investigation?

YES NO

5.01.4 Has the *candidate* been ordered to produce documents pursuant to any ongoing criminal investigation or been the subject of a search (with or without a warrant) pursuant to any ongoing criminal investigation?

YES NO

In answering question **5.01.4**, you should include all matters even where the candidate was not the subject of the investigation.

➔ I have supplied further information related to this page in Section 6[†] YES NO

[†] The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

5.01.5 Has any *firm* at which the *candidate* holds or has held a position of influence ever:

- | | | | |
|----------|--|------------------------------|-----------------------------|
| a | Been convicted of any criminal offence?
(Please check the guidance notes for the meaning of 'position of influence' in the context of the questions in this part of the form.) | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| b | Been summonsed, charged with or otherwise investigated or prosecuted for any criminal offence? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| c | Been the subject of any criminal proceeding which has not resulted in a conviction? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| d | Been ordered to produce documents in relation to any criminal investigation or been the subject of a search (with or without a warrant) in relation to any criminal investigation? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |

In answering question **5.01.5**, you should include all matters even when the summons, charge, prosecution or investigation did not result in a conviction, and, in respect of **5.01.5d**, even where the *firm* was not the subject of the investigation. However, *firms* are not required to disclose details of any specific *individuals* who were subject to historic (as opposed to ongoing) criminal investigations, prosecutions, summons or other historic criminal proceedings.



I have supplied further information related to this page in Section 6[†] YES NO

[†] The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

5.02 Civil Proceedings

5.02.1 Has the *candidate*, **ever** been the subject of a judgment debt or award against the *candidate*?

YES NO

Please give a full explanation of the events in questions, ensuring that it adheres to the Disclosure Note at the beginning of this form.

You should include all County Court Judgment(s) (CCJs) made against the *candidate*, whether satisfied or not); and

i) the sum and date of all judgment debts, awards or CCJs (whether satisfied or not); and

ii) the total number of all judgment debts, awards or CCJs ordered.

5.02.2 Has the *candidate* ever been party to any civil proceedings which resulted in any order against the *candidate* (other than a judgment debt or award referred to in **5.02.1** above)? (You should include, for example, injunctions and employment tribunal proceedings.)

YES NO

5.02.3 Is the *candidate* aware of:

a Any proceedings that have begun or anyone's intention to begin proceedings against the *candidate*, for a CCJ or another judgment debt?

YES NO

b More than one set of proceedings, or anyone's intention to begin more than one set of proceedings, that may lead to a CCJ or other judgment debt?

YES NO

YES NO

5.02.4 Does the *candidate* have any **current** judgment debts (including CCJs) made under a court order still outstanding, whether in full or in part?

YES NO

5.02.5 Has the *candidate* **ever** failed to satisfy any such judgment debts (including CCJs) made under a court order still outstanding, whether in full or part, within one year of the order being made?

YES NO



I have supplied further information related to this page in Section 6†

YES NO

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

5.02.6	Has the <i>candidate</i> ever:		
a	Filed for the <i>candidate</i> 's own bankruptcy or had a bankruptcy petition served on the <i>candidate</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
b	Been adjudged bankrupt?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
c	Been the subject of a bankruptcy restrictions order (including an interim bankruptcy restrictions order) or offered a bankruptcy restrictions undertaking?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
d	Made any arrangements with the <i>candidate</i> 's creditors, for example a deed of arrangement or an <i>individual</i> voluntary arrangement (or in Scotland a trust deed)?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
e	Had assets sequestrated?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
f	Been involved in any proceedings relating to the above matters even if such proceedings did not result in the making of any kind of order against the <i>candidate</i> or result in any kind of agreement with the <i>candidate</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
5.02.7	Does the <i>candidate</i> , or any undertaking under their management, have any outstanding financial obligations arising from <i>regulated activities</i> , which have been carried out in the past (whether or not in the UK or overseas)?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
5.02.8	Has the <i>candidate</i> ever been adjudged by a court or tribunal (whether criminal, civil or administrative) for any fraud, misfeasance, negligence, wrongful trading or other misconduct? Or been found by a judge or tribunal to have lied on oath and/or that their evidence was to be disbelieved?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
5.02.9	Is the <i>candidate</i> currently:		
a	Party to any civil proceedings (including those covered in 5.02.7 above)?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
b	Aware of anybody's intention to begin civil proceedings against the <i>candidate</i> ? (You should include any ongoing disputes whether or not such dispute is likely to result in any order against the <i>candidate</i> .)	YES <input type="checkbox"/>	NO <input type="checkbox"/>
5.02.10	During the period over which the <i>candidate</i> has held a position of influence and/or in the 10 years after this, has any <i>firm</i> at which the <i>candidate</i> holds or has held a position of influence ever been:		
a	Adjudged by a court civilly liable for any fraud, misfeasance, wrongful trading or other misconduct?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
b	The subject of a judgment debt or award against the <i>firm</i> ? (You should include all CCJs made against the <i>firm</i> , whether satisfied or not.)	YES <input type="checkbox"/>	NO <input type="checkbox"/>
c	Party to any other civil proceedings which resulted in an order against the <i>firm</i> other than in relation to matters covered in 5.02.10a and 5.02.10b above?	YES <input type="checkbox"/>	NO <input type="checkbox"/>



I have supplied further information related to this page in Section 6† YES NO

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

5.02.11 Is any *firm* at which the *candidate* currently holds or has held, within the last 12 months from the date of the submission of this form, a position of influence currently:

a a party to civil proceedings?

YES NO

b aware of anyone's intention to begin civil proceedings against them?

YES NO

5.02.12 Has any company, partnership or unincorporated association of which the *candidate* is or has been a controller, director, senior manager, partner or company secretary, in the United Kingdom or elsewhere, at any time during their involvement, or within one year of such an involvement, been put into liquidation, wound up, ceased trading, had a receiver or administrator appointed or entered into any voluntary arrangement with its creditors?

YES NO

5.03 Business and Employment Matters

5.03.1 Has the *candidate* ever been:

a Disqualified from acting as a director or similar position (one where the *candidate* acts in a management capacity or conducts the affairs of any company, partnership or unincorporated association)?

YES NO

b The subject of any proceedings of a disciplinary nature (whether or not the proceedings resulted in any finding against the *candidate*)?

YES NO

c The subject of any investigation which has led or might lead to disciplinary proceedings?

YES NO

d Notified of any potential proceedings of a disciplinary nature against the *candidate*?

YES NO

e The subject of an investigation into allegations of misconduct or malpractice in connection with any business activity? (This question covers internal investigation by an authorised *firm*, as well as investigation by a regulatory body, at any time.)

YES NO

5.03.2 Has the *candidate* ever been refused entry to, or been dismissed, suspended or requested to resign from, any professional, vocation, office or employment or from any fiduciary office or position of trust whether or not remunerated?

YES NO

5.03.3 Does the *candidate* have any material written complaints made against the *candidate* by the *candidate's* clients or former clients in the last five years which the *candidate* has accepted, or which are awaiting determination, or have been upheld – by an ombudsman or complaints scheme?

YES NO



I have supplied further information related to this page in Section 6†

YES NO

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

5.04 Regulatory Matters

5.04.1

In relation to activities regulated by the *FCA* or any other regulatory body (see Section 5 guidance notes), has:

- The *candidate*, or
- Any company, partnership or unincorporated associate of which the *candidate* is or has been a controller, director, senior manager, partner or company secretary, during the *candidate's* association with the entity and for a period of three years after the *candidate* ceased to be associated with it, ever –

a	Been refused, had revoked, restricted, been suspended from or terminated, any licence, authorisations, registration, notification, membership or any other permission granted by any such body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
b	Been criticised, censured, disciplined, suspended, expelled, fined or been the subject of any other disciplinary or interventional action by any such body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
c	Received a warning (whether public or private) that such disciplinary or interventional action may be taken against the <i>candidate</i> or the <i>firm</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
d	Been the subject of an investigation by any <i>regulatory body</i> , whether or not such an investigation resulted in a finding against the <i>candidate</i> or the <i>firm</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
e	Been required or requested to produce documents or any other information to any regulatory body in connection with such an investigation (whether against the <i>firm</i> or otherwise)?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
f	Been investigated or been involved in an investigation by an inspector appointed under companies or any other legislation, or required to produce documents to the Secretary of State, or any other authority, under any such legislation?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
g	Ceased operating or resigned whilst under investigation by any such body or been required to cease operating or resign by any <i>regulatory body</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
h	Decided, after making an application for any licence, authorisation, registration, notification, membership or any permission granted by any such body, not to proceed with it?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
i	Been the subject of any civil action related to any <i>regulated activity</i> which has resulted in a finding by a court?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
j	Provided payment services or distributed or redeemed e-money on behalf of a regulated <i>firm</i> or itself under any contractual agreement where that agreement was terminated by the regulated <i>firm</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
k	Been convicted of any criminal offence, censured, disciplined or publicly criticised by any inquiry, by the Takeover Panel or any governmental or statutory authority or any other <i>regulatory body</i> (other than as indicated in this group of questions).	YES <input type="checkbox"/>	NO <input type="checkbox"/>



I have supplied further information related to this page in Section 6†

YES

NO

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

5.04.2 In relation to activities regulated by the *FCA* or any other regulatory body, has the *candidate* or any *firm* at which the *candidate* holds or has held a position of influence at any time during and within one year of the *candidate's* association with the *firm* ever:

- | | | | |
|----------|---|------------------------------|-----------------------------|
| a | Been found to have carried on activities for which authorisation or registration by the <i>FCA</i> or any other <i>regulatory body</i> is required without the requisite authorisations? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| b | Been investigated for the possible carrying on of activities requiring authorisation or registration by the <i>FCA</i> or any other <i>regulatory body</i> without the requisite authorisation whether or not such investigation resulted in a finding against the <i>candidate</i> ? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| c | Been found to have performed a <i>controlled function</i> (or an equivalent function requiring approval by the <i>FCA/PRA</i> or any other <i>regulatory body</i>) without the requisite approval? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| d | Been investigated for the possible performance of a <i>controlled function</i> (or an equivalent function requiring approval by the <i>FCA</i> or any other <i>regulatory body</i>) without the requisite approval, whether or not such investigation resulted in a finding against the <i>candidate</i> ? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| e | Been found to have failed to comply with an obligation under the Electronic Money Regulations 2011 or Payment Services Regulations 2009 to notify the <i>FCA</i> of the identity of a person acting in a position of influence over its electronic money or payment services business? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |
| f | Been the subject of a prohibition order under section 56 FSMA, or received a warning notice proposing that such a direction or order be made, or received a private warning? | YES <input type="checkbox"/> | NO <input type="checkbox"/> |

5.05 Other Matters

5.05.1 Is the *candidate*, in the role to which the application relates, aware of any business interests, employment obligations, or any other circumstance which may conflict with the performance of the controlled functions for which approval is now being sought? Please include details of any financial or non-financial interests or relationships of the *candidate* and their close relatives to members of the management body and key function holders in the same institution, the parent institution and subsidiaries and shareholders? For the purposes of this question "management body" has the meaning in Directive 2014/65/EU.

YES NO

5.05.2 Is the *candidate* or the *firm* aware of any other information relevant to this notification that we might reasonably expect from the *candidate*?

YES NO

Has the *firm* undertaken a criminal records check in accordance with the requirements of the *FCA*?

Please note that a *firm* is required to request the fullest information that it is lawfully able to obtain about the *candidate* under Part V of the Police Act 1997 (Certificates of Criminal records, etc) and related subordinated legislation of the *UK* or any part of the *UK* before making the application. (*SUP* 10C.10)

YES NO

If yes, please enter date the check was undertaken

Date (dd/mm/yy):

Note: if date is more than 3 months prior to current date or 3 months prior to date of application submission or the check has not been undertaken, please provide details why in section Section 6

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in *SUP* 15.7

5.05.4

Has / Have a reference or references been obtained from current or previous employer(s) in accordance with the requirements of the *FCA*?
If no, please provide details why the reference or references has/have not been obtained.

Please note that a firm is required to use reasonable steps to obtain an appropriate reference from any current or previous employer of the candidate during the last 6 years (see SYSC 22) "Employer" has an extended meaning for these purposes.

YES

NO



I have supplied further information related to this page in Section 6[†]

YES

NO

[†] The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

6.00 Please provide full details of:

- a) why the *candidate* is competent and capable to carry out the *controlled function(s)* applied for;
- b) why the appointment complements the *firm's* business strategy, activity and market in which it operates;
- c) how the appointment was agreed including details of any discussions at governing body level (where applicable);
- d) a list of all directorships currently or previously held by the *candidate* in the past 10 years (where *director* has the meaning given in the Glossary); and
- e) the minimum time that will be devoted to the performance of the *candidate's* functions within the *firm* (please provide an indication of the time spent per month and per annum);
- f) the human and financial resources devoted to the induction and training of the *candidate* (please provide an indication of the time spent per annum);
- g) details of any previous assessments of the *candidate's* fitness and propriety as a controller or director which have been undertaken by any other *regulatory body* (if known) (please include the date of the assessment, the name of the regulatory body and details of the outcome);

If there is any additional information indicated in previous sections or any other information the *candidate* or the *firm* considers being relevant to this application it must be included here. (Please also provide full details of any issues that could affect the Fitness and Propriety of the individual that arose when leaving an employer listed in Section 4 or if any question has been answered 'yes' in Section 5)

6.01

- h)

Question	Information

6.03

Firms must also provide the following supporting documents required with this form (please tick)

	Statement of responsibilities
	<p>Candidate's Curriculum Vitae (C.V) The <i>candidate's</i> C.V. should include the names of all organisations for whom the <i>candidate</i> has worked during the past ten years, details of the nature and duration of the functions performed at those organisations and details of any activities at those organisations which are related to the role for which approval is being sought. The C.V. should also include details of all delegated powers and internal decision-making powers and details of the areas of operations for which the <i>candidate</i> was responsible whilst working at the organisations above. The information above does not need to be included in the C.V. if it has been provided in Section 4 of this form.</p>
	References in relation to the <i>candidate's</i> reputation and experience (including contact details of the referees).

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

	Role(s) description
	Organisational chart
	A description or copy of the <i>candidate's</i> Skills Gap Analysis.
	A description or copy of the <i>candidate's</i> Induction programme
	A description or copy of the <i>candidate's</i> Learning and Development plan (including the name of the <i>individual</i> responsible for monitoring the <i>candidate's</i> progress against the development points and the time frame for completion)
	A description or documentation setting out how the competency was assessed (demonstrating competence and suitability mapped to the specific role and responsibilities of the role).

6.04

In addition, enhanced scope *SMCR firms* must also provide:-

	A copy of the firm's <i>management responsibilities map</i> (SYSC 25 and SUP 10C.9)
	A summary of any handover material (SYSC 25.9 and SUP 10C.10)

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

Declaration of Candidate

Knowingly or recklessly giving the *FCA* information which is false or misleading in a material particular may be a criminal offence (section 398 of the Financial Services and Markets Act 2000).

It should not be assumed that information is known to the *FCA* merely because it is in the public domain or has previously been disclosed to the *FCA* or another regulatory body.

For the purposes of complying with *data protection legislation*, please read our privacy notices:

FCA's privacy notice <https://www.fca.org.uk/data-protection>

Bank of England's privacy notice <https://www.bankofengland.co.uk/prudential-regulation/authorisations>

These notices will tell you what to expect when the *FCA* and/or the Bank of England collects personal information, including how and why we use your personal information and who to contact if you have any queries or wish to exercise your rights.

In signing the form below:

a) I authorise the *FCA* to make such enquiries and seek such further information as it thinks appropriate in the course of verifying the information given in this Form. Individual *candidates* may be required to apply to the Disclosure and Barring Service for a search to be made as to whether any criminal records are held in relation to them and to disclose the result of that search to us. I also understand that the results of these checks may be disclosed to the *firm* submitting this application.

b) I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this Form.

c) I confirm that I understand the regulatory responsibilities of my proposed role as set out in the Code of Conduct for staff sourcebook (*COCON*)

(<https://www.handbook.fca.org.uk/handbook/COCON/1/?view=chapter>)

Tick here to confirm you have read and understood this declaration:

7.01 Candidate's full name[†]

7.02 Signature*

Date[†]

[†] The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in *SUP* 15.7

Declaration of Firm

Knowingly or recklessly giving the *FCA* information which is false or misleading in a material particular may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000). *SUP* 15.6 requires an *authorised person* to take reasonable steps to ensure the accuracy and completeness of information given to the *FCA* and to notify the *FCA* immediately if materially inaccurate information has been provided.

COCON 4.2 provides that, where an *approved person* is responsible for reporting matters to the *FCA*, failure to inform the *FCA* of materially significant information of which he is aware is a breach of *Senior Conduct Rule 4*. Contravention of these requirements may lead to disciplinary sanctions or other enforcement action by the *FCA*. It should not be assumed that information is known to the *FCA* merely because it is in the public domain or has previously been disclosed to the *FCA* or another *regulatory body*.

In making this application the *firm* believes on the basis of due and diligent enquiry that the *candidate* is a fit and proper person to perform the controlled function(s) listed in Section 3. The *firm* also believes, on the basis of due and diligent enquiry, that the *candidate* is competent to fulfil the duties required in the performance of such function(s).

In signing this form on behalf of the *firm*:

- a) I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this Form.
- b) I confirm that I have authority to make this application, and sign this Form, on behalf of each *firm* identified in Section 3.05. I also confirm that a copy of this Form, as submitting to the *FCA*, will be sent to each of those *firms* at the same time as submitting the Form to the *FCA*.
- c) I confirm the *candidate* has been made aware of the regulatory responsibilities of the proposed role as set out in the Code of Conduct for Staff Sourcebook (*COCON*)

(<https://www.handbook.fca.org.uk/handbook/COCON/1/?view=chapter>)

For the purposes of complying with *data protection legislation*, please read our privacy notices:

FCA's privacy notice <https://www.fca.org.uk/data-protection>

Bank of England's privacy notice <https://www.bankofengland.co.uk/prudential-regulation/authorisations>

These notices will tell you what to expect when the *FCA* and/or the Bank of England collects personal information, including how and why we use your personal information and who to contact if you have any queries or wish to exercise your rights.

7.03 Name of the *firm* submitting the application†

7.04 Name of *person* signing on behalf of the *firm*†

7.05 Job title †

7.06 Signature *

Date †

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in *SUP* 15.7



Application number
(for FCA/PRA use only)

The FCA has produced notes which will assist both the applicant *firm* and the *candidate* in answering the questions in this form. Please read these notes, which are available on the FCA website at:
<https://www.handbook.fca.org.uk/handbook/SUP/10C/Annex3D.html>

Both the applicant *firm* and the *candidate* will be treated by the FCA and PRA as having taken these notes into consideration when completing this form. Terms defined in either or both of the *FCA Handbook* or the *PRA Rulebook* are italicised and should be construed accordingly.

Short Form A – Dual-regulated firms (including EEA and third country firms)

Application to perform *controlled functions* including *senior management functions*

FCA Handbook Reference: SUP 10C Annex 3D

PRA Rulebook Reference: Senior Managers Regime - Applications and Notifications¹

10 December 2018

Name of *candidate*
(to be completed by applicant *firm*)

Name of applicant *firm*
(as entered in 2.01)

Firm reference number
(as entered in 2.02)

Financial Conduct Authority
12 Endeavour Square
Stratford
London E20 1JN
United Kingdom
Telephone +44 (0) 300 500 0597
E-mail firm.queries@fca.org.uk
Website <http://www.fca.org.uk>
Registered as a Limited Company in England and
Wales No 1920623. Registered Office as above

Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA
United Kingdom
Telephone +44 (0) 203 461 7000
E-mail PRA-
ApprovedPersons@bankofengland.co.uk
Website www.bankofengland.co.uk/PRA

¹ The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying. For example: CRR firms: Senior Managers Regime - Applications and Notifications; Non – CRR firms: Senior Managers Regime - Applications and Notifications; Solvency II firms: Insurance - Senior Managers Regime – Applications and Notifications; Large Non-Solvency II firms: Insurance - Senior Managers Regime – Applications and Notifications; Non-Solvency II firms: Insurance - Senior Managers Regime – Applications and Notifications

1.01 a	<i>Candidate</i> Individual Reference Number (IRN)	
b	OR name of previous <i>regulatory body</i>	
c	AND previous reference number (if applicable)	
1.02	Title (e.g. Mr, Mrs, Ms,)	
1.03	Surname	
1.04	ALL forenames	
1.05	Name commonly known by	
1.06	Date of birth (dd/mm/yyyy)	
1.07	National Insurance number	
1.08	Previous name	
1.09	Date of name change	
1.10 a	Nationality	
b	Passport number (if National Insurance number not available)	
1.11	Place of birth	
1.12	Phone number	
1.13	Email address	



I have supplied further information related to this page in Section 6

YES

NO

1.14 a Private address

[Redacted address]

b

Postcode

c

Dates resident at this address
(dd/mm/yyyy)

From

[Redacted date]

To

PRESENT

(If address has changed in the last three years, please provide addresses for the previous three years.)

1.15 a Previous address 1

[Redacted address]

b

Postcode

c

Dates resident at this address
(dd/mm/yyyy)

From

[Redacted date]

To

[Redacted date]

1.16 a Previous address 2

[Redacted address]

b

Postcode

c

Dates resident at this address
(dd/mm/yyyy)

From

[Redacted date]

To

[Redacted date]



I have supplied further information
related to this page in Section 6

YES

NO

2.01	Name of <i>firm</i> making the application	
2.02	<i>Firm</i> Reference Number (FRN)	
2.03 a	Who should the <i>FCA/PRA</i> contact at the <i>firm</i> in relation to this application?	
b	Position	
c	Phone number	
d	E-mail	

Please note that the contact at the *firm* cannot be the same person as the *candidate*



I have supplied further information related to this page in Section 6 YES NO

Complete this section if the application is for a *senior management function*. If you are submitting an application for a *controlled function* at an *appointed representative*, then please complete Section 3B.

3A.01 Nature of the arrangement between the candidate and the applicant firm.

a Employee

b Group employee

Name of group

c Contract for services

d Partner

e Other

Give details

Proposed date of appointment

Length of appointment (if applicable)

3A.02 For applications from a single firm, please tick the boxes that correspond to the *senior management functions* to be performed. If the *senior management functions* are to be performed for more than one firm, please leave blank and go to question **3A.04**

The table below sets out the full list of *senior management functions* (SMFs). Please refer to the *PRA Rulebook* and *FCA Handbook* for the mandatory SMFs for your firm.

Function	Description of a Senior Management Function	UK banks*	UK branches of EEA banks and insurers	UK branches of non-EEA banks	Credit unions	Solvency II firms & large NDFs	Small NDFs	ISPVs	Small firms in run off	UK branches of non-EEA insurers
SMF 1	Chief Executive	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF 2	Chief Finance	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF 3	Executive Director	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF 4	Chief Risk	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF 5	Head of Internal Audit	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF 6	Head of Key Business Area	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	

Function	Description of a Senior Management Function	UK banks*	UK branches of EEA banks and insurers	UK branches of non-EEA banks	Credit unions	Solvency II firms & large NDFs	Small NDFs	ISPVs	Small firms in run off	UK branches of non-EEA insurers
SMF 7	Group Entity Senior Manager	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF 8	Credit Union Senior Manager				<input type="checkbox"/>					
SMF 9	Chair of the Governing Body	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF10	Chair of the Risk Committee	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF11	Chair of the Audit Committee	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF12	Chair of the Remuneration Committee	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF13	Chair of the Nomination Committee	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>				
SMF14	Senior Independent Director	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF15	Chair of With Profits Committee					<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>
SMF16	Compliance Oversight	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SMF17	Money Laundering Reporting Officer (MLRO)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SMF18	Other Overall Responsibility	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>				
SMF19	Head of Third Country Branch/ Head of Overseas			<input type="checkbox"/>						<input checked="" type="checkbox"/>
SMF20	Chief Actuary					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SMF20a	With-Profits Actuary					<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SMF21	EEA Branch Senior Manager (EBSM)		<input type="checkbox"/>							
SMF22	Other Local Responsibility			<input checked="" type="checkbox"/>						<input checked="" type="checkbox"/>
SMF23	Chief Underwriting Officer					<input type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SMF23a	Underwriting Risk Oversight (Lloyd's)					<input type="checkbox"/>				
SMF23b	Conduct Risk Oversight (Lloyd's)					<input type="checkbox"/>				

Function	Description of a Senior Management Function	UK banks*	UK branches of EEA banks and insurers	UK branches of non-EEA banks	Credit unions	Solvency II firms & large NDFs	Small NDFs	ISPVs	Small firms in run off	UK branches of non-EEA insurers
SMF24	Chief Operations	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SMF25	Small Insurer Senior Management Function						<input type="checkbox"/>			
SMF26	Head of Small Run-Off Firm								<input type="checkbox"/>	
SMF27	Partner	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	

*UK Banks' refers to UK banks, building societies and PRA designated investment firms

3A.03 Job title

Insurance distribution

Will the *candidate* be responsible for Insurance distribution at the *firm*? YES NO

(Note: Yes can only be selected if the *candidate* is applying for a governing function (other than a *non-executive director* function))

Will the *candidate* be responsible for Mortgage Credit Directive Intermediation at the *firm*? YES NO



I have supplied further information related to this page in Section 6 YES NO

3A.04

Complete this section only if the application is on behalf of more than one *firm*.

List all *firms* within the *group* (including the *firm* entered in 2.01) for which the *candidate* requires approval and the requested *senior management function* for that *firm*. †

	Firm Reference Number	Name of firm	Senior Management Function	Job title	Responsible for insurance distribution?	Responsible for mortgage credit intermediation?	Effective date
a							
b							
c							
d							
e							



I have supplied further information related to this page in Section 6

YES

NO

Arrangements and controlled functions – Appointed Representatives

Section 3B

Complete this section if the application is for a *controlled function* at an *appointed representative (AR)*. If you are submitting an application for a *senior management function*, then please complete Section 3A.

For *limited permission* consumer credit firms that are also *appointed representatives*, only the *customer function* is relevant in this section. For these *firms*, relevant *senior management functions* apply instead of the *governing functions* (ie CF1 (AR), CF3 (AR), CF4 (AR) and CF5 (AR)). We do not expect this to apply to many *firms*.

3B.01 Nature of the arrangement between the candidate and the applicant

a	Appointed representative/tied agent – customer function	<input type="checkbox"/>
	AR firm name and reference number	
b	Appointed representative/tied agent – governing function	<input type="checkbox"/>
	AR firm name and reference number	
c	Other	<input type="checkbox"/>
	Give details	

3B.02 For applications from a single *firm*, please tick the boxes that correspond to the *controlled functions* to be performed. If the *controlled functions* are to be performed for more than one *firm*, please go to question **3B.05**.

a Significant influence functions

CF 1 (AR)	Director function	<input type="checkbox"/>
CF 3 (AR)	Chief executive function	<input type="checkbox"/>
CF 4 (AR)	Partner function	<input type="checkbox"/>
CF 5 (AR)	Director of an unincorporated association function	<input type="checkbox"/>

b Senior Management Functions

(This section is only applicable for limited permission consumer credit firms that are ARs for other business)

SMF1 (AR)	Chief Executive function	<input type="checkbox"/>
SMF3 (AR)	Executive Director function	<input type="checkbox"/>
SMF4 (AR)	Partner function	<input type="checkbox"/>

c Customer function

CF 30 (AR)	Customer function	<input type="checkbox"/>
------------	-------------------	--------------------------

3B.03 Effective date of *controlled functions* indicated above

3B.04 Job title
Please refer to notes on the requirements for submitting a CV.



I have supplied further information
related to this page in Section 6†

YES

NO

3B.05

Complete this section only if the application is on behalf of more than one *firm*.

List all *firms* within the *group* (including the *firm* entered in **2.01**) for which the *candidate* requires approval and the requested *controlled function* for that *firm*.

	Firm Reference Number	Name of firm	Controlled function	Job title	Effective date
a					
b					
c					
d					
e					



I have supplied further information related to this page in Section 6

YES

NO

If there has been a change to the detail in this section since your last approval, you must submit a Long Form A as opposed to a Short Form A informing the *FCA* and/or *PRA* of the revised detail.

If there has been a change to the detail in this section since your last approval, you must submit a Long Form A as opposed to a Short Form A informing the *FCA* and/or *PRA* of the revised detail.

5.1 Has the *firm* undertaken a criminal records check in accordance with the requirements of the *FCA* or *PRA*?

Please note that a *firm* is required, under *PRA* rules, to request and, under *FCA* rules, to obtain the fullest information that it is lawfully able to obtain about the *candidate* under Part V of the Police Act 1997 (Certificates of Criminal records, etc.) and related subordinated legislation of the *UK* or any part of the *UK* before making the application (*SUP* 10C.10 and *PRA* Rulebook: Fitness and Propriety).²

YES NO

If yes, please enter date the check was undertaken.

Date (dd/mm/yy):

Note: if date is more than 3 months prior to current date or 3 months prior to date of application submission or the check has not been undertaken, please provide details in Section 6.

5.2 Has/Have a reference or references been obtained from current or previous employer(s) in accordance with the requirements of the *FCA* or *PRA*.

If no, please provide details why the reference or references has/have not been obtained.

YES NO

Please note that a firm is required to use reasonable steps to obtain an appropriate reference from any current or previous employer of the candidate during the last 6 years (see SYSC 22 and Fitness and Propriety in the PRA Rulebook.³ "Employer" has an extended meaning for these purposes.



I have supplied further information related to this page in Section 6

YES NO

² The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying.

³ The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying.
Short Form A – Dual-regulated firms (including EEA and third country firms)

6.01 Please provide full details of:

- a) why the *candidate* is competent and capable to carry out the *controlled function(s)* applied for;
- b) why the appointment complements the *firm's* business strategy, activity and market in which it operates;
- c) how the appointment was agreed including details of any discussions at *governing body* level (where applicable);
- d) a list of all directorships currently or previously held by the *candidate* in the past 10 years (where *director* has the meaning given in the Glossary); and
- e) if the *candidate* currently holds more than one directorship, please provide a breakdown on the *candidate's* time commitment to each directorship.

6.02 **If there is any additional information indicated in previous sections or any other information the *candidate* or the *firm* considers being relevant to this application it must be included here.** (Please also provide full details of any issues that could affect the *Fitness and Propriety* of the individual that arose when leaving an employer or if any question has been answered 'yes' in Section 5)

Question	Information

Note: If there is insufficient space, please continue on a separate sheet of paper and clearly identify the section and question to which the additional information relates.

6.03 Firms must also provide the following supporting documents required with this form (please tick)

It is for firms to assess which supporting documents they should submit but, in the majority of cases, it is expected that firms will submit all of the listed supporting documents.

- Statement of responsibilities**
- Candidate's Curriculum Vitae (C.V)**
- Role(s) description**
- A copy of the *firm's* management responsibilities map (SYSC 25 and Allocation of Responsibilities in the *PRA Rulebook*).⁴ This requirement does not apply to all *firms*.**
- A summary of any handover material (as referred to in SYSC 25.9 and SUP 10C.10 and *senior management functions*⁵ in the *PRA Rulebook*). This requirement does not apply to all *firms*.**

⁴ The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying

⁵ The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying
Short Form A – Dual-regulated firms (including EEA and third country firms)

	A description or copy of the <i>candidate's</i> Skills Gap Analysis
	A description or copy of the <i>candidate's</i> Induction programme
	A description or copy of the <i>candidate's</i> Learning and Development plan (including the name of the <i>individual</i> responsible for monitoring the <i>candidate's</i> progress against the development points and the time frame for completion)
	A description or documentation setting out how the competency was assessed (demonstrating competence and suitability mapped to the specific role and responsibilities of the role).

Declaration of *Candidate*

It is a criminal offence, knowingly or recklessly, to give the *FCA* and/or *PRA* information that is materially false, misleading or deceptive (see sections 398 and 400 of the Financial Services and Markets Act 2000 – ‘FSMA’). Even if you believe or know that information has been provided to the *FCA* and/or *PRA* before (whether as part of another application or otherwise) or is in the public domain, you must nonetheless disclose it clearly and fully in this form and as part of this application – you should not assume that the *FCA* and/or *PRA* will itself identify such information during the assessment of this application.

There will be a delay in processing the application if information is inaccurate or incomplete, and it may call into question the suitability of the *candidate* and/or lead to the *FCA* and/or *PRA* exercising their powers (including but not limited to taking disciplinary/ Enforcement action). You must notify the *FCA* and/or *PRA* immediately if there is a change to the information in this form and/or if inaccurate information has been provided (insofar as the *FCA* and/or *PRA* are reasonably likely to consider the information material).

The *candidate* confirms that the information provided in this application is accurate and complete to the best of their knowledge and that they have read the notes to this form. The *candidate* will notify the *FCA* and/or *PRA* immediately if there is a material change to the information provided.

The *candidate* confirms that the attached *statement of responsibilities* accurately reflects the aspects of the affairs of the *firm* which it is intended that the *candidate* will be responsible for managing. The *candidate* confirms that they have accepted all the responsibilities set out in this *statement of responsibilities*.

The *candidate* agrees that the *FCA* and/or *PRA* may use the address specified for the *candidate* in this form as the proper address for service in the United Kingdom (as defined in the Financial Services and Markets Act 2000 (Service of Notices) Regulations (SI 2001/1420)) to serve any notices on the *candidate*.

For the purposes of complying with data protection legislation, please read our privacy notices:

FCA’s privacy notice <https://www.fca.org.uk/data-protection>

Bank of England’s privacy notice: <https://www.bankofengland.co.uk/prudential-regulation/authorisations>

These notices will tell you what to expect when the *FCA* and/or the *Bank of England* collects personal information, including how and why we use your personal information and who to contact if you have any queries or wish to exercise your rights.

The *candidate* confirms that they understand the regulatory responsibilities of the proposed role as set out in the rules of conduct in the *FCA*’s *COCON* or *APER* and/or the *PRA Rulebook: Conduct Rules, Insurance – Conduct Standards, Non-Solvency II Firms – Conduct Standards and Large Non-Solvency II Firms – Conduct Standards*.

The *candidate* is aware that, while advice may be sought from a third party (e.g. legal advice), responsibility for the accuracy of information, as well as the disclosure of relevant information, on the form is ultimately the responsibility of those who sign the application.

In addition to other regulatory responsibilities, *firms*, and *candidates/ approved persons* have a responsibility to disclose to the *FCA* and/or *PRA* matters of which it would reasonably expect to be notified. Failure to notify the *FCA* and/or *PRA* of such information may lead to the *FCA* and/or *PRA* taking disciplinary or other action against the Applicant and/or the *candidate*.

Tick here to confirm you have read and understood this declaration:

7.01 Name of *candidate*

7.02 Signature

Date

Declaration of Firm

It is a criminal offence, knowingly or recklessly, to give the *FCA* and/or *PRA* information that is materially false, misleading or deceptive (see sections 398 and 400 of the Financial Services and Markets Act – ‘FSMA’). Even if you believe or know that information has been provided to the *FCA* and/or *PRA* before (whether as part of another application or otherwise) or is in the public domain, you must nonetheless disclose it clearly and fully in this form and as part of this application – you should not assume that the *FCA* and/or *PRA* will itself identify such information during the assessment of this application. If there is any doubt about the relevance of information, it should be included.

There will be a delay in processing the application if information is inaccurate or incomplete, and it may call into question the suitability of the *candidate* and/or lead to the *FCA* and/or *PRA* exercising their powers under FSMA (including but not limited to taking disciplinary/ Enforcement action). You must notify the *FCA* and/or *PRA* immediately if there is a change to the information in this form and/or if inaccurate information has been provided (insofar as the *FCA* and/or *PRA* are reasonably likely to consider the information material).

In addition to other regulatory responsibilities, *firms*, and *candidates/ approved persons* have a responsibility to disclose to the *FCA* and/or *PRA*, matters of which it would reasonably expect to be notified. Failure to notify the *FCA* and/or *PRA* of such information may lead to the *FCA* and/or *PRA* taking disciplinary or other action against the Applicant and/or the *candidate*.

The Applicant confirms that the information provided in this application is accurate and complete to the best of its knowledge and that it has read the notes to this form. The Applicant will notify the *FCA* and/or *PRA* immediately if there is a material change to the information provided.

For the purposes of complying with *data protection legislation*, please read our privacy notices:
FCA’s privacy notice <https://www.fca.org.uk/data-protection>
Bank of England’s privacy notice <https://www.bankofengland.co.uk/prudential-regulation/authorisations>

These notices will tell you what to expect when the *FCA* and/or the Bank of England collects personal information, including how and why we use your personal information and who to contact if you have any queries or wish to exercise your rights.

Where applicable, the Applicant confirms that it has requested the fullest information that it is lawfully able to obtain about the *candidate* under Part V of the Police Act 1997 and any related subordinate legislation of the *UK* or any part of the *UK*, and (where available) has given due consideration to that information in determining that *candidate* to be fit and proper.

In making this application the Applicant believes on the basis of due and diligent enquiry and, where applicable, by reference to the criteria in *FIT* in the *FCA Handbook* and/or the Fitness and Propriety sections in the *PRA Rulebook* that the *candidate* is a fit and proper *person* to perform the *controlled function(s)* listed in Section 3.

The Applicant also believes, on the basis of due and diligent enquiry, that the *candidate* is competent to fulfil the duties required in the performance of such function(s). Note: For *EEA firms*, this would only apply to those *firms* undertaking any non MiFID business.

The Applicant confirms that it has complied with its obligations under equality and diversity legislation when selecting the *candidate* to perform the function(s) applied for.

The Applicant confirms that it has made the *candidate* aware of their regulatory responsibilities as set out in the rules of conduct in the *FCA’s COCON* or *APER* and/or the *PRA Rulebook: Conduct Rules, Insurance – Conduct Standards, Non-Solvency II Firms – Conduct Standards and Large Non-Solvency II Firms – Conduct Standards*.

The Applicant confirms that the *statement of responsibilities* submitted with this form accurately reflects the aspects of the affairs of the *firm* which it is intended that the *candidate* will be responsible for managing.

The Applicant is aware that, while advice may be sought from a third party (e.g. legal advice), responsibility for the accuracy of information, as well as the disclosure of relevant information, on the form is ultimately the responsibility of those who sign the application.

In signing this form on behalf of the Applicant *firm*:

I confirm that the information in this form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this form.

I confirm that I have authority to make this application and provide the declarations given by the Applicant, and sign this form, on behalf of the *firm* identified in Section 2.01 and/or each *firm* identified in Section 3.04. I also confirm that a copy of this form, as submitted to the *FCA* and/or *PRA*, will be sent to each of those *firms* at the same time as submitting the form to the *FCA* and/or *PRA*.

7.03 Name of the *firm* submitting the application

7.04 Name of *person* signing on behalf of the *firm*

7.05 Job title

7.06 Signature

Date



Application number
(for FCA/PRA use only)

The FCA has produced notes which will assist both the applicant *firm* and the *candidate* in answering the questions in this form. Please read these notes, which are available on the FCA website at <https://www.handbook.fca.org.uk/handbook/SUP/10C/Annex4.html>

Both the applicant *firm* and the *candidate* will be treated by the FCA and PRA as having taken these notes into consideration when completing this form. Terms defined in either or both of the *FCA Handbook* or the *PRA Rulebook* are italicised and should be construed accordingly.

Form B - Notice to withdraw an application to perform *controlled functions* (including *senior management functions*)

This form is also to be used for notice to withdraw an application to add, vary or remove a conditional approval

FCA Handbook Reference: SUP 10C Annex 4R

PRA Rulebook Reference: Senior Managers Regime - Applications and Notifications¹

10 December 2018

Name of *candidate / approved person*
(as applicable)
(to be completed by applicant *firm*)

Name of applicant *firm*
(as entered in 2.01)

Financial Conduct Authority
12 Endeavour Square
Stratford
London E20 1JN
United Kingdom
Telephone +44 (0) 300 500 0597
E-mail firm.queries@fca.org.uk
Website <http://www.fca.org.uk>
Registered as a Limited Company in England and Wales No 1920623. Registered Office as above

Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA
United Kingdom
Telephone +44 (0) 203 461 7000
Email PRA-
ApprovedPersons@bankofengland.co.uk
Website www.bankofengland.co.uk/PRA

¹ The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying. For example: *CRR firms*: Senior Managers Regime - Applications and Notifications; Non – *CRR firms*: Senior Managers Regime - Applications and Notifications; *Solvency II firms*: Insurance - Senior Managers Regime – Applications and Notifications; Large Non-*Solvency II firms*: Insurance - Senior Managers Regime – Applications and Notifications; Non-*Solvency II firms*: Insurance - Senior Managers Regime – Applications and Notifications

Personal identification details

Section 1

1.01 *Candidate/Approved Person* Individual Reference Number (IRN)

1.02 Title
(e.g. Mr, Mrs, Ms)

1.03 Surname

1.04 ALL forenames

1.05 Date of birth

1.06 National Insurance number

1.07 *Candidate/Approved Person's* private address

1.08 Phone number

1.09 Email address



I have supplied further information related to this page in Section 4

YES

NO

2.01 Name of applicant *firm*

2.02 *Firm* Reference Number (FRN)

2.03 a Who should the *FCA/PRA* contact at the applicant *firm* in relation to this notice?

b Position

c Phone number

d E-mail

Please note that the contact at the applicant *firm* cannot be the same *person* as the *candidate*

2.04 *Firms* included on application form (including applicant *firm*)

	FRN	Name of <i>firm</i>	Controlled function or Senior Management Function
a	<input type="text"/>	<input type="text"/>	<input type="text"/>
b	<input type="text"/>	<input type="text"/>	<input type="text"/>
c	<input type="text"/>	<input type="text"/>	<input type="text"/>
d	<input type="text"/>	<input type="text"/>	<input type="text"/>
e	<input type="text"/>	<input type="text"/>	<input type="text"/>

If this is notice to withdraw an application to perform *controlled functions* (including *senior management functions*), please complete Sections 3, 5, and 6.

If this is notice to withdraw an application to vary a conditional approval for the performance of a *senior management function*, please complete Sections 4, 5 and 6.

3.01 Indicate the reason for withdrawal of application to perform *controlled functions* including *senior management functions*

<i>a</i>	Internal movement of staff	<input type="checkbox"/>
<i>b</i>	Dismissal/Termination of employment or contract	<input type="checkbox"/>
<i>c</i>	Resignation	<input type="checkbox"/>
<i>d</i>	Redundancy	<input type="checkbox"/>
<i>e</i>	Withdrawal of offer of employment	<input type="checkbox"/>
<i>f</i>	End of contract	<input type="checkbox"/>
<i>g</i>	Suspension	<input type="checkbox"/>
<i>h</i>	Other	<input type="checkbox"/>
Give details in Section 5		



I have supplied further information related to this page in Section 5

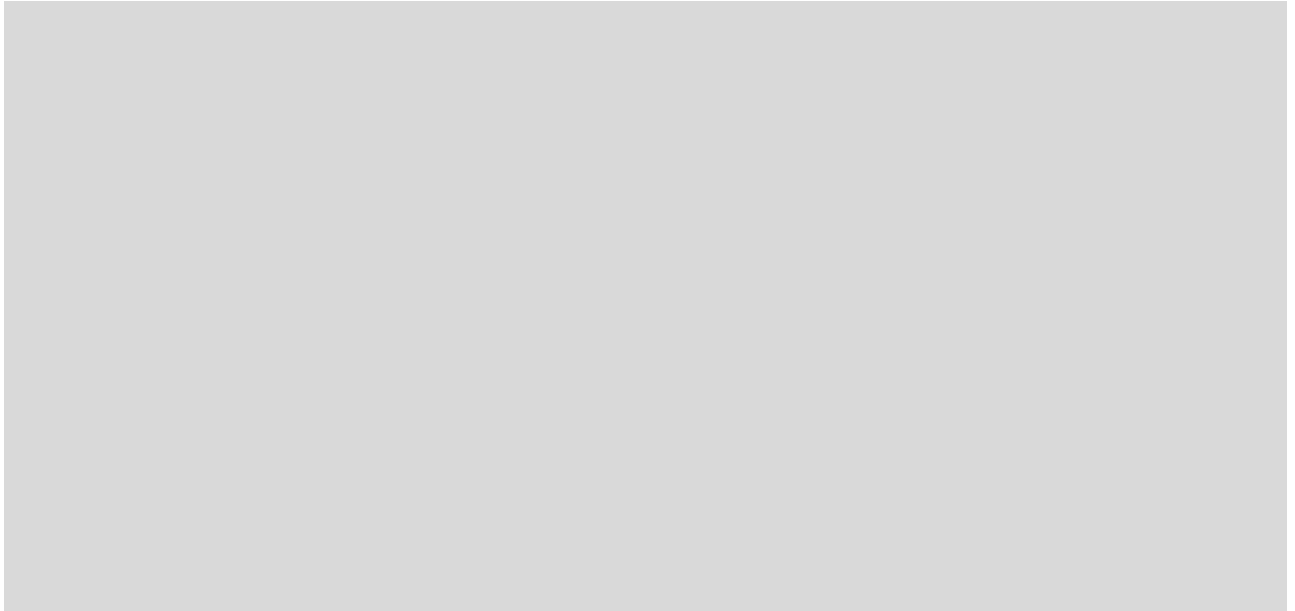
YES

NO

4.01

Only complete this section if this is notice to withdraw an application to vary a conditional approval for the performance of a *senior management function*.

Indicate the reason(s) for withdrawal of an application to vary a conditional approval for the performance of a *senior management function* (including reference number of prior application).



I have supplied further information
related to this page in Section 5

YES

NO

5.01 Include here any issues that arose in relation to this withdrawal, such as resignation or termination of contract. Indicate clearly to which question supplementary information relates.

Question	Information

5.02 How many additional sheets are being submitted?

DECLARATION OF CANDIDATE/APPROVED PERSON

Knowingly or recklessly giving the *FCA* and/or *PRA* information which is false or misleading in a material particular may be a criminal offence (section 398 of the Financial Services and Markets Act 2000 – ‘FSMA’). It should not be assumed that information is known to the *FCA* and/or *PRA* merely because it is in the public domain or has previously been disclosed to the *FCA* and/or *PRA* or another *regulatory body*. If there is any doubt about the relevance of information, it should be included.

Data Protection

For the purposes of complying with data protection legislation, please read our privacy notices:

FCA’s privacy notice <https://www.fca.org.uk/data-protection>

Bank of England’s privacy notice <https://www.bankofengland.co.uk/prudential-regulation/authorisations>

These notices will tell you what to expect when the *FCA* and/or the Bank of England collects personal information, including how and why we use your personal information and who to contact if you have any queries or wish to exercise your rights

I confirm that the information in this form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this form.

6.01 Candidate/approved person’s full name

6.02 Signature

Date

DECLARATION BY APPOINTED REPRESENTATIVE OR OTHER FIRM (if applicable)

We concur that the application to perform *controlled functions (including senior management functions)* made in respect of the above *candidate* should be withdrawn with immediate effect.

6.03 Name of *appointed representative* or other *firm*

6.04 Name of *person* signing on behalf of the *appointed representative* or other *firm*

6.05 Job title

6.06 Signature

Date

DECLARATION BY APPLICANT FIRM

Knowingly or recklessly giving the *FCA* and/or *PRA* information which is false or misleading in a material particular may be a criminal offence (sections 398 and 400 of FSMA). SUP 15.6 (*FCA*) and Notifications in the *PRA Rulebook (PRA)*² require an *authorised person* to take reasonable steps to ensure the accuracy and completeness of information given to the *FCA* and/or *PRA* and to notify the *FCA* and/or *PRA* immediately if materially inaccurate information has been provided. In addition to other regulatory responsibilities, *firms* and *approved persons* have a responsibility to disclose to the *appropriate regulator* matters of which it would reasonably expect to be notified. Failure to notify the *appropriate regulator* of such information may lead to the *FCA* and/or *PRA* taking disciplinary or other action against the *firm* and/or individuals. It should not be assumed that information is known to the *FCA* and/or *PRA* merely because it is in the public domain or has previously been disclosed to the *FCA* and/or *PRA* or another *regulatory body*. If there is any doubt about the relevance of information, it should be included.

For the purposes of complying with data protection legislation,, please read our privacy notices:

FCA's privacy notice <https://www.fca.org.uk/data-protection>

Bank of England's privacy notice <https://www.bankofengland.co.uk/prudential-regulation/authorisations>

These notices will tell you what to expect when the *FCA* and/or the Bank of England collects personal information, including how and why we use your personal information and who to contact if you have any queries or wish to exercise your rights.

I confirm that the information in this form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this form.

6.07 Name of applicant *firm*

6.08 Name of *person* signing on behalf of the applicant *firm*

6.09 Job title

6.10 Signature

Date

² The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying.



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY



Application number
(for FCA/PRA use only)

The FCA has produced notes which will assist both the applicant *firm* and the *approved person* in answering the questions in this form. Please read these notes, which are available on the FCA website at <https://www.handbook.fca.org.uk/handbook/SUP/10C/Annex5.html>

Both the applicant *firm* and the *approved person* will be treated by the FCA and PRA as having taken these notes into consideration when completing this form. Terms defined in either or both of the *FCA Handbook* or the *PRA Rulebook* are italicised and should be construed accordingly.

Form C - Notice of ceasing to perform *controlled functions* including *senior management functions*

FCA Handbook Reference: SUP 10C Annex 5R (Notifications)

PRA Rulebook Reference: Notifications and Senior Managers Regime - Applications and Notifications¹

10 December 2018

Name of *approved person*

Name of *firm* (as entered in 2.01)

Financial Conduct Authority
12 Endeavour Square
Stratford
London E20 1JN
United Kingdom
Telephone +44 (0) 300 500 0597
E-mail firm.queries@fca.org.uk
Website <http://www.fca.org.uk>
Registered as a Limited Company in England and
Wales No 1920623. Registered Office as above

Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA
United Kingdom
Telephone +44 (0) 203 461 7000
E-mail PRA-
ApprovedPersons@bankofengland.co.uk
Website www.bankofengland.co.uk/PRA

¹ The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying. For example: *CRR firms*: Senior Managers Regime - Applications and Notifications; Non – *CRR firms*: Senior Managers Regime - Applications and Notifications; *Solvency II firms*: Insurance - Senior Managers Regime – Applications and Notifications; Large Non-Solvency II firms: Insurance - Senior Managers Regime – Applications and Notifications; Non-*Solvency II firms*: Insurance - Senior Managers Regime – Applications and Notifications

1.01 Individual Reference Number (IRN)

1.02 Title
(e.g. Mr, Mrs, Ms)

1.03 Surname

1.04 ALL forenames

1.05 Date of birth

1.06 National Insurance number

1.07 *Approved person's private address*

1.08 Phone number

1.09 Email address

2.01 Name of applicant *firm*



2.02 *Firm* Reference Number (FRN)



2.03 a Who should the *FCA/PRA* contact at the applicant *firm* in relation to this notice?



b Business address



c Position



d Phone number



g E-mail



3A.01 If the *firm* is submitting this notification on behalf of an *appointed representative*, please complete Section 3B instead.

List all *senior management functions* which the *approved person* is ceasing to perform. The effective date is the date the *person* will cease to perform the functions.

If the reason for ceasing to perform the *senior management function* is indicated in column B, the *FCA* and/ or *PRA* should be notified in accordance with SUP 10C.14 of the *FCA Handbook* and/or *Notifications; Senior Managers Regime - Applications and Notifications* parts of the *PRA Rulebook*, as applicable by telephone, fax or email) that this Form will be submitted.

	FRN	Name of firm	Senior management function	Effective date	Reason	
					A	B Full explanation in section 4
a					Internal movement of staff <input type="checkbox"/> Resignation <input type="checkbox"/> Redundancy <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/>	Dismissal/ termination of employment or contract <input type="checkbox"/> Suspension <input type="checkbox"/> Other <input type="checkbox"/> (specify in Section 4)
b					Internal movement of staff <input type="checkbox"/> Resignation <input type="checkbox"/> Redundancy <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/>	Dismissal/ termination of employment or contract <input type="checkbox"/> Suspension <input type="checkbox"/> Other <input type="checkbox"/> (specify in Section 4)
c					Internal movement of staff <input type="checkbox"/> Resignation <input type="checkbox"/> Redundancy <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/>	Dismissal/ termination of employment or contract <input type="checkbox"/> Suspension <input type="checkbox"/> Other <input type="checkbox"/> (specify in Section 4)
d					Internal movement of staff <input type="checkbox"/> Resignation <input type="checkbox"/> Redundancy <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/>	Dismissal/ termination of employment or contract <input type="checkbox"/> Suspension <input type="checkbox"/> Other <input type="checkbox"/> (specify in Section 4)

e					Internal move- ment of staff	<input type="checkbox"/>	Dismissal/ termination of employment or contract <input type="checkbox"/> Suspension <input type="checkbox"/> Other <input type="checkbox"/> (specify Section 4)
					Resignation	<input type="checkbox"/>	
					Redundancy	<input type="checkbox"/>	
					Retirement	<input type="checkbox"/>	
					End of contract	<input type="checkbox"/>	



I have supplied further information related to this page in Section 4[†] YES NO

3A.02 Does the *firm* also seek to notify the *FCA* and/or *PRA* under one or both of section 63(2A) (withdrawal of approval) or section 64C (Requirement for *Relevant Authorised Persons* to notify regulator of disciplinary action) of the Financial Services and Markets Act 2000?

YES NO

If the *firm* has answered “No”, please go to Section 4.

If the *firm* has answered “Yes”, please complete the below.

3A.03 If the *firm* is making a notification under question **3.02** based on any breach(es) of the individual or senior manager conduct rules set out in the *FCA*’s *COCON* or *PRA*’s Conduct Rules, Insurance – Conduct Standards, Non-Solvency II Firms – Conduct Standards and Large Non-Solvency II Firms – Conduct Standards, please complete the relevant boxes below.

	Tick the rule(s) relevant to this notification
Individual Conduct Rules	
Rule 1: You must act with integrity.	<input type="checkbox"/>
Rule 2: You must act with due skill, care and diligence.	<input type="checkbox"/>
Rule 3: You must be open and cooperative with the <i>FCA</i> , the <i>PRA</i> and other regulators.	<input type="checkbox"/>
Rule 4: You must pay due regard to the interests of <i>customers</i> and treat them fairly.	<input type="checkbox"/>
Rule 5: You must observe proper standards of market conduct.	<input type="checkbox"/>
Senior Manager Conduct Rules	
SC1: You must take reasonable steps to ensure that the business of the <i>firm</i>	<input type="checkbox"/>

	Tick the rule(s) relevant to this notification
Individual Conduct Rules	
for which you are responsible is controlled effectively.	
SC2: You must take reasonable steps to ensure that the business of the <i>firm</i> for which you are responsible complies with relevant requirements and standards of the <i>regulatory system</i> .	<input type="checkbox"/>
SC3: You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate <i>person</i> and that you oversee the discharge of the delegated responsibility effectively.	<input type="checkbox"/>
SC4: You must disclose appropriately any information of which the <i>FCA</i> or <i>PRA</i> would reasonably expect notice.	<input type="checkbox"/>
SC5: When exercising your responsibilities, you must pay due regard to the interests of current and potential future <u><i>policyholders</i></u> in ensuring the provision by the <i>firm</i> of an appropriate degree of protection for their insured benefits.	<input type="checkbox"/>

3A.04 For each breach please provide the following information. Please attach additional sheets as necessary.

Details of the breach:

3A.05 If the *firm* is making a notification under section 64C (Requirement for *Relevant Authorised Persons* to notify the regulator of disciplinary action) of Financial Services and Markets Act 2000, please provide details below of disciplinary action taken and the reasons for this action. Please do not repeat information already included in the answers to Questions **3A.03** and **3A.04** above. If necessary please cross refer to the answers provided.

3A.06 If the *firm* is making a notification under section 63(2A) (withdrawal of approval) of the Financial Services and Markets Act 2000, please provide details below. Please do not repeat information already included in the answers to Questions **3A.05** and **3A.06** above. If necessary please cross refer to the answers provided.

If the firm is submitting this notification on behalf of an *approved person* performing *controlled functions* at an *appointed representative*, please complete this section.

3B.01 Please complete this section if you are submitting this notification on behalf of an *approved person* performing *controlled functions* at an *FCA solo regulated firm* prior to commencement of the *SMCR*. Following commencement of the *SMCR* only *appointed representatives* should complete this section. All other *SMCR firms* should complete Section 3A instead.

List all *controlled functions* (other than *senior management functions*) which the *approved person* is ceasing to perform. The effective date is the date the *person* will cease to perform the functions.

If the reason for ceasing to perform the *controlled function* is indicated in column B, the *FCA* should be notified in accordance with *SUP 10A.14* and *SUP 10B.12* (that is, within one *business day*, by telephone, fax or email) that this Form will be submitted).

	FRN	Name of firm	Controlled function	Effective date	Reason	
					A	B Full explanation in section 4
a					Internal movement of staff <input type="checkbox"/> Resignation <input type="checkbox"/> Redundancy <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/>	Dismissal/ termination of employment or contract <input type="checkbox"/> Suspension <input type="checkbox"/> Other <input type="checkbox"/> (specify in Section 4)
b					Internal movement of staff <input type="checkbox"/> Resignation <input type="checkbox"/> Redundancy <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/>	Dismissal/ termination of employment or contract <input type="checkbox"/> Suspension <input type="checkbox"/> Other <input type="checkbox"/> (specify in Section 4)
c					Internal movement of staff <input type="checkbox"/> Resignation <input type="checkbox"/> Redundancy <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/>	Dismissal/ termination of employment or contract <input type="checkbox"/> Suspension <input type="checkbox"/> Other <input type="checkbox"/> (specify in Section 4)
d					Internal movement of staff <input type="checkbox"/> Resignation <input type="checkbox"/> Redundancy <input type="checkbox"/> Retirement <input type="checkbox"/> End of contract <input type="checkbox"/>	Dismissal/ termination of employment or contract <input type="checkbox"/> Suspension <input type="checkbox"/> Other <input type="checkbox"/> (specify in Section 4)

e

				Internal move- ment of staff	<input type="checkbox"/>	Dismissal/ termination of employment or contract	<input type="checkbox"/>
				Resignation	<input type="checkbox"/>	Suspension	<input type="checkbox"/>
				Redundancy	<input type="checkbox"/>	Other	<input type="checkbox"/>
				Retirement	<input type="checkbox"/>	(specify in Section 4)	
				End of contract	<input type="checkbox"/>		



I have supplied further information
related to this page in Section 4

YES

NO

4.01 Is there any other information the *approved person* or the *firm* considers to be relevant to this notice?

Please provide full details

4.02 Please indicate clearly to which question the supplementary information relates.

Question	Information

4.03 How many additional sheets are being submitted?

Supporting Documents

Indicate the required supporting documents to accompany this form.

Documents	Mode (by email, fax or post)

Other information (please specify)

--

Knowingly or recklessly giving the *FCA* and/or *PRA* information which is false or misleading in a material particular may be a criminal offence (section 398 of FSMA). It should not be assumed that information is known to the *FCA* and/or *PRA* merely because it is in the public domain or has previously been disclosed to the *FCA* and/or *PRA* or another *regulatory body*. If there is any doubt about the relevance of information, it should be included.

In addition to other regulatory responsibilities, *firms* and *approved persons* have a responsibility to disclose to the *FCA* and/or *PRA* matters of which it would reasonably expect to be notified. Failure to notify the *FCA* and/or *PRA* of such information may lead to the *FCA* and/or *PRA* taking disciplinary or other action against the *firm* and/or the *individuals*.

For the purposes of complying with data protection legislation, please read our privacy notices:

FCA's privacy notice <https://www.fca.org.uk/data-protection>

Bank of England's privacy notice <https://www.bankofengland.co.uk/prudential-regulation/authorisations>

These notices will tell you what to expect when the *FCA* and/or the Bank of England collects personal information, including how and why we use your personal information and who to contact if you have any queries or wish to exercise your rights.

The *firm* confirms that the information in this form is accurate and complete to the best of its knowledge and belief. The *firm* will notify the *FCA* and/or *PRA*, as applicable, immediately if there is a material change to the information provided.

If the *firm* submits this form on behalf of one or more other *firms*, the *firm* confirms that it is duly authorised by such *firm(s)* to make such submission.

The *FCA* and/or *PRA* may seek to verify the information given in this form. The *firm* authorises the *FCA* and *PRA*, as applicable, to make such enquiries and seek such further information as it thinks appropriate in the course of verifying the information given in this form.

I confirm that a permanent copy of this application, signed by the *firm*, will be retained for an appropriate period, for inspection at the *FCA's* and/or *PRA's* request.

I confirm that the information in this form is accurate and complete to the best of my knowledge and belief and that I have read the explanatory note relating to the form.

By signing below you confirm that you have read and understood the above declaration.

Name of the *firm*

Name of *person* signing on behalf of the *firm*

Position

Signature

Date



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY



FINANCIAL
CONDUCT
AUTHORITY

Application number
(for FCA/PRA use only)

The FCA has produced notes which will assist both the *firm* and the *approved person* in answering the questions in this form. Please read these notes, which are available on the FCA website at: <https://www.handbook.fca.org.uk/handbook/SUP/10C/Annex6.html>

Both the *firm* and the *approved person* will be treated by the FCA and PRA as having taken these notes into consideration when completing this form. Terms defined in either or both of the *FCA Handbook* or the *PRA Rulebook* are italicised and should be construed accordingly.

Form D Notification - Changes to personal information/application details and conduct breaches/disciplinary action related to conduct

FCA Handbook Reference: SUP 10C Annex 6R

PRA Rulebook Reference: Notifications and Senior Managers Regime - Applications and Notifications¹

10 December 2018

Name of *approved person*
(to be completed by *firm*)

Name of *firm*
(as entered in 4.01)

Financial Conduct Authority
12 Endeavour Square
Stratford
London E20 1JN
United Kingdom
Telephone +44 (0) 300 500 0597
E-mail firm.queries@fca.org.uk
Website <http://www.fca.org.uk>
Registered as a Limited Company in England and Wales No 1920623. Registered Office as above

Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA
United Kingdom
Telephone +44 (0) 203 461 7000
E-mail PRA-
ApprovedPersons@bankofengland.co.uk
Website www.bankofengland.co.uk/PRA

¹ The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying. For example: CRR firms: Senior Managers Regime - Applications and Notifications; Non – CRR firms: Senior Managers Regime - Applications and Notifications; Solvency II firms: Insurance - Senior Managers Regime – Applications and Notifications; Large Non-Solvency II firms: Insurance - Senior Managers Regime – Applications and Notifications; Non-Solvency II firms: Insurance - Senior Managers Regime – Applications and Notifications

What sections should you complete?

The question below will help you determine the sections of the form you must complete.

Please select the outcome

Change in personal details

YES You must complete Sections 1, 2, 6 (if applicable) & 7

Change in *arrangements*

YES You must complete Sections 1, 2, 3, 4, 6 (if applicable) & 7

Change to fitness and propriety information

YES You must complete Sections 1, 2, 5, 6 (if applicable) & 7

Notifications under section 64C of the Financial Services and Markets Act 2000 (FSMA)

YES You must complete Sections 1, 2, 6 & 7

1.01 Input applicant *firm* contact for this notification. Please note that the contact at the applicant *firm* contact cannot be the same person as the *approved person* to whom this application relates.

Title	
First name	
Surname	
Job title	
Business address	
Postcode	
Phone number	
Email address	



I have supplied further information related to this page in Section 7

YES

NO

2.01 *Approved person* Individual Reference Number (IRN)

DETAILS TO BE CHANGED

2.02 Title (e.g. Mr, Mrs, Ms)

2.03 Surname

2.04 ALL forenames

2.05 National Insurance number

2.06 Nationality

2.07 Passport number

2.08 Job title or position

2.09 Effective date of change

2.10 Reason for change



I have supplied further information related to this page in Section 7

YES

NO

Arrangements and Controlled Functions (including Senior Management Functions) Section 3

Add New Arrangement

3.01 State the nature of the *arrangement* between the *approved person* and the *firm*?

Employee Continue to Section 4

Group employee Continue to Question 3.02

Contract for services Continue to Section 4

Appointed representative Continue to Question 3.04

Other arrangement Continue to Question 3.03

3.02 Name of *group*
(Once completed continue to Section 4.)

3.03 Details of the other *arrangement*
(Once completed continue to Section 4.)

Appointed Representatives

3.04 Please provide details of the *appointed representatives* you would like to add and/or remove.
If you are removing an *appointed representative* you will need to consider whether to submit a withdrawal of a *controlled function* (Form C) and/or an *appointed representative* termination.

You must use a separate sheet of paper if necessary.
If you have used separate sheets of paper, you must indicate how many here.

Appointed Representative 1

Are you adding or removing an *appointed representative*? Add Remove

<i>Appointed Representative</i> Number	<i>Firm</i>	Reference
<i>Firm name</i>		
Effective date (dd/mm/yy)		

Appointed Representative 2

Are you adding or removing an *appointed representative*?

Add Remove

Appointed Representative Firm Reference
Number

Firm name

Effective date (dd/mm/yy)

Appointed Representative 3

Are you adding or removing an *appointed representative*?

Add Remove

Appointed Representative Firm Reference
Number

Firm name

Effective date (dd/mm/yy)

Appointed Representative 4

Are you adding or removing an *appointed representative*?

Add Remove

Appointed Representative Firm Reference
Number

Firm name

Effective date (dd/mm/yy)

4.01 Name of *firm* making the notification

4.02 *Firm* Reference Number (FRN)

4.03 Other *firms* for whom the *approved person* performs *senior management functions* or, for *FCA* solo regulated *firms* prior to the commencement of the *SMCR*, performs *controlled functions*.

	FRN	Name of <i>firm</i>	<i>Senior management function/controlled function</i>
a			
b			
c			
d			
e			



I have supplied further information related to this page in Section 7 YES NO

Only complete Section 5 if the notification relates to changes to the *approved person's* fitness and propriety.

5.01 Do you want to notify us of a change to the *approved person's* fitness and propriety?

YES NO

5.01 Criminal Proceedings

When answering the questions in this section the *approved person* should include matters whether in the *UK* or overseas. By virtue of the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975, if the *approved person* is subject to the law of England and Wales, the *approved person must* disclose spent convictions and cautions (other than a protected conviction or caution). By virtue of the Rehabilitation of Offenders Act 1974 (Exclusions and Exceptions) (Scotland) Order 2013 and the Rehabilitation of Offenders (Exceptions) Order (Northern Ireland) 1979, if the *approved person* is subject to the law of Scotland or Northern Ireland, the *approved person must* disclose spent convictions (other than a protected conviction).

For the avoidance of doubt, references to the legislation above are references to the legislation as amended.

If you answer 'yes' to any of the questions in Section 5, further details should be provided in Section 7.

If there is any other information the *candidate* or the *firm* considers to be relevant to the application, it must be included in Section 7.

5.01.1a	Has the <i>approved person</i> ever been convicted of any criminal offence (whether spent or not and whether or not in the <i>UK</i>):	YES <input type="checkbox"/> NO <input type="checkbox"/>
i.	involving fraud, theft, false accounting, offences against the administration of public justice (such as perjury, perverting the course of justice and intimidation of witnesses or jurors), serious tax offences or other dishonesty or	
ii.	relating to <i>companies, building societies, industrial and provident societies, credit unions, friendly societies, insurance, banking or other financial services, insolvency, consumer credit or consumer protection, money laundering, market manipulations or insider dealing?</i>	
b	Is the <i>approved person</i> currently the subject of any criminal proceedings, whether in the <i>UK</i> or elsewhere?	YES <input type="checkbox"/> NO <input type="checkbox"/>
c	Has the <i>approved person</i> ever been given a caution in relation to any criminal offence?-	YES <input type="checkbox"/> NO <input type="checkbox"/>
5.01.2	Has the <i>approved person</i> any convictions for any offences other than those in 5.01.1 above (excluding traffic offences that did not result in a ban from driving or did not involve driving without insurance)?	YES <input type="checkbox"/> NO <input type="checkbox"/>
5.01.3	Is the <i>approved person</i> the subject of any ongoing criminal investigation?	YES <input type="checkbox"/> NO <input type="checkbox"/>



I have supplied further information related to this page in Section 7 YES NO

5.01.4 Has the *approved person* been ordered to produce documents YES NO

pursuant to any ongoing criminal investigation or been the subject of a search (with or without a warrant) pursuant to any ongoing criminal investigation?

In answering question **5.01.4**, you should include all matters even where the *approved person* was not the subject of the investigation.

5.01.5

Has any *firm* at which the *approved person* holds or has held a position of influence **ever**:

(Please check the guidance notes for the meaning of 'position of influence' in the context of the questions in this part of the form.)

a Been convicted of any criminal offence?

YES NO

b Been summonsed, charged with or otherwise investigated or prosecuted for any criminal offence?

YES NO

c Been the subject of any criminal proceeding which has not resulted in a conviction?

YES NO

d Been ordered to produce documents in relation to any criminal investigation or been the subject of a search (with or without a warrant) in relation to any criminal investigation?

YES NO

In answering question **5.01.5**, you should include all matters even when the summons, charge, prosecution or investigation did not result in a conviction, and, in respect of **5.01.5d**, even where the *firm* was not the subject of the investigation. However, *firms* are not required to disclose details of any specific individuals who were subject to historic (as opposed to ongoing) criminal investigations, prosecutions, summons or other historic criminal proceedings.



I have supplied further information related to this page in Section 7

YES NO

5.02 Civil Proceedings

5.02.1	Has the <i>approved person</i> ever been the subject of a judgement debt or award against the <i>approved person</i> (whether satisfied or not)?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
	Please give a full explanation of the events in question.		
	The <i>approved person</i> should include all County Court Judgement(s) (CCJs) made against the <i>approved person</i> , whether satisfied or not; and		
	i) the sum and date of all judgements debts, awards or CCJs (whether satisfied or not); and ii) the total number of all judgement debts, awards or CCJs ordered.		
5.02.2	Has the <i>approved person</i> ever been party to any civil proceedings which resulted in any order against the <i>approved person</i> (other than a judgement debt or award referred to in 5.02.1 above)? (the <i>approved person</i> should include, for example, injunctions and employment tribunal proceedings.)	YES <input type="checkbox"/>	NO <input type="checkbox"/>
5.02.3	Is the <i>approved person</i> aware of:		
a	Any proceedings that have begun, or anyone's intention to begin proceedings against the <i>approved person</i> , for a CCJ or another judgement debt?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
b	More than one set of proceedings, or anyone's intention to begin more than one set of proceedings, that may lead to a CCJ or other judgement debt?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
5.02.4	Does the <i>approved person</i> have any current judgement debts (including CCJs) made under a court order still outstanding, whether in full or in part?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
5.02.5	Has the <i>approved person</i> ever failed to satisfy any such judgement debts (including CCJs) made under a court order still outstanding, whether in full or part, within one year of the order being made?	YES <input type="checkbox"/>	NO <input type="checkbox"/>



I have supplied further information related to this page in Section7 YES NO

5.02.6 Has the *approved person* ever:

a Filed for the *approved person's* own bankruptcy or had a bankruptcy petition served on the *approved person*? YES NO

b Been adjudged bankrupt? YES NO

c Been the subject of a bankruptcy restrictions order (including an interim bankruptcy restrictions order) or offered a bankruptcy restrictions undertaking? YES NO

d Made any arrangements with the *approved person's* creditors, for example a deed of arrangement or an individual voluntary arrangement (or in Scotland a trust deed)? YES NO

e Had assets sequestrated? YES NO

5.02.7 Does the *approved person*, or any undertaking under their management, have any outstanding financial obligations arising from *regulated activities*, which have been carried out in the past (whether or not in the *UK* or overseas)? YES NO

5.02.8 Has the *approved person* ever been adjudged by a court or tribunal (whether criminal, civil or administrative) for any fraud, misfeasance, negligence, wrongful trading or other misconduct? Or been found by a judge or tribunal to have lied on oath and/or that their evidence was to be disbelieved? YES NO

5.02.9 Is the *approved person* currently:

a Party to any civil proceedings (including those covered in **5.02.7** above)? YES NO

b Aware of anybody's intention to begin civil proceedings against the *approved person*? (The *approved person* should include any ongoing disputes whether or not such dispute is likely to result in any order against the *approved person*). YES NO

5.02.10 During the period over which the *approved person* has held a position of influence and/or in the 10 years after this, has any *firm* at which the *approved person* holds or has held a position of influence ever been:

a Adjudged by a court civilly liable for any fraud, misfeasance, wrongful trading or other misconduct? YES NO

b The subject of a judgement debt or award against the *firm*? (The *approved person* should include all CCJs made against the *firm*, whether satisfied or not.) YES NO

c Party to any other civil proceedings which resulted in an order against the *firm* other than in relation to matters covered in **5.02.10a** and **5.02.10b** above? YES NO



I have supplied further information related to this page in Section 7 YES NO

5.02.11 Is any *firm* at which the *approved person* currently holds or has held, within the last 12 months from the date of the submission of this form, a position of influence currently:

a a party to civil proceedings; and/or

YES NO

b aware of anyone's intention to begin civil proceedings against them?

YES NO

5.02.12 Has any company, partnership or unincorporated association of which the *approved person* is or has been a *controller*, director, senior manager, *partner* or company secretary, in the *UK* or elsewhere, at any time during their involvement, or within one year of such an involvement, been put into liquidation, wound up, ceased trading, had a receiver or administrator appointed or entered into any voluntary arrangement with its creditors?

YES NO



I have supplied further information related to this page in Section 7

YES NO

5.03 Business and Employment Matters

5.03.1 Has the *approved person* **ever** been:

- a** Disqualified from acting as a director or similar position (one where the *approved person* acts in a management capacity or conducts the affairs of any company, partnership or unincorporated association)? YES NO
- b** The subject of any proceedings of a disciplinary nature (whether or not the proceedings resulted in any finding against the *approved person*)? YES NO
- c** The subject of any investigation which has led or might lead to disciplinary proceedings? YES NO
- d** Notified of any potential proceedings of a disciplinary nature against the *approved person*? YES NO
- e** The subject of an investigation into allegations of misconduct or malpractice in connection with any business activity? (This question covers internal investigation by an authorised *firm*, as well as investigation by a regulatory body, at any time.) YES NO

5.03.2 Has the *approved person* **ever** been refused entry to, or been dismissed, suspended or requested to resign from, any profession, vocation, office or employment, or from any fiduciary office or position of trust whether or not remunerated? YES NO

5.03.3 Does the *approved person* have any material written complaints made against the *approved person* by the *approved person's* clients or former clients in the last five years which the *approved person* has accepted, or which are awaiting determination, or have been upheld – by an ombudsman or complaints scheme? YES NO

5.03.4 Has the *candidate* ever participated in arbitration proceedings? (This question only applies where the applicant *firm* is a Solvency II insurance *firm*)



I have supplied further information related to this page in Section 7 YES NO

5.04 Regulatory Matters

5.04.1 In relation to activities regulated by the *FCA* and/or *PRA* or any other regulatory body (see the guidance notes on Section 5), has:

- The *approved person*, or
- Any company, partnership or unincorporated association of which the *approved person* is or has been a *controller*, director, senior manager, *partner* or company secretary, during the *approved person's* association with the entity and for a period of three years after the *approved person* ceased to be associated with it, **ever** –

a	Been refused, had revoked, restricted, been suspended from or terminated any licence, authorisations, registration, notification, membership or any other permission granted by any such body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
b	Been criticised, censured, disciplined, suspended, expelled, fined or been the subject of any other disciplinary or interventional action by any such body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
c	Received a warning (whether public or private) that such disciplinary or interventional action may be taken against the <i>approved person</i> or the <i>firm</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
d	Been the subject of an investigation by any regulatory body whether or not such an investigation resulted in a finding against the <i>candidate</i> or the <i>firm</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
e	Been required or requested to produce documents or any other information to any regulatory body in connection with an investigation (whether against the <i>firm</i> or otherwise)?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
f	Been investigated or been involved in an investigation by an inspector appointed under companies or any other legislation, or required to produce documents to the Secretary of State, or any other authority, under any such legislation?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
g	Ceased operating or resigned whilst under investigation by any such body or been required to cease operating or resign by any regulatory body?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
h	Decided, after making an application for any licence, authorisation, registration, notification, membership or any permission granted by any such body not to proceed with it?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
i	Been the subject of any civil action related to any <i>regulated activity</i> which has resulted in a finding by a court?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
j	Provided payment services or distributed or redeemed e-money on behalf of a regulated <i>firm</i> or itself under any contractual agreement where that agreement was terminated by the regulated <i>firm</i> ?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
k	Been convicted of any criminal offence, censured, disciplined or publicly criticised by any inquiry, by the Takeover Panel or any governmental or statutory authority or any other regulatory body (other than as indicated in this group of questions)?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
l	Been on a board of directors in an operating undertaking that has not been granted a release from liability? (This question only applies where the applicant <i>firm</i> is a Solvency II insurance <i>firm</i>)	YES <input type="checkbox"/>	NO <input type="checkbox"/>



I have supplied further information related to this page in Section 7

YES

NO

5.04.2

In relation to activities regulated by the *FCA/PRA* or any other regulatory body, has the *approved person* or any *firm* at which the *approved person* holds or has held a position of influence at any time during and within one year of the *approved person's* association with the *firm ever*:

a Been found to have carried on activities for which authorisation or registration by the *FCA/PRA* or any other regulatory body is required without the requisite authorisations?

YES

NO

b Been investigated for the possible carrying on of activities requiring authorisation or registration by the *FCA/PRA* or any other regulatory body, without the requisite authorisation whether or not such investigation resulted in a finding against the *approved person*?

YES

NO

c Been found to have performed a *senior management function* or other *controlled function* (or an equivalent function requiring approval by the *FCA/PRA* or any other regulatory body) without the requisite approval?

YES

NO

d Been investigated for the possible performance of a senior management function or other *controlled function* (or an equivalent function requiring approval by the *FCA/PRA* or any other regulatory body) without the requisite approval, whether or not such investigation resulted in a finding against the *approved person*?

YES

NO

e Been found to have failed to comply with an obligation under the Electronic Money Regulations 2011 or Payment Services Regulations 2009 to notify the *FCA/PRA* of the identity of a person acting in a position of influence over its electronic money or payment services business?

YES

NO

f Been the subject of a prohibition order under section 56 of the Financial Services and Markets Act 2000, or received a warning notice proposing that such a direction or order be made, or received a private warning?

YES

NO



I have supplied further information related to this page in Section 7

YES

NO

5.05 Other Matters

5.05.1

Is the *approved person*, in the role to which the application relates, aware of any business interests, employment obligations, or any other circumstance which may conflict with the performance of the *controlled functions* (including *senior management functions*) for which approval is now being sought?

YES

NO

5.05.2

5.05.2 should only be answered if the *firm* is a Solvency II insurer.

Does the *approved person* have, or know of any:

a	Qualifying ownership ² or any other form of substantial influence in the <i>firm</i> or <i>group</i> , or any other companies	YES <input type="checkbox"/> NO <input type="checkbox"/>
	If yes, please provide: 1. Company name and registration number 2. Nature and scope of the operations 3. The registered office of the company 4. Possession in percentage	
b	Close relatives with ownership shares in the <i>firm</i> or <i>group</i>	YES <input type="checkbox"/> NO <input type="checkbox"/>
c	Close relatives with any other financial relations in the <i>firm</i> or <i>group</i>	YES <input type="checkbox"/> NO <input type="checkbox"/>
d	Any other commitments that may give rise to a conflict of interest	YES <input type="checkbox"/> NO <input type="checkbox"/>
	If the response is 'yes' to any of the above, please provide, in Section 6, explanations of the circumstances and how the <i>candidate</i> intends to mitigate this.	
5.05.3	Is the <i>approved person</i> or the <i>firm</i> aware of any other information relevant to this notification that the <i>FCA/PRA</i> might reasonably expect	YES <input type="checkbox"/> NO <input type="checkbox"/>

I have supplied further information related to this page in Section 7 YES NO

² As defined in Article 13(21) of the Solvency II Directive, qualifying ownership is 'direct or indirect holding in an undertaking which represent 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that undertaking'.

Fitness and Propriety – Notifications under section 64C of the Financial Services and Markets Act 2000 **Section 6**

This section does not apply to *appointed representatives*. It should be completed by an *SMCR firm* to:

- (a) make a notification of disciplinary action (as defined in section 64C (Requirement for relevant *authorised persons* to notify regulator of disciplinary action) of FSMA) due to any action, failure to act or circumstance that amounts to a breach of the individual or senior manager conduct rules set out in the *FCA's COCON* or *PRA Conduct Rules, Insurance – Conduct Standards, Non-Solvency II Firms – Conduct Standards and Large Non-Solvency II Firms – Conduct Standards*
- (b) make a follow up notification to update a determination that has previously been the subject of a notification made by the *firm* in relation to (a) (and to the extent required by, in the case of the *FCA, SUP 10C.15*, or in the case of the *PRA, Notifications in the Rulebook*³).

6.01 Initial or update on previous notification

Is the *firm* updating a previous notification made under section 64C of FSMA?

YES NO

If the *firm* has answered “No”, please go to **6.02**.

If the *firm* has answered “Yes”, please complete the below:

Date of previous notification:
Please provide brief details of prior notification including reference number:
Description of the update to the previous notification:

6.02 Notification of disciplinary action where the reason for taking the disciplinary action is any action, failure to act or circumstance that amounts to a breach of the individual or senior manager conduct rules.

³ The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying.

6.02.1 Please include details in the relevant boxes below of the individual or senior manager conduct rules set out in the FCA's COCON or PRA Conduct Rules, relevant to this notification.

	Tick the rule(s) relevant to this notification
Individual Conduct Rules	
Rule 1: You must act with integrity.	<input type="checkbox"/>
Rule 2: You must act with due skill, care and diligence.	<input type="checkbox"/>
Rule 3: You must be open and cooperative with the FCA, the PRA and other regulators.	<input type="checkbox"/>
Rule 4: You must pay due regard to the interests of customers and treat them fairly.	<input type="checkbox"/>
Rule 5: You must observe proper standards of market conduct.	<input type="checkbox"/>
Senior Manager Conduct Rules	
SC1: You must take reasonable steps to ensure that the business of the firm for which you are responsible is controlled effectively.	<input type="checkbox"/>
SC2: You must take reasonable steps to ensure that the business of the firm for which you are responsible complies with relevant requirements and standards of the regulatory system.	<input type="checkbox"/>
SC3: You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate person and that you oversee the discharge of the delegated responsibility effectively.	<input type="checkbox"/>
SC4: You must disclose appropriately any information of which the FCA or PRA would reasonably expect notice.	<input type="checkbox"/>
SC5: When exercising your responsibilities, you must pay due regard to the interests of current and potential future policyholders in ensuring the provision by the firm of an appropriate degree of protection for their insured benefits.	<input type="checkbox"/>

6.02.2 For each breach of an individual or senior manager conduct rule please provide the following information. Please attach additional sheets as necessary.

<p>Relevant rule(s):</p> <p>Date when breach came to the attention of the firm:</p> <p>Date or period of breach:</p>
<p>Further details of the breach:</p>

6.02.3 Please provide details below of disciplinary action taken and the reasons for this action. Please do not repeat information already included in the answers to Questions **6.02.1** and **6.02.2** above. If necessary please cross refer to the answers provided.



I have supplied further information related to this page in Section 7

YES

NO

7.01 Full details must be provided here if any questions have been answered “yes” in Section 5 (Fitness and Propriety) and if there is any other information the *approved person* or the *firm* considers to be relevant to the notification?

Please provide full details.

Please indicate clearly to which question the supplementary information relates.

Question	Information

7.02 How many additional sheets are being submitted?

Supporting Documents

7.03 Indicate the required supporting documents to accompany this form.

Documents

Declaration

The *firm* must ask the *approved person* to make the declaration only where the *firm* becomes aware of information that would reasonably be material to the assessment of the *approved person's* continuing fitness and propriety.

However, note that it may not be appropriate to ask the *approved person* to make the declaration below where the applicant *firm* becomes aware of information that would reasonably be material to the assessment of that *approved person's* continuing fitness and propriety.

Knowingly or recklessly giving the *FCA* and/or *PRA* information which is false or misleading in a material particular may be a criminal offence (section 398 of FSMA). It should not be assumed that information is known to the *FCA* and/or *PRA* merely because it is in the public domain or has previously been disclosed to the *FCA* and/or *PRA* or another regulatory body. If there is any doubt about the relevance of information, it should be included.

In addition to other regulatory responsibilities, *firms* and *approved persons* have a responsibility to disclose to the *FCA* and/or *PRA* matters of which it would reasonably expect to be notified. Failure to notify the *FCA* and/or *PRA* of such information may lead to the *FCA* and/or *PRA* taking disciplinary or other action against the *firm* and/or the *approved person*.

DECLARATION OF APPROVED PERSON

The *approved person* confirms that the information in this form is accurate and complete to the best of their knowledge and belief and that they have read the notes to this form. The *approved person* will notify the *FCA/PRA*, as applicable, immediately if there is a material change to the information provided.

For the purposes of complying with data protection legislation, please read our privacy notices:

FCA's privacy notice <https://www.fca.org.uk/data-protection>

Bank of England's privacy notice <https://www.bankofengland.co.uk/prudential-regulation/authorisations>

These notices will tell you what to expect when the *FCA* and/or the *Bank of England* collects personal information, including how and why we use your personal information and who to contact if you have any queries or wish to exercise your rights.

8.01 Full name of *approved person*

i.e. Title, forenames, SURNAME

8.02 Signature

Date

DECLARATION OF *FIRM*

The *firm* confirms that the information in this form is accurate and complete to the best of its knowledge and belief. The *firm* will notify the *FCA/PRA*, as applicable, immediately if there is a material change to the information provided.

If the *firm* submits this form on behalf of one or more other *firms*, the *firm* confirms that is duly authorised by such *firm(s)* to make such submission.

For the purposes of complying with data protection legislation, please read our privacy notices:

FCA's privacy notice <https://www.fca.org.uk/data-protection>

Bank of England's privacy notice <https://www.bankofengland.co.uk/prudential-regulation/authorisations>

These notices will tell you what to expect when the *FCA* and/or the Bank of England collects personal information, including how and why we use your personal information and who to contact if you have any queries or wish to exercise your rights.

By signing below, the person submitting this form on behalf of the *firm* confirms that this form is accurate and complete to the best of their knowledge and he or she has read and understood the notes to this form and the declaration given by the *firm*.

8.03 Name of the *firm*

8.04 Name of *person* signing on behalf of the *firm*

8.05 Job title

8.06 Signature

Date



Application number
(for FCA/PRA use only)

The FCA has produced notes which will assist both the applicant *firm* and the *candidate* in answering the questions in this form. Please read these notes, which are available on the FCA website at <https://www.handbook.fca.org.uk/handbook/SUP/10C/Annex3D.html>

Both the applicant *firm* and the *candidate* will be treated by the FCA and PRA as having taken these notes into consideration when completing this form. Terms defined in either or both of the *FCA Handbook* or the *PRA Rulebook* are italicised and should be construed accordingly.

Form E - Internal transfer of a person performing a *controlled function* for dual regulated firms

FCA Handbook Reference: SUP 10C Annex 7D

PRA Rulebook Reference: Senior Managers Regime - Applications and Notifications¹

10 December 2018

Name of *candidate*
(to be completed by applicant *firm*)

Name of *firm*
(as entered in 2.01)

Financial Conduct Authority
12 Endeavour Square
Stratford
London E20 1JN
United Kingdom
Telephone +44 (0) 300 500 0597
E-mail firm.queries@fca.org.uk
Website <http://www.fca.org.uk>
Registered as a Limited Company in England and
Wales No 1920623. Registered Office as above

Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA
United Kingdom
Telephone +44 (0) 203 461 7000
E-mail PRA-ApprovedPersons@bankofengland.co.uk
Website www.bankofengland.co.uk/PRA

¹ The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying. For example: CRR firms: Senior Managers Regime - Applications and Notifications; Non – CRR firms: Senior Managers Regime - Applications and Notifications; Solvency II firms: Insurance - Senior Managers Regime – Applications and Notifications; Large Non-Solvency II firms: Insurance - Senior Managers Regime – Applications and Notifications; Non-Solvency II firms: Insurance - Senior Managers Regime – Applications and Notifications

Personal identification details

Section 1

1.01 Individual Reference Number (IRN)

1.02 Title
(e.g. Mr, Mrs, Ms,)

1.03 Surname

1.04 ALL forenames

1.05 Date of birth

1.06 National Insurance number

1.07 Place of birth

1.08 Phone number

1.09 Email address

Firm identification details

Section 2

2.01 Name of applicant *firm*

2.02 *Firm* Reference Number (FRN)

2.03 a Who should the *FCA/PRA* contact at the applicant *firm* in relation to this application?

b Position

c Phone number

d E-mail

Please note that the contact at the *firm* cannot be the same person as the *candidate*



I have supplied further information
related to this page in Section 5

YES

NO

3.01 List all *senior management functions* which the *approved person* is ceasing to perform. The effective date is the date the *person* will cease to perform the functions.

	FRN	Name of firm	Senior Management function	Effective date
a				
b				
c				
d				
e				



I have supplied further information related to this page in Section 5

YES

NO

4A.01 Nature of the arrangement between the candidate and the applicant.

a *Employee*

b *Group employee*

Name of group

c Contract for services

d *Partner*

e Other

Give details

Proposed date of appointment

Length of appointment (if applicable)

4A.02 For applications from a single *firm*, please tick the boxes that correspond to the *senior management functions* to be performed.

If the *senior management functions* are to be performed for more than one *firm*, please leave the boxes below blank and go to question **4.05**

The table below sets out the full list of *senior management functions (SMFs)*. Please refer to the *PRA Rulebook and FCA Handbook* for the mandatory *SMFs* for your *firm*.

Function	Description of a Senior Management Function	UK banks*	UK branches of EEA banks and insurers	UK branches of non-EEA banks	Credit unions	Solvency II firms & large NDFs	Small NDFs	ISPVs	Small firms in run off	UK branches of non-EEA insurers
SMF 1	Chief Executive	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF 2	Chief Finance	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF 3	Executive Director	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF 4	Chief Risk	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF 5	Head of Internal Audit	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF 6	Head of Key Business Area	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
SMF 7	Group Entity Senior Manager	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF 8	Credit Union Senior Manager				<input type="checkbox"/>					
SMF 9	Chair of the Governing Body	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF10	Chair of the Risk Committee	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF11	Chair of the Audit Committee	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF12	Chair of the Remuneration Committee	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF13	Chair of the Nomination Committee	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>				
SMF14	Senior Independent Director	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF15	Chair of With Profits Committee					<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>

Function	Description of a Senior Management Function	UK banks*	UK branches of EEA banks and insurers	UK branches of non-EEA banks	Credit unions	Solvency II firms & large NDFs	Small NDFs	ISPVs	Small firms in run off	UK branches of non-EEA insurers
SMF16	Compliance Oversight	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SMF17	Money Laundering Reporting Officer (MLRO)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SMF18	Other Overall Responsibility	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>				
SMF19	Head of Third Country Branch/ Head of Overseas			<input type="checkbox"/>						<input checked="" type="checkbox"/>
SMF20	Chief Actuary					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SMF20a	With-Profits Actuary					<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SMF21	EEA Branch Senior Manager (EBSM)		<input type="checkbox"/>							
SMF22	Other Local Responsibility			<input checked="" type="checkbox"/>						<input checked="" type="checkbox"/>
SMF23	Chief Underwriting Officer					<input type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SMF23a	Underwriting Risk Oversight (Lloyd's)					<input type="checkbox"/>				
SMF23b	Conduct Risk Oversight (Lloyd's)					<input type="checkbox"/>				
SMF24	Chief Operations	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SMF25	Small Insurer Senior Management Function						<input type="checkbox"/>			
SMF26	Head of Small Run-Off Firm								<input type="checkbox"/>	
SMF27	Partner	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	

*UK Banks' refers to UK banks, building societies and PRA-designated investment firms

4A.03 Job title

4A.04 Insurance distribution

Will the *candidate* be responsible for insurance distribution at the *firm*? YES NO

(Note: Yes can only be selected if the individual is applying for a governing function (other than a *non-executive director* function))

4A.05 Mortgage Credit Directive

Will the candidate be responsible for Mortgage Credit Directive Intermediation at the *firm*? YES NO

4A.06 Has the *firm* undertaken a criminal records check in accordance with the requirements of the *FCA* and/or *PRA*?

Please note that a *firm* is required under *PRA* rules to request and, under *FCA* rules, obtain the fullest information that it is lawfully able to obtain about the *candidate* under Part V of the Police Act 1997 (Certificates of Criminal records, etc) and related subordinated legislation of the *UK* or any part of the *UK* before making the application (*SUP* 10C.10 and *PRA Rulebook* – Fitness and Propriety).²

If yes, please enter date the check was undertaken

Date (dd/mm/yy):

Note: if date is more than 3 months prior to current date or 3 months prior to date of application submission or the check has not been undertaken, please provide details in Section 5.



I have supplied further information related to this page in Section 5

YES NO

² The relevant section of the *PRA Rulebook* should be referred to depending on which firm is applying.

4A.07

Complete this section only if the application is on behalf of more than one *firm*.

List all *firms* within the *group* (including the *firm* entered in 2.01) for which the applicant requires approval and the requested *senior management function* for that *firm*.

	Firm Reference Number	Name of firm	Senior Management function	Job title (mandatory)	Responsible for insurance distribution?	Responsible for mortgage credit intermediation?	Effective date
a							
b							
c							
d							
e							

4A.08

Has/Have a reference or references been obtained from current or previous employer(s) in accordance with the requirements of the *FCA* or *PRA*? If no, please provide details why the reference or references has/have not been obtained.

Please note that a firm is required to use reasonable steps to obtain an appropriate reference from any current or previous employer of the candidate during the last 6 years (see SYSC 22 and Fitness and Propriety³ in the PRA Rulebook). "Employer" has an extended meaning for these purposes.

YES NO

³ The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying.



I have supplied further information
related to this page in Section 6†

YES

NO

Arrangement and controlled functions – Appointed Representatives

Section 4B

Complete this section if the application is for a *controlled function* at an *appointed representative (AR)*. If you are submitting an application for a *senior management function*, then please complete Section 4A.

For *limited permission consumer credit firms* that are also *appointed representatives*, only the *customer function* is relevant in this section. For these *firms*, relevant *senior management functions* apply instead of the *governing functions* (ie CF1 (AR), CF3 (AR), CF4 (AR) and CF5 (AR)). We do not expect this to apply to many *firms*.

4B.01 Nature of the arrangement between the candidate and the applicant.

a Appointed representative/tied agent – customer function

AR firm name and reference number

b Appointed representative/tied agent – governing function

AR firm name and reference number

c Other

Give details

4B.02 For applications from a single *firm*, please tick the boxes that correspond to the *controlled functions* to be performed. If the *controlled functions* are to be performed for more than one *firm*, please go to question **4B.05**.

a **Significant influence functions**

CF 1 (AR) Director function	<input type="checkbox"/>
CF 3 (AR) Chief executive function	<input type="checkbox"/>
CF 4 (AR) Partner function	<input type="checkbox"/>
CF 5 (AR) Director of an unincorporated association function	<input type="checkbox"/>

b **Senior Management Functions**

(This section is only applicable for limited permission consumer credit firms that are ARs for other business)

SMF1 (AR) Chief Executive function	<input type="checkbox"/>
SMF3 (AR) Executive Director function	<input type="checkbox"/>
SMF4 (AR) Partner function	<input type="checkbox"/>

c **Customer function**

CF 30 (AR) Customer function	<input type="checkbox"/>
------------------------------	--------------------------

4B.03 Effective date of *controlled functions* indicated above

4B.04 Job title

Please refer to notes on the requirements for submitting a CV.

➔ I have supplied further information related to this page in Section 6 YES NO

4B.05 Complete this section only if the application is on behalf of more than one firm.

List all *firms* within the *group* (including the *firm* entered in **2.01**) for which the *candidate* requires approval and the requested *controlled function* for that *firm*.

	Firm Reference Number	Name of firm	Controlled function	Job title	Effective date
a					
b					
c					
d					
e					



I have supplied further information related to this page in Section 6

YES

NO

Supplementary information for Senior Management Functions Section 5

5.01 Please provide full details of:

- a) why the *candidate* is competent and capable to carry out the *controlled function(s)* applied for;
- b) why the appointment complements the *firm's* business strategy, activity and market in which it operates;
- c) how the appointment was agreed including details of any discussions at *governing body* level (where applicable);
- d) a list of all directorships currently or previously held by the *candidate* in the past 10 years (where *director* has the meaning given in the Glossary); and
- e) if the *candidate* currently holds more than one directorship, please provide a breakdown on the *candidate's* time commitment to each directorship.

5.02 If there is any additional information to be given (as indicated in previous sections), or any other information the *candidate* or the *firm* considers relevant to this application, then it must be included here.

Question	Information

Note: If there is insufficient space, please continue on a separate sheet of paper and clearly identify the section and question to which the additional information relates.

5.03 Firms must also provide the following supporting documents required with this form (please tick)

It is for firms to assess which supporting documents they should submit but, in the majority of cases, it is expected that firms will submit all of the listed supporting documents.

- Statement of responsibilities**
- Candidate's Curriculum Vitae (C.V)**
- Role(s) description**

	A copy of the <i>firm's management responsibilities map</i> (SYSC 25 and Allocation of Responsibilities in the <i>PRA Rulebook</i>). ⁴ This requirement does not apply to all firms.
	A summary of any handover material (as referred to in SYSC 25.9 and SUP 10C.10 and <i>senior management functions</i> in the <i>PRA Rulebook</i>). ⁵ This requirement does not apply to all firms.
	A description or copy of the <i>candidate's</i> Skills Gap Analysis
	A description or copy of the <i>candidate's</i> Induction programme
	A description or copy of the <i>candidate's</i> Learning and Development plan (including the name of the individual responsible for monitoring the <i>candidate's</i> progress against the development points and the time frame for completion)
	A description or documentation setting out how the competency was assessed (demonstrating competence and suitability mapped to the specific role and responsibilities of the role)

⁴ The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying

⁵ The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying.

Declaration of *Candidate*

Knowingly or recklessly giving the *FCA* and/or *PRA* information which is false or misleading in a material particular may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000 – ‘FSMA’). It should not be assumed that information is known to the *FCA* and/or *PRA* merely because it is in the public domain or has previously been disclosed to the *FCA* and/or *PRA* or another regulatory body. If there is any doubt about the relevance of information, it should be included.

In addition to other regulatory responsibilities, *firms*, senior managers and other *approved persons* have a responsibility to disclose to the *FCA* and/or *PRA* matters of which it would reasonably expect to be notified. Failure to notify the *FCA* and/or *PRA* of such information may lead to the *FCA* and/or *PRA* taking disciplinary or other action against the *firm* and/or individuals.

The *candidate* confirms that the attached *statement of responsibilities* accurately reflects the aspects of the affairs of the *firm* which it is intended that the *candidate* will be responsible for managing. The *candidate* confirms that they have accepted all the responsibilities set out in the *statement of responsibilities*.

For the purposes of complying with data protection legislation, please read our privacy notices:

FCA’s privacy notice <https://www.fca.org.uk/data-protection>

Bank of England’s privacy notice <https://www.bankofengland.co.uk/prudential-regulation/authorisations>

These notices will tell you what to expect when the *FCA* and/or the *Bank of England* collects personal information, including how and why we use your personal information and who to contact if you have any queries or wish to exercise your rights.

With reference to the above, the *FCA* and/or *PRA* may seek to verify the information given in this form including answers pertaining to fitness and propriety. This may include a credit reference check. In signing the form below:

a) I confirm that the information in this form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this form.

b) I confirm that I understand the regulatory responsibilities of my proposed role as set out in the rules of conduct in the *FCA*’s Conduct Rules (*COCON* or *APER*) and/or *PRA* Conduct Rules, Insurance – Conduct Standards, Non-Solvency II Firms – Conduct Standards and Large Non-Solvency II Firms – Conduct Standards.

c) I confirm that the *statement of responsibilities* submitted with this form accurately reflects the aspects of the affairs of the *firm* which it is intended that I will be responsible for managing. I confirm that I have accepted all the responsibilities set out in this *statement of responsibilities*.

Tick here to confirm you have read and understood this declaration:

6.01 *Candidate*’s full name

6.02 Signature

Date

Declaration of Firm

Knowingly or recklessly giving the *FCA* and/or *PRA* information which is false or misleading in a material particular may be a criminal offence (sections 398 and 400 of FSMA). SUP 15.6 of the *FCA Handbook* and Notification 6 of the *PRA Rulebook* require a *firm* to take reasonable steps to ensure the accuracy and completeness of information given to the *FCA* and/or *PRA* and to notify the *FCA* and/or *PRA* immediately if materially inaccurate information has been provided.

In addition to other regulatory responsibilities, *firms*, senior managers and other *approved persons* have a responsibility to disclose to the *FCA* and/or *PRA* matters of which it would reasonably expect to be notified. Failure to notify the *FCA* and/or *PRA* of such information may lead to the *FCA* and/or *PRA* taking disciplinary or other action against the *firm* and/or individuals.

It should not be assumed that information is known to the *FCA* and/or *PRA* merely because it is in the public domain or has previously been disclosed to the *FCA* and/or *PRA* or another regulatory body. If there is any doubt about the relevance of information, it should be included.

In making this application the *firm* believes on the basis of due and diligent enquiry and by reference to the criteria in *FIT* in the *FCA Handbook* and the Fitness and Propriety Part of the *PRA Rulebook*⁶ that the *candidate* is a fit and proper person to perform the *controlled function(s)* listed in Section 3. The *firm* also believes, on the basis of due and diligent enquiry, that the *candidate* is competent to fulfil the duties required in the performance of such function(s).

For the purposes of complying with data protection legislation, please read our privacy notices:

FCA's privacy notice <https://www.fca.org.uk/data-protection>

Bank of England's privacy notice <https://www.bankofengland.co.uk/prudential-regulation/authorisations>

These notices will tell you what to expect when the *FCA* and/or the *Bank of England* collects personal information, including how and why we both use your personal information and who to contact if you have any queries or wish to exercise your rights.

IF UNDERTAKING ANY NON MiFID BUSINESS FOR WHICH THE FIRM HAS NOT PREVIOUSLY APPLIED FOR AUTHORISATION, PLEASE ALSO COMPLETE THE FOLLOWING:

The *firm* also believes, on the basis of due and diligent enquiry, that the *candidate* is competent to fulfil the duties required of such function(s). YES NO

If the *firm* confirms that it has had sight of a criminal records certificate prepared within the past 3 months in relation to the *candidate* and has given due consideration to the information contained in that certificate in determining that *candidate* to be fit and proper. Alternatively, where a certificate is not obtained, the *firm* has provided an explanation in Section 5.

In signing this form on behalf of the *firm*:

a) I confirm that the information in this form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this form.

b) I confirm that I have authority to make this application and provide the declarations given by the *firm*, and sign this form, on behalf of the *firm* identified in Section 2.01 and/or each *firm* identified in Section 4.04. I also confirm that a copy of this form, as submitted to the *FCA* and/or *PRA*, will be sent to each of those *firms* at the same time as submitting the form to the *FCA* and/or *PRA*.

c) I confirm the *candidate* has been made aware of the regulatory responsibilities of the proposed role as set out in the rules of conduct in the *FCA*'s Conduct Rules (*COCON* or *APER*) and/or *PRA* Conduct Rules, Insurance – Conduct Standards, Non-Solvency II Firms – Conduct Standards and Large Non-Solvency II Firms – Conduct Standards.

d) I confirm that that the *statement of responsibilities* submitted with this form accurately reflects the aspects of the affairs of the *firm* which it is intended that the *candidate* will be responsible for managing.

6.03 Name of the *firm* submitting the application

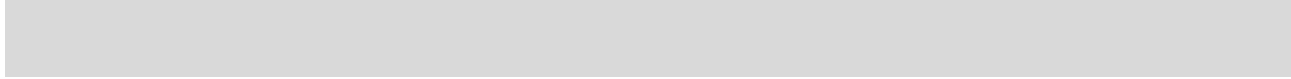
6.04 Name of *person* signing on behalf of the *firm*

6.05 Job title

⁶ The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying



6.06 Signature



Date



Application number
(for FCA use only)

Form H - Notification of Disciplinary Action relating to *conduct rules staff* (other than *SMF managers*) in *SMCR firms*

FCA Handbook Reference: SUP 15 Annex 7R

10 December 2018

Name of *firm*
(as entered in 2.01)

Financial Conduct Authority
12 Endeavour Square
Stratford
London E20 1JN
United Kingdom
Telephone +44 (0) 845 606 9966
Facsimile +44 (0) 207 066 0017
E-mail firm.queries@fca.org.uk
Website <http://www.fca.org.uk>

Contact for this notification

1.01	Title	
1.02	First Name	
1.03	Surname	
1.04	Job Title	
1.05	Business address	
1.06	Post code	
1.07	Phone number	
1.08	Email address	
1.09	Mobile No	

2.01 Name of *firm*

--

2.02 *Firm* Reference Number (FRN)

--

Fitness and Propriety - Notifications under section 64C of the Financial Services and Markets Act 2000

Section 3

This section should be completed by a *firm* to:

- (a) make an annual notification of disciplinary action (as defined in section 64C (Requirement for *relevant authorised persons* to notify regulator of disciplinary action) of the Financial Services and Markets Act 2000) if the reason for taking the disciplinary action is any action, failure to act or circumstance that amounts to a breach of the individual conduct rules set out in the *FCA's Code of Conduct (COCON)* Sourcebook; or
- (b) make a follow up notification to update a notification that has been previously made by the *firm* in relation to (a); or
- (c) confirm that there is nothing to be reported under (a) or (b)

Is the *firm* making a nil return (see paragraph (c) of the introduction to this section)?

YES NO

If the *firm* has answered "Yes", please go straight to Section 5. If the *firm* has answered "No", please go to Section 4.

Firms must notify us if they have taken disciplinary action against a *person* subject to our conduct rules between last September and August where that person was in breach of our conduct rules. Disciplinary action against a *person* means issuing a formal written warning, suspension or dismissal of that *person*, or reducing or recovering any of that *person's remuneration*. As a reminder, disciplinary actions against *SMF managers* for a breach of our conduct rules must be reported to us within 7 days via the appropriate form.

A *credit union* is not required to make a nil return (see *SUP 15.11*). If a *credit union* has nothing to notify for a particular reporting period, it should not send a Form H to the *FCA* for that period.

Disciplinary Action Details

Section 4

For each individual that is the subject of a notification under this Form, please provide the details requested below, in so far as applicable.

A	B	C	D	E	F	G	H	I	J	K	L	M
Title	Surname	Forename(s)	IRN <i>(See note 1)</i>	Date of Birth <i>(See note 1)</i>	National Insurance Number <i>(See note 1)</i>	Passport Number <i>(See note 1)</i>	Nationality <i>(See note 1)</i>	Job Title / Position And Department / Division	Has the person, at any time during the reporting period, been (a) certified to perform an FCA specified significant harm function? If yes, please specify which one(s) or (b) a standard non-executive director? <i>(see note 2)</i>	Please identify the relevant conduct rule(s) that have been breached which form the basis of the disciplinary action taken <i>Refer to Conduct Rules</i>	Please provide more information in relation to the conduct rule(s) breached. Please also state here whether the firm is updating a previous notification or is making a new notification. <i>Free text description (2000 characters only. Anything greater than this please provide an attachment.)</i> <i>(See note 3)</i>	Please provide information as to the disciplinary action taken: <ul style="list-style-type: none"> issuing of a formal written warning suspension or dismissal of the person reduction or recovery of any of the person's remuneration <i>Free text description (2000 characters only. Anything greater than this please provide an attachment.)</i> <i>(See note 4)</i>
<p>Note 1:</p> <p>(a) If an <u>Individual reference Number (IRN)</u> is available for a <i>person</i> about whom a notification is being made, please complete column D but do not complete columns E, F, G or H.</p> <p>(b) If an IRN is not available for a <i>person</i> about whom a notification is being made, but that <i>person</i> has a national insurance number, please complete columns E and F but do not complete columns G or H.</p> <p>(c) If neither an IRN nor a national insurance number is available for a <i>person</i> about whom a notification is being made, please complete columns E, G and H.</p> <p>Note 2: If the answer is Yes, please state which of the listed functions the <i>person</i> performed. The term "<i>standard non-executive director</i>" is defined in the Glossary.</p> <p>Note 3: If the <i>firm</i> is updating a previous notification, please confirm this in this column but include the details in column M (see note 3).</p> <p>Note 4:</p> <p>(a) If the <i>person</i> about whom the notification is being made is appealing against the <i>firm's</i> decision, please include details here.</p> <p>(b) If the <i>firm</i> is updating a previous notification, please include the details in this column. This includes (1) any appeal made by the subject of the notification subsequent to a previous notification or (2) the outcome of any appeal previously notified.</p>												

Form H – Notification of Disciplinary Action relating to conduct rules staff (other than SMF managers) in SMCR firms

(c) The *firm* should specify which of the listed types of disciplinary action it has taken.

Declaration

It is a criminal offence, knowingly or recklessly, to give us information that is materially false, misleading or deceptive. Even if you believe information has been provided to us before (whether as part of another notification or otherwise) or is in the public domain, you must nonetheless disclose it clearly and fully in this form and as part of this notification. If there is any doubt about the relevance of information, it should be included.

The *firm* confirms that the information provided is accurate and complete to the best of the *firm's* knowledge. The *firm* will notify the *FCA* if there is a material change to the information provided. In addition to other regulatory responsibilities, *firms* have a responsibility to disclose to the *FCA* matters of which it or they would reasonably expect to be notified. Failure to notify the *FCA* of such information may lead to the *FCA* taking disciplinary or other action against the *firm*. The *firm* authorises the *FCA* to make such enquiries and seek such further information as it thinks appropriate to verify information that it considers relevant to this notification. The *firm* understands that the *FCA* may require it to provide further information or documents at any time.

For the purposes of complying with data protection legislation, please read the *FCA's* privacy notice at <https://www.fca.org.uk/data-protection>. This notice will tell you what to expect when the *FCA* collects personal information, including how and why we use your personal information and who to contact if you have any queries or wish to exercise your rights.

By signing below, the person submitting this form on behalf of the *firm* confirms that this form is accurate and complete to the best of their knowledge and they have read and understood the notes to this form.

Name of the *firm*

Name of *person* signing on behalf of the *firm*

Position

Signature

Date



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY



Application number
(for FCA/PRA use only)

Form I – Application to add, vary or remove a conditional approval for the performance of a *senior management function*

FCA Handbook Reference: SUP 10C Annex 8D

Terms defined in either or both of the *FCA Handbook* or the *PRA Rulebook* are italicised and should be construed accordingly.

10 December 2018

Name of individual
(to be completed by applicant *firm*)

Name of applicant *firm*
(as entered in 2.01)

Financial Conduct Authority
12 Endeavour Square
Stratford
London E20 1JN
United Kingdom
Telephone +44 (0) 300 500 0597
E-mail firm.queries@fca.org.uk
Website <http://www.fca.org.uk>
Registered as a Limited Company in England and
Wales No 1920623. Registered Office as above

Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA
United Kingdom
Telephone +44 (0) 203 461 7000
E-mail PRA-
ApprovedPersons@bankofengland.co.uk
Website www.bankofengland.co.uk/PRA

1.01 Contact for this application (at the applicant *firm*)

Title	
First name	
Surname	
Job title	
Business address	
Postcode	
Phone number	
Email address	

Personal identification details**Section 2**

2.01 Individual Reference Number (IRN)

2.02 Title
(e.g. Mr, Mrs, Ms)

2.03 Surname

2.04 ALL forenames

2.05 Date of birth

2.06 National Insurance number

Firm identification details**Section 3**

3.01 Name of applicant *firm*

3.02 *Firm* Reference Number (FRN)

3.03 a Who should the *FCA/PRA* contact at the applicant *firm* in relation to this notice?

b Business address

c Position

d Telephone

e Mobile

f E-mail

4.01 Are you applying to add, vary or remove a condition?

Add	
Vary	
Remove	

4.02 If you are applying to vary an existing condition please provide details of the current condition, proposed variation and reason for the proposed variation.

Applicable <i>senior management function</i>	
Current condition	
Proposed variation	
Reason for variation	

4.03 If you are applying to add a condition to an existing conditional approval, please provide details and the reason for the proposed condition.

Applicable <i>senior management function</i>	
Proposed condition	
Reason for proposed condition	

4.04 If you are applying to remove a condition from an existing conditional approval, please provide details of the current condition and the reason for the proposed removal.

Applicable <i>senior management function</i>	
Current condition	
Reason for removal of condition	



I have supplied further information related to this page in Section 4

YES

NO

5.01 Is there any other information that the applicant *firm* considers to be relevant to the application?
Please indicate clearly to which section the supplementary information relates.
Please submit an updated *statement of responsibilities* with this form.

Section	Information

5.02 How many additional sheets are being submitted?

Declaration of Applicant *Firm*

In this declaration, the *firm* seeking the variation of the conditional approval previously granted in relation to the performance of a *senior management function* by an individual is referred to as the “applicant firm”. The individual in relation to whom the *FCA/PRA* (as applicable) gave the conditional approval is referred to as the “Individual”.

It is a criminal offence, knowingly or recklessly, to give the *FCA/PRA* (as applicable) information that is materially false, misleading or deceptive (see sections 398 and 400 of the Financial Services and Markets Act 2000).

The applicant *firm* will notify the *FCA/PRA* (as applicable) immediately if there is a material change to the information provided.

In addition to other regulatory responsibilities, *firms* and *approved persons* have a responsibility to disclose to the *FCA/PRA* (as applicable) matters of which it would reasonably expect to be notified. Failure to notify the *FCA/PRA* (as applicable) of such information may lead to the *FCA/PRA* (as applicable) taking disciplinary or other action against the applicant and/or the individual.

The applicant understands that the *FCA/PRA* (as applicable) may require it to provide further information or documents at any time.

For the purposes of complying with data protection legislation, please read our privacy notices:

FCA’s privacy notice <https://www.fca.org.uk/data-protection>

Bank of England’s privacy notice <https://www.bankofengland.co.uk/prudential-regulation/authorisations>

These notices will tell you what to expect when the FCA and/or the Bank of England collects personal information, including how and why we use your personal information and who to contact if you have any queries or wish to exercise your rights.

The applicant confirms that the *statement of responsibilities* submitted with this form accurately reflects the aspects of the affairs of the applicant which it is intended that the individual will be responsible for managing.

The person submitting this form on behalf of the applicant firm confirms that they have authority to submit this form and, on behalf of the applicant, confirms that they have read and understood the notes to this form and the declaration given by the applicant.

**Name of applicant
*firm***

**Name of *person*
signing on behalf of
the applicant *firm***

Position

Signature

Date



Declaration of *candidate / approved person*

The *approved person* confirms that the attached *statement of responsibilities* accurately reflects the aspects of the affairs of the *firm* which it is intended that the *approved person* will be responsible for managing. The *approved person* confirms that they have accepted all the responsibilities set out in this *statement of responsibilities*.

It is a criminal offence, knowingly or recklessly, to give the *FCA/PRA* (as applicable) information that is materially false, misleading or deceptive (see sections 398 and 400 of the Financial Services and Markets Act 2000).

For the purposes of complying with data protection legislation, The General Data Protection Regulation (EU) 2016/679 and the Data Protection Act 2018, please read our privacy notices:

FCA's privacy notice <https://www.fca.org.uk/data-protection>

Bank of England's privacy notice <https://www.bankofengland.co.uk/prudential-regulation/authorisations>

These notices will tell you what to expect when the FCA and/or the Bank of England collects personal information, including how and why we both use your personal information and who to contact if you have any queries or wish to exercise your rights.

Name of *candidate/approved person*

Signature

Date



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY



Application number
(for FCA/PRA use only)

Form J - Notification of Significant Changes in Responsibilities of a Person Performing a *Senior Management Function*

FCA Handbook Reference: SUP 10C Annex 9D

PRA Rulebook Reference: Notifications and Senior Managers Regime - Applications and Notifications¹

Please submit with this form an updated *statement of responsibilities* including the effective date.

Terms defined in either or both of the *FCA Handbook* or the *PRA Rulebook* are italicised and should be construed accordingly.

10 December 2018

Name of *approved person*
(to be completed by applicant *firm*)

Name of applicant *firm*
(as entered in 3.01)

Financial Conduct Authority
12 Endeavour Square
Stratford
London E20 1JN
United Kingdom
Telephone +44 (0) 300 500 0597
E-mail firm.queries@fca.org.uk
Website <http://www.fca.org.uk>
Registered as a Limited Company in England
and Wales No 1920623. Registered Office as
above

Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA
United Kingdom
Telephone +44 (0) 203 461 7000
Email PRA-
ApprovedPersons@bankofengland.co.uk
Website www.bankofengland.co.uk/PRA

¹ The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying. For example: CRR firms: Senior Managers Regime - Applications and Notifications; Non – CRR firms: Senior Managers Regime - Applications and Notifications; Solvency II firms: Insurance - Senior Managers Regime – Applications and Notifications; Large Non-Solvency II firms: Insurance - Senior Managers Regime – Applications and Notifications; Non-Solvency II firms: Insurance - Senior Managers Regime – Applications and Notifications

1.01 Contact for this notification (at the applicant *firm*)

	Title	
	First name	
	Surname	
	Job title	
	Business address	
	Postcode	
	Phone number	
	Email address	

Personal identifications details**Section 2**

2.01 Individual Reference Number (IRN)

2.02 Title
(e.g. Mr, Mrs, Ms)

2.03 Surname

2.04 ALL forenames

2.05 Date of birth

2.06 National Insurance number

Firm identification details**Section 3**

3.01 Name of applicant *firm*

3.02 *Firm* Reference Number (FRN)

3.03 a Who should the *FCA/PRA* contact at the applicant *firm* in relation to this notice?

b Business address

c Position

d Telephone

e Mobile

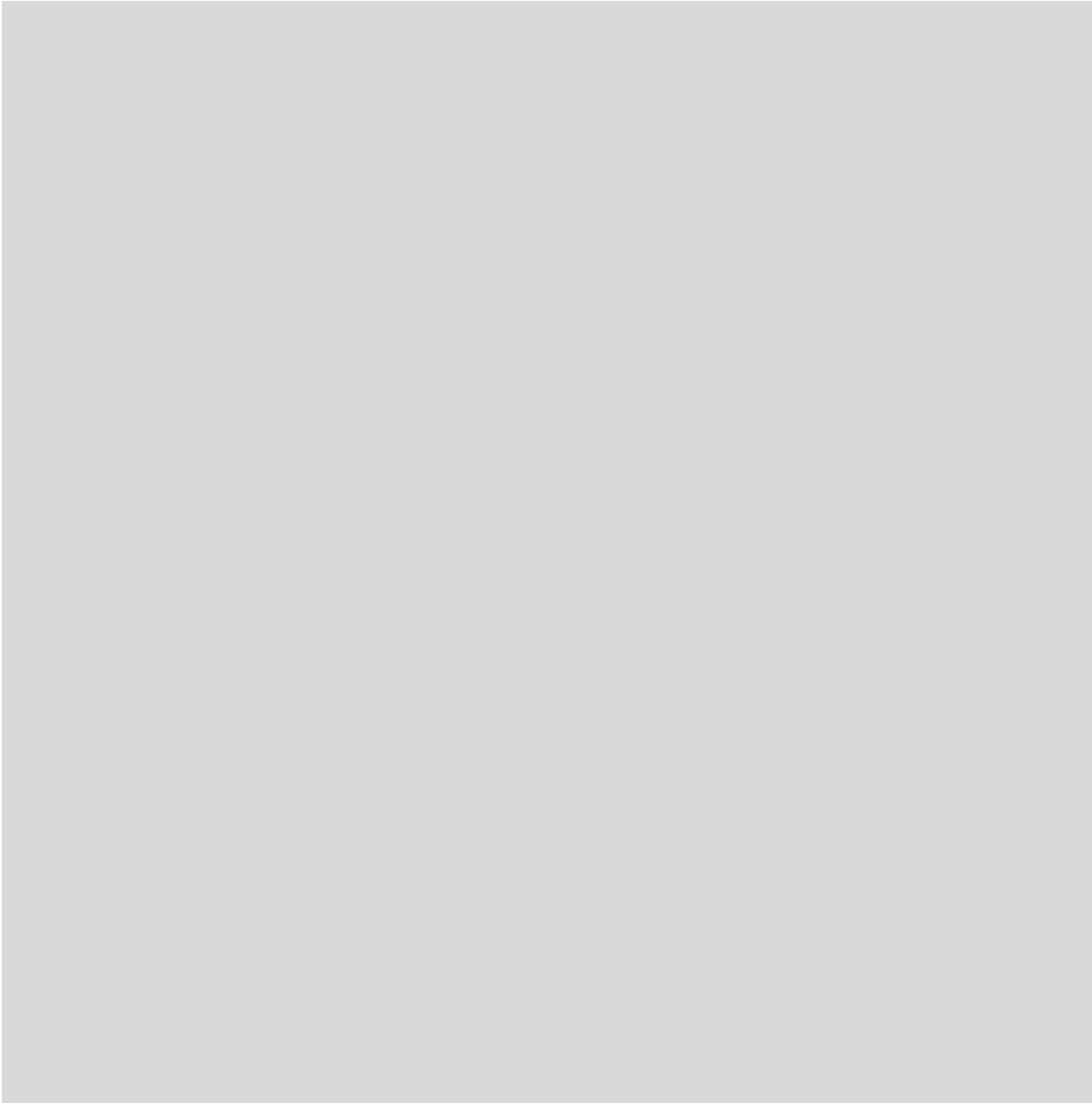
f E-mail

4.1 Summary of Significant Changes made

Please provide a summary of the significant changes made since the date of the previously submitted *statement of responsibilities*.

Please submit with this form an updated *statement of responsibilities* including the effective date.

If applicable, please submit with this form an updated *management responsibilities map*. Banking sector *firms*, Solvency II insurers, Large non-directive insurers and enhanced-scope *SMCR firms* are all required to have *management responsibilities maps*. Please see SYSC 25 in the *FCA Handbook* and Allocation of Responsibilities in the *PRA Rulebook*² for more information.



² The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying.

Declaration by *approved person*

The *candidate/approved person* confirms that this *statement of responsibilities* accurately reflects the aspects of the affairs of the applicant *firm* which it is intended that the *approved person* will be responsible for managing. The *approved person* confirms that they have accepted all the responsibilities set out in this *statement of responsibilities*.

It is a criminal offence, knowingly or recklessly, to give the *FCA/PRA* (as applicable) information that is materially false, misleading or deceptive (see sections 398 and 400 of the Financial Services and Markets Act 2000).

This is given as the date in which the individual took up the roll or intends to take up the role.

For the purposes of complying with *data protection legislation*, please read our privacy notices:

FCA's privacy notice <https://www.fca.org.uk/data-protection>

Bank of England's privacy notice <https://www.bankofengland.co.uk/prudential-regulation/authorisations>

These notices will tell you what to expect when the *FCA* and/or the *Bank of England* collects personal information, including how and why we use your personal information and who to contact if you have any queries or wish to exercise your rights.

Name of *candidate/approved person*

Signature

Date

Declaration by Applicant *Firm*

It is a criminal offence, knowingly or recklessly, to give us information that is materially false, misleading or deceptive.

The applicant *firm* confirms that the information provided is accurate and complete to the best of its knowledge.

In addition to other regulatory responsibilities, *firms* and *approved persons* have a responsibility to disclose to the *FCA* and/or *PRA* matters of which it would reasonably expect to be notified. Failure to notify the *FCA* and/or *PRA* of such information may lead to the *FCA* and/or *PRA* taking disciplinary or other action against the *firm* and/or the *approved person*.

The person signing on behalf of the applicant *firm* confirms that:

- they have read this declaration in full;
- they have confirmed that the information supplied is accurate and complete to the best of their knowledge, and the updated *statement of responsibilities* accurately reflects the aspects of the affairs of the *firm* which it is intended that the *approved person* will be responsible for managing.

For the purposes of complying with *data protection legislation*, please read our privacy notices:

FCA's privacy notice <https://www.fca.org.uk/data-protection>

Bank of England's privacy notice <https://www.bankofengland.co.uk/prudential-regulation/authorisations>

These notices will tell you what to expect when the *FCA* and/or the *Bank of England* collects personal information, including how and why we use your personal information and who to contact if you have any queries or wish to exercise your rights.

Name of applicant *firm*

Name of *person* signing on behalf of applicant *firm*

[Redacted]

Job title

[Redacted]

Signature

[Redacted]

Date

[Redacted]



Application number or IRN
(for FCA/PRA use only)

Senior Managers Regime: Statement of Responsibilities

This form applies to UK dual-regulated *firms* including EEA and third country branches. It does not apply to *appointed representatives* of SMCR *firms*. Terms defined in either or both of the *FCA Handbook* or *PRA Rulebook* are italicised and should be construed accordingly.

This is a statement provided under section 60(2A) of the Financial Services and Markets Act 2000 (Applications for approval), including a statement revised under section 62A (Changes in responsibilities of *senior managers*).

For *candidates* for approval, this form **must** be submitted as an attachment to a Form A application or a Form E application

For significant changes to an existing *statement of responsibilities*, this form **must** be submitted as an attachment to a Form J notification or a Form I application or variation.

FCA Handbook Reference: SUP 10C Annex 10D

PRA Rulebook Reference: Senior Managers Regime - Applications and Notifications¹

10 December 2018

Name of *individual*
(to be completed by *firm*)

Name of *firm*
(as entered in 2.01)

Financial Conduct Authority
12 Endeavour Square
Stratford
London E20 1JN
United Kingdom
Telephone +44 (0) 300 500 0597
E-mail firm.queries@fca.org.uk
Website <http://www.fca.org.uk>
Registered as a Limited Company in England and
Wales No 1920623. Registered Office as above

Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA
United Kingdom
Telephone +44 (0) 203 461 7000
E-mail PRA-
ApprovedPersons@bankofengland.co.uk
Website www.bankofengland.co.uk/PRA

¹ The relevant section of the *PRA Rulebook* should be referred to depending on which *firm* is applying. For example: CRR firms: Senior Managers Regime - Applications and Notifications; Non – CRR firms: Senior Managers Regime - Applications and Notifications; Solvency II firms: Insurance - Senior Managers Regime – Applications and Notifications; Large Non-Solvency II firms: Insurance - Senior Managers Regime – Applications and Notifications; Non-Solvency II firms: Insurance - Senior Managers Regime – Applications and Notifications

Personal identifications details

Section 1

1.01 Individual Reference Number (IRN)

1.02 Title
(e.g. Mr, Mrs, Ms,)

1.03 Surname

1.04 ALL forenames

1.05 Date of birth (dd/mm/yyyy)

1.06 National Insurance number

Firm identification details

Section 2

2.01 Name of *firm*

2.02 *Firm* Reference Number (FRN)

2.03 a Who should the *FCA/PRA* contact at the *firm* in relation to this *statement of responsibilities*?

b Position

c Telephone

e E-mail



I have supplied further information related to this page in Section 4 YES NO

A *statement of responsibilities* should be drafted to clearly show the responsibilities that the *candidate* or *senior manager* is to perform as part of their *senior management function* and how they fit in with the *firm's* overall governance and management arrangements. A *statement of responsibilities* should also be consistent with the *firm's management responsibilities map*, if applicable. *Small non-directive insurers* and *insurance special purpose vehicles* (ISPVs) are not required to have *management responsibilities maps*.

A *statement of responsibilities* should be drafted in such a way as to be practical and useable by regulators. The FCA and the PRA consider that this would be achieved by succinct, clear descriptions of each responsibility which avoid unnecessary detail. *Firms* have the opportunity to provide details of each responsibility allocated to an *individual* using the free text boxes in this form, however, the PRA and FCA would not usually expect the description of each responsibility to exceed 300 words.

A *statement of responsibilities* must be a self-contained document. There should be one statement per *senior manager* per *firm*. Where an *individual* performs a senior management function on behalf of more than one *firm* within a *group*, one *statement of responsibilities* is required for each *firm*. Any supplementary information may be provided in section 4 (or if submitting electronically, in a **single** attachment). A *statement of responsibilities* must not cross refer to other documents, attachments or links.

A *statement of responsibilities* should include responsibilities held in relation to *FCA controlled functions* that are included in a *PRA controlled function* under SUP 10C.9 (Minimising overlap with the *PRA senior managers* regime).

If the appropriate regulator considers that the *statement of responsibilities* is not sufficiently clear to be practical and usable, it could be challenged as part of a *candidate's* or *senior manager's* application for approval, or in ongoing supervision.

Details of the *individual's* responsibilities should be set out in Sections 3.2 to 3.4, as appropriate:

- Section 3.2 covers *prescribed responsibilities* required by regulators to be allocated to one or more *senior managers*. This section does not apply to incoming EEA branches.
- Section 3.3 covers having overall or local responsibility for each of the business areas, activities, and management functions of the *firm*. This section does not apply to *small non-directive insurers*, ISPVs or incoming EEA branches.
- Section 3.4 covers anything else, not otherwise included, for which a *candidate* or *senior manager* is to be responsible as part of their *FCA* and/or *PRA senior management function(s)*. EEA branches should complete this section to set out any matters for which a *candidate* or *senior manager* is to be responsible as part of their *FCA senior management function(s)*.

3.1 Effective date and relevant Senior Management Functions

3.1.1 Please state the effective date of this *statement of responsibilities*:

Please note that where this is a revised *statement of responsibilities*, i.e. since the granting of the application, there has been a significant change in the aspects of the *firm's* affairs which the *senior manager* is responsible for managing in performing the function (for example, a change in allocation of responsibilities within the *firm*, or the *senior manager* is applying for a new or additional *senior management function*), then this *statement of responsibilities* supersedes any previous versions.

3.1.2 List all *senior management functions* which the *candidate* or *senior manager* is to perform and the effective date the *candidate* or *senior manager* commenced or will commence the performance of their functions.

The table below sets out the full list of *senior management functions* (SMFs). Please refer to the *PRA Rulebook* and *FCA Handbook* for the mandatory SMFs for your *firm*.

Function	Description of a <i>Senior Management Function</i>	UK banks ²	UK branches of EEA banks and insurers	UK branches of non-EEA banks	Credit unions	Solvency II firms & large NDFs	Small NDFs	ISPVs	Small firms in run off	UK branches of non-EEA insurers
SMF 1	Chief Executive	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF 2	Chief Finance	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF 3	Executive Director	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF 4	Chief Risk	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF 5	Head of Internal Audit	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF 6	Head of Key Business Area	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	
SMF 7	Group Entity Senior Manager	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF 8	Credit Union Senior Manager				<input type="checkbox"/>					
SMF 9	Chair of the <i>Governing Body</i>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF10	Chair of the Risk Committee	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF11	Chair of the Audit Committee	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF12	Chair of the Remuneration Committee	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF13	Chair of the Nomination Committee	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>				
SMF14	Senior Independent Director	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF15	Chair of With Profits Committee					<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>
SMF16	Compliance Oversight	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SMF17	Money Laundering	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

² 'UK Banks' refers to UK banks, building societies and *PRA* designated investment firms

Function	Description of a Senior Management Function	UK banks ²	UK branches of EEA banks and insurers	UK branches of non-EEA banks	Credit unions	Solvency II firms & large NDFs	Small NDFs	ISPVs	Small firms in run off	UK branches of non-EEA insurers
	Reporting Officer (MLRO)									
SMF18	Other Overall Responsibility	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>				
SMF19	Head of Third Country Branch/ Head of Overseas			<input type="checkbox"/>						<input type="checkbox"/>
SMF20	Chief Actuary					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SMF20a	With-Profits Actuary					<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
SMF21	EEA Branch Senior Manager (EBSM)		<input type="checkbox"/>							
SMF22	Other Local Responsibility			<input type="checkbox"/>						<input type="checkbox"/>
SMF23	Chief Underwriting Officer					<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF23a	Underwriting Risk Oversight (Lloyd's)					<input type="checkbox"/>				
SMF23b	Conduct Risk Oversight (Lloyd's)					<input type="checkbox"/>				
SMF24	Chief Operations	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>	<input type="checkbox"/>
SMF25	Small Insurer Senior Management Function						<input type="checkbox"/>			
SMF26	Head of Small Run-Off Firm								<input type="checkbox"/>	
SMF27	Partner	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	

This *statement of responsibilities* is considered to automatically include the existing legal and regulatory obligations where they exist for these roles and functions. For example, certain specific responsibilities of a director are set out in company law. Such responsibilities do not need to be recorded in this statement, but any additional responsibilities should be recorded in the sections below.

3.1.3 Please indicate those FCA functions that are included in a *PRA senior management function* under SUP 10C.9 (Minimising overlap with the *PRA approved persons regime*).

SMF	Description	Yes?

3.2 Prescribed Responsibilities

This section deals with those *prescribed responsibilities* to be allocated to one or more *senior managers*. The allocation of responsibilities under a *statement of responsibilities* should not reduce or alter the scope of any applicable *prescribed responsibilities*. EEA branches are not required to assign *prescribed responsibilities* and should leave this section blank.

If the responsibilities that the *candidate* or *senior manager* is to carry out as described in the *statement of responsibilities* go beyond those set out in this section, those additional responsibilities should not reduce or alter the scope of the *prescribed responsibilities* set out in this section.

(FCA SUP 10C.11/PRA: Allocation of Responsibilities)

3.2.1 Please indicate below which of the responsibilities listed are/will be allocated to the *candidate* or *senior manager*, if any, and whether or not they are shared. Different *prescribed responsibilities* apply to different types of *firm* as indicated in the table below.

Note: the form includes references to provisions in the *FCA Handbook* which are also set out in the *PRA Rulebook*, sometimes in slightly different wording. Where this is the case, the underlying provisions should be interpreted as equivalent in substance unless indicated otherwise. Any differences are purely presentational.

If the *individual* has not been allocated a *prescribed responsibility*, please go to Section 3.3.

FCA / PRA / Dual PR	Ref	Prescribed Responsibility (PR)	Large CRR firms ³	Small CRR firms	Third country CRR firms	Credit unions	Solvency II firms and Large NDFs	Small NDFs & Small run off firms ⁴	Third Country branches of insurers	UK ISPVs	Swiss General Insurers	Is this PR shared between senior managers
Dual	A	Responsibility for the <i>firm's</i> performance of its obligations under the <i>senior managers regime</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Dual	B	Responsibility for the <i>firm's</i> performance of its obligations under the <i>employee certification regime</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FCA	B1	Responsibility for the <i>firm's</i> obligations in relation to individual conduct rules for training and reporting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Dual	C	Responsibility for compliance with the requirements of the regulatory system about the <i>management responsibilities map</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FCA	D	Overall responsibility for the <i>firm's</i> policies and	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

³ Large CRR *firm* means a CRR *firm* that is not a small CRR *firm* (see SYSC 4.7.5 and the Allocation of Responsibilities Part of the *PRA Rulebook*). This includes UK banks and designated investment firms.

⁴ Small NDFs and Small Run Off firms are treated differently in the PRA Rulebook however for the purposes of this table we have used one column. PRs A and B are FCA only when applied to small run off firms

FCA / PRA / Dual PR	Ref	Prescribed Responsibility (PR)	Large CRR firms ³	Small CRR firms	Third country CRR firms	Credit unions	Solvency II firms and Large NDFs	Small NDFs & Small run off firms ⁴	Third Country branches of insurers	UK ISPVs	Swiss General Insurers	Is this PR shared between senior managers
		procedures for countering the risk that the <i>firm</i> might be used to further financial crime		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>							<input type="checkbox"/>
PRA	E	Responsibility for the allocation of all relevant <i>prescribed responsibilities</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>						<input type="checkbox"/>
Dual	F	Responsibility for: (a) leading the development of; and (b) monitoring the effective implementation of, policies and procedures for the induction, training and professional development of all members of the <i>firm's governing body</i>	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>					<input type="checkbox"/>
Dual	G	Responsibility for monitoring the effective implementation of policies and procedures for the induction, training and professional development of all of the <i>firm's senior managers/ key function holders</i> (other than members of the <i>firm's governing body</i>)	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>					<input type="checkbox"/>

FCA / PRA / Dual PR	Ref	Prescribed Responsibility (PR)	Large CRR firms ³	Small CRR firms	Third country CRR firms	Credit unions	Solvency II firms and Large NDFs	Small NDFs & Small run off firms ⁴	Third Country branches of insurers	UK ISPVs	Swiss General Insurers	Is this PR shared between senior managers
PRA	H	Responsibility for overseeing the adoption of the <i>firm's</i> culture in the day-to-day management of the <i>firm</i>	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>					<input type="checkbox"/>
PRA	I	Responsibility for leading the development of the <i>firm's</i> culture by the <i>governing body</i> as a whole	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>					<input type="checkbox"/>
Dual	J	Responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of, the internal audit function	<input checked="" type="checkbox"/>									<input type="checkbox"/>
PRA	J1	If the <i>firm</i> outsources its internal audit function, responsibility for taking reasonable steps to ensure that every person involved in the performance of that function is independent from the persons who perform external audit, including: (a) supervision and management of the work of outsourced internal auditors; and	<input checked="" type="checkbox"/>									<input type="checkbox"/>

FCA / PRA / Dual PR	Ref	Prescribed Responsibility (PR)	Large CRR firms ³	Small CRR firms	Third country CRR firms	Credit unions	Solvency II firms and Large NDFs	Small NDFs & Small run off firms ⁴	Third Country branches of insurers	UK ISPVs	Swiss General Insurers	Is this PR shared between senior managers
		(b) management of potential conflicts of interest between the provision of external audit and internal audit services.										
Dual	J2	Responsibility for providing for and oversight of the internal audit function, where this function is outsourced to an external third-party provided by a non-significant firms.					<input checked="" type="checkbox"/> ⁵					<input type="checkbox"/>
Dual	K	Responsibility for: (a) safeguarding the independence of; (b) oversight of the performance of, the compliance function	<input checked="" type="checkbox"/>									<input type="checkbox"/>
Dual	L	Responsibility for: (a) safeguarding the independence of; and (b) oversight of the performance of, the risk function	<input checked="" type="checkbox"/>									<input type="checkbox"/>

⁵ Applies to Large NDFs and not Solvency II firms

FCA / PRA / Dual PR	Ref	Prescribed Responsibility (PR)	Large CRR firms ³	Small CRR firms	Third country CRR firms	Credit unions	Solvency II firms and Large NDFs	Small NDFs & Small run off firms ⁴	Third Country branches of insurers	UK ISPVs	Swiss General Insurers	Is this PR shared between senior managers
Dual	M	Responsibility for overseeing the development of, and implementation of the <i>firm's</i> remuneration policies and practices	<input type="checkbox"/>				<input type="checkbox"/>					<input type="checkbox"/>
Dual	N	Responsibility for the independence, autonomy and effectiveness of the <i>firm's</i> policies and procedures on whistleblowing	<input type="checkbox"/>				<input type="checkbox"/>					<input type="checkbox"/>
PRA	O	Responsibility for managing the allocation and maintenance of the <i>firm's</i> capital, funding (where applicable) and liquidity	<input type="checkbox"/>				<input type="checkbox"/>		<input type="checkbox"/>			<input type="checkbox"/>
PRA	P	Responsibility for the <i>firm's</i> treasury management functions	<input type="checkbox"/>									<input type="checkbox"/>
PRA	Q	Responsibility for the production and integrity of the <i>firm's</i> financial information and its regulatory reporting	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>			<input type="checkbox"/>
PRA	R	Responsibility for developing and maintaining the <i>firm's recovery plan</i> and <i>resolution pack</i> and for	<input type="checkbox"/>									<input type="checkbox"/>

FCA / PRA / Dual PR	Ref	Prescribed Responsibility (PR)	Large CRR firms ³	Small CRR firms	Third country CRR firms	Credit unions	Solvency II firms and Large NDFs	Small NDFs & Small run off firms ⁴	Third Country branches of insurers	UK ISPVs	Swiss General Insurers	Is this PR shared between senior managers
		overseeing the internal processes regarding their governance										
PRA	S	Responsibility for managing the <i>firm's</i> internal stress-tests and ensuring the accuracy and timeliness of information provided to the <i>PRA</i> and other regulatory bodies for the purposes of stress-testing	<input checked="" type="checkbox"/>									<input type="checkbox"/>
PRA	T	Responsibility for the development and maintenance of the <i>firm's</i> business model by the <i>governing body</i>	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>			<input type="checkbox"/>
PRA	T1	Providing the governing body with an up-to-date business plan and all relevant MI						<input checked="" type="checkbox"/>				<input type="checkbox"/>
PRA	T2	Responsibility for the performance of the <i>firm's</i> Own Risk and Solvency assessment (ORSA)					<input checked="" type="checkbox"/> ⁶		<input checked="" type="checkbox"/>			<input type="checkbox"/>
PRA	U	Responsibility for the <i>firm's</i> performance of its obligations under <i>Fitness</i>	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>

⁶ Applies to Solvency II firms and not Large NDFs

FCA / PRA / Dual PR	Ref	Prescribed Responsibility (PR)	Large CRR firms ³	Small CRR firms	Third country CRR firms	Credit unions	Solvency II firms and Large NDFs	Small NDFs & Small run off firms ⁴	Third Country branches of insurers	UK ISPVs	Swiss General Insurers	Is this PR shared between senior managers
		<i>and Propriety</i> (in the <i>PRA Rulebook</i>) in respect of <i>notified non-executive directors</i> and those who perform a <i>key function</i> (where applicable for insurers)										
PRA	V	If the <i>firm</i> carries out <i>proprietary trading</i> , responsibility for the <i>firm's proprietary trading</i> activities	<input type="checkbox"/>									<input type="checkbox"/>
PRA	W	If the <i>firm</i> does not have a <i>person</i> who performs the <i>Chief Risk function</i> , responsibility for the compliance of the <i>firm's</i> risk management systems, policies and procedures with the requirements of Risk Control 2.1 to 2.4 of the <i>PRA Rulebook</i> .	<input type="checkbox"/>									<input type="checkbox"/>
PRA	X	Responsibility for the <i>firm's</i> performance of its obligations under the Outsourcing part of the <i>PRA Rulebook</i> (for CRR and non CRR <i>firms</i>), <i>Conditions Governing Business 7</i> (for <i>SII firms</i> and <i>third country branches</i>) or <i>Non-solvency II firms: Governance 5</i> (for large	<input type="checkbox"/>				<input type="checkbox"/>		<input type="checkbox"/>			<input type="checkbox"/>

FCA / PRA / Dual PR	Ref	Prescribed Responsibility (PR)	Large CRR firms ³	Small CRR firms	Third country CRR firms	Credit unions	Solvency II firms and Large NDFs	Small NDFs & Small run off firms ⁴	Third Country branches of insurers	UK ISPVs	Swiss General Insurers	Is this PR shared between senior managers
		<i>NDFs)</i>										
PRA	X1	Responsibility for the <i>firm's</i> performance of its obligations under Internal Governance of Third Country Branches 7.			<input type="checkbox"/>							<input type="checkbox"/>
PRA	Y	If the <i>firm</i> is a ring-fenced body, responsibility for ensuring that those aspects of the <i>firm's</i> affairs for which a person is responsible for managing are in compliance with the <i>ring-fencing obligations</i>	<input type="checkbox"/>									<input type="checkbox"/>
FCA	Z	Overall responsibility for the <i>firm's</i> compliance with CASS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Dual/PRA	AA	Responsibility for implementing (where applicable) and management of the <i>firm's</i> risk management policies and procedures		<input type="checkbox"/>	<input type="checkbox"/>				<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
PRA	BB	Responsibility for managing the systems and controls of the <i>firm</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

FCA / PRA / Dual PR	Ref	Prescribed Responsibility (PR)	Large CRR firms ³	Small CRR firms	Third country CRR firms	Credit unions	Solvency II firms and Large NDFs	Small NDFs & Small run off firms ⁴	Third Country branches of insurers	UK ISPVs	Swiss General Insurers	Is this PR shared between senior managers
PRA	CC	Responsibility for managing the <i>firm's</i> financial resources		<input type="checkbox"/>				<input type="checkbox"/>				<input type="checkbox"/>
PRA	DD	Responsibility for ensuring the <i>governing body</i> is informed of its legal and regulatory obligations		<input type="checkbox"/>				<input type="checkbox"/>				<input type="checkbox"/>
Dual	EE	Responsibility for escalating correspondence from the <i>PRA, FCA</i> and other regulators to the appropriate governing or management bodies			<input type="checkbox"/>				<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Dual	FF	Responsibility for the <i>firm's</i> compliance with the <i>UK regulatory system</i>			<input type="checkbox"/>				<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
PRA	GG	Responsibility for the oversight of systems and controls, along with risk management policies and procedures, that are proportionate to the nature, scale, and complexity of the risks inherent in the <i>firm's</i> business model.						<input type="checkbox"/>				<input type="checkbox"/>
PRA	HH	Responsibility for management of the <i>firm's</i> liquidity or, where a liquidity waiver is in place, the submission of			<input type="checkbox"/>							<input type="checkbox"/>

FCA / PRA / Dual PR	Ref	Prescribed Responsibility (PR)	Large CRR firms ³	Small CRR firms	Third country CRR firms	Credit unions	Solvency II firms and Large NDFs	Small NDFs & Small run off firms ⁴	Third Country branches of insurers	UK ISPVs	Swiss General Insurers	Is this PR shared between senior managers
		information to the PRA on the <i>firm's</i> liquidity position										

3.2.2 If necessary, please provide additional information about each *prescribed responsibility*, including:

- a breakdown of the different components and tasks which the responsibility encompasses; and
- if applicable, details of any sharing arrangements including, if known, the name(s), IRN(s) and/or job title(s) of the *individual(s)* with whom the *candidate* or *senior manager* is or will be sharing this *prescribed responsibility*. The responsibility should be recorded in the same way in the statements of responsibilities for each *individual*.

Additional information must be relevant, succinct and not dilute or undermine the *prescribed responsibility*.

Ref	<i>Prescribed Responsibility</i>	Further Relevant Details



I have supplied further information
related to this page in Section 4

YES

NO

3.3 Overall or Local Responsibility

This section deals with having overall or local responsibility for any of the business areas, activities, or management functions of the *firm*. Section 3.3.1 applies to *UK SMCR banking firms*, Solvency II insurers and *large non-directive insurers*. Third country branches should apply the local responsibility requirement and complete Section 3.2.2 instead.

3.3.1 Overall Responsibility

By overall responsibility we mean the ultimate responsibility (under the *governing body*) for managing or supervising that function, and primary and direct responsibility for briefing and reporting to the *governing body* about that function and putting matters for decision about that function to the *governing body* of the *firm*.

If the *individual* has overall responsibility for any or part of the business areas, activities, or management functions of a *firm*, please provide details of each in the table below.

Where responsibilities are shared (for example, a responsibility may be shared as part of a job share or where departing and incoming *senior managers* work together temporarily as part of a handover), please provide details of any sharing arrangements including, if known, the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this responsibility with. The responsibility should be recorded in the same way in the *statements of responsibilities* for each *individual*.

If the *individual* does not have overall responsibility for a business area, activity or management function of the *firm*, please go to Section 3.4.

A *firm* may wish to refer to SYSC 25 Annex 1G (replicated in Annex A of this form) to help it make sure it has not failed to allocate overall responsibility for a particular activity of the *firm*. Please note that the *FCA* does not require *firms* to organise themselves by the functions in SYSC 25 Annex 1G, and that the Annex is not comprehensive. It is important that a *firm* does not fail to allocate overall responsibility for business areas, activities and management functions, in line with SYSC 26.

Please provide a title for this overall responsibility	Please provide further details of this overall responsibility.	Is this overall responsibility shared? If 'Yes' please provide the name(s), IRN(s) and/or job title(s) of the individual(s) you are sharing this responsibility with (where known)
		Yes / No
		Yes / No
		Yes / No
		Yes / No

3.3.2 Local Responsibility

Local responsibility is explained in SYSC 26. In summary, by local responsibility we mean:

- a) for a *person* who is allocated local responsibility under SYSC 26, ultimate responsibility (under the *governing body* of the *branch*) for managing or supervising that function and primary and direct responsibility for briefing and reporting about that function to the *branch's governing body* or equivalent and for putting matters for decision about that function to the *branch's governing body* or equivalent. SYSC 26 states that, in general, the *FCA* expects that a *person* to whom overall responsibility for a function is allocated under SYSC26) will be the most senior employee or officer responsible for managing or supervising that function under the management of the *branch's governing body*;

- b) for a *person* who is allocated local responsibility under SYSC 26, a *person* who is directly involved in the management of the relevant activity, business area or management function. SYSC 26 states that, the FCA expects that a *firm* appointing someone to have local responsibility for a function under SYSC 26 will appoint the most senior employee or officer of the *firm* with responsibility for that activity, business area or management function.

If the *individual* has local responsibility for any or part of the activities, business areas or management functions of a branch, please provide details of each in the table below.

Where responsibilities are shared (for example, a responsibility may be shared as part of a job share or where departing and incoming *senior managers* work together temporarily as part of a handover), please provide details of any sharing arrangements including, if known, the name(s), IRN(s) and/or job title(s) of the *individual(s)* you are sharing this responsibility with. The responsibility should be recorded in the same way in the statements of responsibilities for each *individual*.

If the *individual* does not have local responsibility for an activity, business area or management function of the branch, please skip this section.

A *firm* may wish to refer to SYSC 25 Annex 1G (replicated in Annex A of this form) to help it make sure it has not failed to allocate local responsibility for a particular activity of the *firm*. Please note that the FCA does not require *firms* to organise themselves by the functions in SYSC 25 Annex 1G, and that the Annex is not comprehensive. It is important that a *firm* does not fail to allocate local responsibility for business areas, activities and management functions, in line with SYSC 26.

Please provide a title for this local responsibility	Please provide further details of this local responsibility.	Is this local responsibility shared? If 'Yes' please provide the name(s), IRN(s) and/or job title(s) of the <i>individual(s)</i> you are sharing this responsibility with (where known)
		Yes / No
		Yes / No
		Yes / No
		Yes / No



I have supplied further information related to this page in Section 4

YES

NO

3.4 Other Responsibilities

3.4.1 Please set out below any additional responsibility, not otherwise recorded in this statement, for which a *candidate* or *senior manager* is to be responsible as part of their *FCA* and/or *PRA senior management function(s)*. For example, responsibilities outside the normal course of business such as those linked to high profile projects or initiatives.

EEA branches should use this section to set out below anything for which a candidate or *senior manager* is to be responsible as part of the FCA senior management function(s) role.

Where responsibilities are shared (for example, a responsibility may be shared as part of a job share or where departing and incoming senior managers work together temporarily as part of a handover), please provide details of any sharing arrangements including, if known, the name(s), IRN(s) and/or job title(s) of the *individual(s)* the *candidate* or *senior manager* will be sharing this responsibility with. The responsibility should be recorded in the same way in the *statements of responsibilities* for each *individual*.

Please provide a title for this other responsibility	Please provide further details of this other responsibility	Is this other responsibility shared? If 'Yes' please provide ,the name(s), IRN(s) and/or job title(s) of the <i>individual(s)</i> you are sharing this responsibility with (where known)
		Yes / No
		Yes / No
		Yes / No
		Yes / No



I have supplied further information related to this page in Section 4

YES

NO

4.1 Is there any other information the *individual* or the *firm* considers to be relevant?

YES

NO

If yes, please provide details below or on a separate sheet of paper and clearly identify the section and question to which the additional information relates.

Question	Information

4.2 How many additional sheets are being submitted?

ANNEX A

SYSC 25 **The main business activities and functions of an *SMCR firm***
Annex 1G

Business areas and management functions	Explanation
(1) Payment services	<p>This means:</p> <p>(1) <i>payment services</i>;</p> <p>(2) issuing and administering other means of payment (for example, cheques and bankers' drafts);</p> <p>(3) issuing <i>electronic money</i>; and</p> <p>(4) current accounts.</p>
(2) Settlement	<p>This means clearing and settlement of any transactions described in rows (3) and (6) to (9) of this annex in relation to the assets covered by (9).</p> <p>It also includes clearing and settlement of any transactions described in row (10).</p>
(3) Investment management	<p>This has the same meaning as <i>managing investments</i> with the following adjustments:</p> <p>(a) it covers all types of assets; and</p> <p>(b) the exclusions in the <i>Regulated Activities Order</i> do not apply.</p> <p>It also covers fund management.</p>
(4) Financial or investment advice	This includes <i>advising on investments</i> .
(5) Mortgage advice	This has the same meaning as <i>advising on regulated mortgage contracts</i> but is expanded to cover land anywhere in the world and to cover security of any kind over land.
(6) Corporate investments	This means acquiring, holding, managing and disposing a <i>firm's</i> investments made for its own account.
(7) Wholesale sales	<p>This means the <i>selling</i> of any <i>investment</i> to a <i>person</i> other than a <i>retail customer</i>.</p> <p>It does not include the activities in (1).</p>
(8) Retail sales	<p>This means the <i>selling</i> of any <i>investment</i> to a <i>retail customer</i>.</p> <p>It includes savings accounts. It does not include the activities in (1).</p>
(9) Trading for clients	This means <i>dealing in investments as agent</i> and <i>execution of orders on behalf of clients</i> but the list of products includes money market instruments and foreign exchange.
(10) Market making	This has the same meaning as it does in <i>MIFID</i> (see the definition of market maker in article 4.1(7)).
(11) <i>Investment research</i>	

Business areas and management functions	Explanation
(12) Origination/syndication and underwriting	<p>Origination and syndication include:</p> <p>(1) entering into or acquiring (directly or indirectly) any commitment or <i>investment</i> with a view to transferring some or all of it to others, or with a view to others investing in the same transaction;</p> <p>(2) sub-participation; and</p> <p>(3) any transaction described in the <i>Glossary</i> definition of <i>originator</i>.</p> <p>Underwriting includes underwriting that is not on a firm commitment basis.</p> <p>A commitment or <i>investment</i> includes an economic interest in some or all of it.</p> <p>This activity also includes the provision of services relating to such transactions.</p>
(13) Retail lending decisions	<p>Deciding whether, and on what terms, to lend to <i>retail customers</i>.</p> <p>Lending includes granting credit, leasing and hire (including finance leasing).</p>
(14) Wholesale lending decisions	<p>Deciding whether, and on what terms, to lend to <i>persons</i> who are not <i>retail customers</i>.</p> <p>Lending includes granting credit, leasing and hire (including finance leasing).</p>
(15) Design and manufacturing of products intended for wholesale customers	<p>Wholesale customers mean <i>persons</i> who are not <i>retail customers</i></p>
(16) Design and manufacture of products intended for <i>retail customers</i>	
(17) Production and distribution of marketing materials and communications	<p>This includes <i>financial promotions</i></p>
(18) Customer service	<p>This means dealing with <i>clients</i> after the point of sale, including queries and fulfilment of <i>client</i> requests</p>
(19) Customer complaints handling	<p>This includes the <i>firm's</i> compliance with <i>DISP</i>.</p> <p>It also includes:</p> <p>(1) any similar procedures relating to activities that do not come under the jurisdiction of the <i>Financial Ombudsman Service</i>;</p> <p>(2) activities that take place outside the <i>UK</i>; and</p> <p>(3) activities that are not subject to any ombudsman service.</p>

Business areas and management functions	Explanation
(20) Collection and recovering amounts owed to a <i>firm</i> by its customers Dealing with customers in arrears	“Customer” means any <i>person</i> falling into any of the definitions of <i>client</i> in the <i>Glossary</i> so far as they apply to the <i>FCA’s Handbook</i> . The definition is extended to cover all services provided by the <i>firm</i> and not just those that are provided in the course of carrying on a <i>regulated activity</i> or an <i>ancillary service</i> .
(21) Middle office	This means risk management and controls in relation to, and accounting for, transactions in <i>securities</i> or <i>derivatives</i>
(22) Issuing Commitments	This means the activity described in SYSC 27.7.6R(1)(i) (examples of what the significant management <i>FCA-specified significant harm function</i> can cover)
(23) Processing	This means the activity described in SYSC 27.7.6R(1)(j) (examples of what the significant management <i>FCA-specified significant-harm function</i> can cover).
(24) Human resources	This includes recruitment, training and competence and performance monitoring
(25) Incentive schemes for the <i>firm’s</i> staff	This is not limited to schemes based on sales.
(26) <i>Providing information in relation to a specified benchmark</i>	
(27) <i>Administering a specified benchmark</i>	
(29) Administration of insurance	This means the activity described in SYSC 27.7.6R(1)(k) (examples of what the significant management <i>FCA-specified significant harm function</i> can cover).
Note (1): The purpose of this annex is explained in SYSC 25.7 (Guidance about SYSC 25 Annex 1G) and SYSC 26.11.2G	
<p>Note (2): A <i>firm</i> does not have to use the split of example activities in this annex for the purposes in Note (1). If a <i>firm</i> does decide to use it, the <i>firm</i> should adapt it to suit the <i>firm’s</i> management arrangements better.</p> <p>For example, a <i>firm</i> may find the split of activities into <i>retail</i> and wholesale activities unsuitable. If so, the <i>firm</i> might:</p> <p>(a) treat <i>retail</i> and wholesale activities together; or</p> <p>(b) use its own definition of retail and wholesale activities.</p>	



MIFID members of the management body and key function holders - Article 4 Information Form (SMR)

Full name of applicant firm and Firm Reference Number (FRN)

Important information you should read before completing this form

We require all MIFID firms making changes to their management body or key function holders to provide these details as part of their application for the individual to hold a senior management function or internal transfer of an approved person (for firms and individuals subject to the senior managers regime).

Please keep a copy of the forms you complete and the supporting documents that you include with the application for your future reference.

The notes that accompany this form will help you complete the questions and they also explain why we require the information we ask you for.

For the purposes of complying with the Data Protection Act 1998, please note that any personal information provided to us will be used to discharge our statutory functions under the Financial Services and Markets Act 2000 (FSMA) and other relevant legislation and may be disclosed to third parties for those purposes.

It is important that you provide accurate and complete information and disclose all relevant information. If you do not, it will call into question your suitability to be authorised, and you may be committing a criminal offence and could face prosecution under section 398A of the FSMA regardless of the status of your application.

Terms in this form

In this application pack we use the following terms:

- 'you' refers to the person(s) signing the form on behalf of the applicant firm;
- 'the individual' refers to the person holding the controlled function
- 'the applicant firm' refers to the firm applying for authorisation of the individual;
- 'we', 'us' or 'our' refers to the appropriate regulator;
- 'the FCA' refers to the Financial Conduct Authority;
- 'the PRA' refers to the Prudential Regulation Authority; and
- FSMA refers to the Financial Services and Markets Act 2000.

Purpose of this form

MIFID II requires certain information to be provided by the applicant firm when making changes to their management body or key function holders. The information in this form is required to enable us to fulfil our obligations in obtaining this information.

Contents of this form

	<u>Page</u>
1 Long Form A completed	4
2 Form E completed	7
3 Form M completed	12

Filling in the form using Connect

1 If you are using your computer to complete the form:

- use the TAB key to move from Question to Question and press SHIFT TAB to move back to the previous Question; and
- save all the parts of the form you have completed and attach to your application.

2 If you think a Question is not relevant to you, write 'not applicable' and explain why.

3 If you leave a Question blank or do not attach the required supporting information without telling us why, we will have to treat the application as incomplete. This will increase the time taken to assess your application.

4 If there is not enough space on the forms, you may need to use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant Question number.

5 Ensure you have:

- completed the relevant Long Form A, Form E or Form M
- completed the Annex III ESMA template;
- completed this additional information form; and
- attached any supporting documents.

When you are required to attach supporting documents (e.g. Disclosure and Barring Service check where relevant) to your application, failure to do so will mean your application will not be progressed and you will be prevented from being able to submit your application through Connect.

Filling in the form using the paper application forms on the FCA website

- 1** If you are using your computer to complete the form:
 - use the TAB key to move from Question to Question and press SHIFT TAB to move back to the previous Question; and
- 2** If you are filling in the form by hand:-
 - use black ink;
 - write clearly; and
 - sign the declaration in the 'checklist and declaration' form.
- 3** If you think a Question is not relevant to you, write 'not applicable' and explain why.
- 4** If you leave a Question blank, do not sign the declaration or do not attach the required supporting information without telling us why, we will have to treat the application as incomplete. This will increase the time taken to assess your application.
- 5** If there is not enough space on the forms, you may need to use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant Question number.
- 6** Post the application consisting of:
 - completed the relevant Long Form A or Form E
 - completed the Annex III ESMA template;
 - completed this additional information form; and
 - attached any supporting documents.

For Solo Regulated Firms:-

**Permissions Department
The Financial Conduct Authority
25 The North Colonnade
Canary Wharf
LONDON
E14 5HS**

For Dual Regulated Firms:-

**The Prudential Regulation Authority
20 Moorgate
Lond**

1

If you have completed a Long Form A, please provide the information below

1 Personal details

Phone number (including STD code)	
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Email address	
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2 Curriculum Vitae

a. Relevant education and professional training

This information may already have been included in the CV or page 4 of the Annex III ESMA template. If already provided, there is no need to detail here.

Complete any information not already provided

Relevant Education	
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Professional Training	
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b. Professional experience, including the names of all organisation for which the person has worked and nature and duration of the functions performed

This information may already have been included in the CV or page 4 of the Annex III ESMA template. If already provided, there is no need to detail here.

Complete any information not already provided

Name of organisation	Nature of functions performed	Duration

c For positions held in the previous 10 years, when describing those activities, details shall be included on all delegated powers and internal decision-making powers held and the areas of operations under control

This information may already have been included in the Long Form A (Section 4) or CV.

The Long Form A requests employment history for the past 5 years. If you have not provided the information above, or need to provide information for a further 5 years, you can detail below.

Period (mm/yyyy) From - To	Name of employer	Delegated powers and internal decision making powers	Areas of operation under control

3 Reputation and experience

The Long Form A queries if you have obtained a reference/references from current or previous employers (Section 5.05) during the last six years in accordance with SYSC 22 and Fitness and Propriety 2 in the PRA Rulebook.

a. Please provide a list of reference persons including contact information

Reference	Contact information

b. Please attach any letters of recommendation to the application

4 Investigations

If a question in section 5 of the Long Form A is answered positively, the information could be provided through an official certificate (if and so far as it is available from the relevant Member State or third country), or through another equivalent document.

In the Long form A (Section 5) firms are asked to confirm if they have undertaken a criminal records check in accordance with the requirements of the FCA or PRA. In the United Kingdom, a copy of this check could be provided as the official certificate requested.

For on-going investigations information could be provided through a declaration of honour.

5 Assessment of reputation and experience

MIFID II requires information on whether an assessment of reputation and experience as an acquirer or as a person who directs the business has already been conducted (including the date of the assessment, the identity of that authority and evidence of the outcome of this assessment).

If an assessment of reputation and experience as an acquirer or as a person who directs the business already been conducted please provide details of:

Date of assessment

Identity of the authority that conducted the assessment

Evidence of the outcome of assessment (please detail if this evidence is attached as a supporting document)

6 Financial and non-financial interests

If you have not already provided this information in section 5 of the Long Form A, please provide information on any financial and non-financial interests or relationships of the person and his/her close relatives to members of the management body and key function holders in the same institution, the parent institution and subsidiaries and shareholders

7 Time devoted to the performance of functions

MIFID II requires information on the minimum time that will be devoted to the performance of the individual's functions within the firm (annual and monthly indications).

Please provide this information below:

8 Human and financial resources

MIFID II requires information on human and financial resources devoted to the induction and training of the members (annual indication).

Please provide this information below:

2

If you have completed a Form E, please provide the information below

1 Personal details

Phone number (including STD code)	
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Email address	
---------------	--

2 Curriculum Vitae

a. Relevant education and professional training

This information may already have been included in any CV provided or page 4 of the Annex III ESMA template. If already provided, there is no need to detail here.

Complete any information not already provided

Relevant Education	
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Professional Training	
-----------------------	--

b. Professional experience, including the names of all organisation for which the person has worked and nature and duration of the functions performed

This information may already have been included in the CV or page 4 of the Annex III ESMA template. If already provided, there is no need to detail here.

Complete any information not already provided

Name of organisation	Nature of functions performed	Duration

c For positions held in the previous 10 years, when describing those activities, details shall be included on all delegated powers and internal decision-making powers held and the areas of operations under control

This information may already have been included in the CV.

If you have not provided the information above, or need to provide further information about positions held in the previous 10 years, you can detail below.

Period (mm/yyyy) From - To	Name of employer	Delegated powers and internal decision making powers	Areas of operation under control

3 Reputation and experience

a. Please provide a list of reference persons including contact information

Reference	Contact information

b. Please attach any letters of recommendation to the application

4 Investigations

MIFID II requires information on:

- criminal records and information on criminal investigations and proceedings
- relevant civil and administrative cases, and
- disciplinary actions opened against them (including disqualifications as a company director, bankruptcy, insolvency and similar procedures).

This information could be provided through an official certificate (if and so far as it is available from the relevant Member State or third country), or through another equivalent document.

In the Form E (Section 4.3) firms are asked to confirm if they have undertaken a criminal records check in accordance with the requirements of the FCA or PRA. In the United Kingdom, a copy of this check could be provided as the official certificate requested.

For on-going investigations information could be provided through a declaration of honour.

If not already provided, please provide information on:

criminal records and information on criminal investigations and proceedings

relevant civil and administrative cases, and

disciplinary actions opened against them (including disqualifications as a company director, bankruptcy, insolvency and similar procedures).

5 Previous registration, authorisation, membership or licence

MIFID II requires information on:

- refusal of registration, authorisation, membership or licence to carry out a trade, business or profession; or
- the withdrawal, revocation or termination of such a registration, authorisation, membership or licence; or
- expulsion by a regulatory or government body or by a professional body or association

If not already provided, please provide information on:

refusal of registration, authorisation, membership or licence to carry out a trade, business or profession

the withdrawal, revocation or termination of such a registration, authorisation, membership or licence

expulsion by a regulatory or government body or by a professional body or association

6 Previous dismissals

MIFID II requires information on dismissal from employment or a position of trust, fiduciary relationship, or similar situation.

If not already provided, please provide this information:

7 Assessment of reputation and experience

MIFID II requires information on whether an assessment of reputation and experience as an acquirer or as a person who directs the business has already been conducted (including the date of the assessment, the identity of that authority and evidence of the outcome of this assessment).

If an assessment of reputation and experience as an acquirer or as a person who directs the business already been conducted please provide details of:

Date of assessment

Identity of the authority that conducted the assessment

Evidence of the outcome of assessment (please detail if this evidence is attached as a supporting document)

8 Financial and non-financial interests

If you have not already provided this information, please provide information on any financial and non-financial interests or relationships of the person and his/her close relatives to members of the management body and key function holders in the same institution, the parent institution and subsidiaries and shareholders

9 Time devoted to the performance of functions

MIFID II requires information on the minimum time that will be devoted to the performance of the individual's functions within the firm (annual and monthly indications).

Please provide this information below:

10 Human and financial resources

MIFID II requires information on human and financial resources devoted to the induction and training of the members (annual indication).

Please provide this information below:

--

11 Executive and non executive directorships

MIFID II requires a list of executive and non-executive directorships currently held by the person.

If not already provided, please provide a list of executive and non-executive directorships held by the person:

Organisation name	Type of directorship

3

If you have completed a Form M, please provide the information below

1 Personal details

Phone number (including STD code)	
-----------------------------------	--

Email address	
---------------	--

2 Curriculum Vitae

a. Relevant education and professional training

This information may already have been included in any CV provided or page 4 of the Annex III ESMA template. If already provided, there is no need to detail here.

Complete any information not already provided

Relevant Education	
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Professional Training	
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b. Professional experience, including the names of all organisation for which the person has worked and nature and duration of the functions performed

This information may already have been included in any CV provided or page 4 of the Annex III ESMA template. If already provided, there is no need to detail here.

Complete any information not already provided

Name of organisation	Nature of functions performed	Duration

c For positions held in the previous 10 years, when describing those activities, details shall be included on all delegated powers and internal decision-making powers held and the areas of operations under control

This information may already have been included in any CV provided.

If you have not provided the information above, or need to provide information for a further 5 years, you can detail below.

Period (mm/yyyy) From - To	Name of employer	Delegated powers and internal decision making powers	Areas of operation under control

3 Reputation and experience

a. Please provide a list of reference persons including contact information

Reference	Contact information

b. Please attach any letters of recommendation to the application

4 Investigations

If a question in section 4 of the Form M is answered positively, the information could be provided through an official certificate (if and so far as it is available from the relevant Member State or third country), or through another equivalent document.

In the United Kingdom, a copy of any criminal records check could be provided as the official certificate requested.

For on-going investigations information could be provided through a declaration of honour.

5 Time devoted to the performance of functions

MIFID II requires information on the minimum time that will be devoted to the performance of the individual's functions within the firm (annual and monthly indications).

Please provide this information below:

6 Human and financial resources

MIFID II requires information on human and financial resources devoted to the induction and training of the members (annual indication).

Please provide this information below:

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