

Credit Unions sourcebook

Chapter 8

Supervision



8.1 Application and purpose

Application

8.1.1 **G** This section applies to all *credit unions*.

Purpose

8.1.2 **G** The purpose of this section is to provide additional *rules and guidance* relating to reporting requirements that are specific to *credit unions*. *Credit unions* also need to comply with the relevant provisions of *SUP* relating to reporting, including ■ SUP 16.3 and ■ SUP 16.12.



8.2 Reporting requirements

8.2.1 **G** [deleted]

8.2.2 **G** [deleted]

8.2.3 **G** [deleted]

8.2.4 **G** [deleted]

8.2.5 **G** [deleted]

Accounts and audit

8.2.6 **R** [deleted]

8.2.6A **R** [deleted]

8.2.7 **R** Every *credit union* must make available, free of charge, to every member or person interested in the funds of the *credit union* who applies for it, a copy of the latest annual return of the *credit union* and auditor's report for that year sent to the *FCA* under section 89 of the Co-operative and Community Benefit Societies Act 2014.

Financial penalties for late submission of reports

8.2.8 **G** [deleted]

8.3 Approved persons

Purpose

- 8.3.1 **G** The purpose of this section is to set out *guidance* relating to the *FCA's* requirements about *approved persons* that apply to *credit unions*. The full details can be found in Chapter 10C of the Supervision manual (*SUP*).
- 8.3.2 **G** The *PRA* also has a regime about *approved persons* in *credit unions*, which can be found in its Rulebook. *CREDS* does not summarise the *PRA's* regime.

Summary of the FCA's requirements about approved persons in credit unions

- 8.3.3 **G**
 - (1) The effect of section 59 of the Act is that if a *person* is to perform certain functions (which are known as *controlled functions*) for a *credit union*, the *credit union* should first apply for approval to:
 - (a) the *FCA* (if the *controlled function* is specified by the *FCA* in its *rules*); or
 - (b) the *PRA* (if the *controlled function* is specified by the *PRA* in its *rules*).
 - (2) The *firm* should not allow the person to perform that function until the *firm* receives the approval.
 - (3) A person for whom the *firm* has received that approval is called an *approved person*.
- 8.3.4 **G**
 - (1) The regime for *approved persons* applies to *SMCR firms*.
 - (2) A *credit union* is a type of *SMCR firms*.
 - (3) ■ *SUP 10C* deals with the *approved persons* requirements for *credit unions* and other *SMCR firms*.
- 8.3.5 **G**
 - (1) The *controlled functions* specified by the *FCA* for *credit unions* and other *SMCR firms* can be found in the table in ■ *SUP 10C.4.3R*. The table in ■ *SUP 10C Annex 1 3.2R* sets out which of them apply to *credit unions*.
 - (2) The *controlled functions* specified by the *PRA* for *credit unions* and other *SMCR firms* can be found in the *PRA's* Rulebook. They are not summarised in the *Handbook*.

- 8.3.6** **G** (1) The *FCA* and the *PRA* have specified different functions.
- (2) Sometimes a *person's* job description means that they are performing an *FCA controlled function* and a *PRA controlled function* at the same time for the same *firm*. ■ SUP 10C.9 has arrangements that reduce the need for the same *person* to be approved by both the *FCA* and the *PRA*.
- 8.3.7** **G** There are two types of *controlled function* under the *Act*:
- (1) a *designated senior management function*; and
- (2) any other *controlled function*.
- 8.3.8** **G** (1) The *designated senior management functions* cover the top management roles in a *firm*.
- (2) An *approved person* approved to perform a *designated senior management function* is called an *SMF manager*.
- (3) [deleted]
- (4) All *controlled functions* in a *credit union* are *designated senior management functions* and every *approved person* in a *credit union* is also an *SMF manager*.
- 8.3.9** **G** As well as listing the *FCA's designated senior management functions* for *credit unions* and other *SMCR firms*, ■ SUP 10C has other requirements about *SMF managers*:
- (1) ■ SUP 10C sets out the procedures for applying for, granting, removing and varying approval as an *SMF manager*.
- (2) ■ SUP 10C requires firms to give various types of reports to the *FCA* about their *SMF managers*.
- (3) ■ SUP 10C explains that each *firm* must prepare a *statement of responsibilities* for each of its *SMF managers*. A *statement of responsibilities* is a description of the *SMF manager's* responsibilities in connection with the *designated senior management functions* for which they are approved.

