Variation of SMF managers' approval on the FCA's own initiative

Chapter 8

Variation of SMF managers' approval on the FCA's own initiative



8.3 Use of the own-initiative variation of approval power: specific examples

8.3.1 Examples of situations where the FCA may use the own-initiative variation of approval power include where:

- (1) it has concerns about an SMF manager's fitness to remain approved in relation to the performance of a designated senior management function but, in all the circumstances, it considers it appropriate to vary their approval by imposing one or more conditions or a time limitation, rather than making a prohibition order or withdrawing approval;
- (2) the nature or scope of the SMF manager's role has changed, for example where they have taken on additional or different responsibilities. In this situation, the FCA may consider it appropriate to impose a condition that they undertake training to enhance their competency and capability regarding their new responsibilities, or a condition that they receive mentoring;
- (3) the size, nature, scope or complexity of the firm's activities has significantly changed since the SMF manager was first approved;
- (4) the SMF manager is required to personally support supervisory action in relation to the firm. For example, where a firm is running a remedial programme the FCA may impose a condition that the SMF manager take responsibility for managing or overseeing delivery of aspects of that programme;
- (5) it is appropriate to use the own-initiative variation of approval power as a matter of urgency (see ■ DEPP 8.4);
- (6) the SMF manager's approval is subject to an existing condition but the FCA considers that condition is insufficient to mitigate the risk in respect of which it was imposed. In this case, the FCA will vary the condition to make it more effective. The FCA may also, or instead, limit the period of the approval;
- (7) the SMF manager's firm applies to the FCA to remove a condition, or vary a condition to make it less onerous, where the condition was imposed by the FCA on its own initiative, and the FCA considers that it is desirable to remove or vary the condition in order to advance one or more of its operational objectives. The FCA expects that such a removal or variation would normally occur on the application of the firm.