

Senior managers and certification regime: Allocation of prescribed responsibilities

Chapter 24

Senior managers and
certification regime:
Allocation of prescribed
responsibilities



24.1 Application

Main application rules

- 24.1.1** **R** This chapter applies to an *SMCR firm*, except to the extent that this chapter applies a narrower scope to a particular provision. However, this chapter does not apply to:
- (1) an *EEA SMCR firm*; or
 - (2) a *limited scope SMCR firm*.

- 24.1.2** **R** This chapter is not limited to *regulated activities* or other specific types of activities.

Territorial scope

- 24.1.3** **R** There is no territorial limitation on the application of this chapter, 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 responsibilities in 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 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 (2).
 - (2) A *firm* may allocate *FCA-prescribed senior management responsibility* (z) in 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 responsibilities in this chapter in such a way that it is clear who has which of those responsibilities.*

- 24.2.5 **R** **What the FCA-prescribed senior management responsibilities are**
The FCA-prescribed senior management responsibilities are set out in the table in ■ SYSC 24.2.6R.

24.2.6

R Table: FCA-prescribed senior management responsibilities

| FCA-prescribed senior management responsibility | Explanation | Reference letter |
|--|--|------------------|
| (1) Responsibility for the <i>firm's</i> performance of its obligations under the senior managers regime | <p>The senior managers regime means the requirements of the <i>regulatory system</i> applying to <i>SMCR firms</i> insofar as they relate to <i>SMF managers</i> performing <i>designated senior management functions</i>, including SUP 10C (FCA senior managers regime for approved persons).</p> <p>This responsibility includes:</p> <ul style="list-style-type: none"> (1) compliance with conditions and time limits on approval; (2) compliance with the requirements about the <i>statements of responsibilities</i> (but not the allocation of responsibilities recorded in them); (3) compliance by the <i>firm</i> with its obligations under section 60A of the Act (Vetting of candidates by authorised persons); and (4) compliance by the <i>firm</i> with the requirements in SYSC 22 (Regulatory references) (and the corresponding <i>PRA</i> requirements) so far as they relate to the senior managers regime, including the giving of references to another <i>firm</i> about an <i>SMF manager</i> or former <i>SMF manager</i>. | (a) |
| (2) Responsibility for the <i>firm's</i> performance of its obligations under the certification regime | <p>The 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 or relating to those sections, including:</p> <ul style="list-style-type: none"> (1) SYSC 27 (Senior managers and certification regime: Certification Regime); (2) the requirements in SYSC 22 (Regulatory references) so far as they relate to the 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 | (b) |

| FCA-prescribed senior management responsibility | Explanation | Reference letter |
|---|--|------------------|
| (3) Responsibility 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>(3) the corresponding <i>PRA</i> requirements; and</p> <p>(4) the requirements in SUP 16.26 (Reporting of information about Directory persons), which require a <i>firm</i> to report information to the <i>FCA</i> about its <i>Directory persons</i>.</p> <p>(1) This includes:</p> <p>(a) responsibility for the <i>firm's</i> policies and procedures in relation to the matters in SYSC 3.2.6R (Systems and controls in relation to compliance, financial crime and money laundering);</p> <p>(b) the functions in SYSC 3.2.6HR or SYSC 6.3.8R (<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 any of those <i>rules</i> apply to the <i>firm</i>.</p> <p>(2) The <i>firm</i> may allocate this <i>FCA-prescribed senior management responsibility</i> to the <i>MLRO</i> but does not have to.</p> <p>(3) If the <i>firm</i> does not allocate this <i>FCA-prescribed senior management responsibility</i> to the <i>MLRO</i>, this <i>FCA-prescribed senior management responsibility</i> includes responsibility for supervision of the <i>MLRO</i>.</p> | (d) |
| (4) Responsibility for the <i>firm's</i> obligations for: (a) conduct rules training; and (b) conduct rules reporting. | <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 rules reporting means its obligations under section 64C of the <i>Act</i> (Requirement for authorised persons to notify regulator of disciplinary action).</p> | (b-1) |
| (5) Responsibility for: | | (f) |

| FCA-prescribed senior management responsibility | Explanation | Reference letter |
|---|---|------------------|
| <p>(a) leading the development of; and</p> <p>(b) monitoring the effective implementation of;</p> <p>policies and procedures for the induction, training and professional development of all members of the <i>firm's governing body</i>.</p> | | |
| <p>(6) Responsibility for monitoring the effective implementation of policies and procedures for the induction, training and professional development of all the <i>firm's</i>:</p> <p>(a) <i>SMF managers</i>; and</p> <p>(b) key function holders;</p> <p>other than members of the <i>firm's governing body</i>.</p> | <p>(1) Key function holder has the same meaning as it does in the Glossary Part of the <i>PRA Rulebook</i>.</p> <p>(2) Paragraph (b) of column (1) of this row (6) only applies to a <i>firm</i> if and to the extent that the <i>PRA's</i> requirements about key function holders apply to it.</p> | (g) |
| <p>(7) 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 the <i>internal audit requirements for SMCR firms</i> and the <i>PRA requirements</i> referred to in column (2) of this row</p> | <p>(1) This responsibility includes responsibility for:</p> <p>(a) safeguarding the independence of; and</p> <p>(b) oversight of the performance of;</p> <p>a person approved to perform the Head of Internal Audit function for the <i>firm</i> if that function applies to the <i>firm</i>.</p> <p>(2) This responsibility only applies if and to the extent that:</p> <p>(a) the <i>internal audit requirements for SMCR firms</i>; or</p> <p>(b) any requirements of the <i>PRA</i> about the matters in paragraph (1) of this column of this row (7);</p> <p>apply to the <i>firm</i>.</p> | (j) |

| FCA-prescribed senior management responsibility | Explanation | Reference letter |
|--|---|------------------|
| <p>(8) Responsibility for:</p> <p>(a) safeguarding the independence of; and</p> <p>(b) oversight of the performance of; the compliance function in accordance with the <i>compliance requirements for SMCR firms</i>.</p> | <p>(3) Independence means independence to the extent it is required by the requirements referred to in paragraph (2) of this column of this row (7).</p> <p>(4) The Head of Internal Audit function means the <i>head of internal audit function</i> or the <i>PRA's Head of Internal Audit designated senior management function</i>.</p> <p>(1) This responsibility includes responsibility for:</p> <p>(a) safeguarding the independence of; and</p> <p>(b) oversight of the performance of; the person performing the <i>compliance oversight function</i> for the <i>firm</i>.</p> <p>(2) This responsibility only applies if and to the extent that the <i>compliance requirements for SMCR firms</i> apply to the <i>firm</i>.</p> <p>(3) "Independence" means independence to the extent it is required by the <i>compliance requirements for SMCR firms</i>.</p> | <p>(k)</p> |
| <p>(9) Responsibility for:</p> <p>(a) safeguarding the independence of; and</p> <p>(b) oversight of the performance of; the risk function, in accordance with the <i>risk control requirements for SMCR firms</i> and the <i>PRA requirements</i> referred to in column (2) of this row (9).</p> | <p>(1) This responsibility includes responsibility for:</p> <p>(a) safeguarding the independence of; and</p> <p>(b) oversight of the performance of; a person approved to perform the Chief Risk function for the <i>firm</i> if that function applies to the <i>firm</i>.</p> <p>(2) This responsibility only applies if and to the extent that:</p> <p>(a) the <i>risk control requirements for SMCR firms</i>; or</p> <p>(b) any requirements of the <i>PRA</i> about the matters in paragraph (1) of this column of this row (9);</p> <p>apply to the <i>firm</i>.</p> <p>(3) "Independence" means independence to the extent it</p> | <p>(l)</p> |

| FCA-prescribed senior management responsibility | Explanation | Reference letter |
|---|--|------------------|
| (10) 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) | <p>is required by the requirements referred to in paragraph (2) of this column of this row (9).</p> <p>(4) The Chief Risk function means the <i>chief risk officer function</i> or the <i>PRA's Chief Risk designated senior management function</i>.</p> | (m) |
| (11) Responsibility for the <i>firm's</i> compliance with CASS | <p>(1) This responsibility only applies to a <i>firm</i> to which CASS applies.</p> <p>(2) A <i>firm</i> may include in this <i>FCA-prescribed senior management responsibility</i> whichever of the following functions apply to the <i>firm</i>:</p> <p>(a) CASS 1A.3.1R (certain CASS compliance functions for a <i>CASS small firm</i>);</p> <p>(b) CASS 1A.3.1AR (certain CASS compliance functions for a <i>CASS medium firm</i> or a <i>CASS large firm</i>);</p> <p>(c) CASS 11.3.1R (certain CASS compliance functions for certain <i>CASS small debt management firms</i>);</p> <p>(d) CASS 11.3.4R (certain CASS compliance functions for a <i>CASS large debt management firm</i>); or</p> <p>(e) CASS 13.2.3R (certain CASS compliance functions for a <i>firm</i> carrying on a <i>regulated claims management activity</i>);</p> <p>but it does not have to.</p> <p>(3) If the <i>firm</i> does not include the functions in paragraph (2) of this column of this row (11) in this <i>FCA-prescribed senior management responsibility</i>, this <i>FCA-prescribed senior management</i></p> | (z) |

| FCA-prescribed senior management responsibility | Explanation | Reference letter |
|---|--|------------------|
| (12) Responsibility for compliance with the requirements of the <i>regulatory system</i> about the <i>management responsibilities map</i> | <p><i>responsibility</i> includes responsibility for supervision of the person performing the functions in paragraph (2) of this column of this row (11) that apply to the <i>firm</i>.</p> <p>(1) This responsibility does not include allocating responsibilities recorded in the <i>management responsibilities map</i>.</p> <p>(2) This responsibility does not apply to a <i>firm</i> to which the requirements about <i>management responsibilities maps</i> in SYSC 25 (Senior managers and certification regime: Management responsibilities maps and handover procedures and material) do not apply.</p> | (c) |
| (13) Acting as the <i>firm's whistleblowers' champion</i> | <p>(1) The <i>whistleblowers' champion's</i> allocated responsibilities are set out in SYSC 18.4.4R.</p> <p>(2) This responsibility does not apply to a <i>firm</i> that is not required to have a <i>whistleblowers' champion</i>.</p> | (n) |
| <p>(14) Responsibility for:</p> <p>(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</p> <p>(b) overseeing the performance of the internal audit function.</p> | <p>(1) Only applies to a <i>firm</i>:</p> <p>(a) that outsources its internal audit function to an external third party service provider; and</p> <p>(b) to which one of the following internal audit <i>PRA-prescribed senior management responsibilities</i> applies:</p> <p>(i) the responsibility in rule 3.3(1) in the Insurance – Allocation of Responsibilities Part of the <i>PRA Rulebook</i>; or</p> <p>(ii) the responsibility in rule 3.2(1) in the Large Non-Solvency II Firms – Allocation of Responsibilities Part of the <i>PRA Rulebook</i>.</p> <p>(2) The parts of the <i>PRA Rulebook</i> referred to in column (1) of this row (14) are:</p> <p>(a) Solvency II firms - Conditions Governing Business 5; and</p> <p>(b) Non-Solvency II Firms – Governance 9.2.</p> | (j-2) |

| FCA-prescribed senior management responsibility | Explanation | Reference letter |
|--|---|------------------|
| (15) Responsibility for management of the <i>firm's</i> risk management processes in the <i>UK</i> | (3) Terms used in column (1) of this row (14) have the same meaning as they do for the corresponding <i>PRA-prescribed senior management responsibility</i> described in paragraph (1) of this column of this row (14). | (aa) |
| (16) Responsibility for the <i>firm's</i> compliance with the <i>UK regulatory system</i> applicable to the <i>firm</i> | (17) Responsibility for the escalation of correspondence from the <i>PRA, FCA</i> and other regulators in respect of the <i>firm</i> to each of the <i>governing body</i> or the <i>management body</i> of the <i>firm</i> and, as appropriate, of the <i>firm's parent undertaking</i> and the ultimate <i>parent undertaking</i> of the <i>firm's group</i> | (ee) |
| (18) Responsibility for taking reasonable steps to ensure that every <i>person</i> involved in the performance of the <i>firm's</i> internal audit function is independent from the <i>persons</i> who 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 in | This only applies if the <i>firm</i> outsources its internal audit function. | (j-3) |

| FCA-prescribed senior management responsibility | Explanation | Reference letter |
|---|--|------------------|
| <p>ternal audit services.</p> | | |
| <p>(19) Responsibility for:</p> | <p>Stress testing refers to stress testing under MIFIDPRU 7.5 (ICARA process: capital and liquidity planning, stress testing, wind-down planning and recovery planning).</p> | <p>(s)</p> |
| <p>(a) managing the <i>firm's</i> internal stress tests; and</p> | | |
| <p>(b) ensuring the accuracy and timeliness of information provided to the <i>FCA</i> and other <i>regulatory bodies</i> for the purposes of stress testing.</p> | <p>This responsibility only applies to a <i>firm</i> to which MIFID-PRU 7.5 applies.</p> | |
| <p>(20) The responsibilities allocated under COLL 6.6.27R, COLL 8.5.22R or COLL 15.7.24R (Allocation of responsibility for compliance to an approved person).</p> | <p>Only applies to a <i>firm</i> to which the <i>rules</i> in column (1) apply.</p> | <p>(za)</p> |
| <p>(21) Responsibility for the development and maintenance of the <i>firm's</i> business model by the <i>governing body</i>.</p> | <p>Business model means the same thing as it does in Schedule 6 to the <i>Act</i> (Threshold Conditions). This responsibility applies even if the business model <i>threshold condition</i> does not apply to it.</p> | <p>(t)</p> |



24.3 Who prescribed responsibilities should be allocated to

Seniority and authority

- 24.3.1** **G** The *FCA* expects that a *person* who has responsibility for an *FCA-prescribed senior management responsibility*:
- (1) will generally (in the case of the *FCA-prescribed senior management responsibilities* in ■ SYSC 24.3.3G(1)) be the most senior employee or officer responsible for managing that area (or the most senior below the *chief executive*); and
 - (2) will:
 - (i) be sufficiently senior and credible; and
 - (ii) 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* with the following *FCA* reference letters (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** (1) Subject to (2), the *FCA* expects that normally a *firm* will allocate the other *FCA-prescribed senior management responsibilities* to an *SMF manager* who performs executive functions for the *firm*.

(2) The relevant *rules* in *COLL* deal with the persons to whom a *firm* should allocate *FCA-prescribed senior management responsibility* (za) (Allocation of responsibility for *COLL* compliance to an approved person).

Exceptions for small non-complex firms

24.3.4 **G** The *FCA* accepts that it may not be practical for a small non-complex *firm* to comply with the parts of ■ SYSC 24.3.1G(1), ■ SYSC 24.3.2G and ■ SYSC 24.3.3G(1) that would otherwise apply to it.

24.3.5 **G** (1) A *UK SMCR banking firm* is likely to be small for the purposes in ■ SYSC 24.3.4G if it is:

- (a) a small *CRR firm* as defined in the part of the *PRA Rulebook* called "Allocation of responsibilities"; or
- (b) a *credit union* that meets the *PRA's* size requirements for small *CRR firms* as defined.

(2) A *firm* is likely to be non-complex for these purposes if:

- (a) it conducts a limited number of simple business lines;
- (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 **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 **G** The *FCA* expects that a *firm* will not normally allocate responsibility for an *FCA-prescribed senior management responsibility* 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 performing each *FCA-prescribed senior management responsibility*, 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.

24.3.10

G

- (3) For example, it would be justified to share a 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).

- (1) The *FCA* expects a *firm* to divide and allocate responsibilities under this chapter 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 should be shared; under:
 - (c) ■ SYSC 4.1.1R (robust governance arrangements);
 - (d) any other applicable *Handbook* requirements, including:
 - (i) ■ SYSC 2 (Apportionment of Responsibilities);
 - (ii) ■ SYSC 24.3.7G to ■ SYSC 24.3.9G;
 - (iii) article 21 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
 - (e) article 21 of the *MiFID Org Regulation* (General organisational requirements) or other similar relevant *onshored regulations*.
- (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 (■ SYSC 24.3.6G).
- (4) The *FCA* expects a *firm* to allocate *FCA-prescribed senior management responsibilities* to the *SMF managers* they are most closely linked to.

24.3.11

G

■ SUP 10C.11.31G to ■ SUP 10C.11.33G (What statements of responsibilities should contain: dividing and splitting responsibilities) contains material about:

- (1) how to prepare *statements of responsibilities* where a responsibility is shared or divided between several *SMF managers*; and
- (2) dividing and sharing responsibilities.

24.3.12

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 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

G

- (1) As explained in ■ SYSC 24.1.3R, there is no territorial limitation to the application of this chapter.
- (2) This means that a *firm* should allocate the *FCA-prescribed senior management responsibilities* 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

In the case of an *overseas SMCR firm*, the *FCA-prescribed senior management responsibilities* relate to the activities of the *firm's branch* in the *United Kingdom* (see ■ SYSC 24.1.4R).

Which FCA-prescribed senior management responsibilities apply to which 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.
- 1.4 R The following *FCA-prescribed senior management responsibilities* do not apply to a *full-scope UK AIFM* in relation to its *managing an AIF*:
 - (1) responsibility (j) (internal audit oversight);
 - (2) responsibility (k) (compliance oversight);
 - (3) responsibility (l) (risk oversight);
 - (4) responsibility (j-3) (independence of outsourced internal audit); and
 - (5) responsibility (t) (business model).

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) an *overseas 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 | Overseas firm |
|--|------------------------------------|---------|---------------|---------------|
| Responsibility for the <i>firm’s</i> performance of its obligations under the senior managers regime | (a) | ✓ | ✓ | ✓ |

| Brief description of responsibility | Reference letter of responsibility | UK firm | Small UK firm | Overseas firm |
|---|------------------------------------|---------|---------------|---------------|
| 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) | √ | x | x |
| Training of staff performing <i>designated senior management responsibilities</i> | (g) | √ | x | x |
| See Note (2) | | | | |
| <i>Management responsibilities maps</i> | (c) | √ | √ | √ |
| <i>Whistleblowers' champion</i> | (n) | √ | √ | x |
| Internal audit oversight | (j) | √ | x | x |
| Compliance oversight | (k) | √ | x | x |
| Risk oversight | (l) | √ | x | x |
| Remuneration | (m) | √ | x | x |
| <i>CASS</i> | (z) | √ | √ | √ |
| <i>UK risk management</i> | (aa) | x | x | √ |
| Compliance with <i>UK regulatory system</i> | (ff) | x | x | √ |
| Escalation of correspondence | (ee) | x | x | √ |

Note (1): the categories of *firm* in the column headings of this table are to be interpreted in accordance with the classification of *firms* in SYSC 24 Annex 1 2.1R. Therefore:

- (a) column three (UK firm) refers to SYSC 24 Annex 1 2.1R(2)(a);
- (b) column four (Small UK firm) refers to SYSC 24 Annex 1 2.1R(2)(b); and
- (c) column five (Overseas firm) refers to SYSC 24 Annex 1 2.1R(2)(c).

Note (2): Paragraph (b) of this *FCA-prescribed senior management responsibility* (key function holder) does not apply to any *firm* in this table.

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 *SMCR insurance firm*.
- (2) *SMCR firms* in (1) are divided into the following categories for the purposes in (1):

| | | |
|-----|-----|---|
| | | (a) a <i>Solvency II firm</i> (excluding <i>firms</i> in any other paragraph); |
| | | (b) a <i>firm</i> falling within paragraph (b) of the definition of <i>Solvency II firm</i> (undertaking that would require <i>Part 4A permission</i> as an insurance or reinsurance undertaking if its head office were situated in the <i>United Kingdom</i>); |
| | | (c) a <i>small non-directive insurer</i> ; |
| | | (d) a <i>firm</i> in SYSC 23 Annex 1 5.2R (<i>firms</i> in run-off); and |
| | | (e) an <i>insurance special purpose vehicle</i> . |
| | (3) | An <i>insurance special purpose vehicle</i> only falls into paragraph (2)(e). Subject to that, a <i>firm</i> in (2)(d) does not fall into any other paragraph. |
| 3.2 | G | References to a <i>Solvency II firm</i> include a <i>large non-directive insurer</i> . |
| 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 | Overseas 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) | √ | √ | √ | √ |
| <i>Training governing body</i> | (f) | √ | x | x | x |
| <i>Training of staff performing designated senior management responsibilities</i> | (g) | √ | x | x | x |
| <i>Management responsibilities maps</i> | (c) | √ | √ | x | x |
| <i>Whistleblowers' champion</i> | (n) | √ | x | x | x |
| <i>CASS</i> | (z) | √ | √ | √ | x |
| <i>Internal audit for non-significant insurers</i> | (j-2) | √ | x | x | x |
| <i>Compliance with UK regulatory system</i> | (ff) | x | √ | x | x |
| <i>Escalation of correspondence</i> | (ee) | x | √ | x | x |

Note: The categories of *firm* in the column headings of this table are to be interpreted in accordance with the classification of *firms* in SYSC 24 Annex 1 3.1R. Therefore:

- (1) Solvency II firm (column three) refers to SYSC 24 Annex 1 3.1R(2)(a);
- (2) Overseas 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).

| | | | | |
|----------------------|---|---|--|--|
| Solo regulated firms | | | | |
| 4.1 | R | (1) | The table in SYSC 24 Annex 1 4.2R sets out which <i>FCA-prescribed senior management responsibilities</i> apply to which type of <i>core SMCR firm</i> and <i>enhanced scope SMCR firm</i> . | |
| | | (2) | <i>SMCR firms</i> in (1) are divided into the following categories for the purposes of in (1): | |
| | | (a) | <i>UK core SMCR firm</i> ; | |
| | | (b) | <i>overseas core SMCR firm</i> (excluding an <i>EEA SMCR firm</i>); and | |
| | | (c) | <i>enhanced scope SMCR firm</i> . | |
| 4.2 | R | Table: FCA-prescribed senior management responsibility applying to solo regulated firms | | |

| (1) Brief description of responsibility | (2) Reference letter of responsibility | (3) UK core firm | (4) Overseas core firm | (5) Enhanced scope 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) | √ | √ | √ |
| <i>Management responsibilities maps</i> | (c) | x | x | √ |
| Internal audit oversight | (j) | x | x | √ |
| Compliance oversight | (k) | x | x | √ |
| Risk oversight | (l) | x | x | √ |
| <i>CASS</i> | (z) | √ | √ | √ |
| Independence of outsourced internal audit | (j-3) | x | x | √ |
| Business model | (t) | x | x | √ |
| Stress tests | (s) | x | x | √ |
| Allocation of responsibility for <i>COLL</i> compliance to an approved person | (za) | √ | √ | √ |
| <i>UK risk management</i> | (aa) | x | √ | x |
| Compliance with <i>UK regulatory system</i> | (ff) | x | √ | x |

| (1) Brief description of responsibility | (2) Reference letter of responsibility | (3) UK core firm | (4) Overseas core firm | (5) Enhanced scope firm |
|--|---|---------------------|------------------------|----------------------------|
| Escalation of correspondence | (ee) | × | √ | × |

Note: The categories of *firm* in the column headings of this table are to be interpreted in accordance with the classification of *firms* in SYSC 24 Annex 1 4.1R. Therefore:

- (1) UK core firm (column three) refers to SYSC 24 Annex 1 4.1R(2)(a);
- (2) Overseas core firm (column four) refers to SYSC 24 Annex 1 4.1R(2)(b); and
- (3) Enhanced scope firm (column five) refers to SYSC 24 Annex 1 4.1R(2)(c).

