

Senior managers and certification regime: Allocation of prescribed responsibilities

Chapter 24

Senior managers and
certification regime:
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responsibilities

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 *Solvency II firm* (excluding *firms* in any other paragraph);
 - (b) a *firm* falling within paragraph (b) of the definition of *Solvency II firm* (undertaking that would require *Part 4A permission* as an insurance or reinsurance undertaking if its head office were situated in the *United Kingdom*);

		(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)	SMCR firms in (1) are divided into the following categories for the purposes of in (1):
	(a)	UK core SMCR firm;
	(b)	overseas core SMCR firm (excluding an EEA SMCR firm); and
	(c)	enhanced scope SMCR firm.
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 firm's performance of its obligations under the senior managers regime	(a)	√	√	√
Responsibility for the firm's performance of its obligations under the employee certification regime	(b)	√	√	√
Financial crime	(d)	√	√	√
COCON	(b-1)	√	√	√
Management responsibilities maps	(c)	x	x	√
Internal audit oversight	(j)	x	x	√
Compliance oversight	(k)	x	x	√
Risk oversight	(l)	x	x	√
CASS	(z)	√	√	√
Independence of outsourced internal audit	(j-3)	x	x	√
Business model	(t)	x	x	√
Stress tests	(s)	x	x	√
Allocation of responsibility for COLL compliance to an approved person	(za)	√	√	√
UK risk management	(aa)	x	√	x
Compliance with UK regulatory system	(ff)	x	√	x
Escalation of correspondence	(ee)	x	√	x

(1) Brief description of responsibility	(2) Reference letter of responsibility	(3) UK core firm	(4) Overseas core firm	(5) Enhanced scope firm
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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).