

INDIVIDUAL ACCOUNTABILITY (FCA-AUTHORISED FIRMS) INSTRUMENT 2019

Powers exercised

A. The Financial Conduct Authority (“the FCA”) 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 39 (Exemption of appointed representatives);
- (2) section 55U (Applications under this Part);
- (3) section 59 (Approval for particular arrangements);
- (4) section 59AB(1) (Specifying functions as controlled functions: transitional provision);
- (5) section 60 (Applications for approval);
- (6) section 60A (Vetting candidates by authorised persons);
- (7) section 61 (Determination of applications);
- (8) section 62A (Changes to responsibilities of senior managers);
- (9) section 63ZA (Variation of senior manager’s approval at request of authorised person);
- (10) section 63ZD (Statement of policy relating to conditional approval and variation);
- (11) section 63C (Statement of policy);
- (12) section 63E (Certification of employees by authorised persons);
- (13) section 63F (Issuing of certificates);
- (14) section 64A (Rules of conduct);
- (15) section 64C (Requirements for authorised persons to notify regulator of disciplinary action);
- (16) section 69 (Statement of policy);
- (17) section 137A (The FCA’s general rules);
- (18) section 137T (General supplementary powers);
- (19) section 138D (Action for damages);
- (20) section 139A (Power of the FCA to give guidance);
- (21) section 347 (The record of authorised persons etc);
- (22) section 395 (The FCA’s and PRA’s procedures);
- (23) paragraph 23 of Schedule 1ZA (Fees); and
- (24) regulations 5 and 6 of the Bank of England and Financial Services Act 2016 (Commencement No. 6 and Transitional Provisions) Regulations 2019.

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 9 December 2019 except as follows:

| Annex | Date comes into force |
|-------------------|-----------------------|
| Part 1 of Annex B | 26 July 2019 |

| | |
|-------------------|-----------------|
| Part 1 of Annex C | 26 July 2019 |
| Part 1 of Annex D | 26 July 2019 |
| Part 1 of Annex J | 26 July 2019 |
| Part 1 of Annex Q | 26 July 2019 |
| Part 3 of Annex B | 9 December 2020 |
| Part 3 of Annex D | 9 December 2020 |

Amendments to the Handbook

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

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

- F. The modules of the FCA's Handbook of rules and guidance listed in column (1) below are 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 |
| Statements of Principle and Code of Practice for Approved Persons (APER) | Annex E |
| Fit and Proper test for Employees and Senior Personnel (FIT) | Annex F |
| Prudential sourcebook for Investment Firms (IFPRU) | Annex G |
| Client Assets (CASS) | Annex H |
| Claims Management: Conduct of Business sourcebook (CMCOB) | Annex I |
| Supervision manual (SUP) | Annex J |
| Dispute Resolution: Complaints (DISP) | Annex K |
| Credit Unions sourcebook (CREDS) | Annex L |

- G. In each case in which one of the Annexes listed in column (2) of the table in paragraph F of this instrument says that a module of the FCA's Handbook of rules and guidance is amended by inserting a new form into that module or by replacing a form in that module, as set out in Annex Q of this instrument, that module is amended accordingly.

Amendments to the material outside the Handbook

- H. 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 M |
| The Oil Market Participants guide (OMPS) | Annex N |
| Service companies guide (SERV) | Annex O |
| General guidance on Benchmark Administration, Contribution and Use (BENCH) | Annex P |

Citation

- I. This instrument may be cited as the Individual Accountability (FCA-Authorised Firms) Instrument 2019.

By order of the Board
25 July 2019

Annex A

**Renumbering in the Senior Management Arrangements, Systems and Controls
sourcebook (SYSC)**

| Renumbering in SYSC | |
|------------------------------|------------------------------|
| (A) Old numbering | (B) New numbering |
| 22.3.5G(1) | 22.4.6G(-1) |
| 22.3.5G(2) | 22.4.7G |
| 22.3.6G | 22.4.8G |
| 22.4.3 | 22.4.6G(1) to (3) |
| 22.5.12G(1) | 22.8.10G(2) |
| 22.5.12G(2) | 22.8.10G(1) |
| 22.7.1R | 22.8A.1R |
| 22.7.2G | 22.8A.2G |
| 22.7.8G | 22.8A.3G |
| 22.8.7G | 22.8A.4G |
| 22.8.8G | 22.8A.5G |
| 22.8.9G | 22.8A.6G |

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 26 July 2019

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

SMCR legal function (in relation to an *SMCR firm*) has the meaning in SYSC 26.4.10R to SYSC 26.4.11R.

Amend the following definitions as shown.

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

...

- (d) ~~is a non-executive director who~~ comes within row (8) of the table in *COCON* 1.1.2R (a *board director* of a *UK SMCR firm*).

Part 2: Comes into force 9 December 2019

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

chair of the audit committee function *FCA controlled function* SMF11 in the table of *FCA-designated senior management functions*, described more fully in SUP 10C.5A.9R.

chair of the governing body function *FCA controlled function* SMF9 in the table of *FCA-designated senior management functions*, described more fully in SUP 10C.5A.7R.

| | |
|---|---|
| <i>chair of the remuneration committee function</i> | <i>FCA controlled function SMF12 in the table of FCA-designated senior management functions, described more fully in SUP 10C.5A.10R.</i> |
| <i>chair of the risk committee function</i> | <i>FCA controlled function SMF10 in the table of FCA-designated senior management functions, described more fully in SUP 10C.5A.8R.</i> |
| <i>chief finance officer function</i> | <i>FCA controlled function SMF2 in the table of FCA-designated senior management functions, described more fully in SUP 10C.6A.3R.</i> |
| <i>chief operations function</i> | <i>FCA controlled function SMF24 in the table of FCA-designated senior management functions, described more fully in SUP 10C.6B.2R.</i> |
| <i>chief risk officer function</i> | <i>FCA controlled function SMF4 in the table of FCA-designated senior management functions, described more fully in SUP 10C.6A.4R.</i> |
| <i>core SMCR firm</i> | <i>a firm identified as a core SMCR firm in the flow diagram in SYSC 23 Annex 1 (Definition of SMCR firm and different types of SMCR firms).</i> |
| <i>EEA core SMCR firm</i> | <i>a core SMCR firm that is an incoming EEA firm or incoming Treaty firm.</i> |
| <i>enhanced scope SMCR firm</i> | <i>a firm identified as an enhanced scope SMCR firm in the flow diagram in SYSC 23 Annex 1 (Definition of SMCR firm and different types of SMCR firms).</i> |
| <i>group entity senior manager function</i> | <i>FCA controlled function SMF7 in the table of FCA-designated senior management functions, described more fully in SUP 10C.5B.1R.</i> |
| <i>head of internal audit function</i> | <i>FCA controlled function SMF5 in the table of FCA-designated senior management functions, described more fully in SUP 10C.6A.6R.</i> |
| <i>head of third country branch function</i> | <i>FCA controlled function SMF19 in the table of FCA-designated senior management functions, described more fully in SUP 10C.5.24R.</i> |
| <i>limited scope function</i> | <i>FCA controlled function SMF29 in the table of FCA-designated senior management functions, described more fully in SUP 10C.6.5R.</i> |
| <i>limited scope SMCR firm</i> | <i>a firm identified as a limited scope SMCR firm in the flow diagram in SYSC 23 Annex 1 (Definition of SMCR firm and different types of SMCR firms).</i> |

| | |
|--|---|
| <i>non-SMF board director subject to competence requirements</i> | (in relation to an <i>SMCR firm</i>) a <i>board director</i> of the <i>firm</i> who meets the following conditions: <ol style="list-style-type: none"> (a) they are not an <i>SMF manager</i> of the <i>firm</i>; and (b) the <i>firm</i> is required to assess their fitness and propriety under the <i>competent employees rule</i>, SYSC 28 (Insurance distribution: specific knowledge, ability and good repute requirements), any directly applicable <i>EU</i> legislation or any other requirement of the <i>regulatory system</i>. |
| <i>overseas core SMCR firm</i> | a <i>core SMCR firm</i> that is an <i>overseas firm</i> . |
| <i>senior independent director function</i> | <i>FCA controlled function</i> SMF14 in the <i>table of FCA-designated senior management functions</i> , described more fully in SUP 10C.5A.11R. |
| <i>UK core SMCR firm</i> | a <i>core SMCR firm</i> that is a <i>UK domestic firm</i> . |

Amend the following definitions as shown.

| | |
|---------------------------------|---|
| <i>certification employee</i> | ... <ol style="list-style-type: none"> (2) ... (3) <u>(in relation to an <i>SMCR firm</i> that is an <i>FCA-authorised person</i> and subject to SYSC TP 8 (Bank of England and Financial Services Act 2016: Application to claims management companies)) an employee (as defined in section 63E of the <i>Act</i>) of an <i>SMCR firm</i> who performs a <i>certification function</i> under an arrangement entered into by the <i>SMCR firm</i> in relation to the carrying on by the <i>SMCR firm</i> of a <i>regulated activity</i>, even though the obligation of the <i>SMCR firm</i> to issue a certificate under section 63F of the <i>Act</i> has not yet come into force.</u> <p><u>[Note: Paragraph (3) of this definition applies until 9 December 2020.]</u></p> |
| <i>chief executive function</i> | (1) <u>(for an <i>SMCR firm</i>) <i>FCA controlled function</i> SMF1 in the <i>table of FCA-designated senior management functions</i>, described more fully in SUP 10C.5.21R;</u> |

- (2) (for other firms and in relation to an appointed representative) FCA controlled function CF3 the table of FCA controlled functions, described more fully in SUP 10A.6.17R.
- compliance oversight function* (1) ~~(for SMCR firms) FCA controlled function SMF16 in 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 the table of FCA controlled functions, described more fully in SUP 10A.7.8R.~~
- compliance requirements for SMCR firms* any of the following requirements:
- (a) SYSC 3.2.8R (The compliance function);
- (b) SYSC 6.1 (Compliance);
- (c) article 22 of the *MiFID Org Regulation* (Compliance); ~~or~~
- (d) article 22 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); or
- (e) article 61 of the AIFMD level 2 regulation (Permanent compliance function).
- director* (1) ...
- ...
- (d) (in SYSC and SUP 10A (FCA Approved persons) and SUP 10C (FCA senior managers regime for approved persons in SMCR firms) a sole trader;
- ...
- ...
- employee* ...
- (4A) (for the purposes of SYSC 22 (Regulatory references)) has the same meaning as in (3) and, in addition, includes a person who:
- ...

- (c) performs any service or function for another *person* (“the employer”) in their capacity as an employee of another member of the employer’s *group*. For the purpose of (c) an employee of another member of the employer’s *group* means:

...

- (iii) a *person* who performs a function of that *group* member under an *arrangement* entered into by the *group* member or a contractor of the *group* member; or

- (d) is a board director of a person (the “employer”) who is not an SMF manager or certification employee of the employer.

FCA required functions

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

- (a) ~~(for SMCR firms) the table of FCA-designated senior management functions; or~~
- (b) ~~(for other firms) the table of FCA controlled functions.~~

internal audit requirements for SMCR firms

any of the following requirements:

- (a) SYSC 3 (Systems and controls) insofar as it relates to internal audit;
- (b) SYSC 6.2 (Internal audit);
- (c) article 24 of the *MiFID Org Regulation* (Internal audit); ~~or~~
- (d) article 24 of the *MiFID Org Regulation* (Internal audit) (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); or
- (e) article 62 of the AIFMD level 2 regulation (Permanent internal audit function).

money laundering reporting function

- (1) ~~(for SMCR firms) FCA controlled function SMF17 in the table of FCA-designated senior management functions, described more fully in SUP 10C.6.2R; and~~
- (2) ~~(for other firms) FCA controlled function CF11 in of the table of FCA controlled functions, described more fully in SUP 10A.7.10R.~~

| | |
|---|--|
| <i>partner function</i> | (1) (for an <i>SMCR firm</i>) <i>FCA controlled function</i> SMF27 in the <i>table of FCA-designated senior management functions</i> , described more fully in <i>SUP 10C.5.14R</i> to <i>SUP 10C.5.17R</i> <u><i>SUP 10C.5.19R</i></u> ; |
| | ... |
| <i>risk control requirements for SMCR firms</i> | any of the following requirements: <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>); <u>or</u> (f) <u>articles 38 to 45 of the <i>AIFMD level 2 regulation</i> (Risk management).</u> |
| <i>staff being assessed under FIT</i> | (in <i>FIT</i> and in relation to an <i>SMCR firm</i>) those <i>persons</i> set out in <i>FIT 1.1.1G(4)</i> to (7) <u>(8)</u> . |

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

| | |
|---|---|
| <i>apportionment and oversight function</i> | <i>FCA controlled function</i> CF8 in the <i>table of FCA controlled functions</i> , described more fully in <i>SUP 10A.7.1R</i> . |
| <i>CASS operational oversight function</i> | <i>FCA controlled function</i> CF10a in the <i>table of FCA controlled functions</i> , described more fully in <i>SUP 10A.7.9R</i> . |
| <i>small friendly society function</i> | <i>FCA controlled function</i> CF6 in the <i>table of FCA controlled functions</i> , described more fully in <i>SUP 10A.6.31R</i> to <i>SUP 10A.6.32R</i> . |

systems and controls function *FCA controlled function CF28 in the table of FCA controlled functions, described more fully in SUP 10A.8.1R and SUP 10A.8.1AR.*

Part 3: Comes into force 9 December 2020

Amend the following definition as shown.

certification employee ...

- (3) ~~(in relation to an *SMCR firm* that is an *FCA authorised person* and subject to *SYSC TP 8 (Bank of England and Financial Services Act 2016: Application to claims management companies)*) 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 (3) of this definition applies until 9 December 2020.]

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.

Part 1: Comes into force 26 July 2019

4 General organisational requirements

...

4.4 Apportionment of responsibilities

...

4.4.6 G Frequently asked questions about allocation of functions in SYSC 4.4.5R

| Question | | Answer |
|----------|--|---|
| 1 | Does an individual to whom a function is allocated under SYSC 4.4.5R need to be an <i>approved person</i> or a certification employee ? | ... The apportionment and oversight function does not apply to a relevant authorised person. However, a person performing the role in SYSC 4.4.5R will fall into the certification regime in SYSC 5.2 (Certification Regime), unless the person performing it is an approved person. A person performing the role in SYSC 4.4.5R may be an approved person because of another role that they perform (such as being an executive director). |
| ... | ... | ... |
| 3 | What is meant by “appropriately allocate” in this context? | The allocation of functions should be compatible with delivering compliance with <i>Principle 3</i> , SYSC 4.4.3R and SYSC 4.1.1R. The appropriate regulator <u>FCA</u> considers that allocation to one or two individuals is likely to be appropriate for most <i>firms</i> . |

| | | |
|-----|---|---|
| ... | ... | ... |
| 7 | If a <i>firm</i> has an individual as <i>chief executive</i> , must the functions be allocated to that individual? | ... If the <i>firm</i> chooses to allocate the functions to a <i>director</i> or <i>senior manager</i> responsible for the overall management of a relevant <i>group</i> division, the FS <u>FCA</u> would expect that individual to be of a seniority equivalent to or greater than a <i>chief executive</i> of the <i>firm</i> for the allocation to be appropriate. See also Question 14. |
| ... | ... | ... |
| 11 | How does the requirement to allocate the functions in SYSC 4.4.5R apply to an <i>overseas firm</i> which is not an <i>incoming EEA firm</i> , <i>incoming Treaty firm</i> or <i>UCITS qualifier</i> ? | The <i>firm</i> must appropriately allocate those functions to one or more individuals, in accordance with SYSC 4.4.5R, but: ... The <i>apportionment and oversight function</i> applies to such a <i>firm</i>, unless it falls within a particular exception from the <i>approved persons</i> regime (see Question 1). |
| 12 | How does the requirement to allocate the functions in SYSC 4.4.5R apply to an <i>incoming EEA firm</i> or <i>incoming Treaty firm</i> ? | SYSC 1 Annex 1.1.1R(2) and SYSC 1 Annex 1.1.8R restrict the application of SYSC 4.4.5R for such a <i>firm</i>. Accordingly: ... (2) Such a <i>firm</i> is required to allocate the function of oversight in SYSC 4.4.5R(2). However, the systems and controls that must be overseen are those relating to matters which the <i>appropriate regulator</i> <u>FCA</u> , as <i>Host State regulator</i> , is entitled to regulate (there is <i>guidance</i> on this in SUP 13A Annex 2). Those are primarily, but not exclusively, the systems and controls relating to the conduct of the <i>firm's</i> activities carried on from its <i>UK branch</i> |

| | | |
|-----|---|--|
| 13 | What about a <i>firm</i> that is a <i>partnership</i> or a <i>limited liability partnership</i> ? | The appropriate regulator <u>FCA</u> envisages that most if not all <i>partners</i> or <i>senior managers</i> , but this will depend on the constitution of the <i>partnership</i> (particularly in the case of a <i>limited partnership</i>) or <i>limited liability partnership</i> . A <i>partnership</i> or <i>limited liability partnership</i> may also have a <i>chief executive</i> (see Question 5). A <i>limited liability partnership</i> is a <i>body corporate</i> and, if a member of a <i>group</i> , will fall within SYSC 4.4.5R, row (1) or (2). |
| ... | ... | ... |

...

22 Regulatory references

...

22.8 ~~Additional rules and guidance for all firms~~ Policies and appointed representatives

Policies and procedures

...

- 22.8.2 G (1) 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*.
- (2) (1) applies to a *firm* whether or not SYSC 22.9.1R applies to it.

Appointed representatives

22.8.3 R ...

- 22.8.4 R When SYSC 22.8.3R applies to an *SMCR firm*, the requirements of this chapter for *firms* that are not *SMCR firms* apply in place of the requirements that only apply to *SMCR firms*. In particular, the following requirements do not apply in relation to an *appointed representative*:
- (1) SYSC 22.2.1R (Obligation to obtain references);
- (2) SYSC 22.2.2R(4) (Obligation to give references);

- (3) SYSC 22.2.4R to SYSC 22.2.6R (Obligation to revise references);
- (4) SYSC 22.4.2R (How to draft the reference);
- (5) SYSC 22.7.1R (Intra-group transfers); and
- (6) SYSC 22.9.1R (General record keeping rules).

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:

- (a) to give a reference about an *approved person* whose approval is under SUP 10A.1.15R to SUP 10A.1.16BR (Appointed representatives); and
- (b) ~~to update any such reference; and [deleted]~~

...

...

22.8.6 G (1) ...

(2) ...

(3) The *appointed representative* need not give the reference using the template in SYSC 22 Annex 1 (Template for regulatory references given by SMCR firms and disclosure requirements).

22.8.6A G If an *appointed representative* asks a *firm* for a reference, the *firm* should give one. The requirements of this chapter apply to the *firm* in the same way as they would if the *appointed representative* were a *firm*.

23 Senior managers and certification regime: Introduction and classification

23 Annex 1 Definition of SMCR firm and different types of SMCR firms

Part Three: Definition of exempt firm

3.3 R ...

3.4 R An incoming ECA provider acting as such is an exempt firm.

...

24 Senior managers and certification regime: Allocation of prescribed responsibilities

...

24.2 Allocation of FCA-prescribed senior management responsibilities: Main allocation rules

...

What the FCA-prescribed senior management responsibilities are

24.2.5 R ...

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>...</p> <p>This responsibility includes:</p> <p>...</p> <p>(4) compliance by the <i>firm</i> with the requirements in SYSC 22 (Regulatory references) <u>(and the corresponding PRA requirements)</u> 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>.</p> | (a) |

| | | |
|---|---|------------|
| <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>...</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>...</p> | <p>...</p> |
| <p>...</p> | <p>...</p> | <p>...</p> |

...

25 Senior managers and certification regime: Management responsibilities maps and handover procedures and material

...

25 Examples of the business activities and functions of an SMCR firm

**Annex
1G**

| <p>Business areas and management functions</p> | <p>Explanation</p> |
|---|---------------------------|
| <p>...</p> | <p>...</p> |

| | |
|---|--|
| (32) Internal operations | |
| (33) The <i>firm's</i> legal department | |
| ... | |

...

26 Senior managers and certification regime: Overall and local responsibility

...

26.4 Exclusions

...

26.4.8 G ...

Exclusion of the legal function

26.4.9 R (1) SYSC 26.3 (Main rules) applies to the SMCR legal function as modified by (2).

(2) A firm may allocate local or overall responsibility for the SMCR legal function to someone who is not an SMF manager.

26.4.10 R (1) The SMCR legal function of a firm means an activity of the firm that consists of one or more of the following:

(a) the provision of legal advice or assistance to the firm or any member of its group in connection with the application of the law or with any form of resolution of legal disputes;

(b) the provision of representation for the firm or any member of its group in connection with any matter concerning the application of the law or any form of resolution of legal disputes;

(c) a reserved legal activity as defined in section 12 of the Legal Services Act 2007 (Meaning of “reserved legal activity” and “legal activity”) when carried out for the firm or any member of its group; or

(d) any of the activities set out in section 32(1) of the Solicitors (Scotland) Act 1980 (Offence for unqualified persons to prepare certain documents) when carried out for the firm or any member of its group.

(2) For the purposes of the definition of the SMCR legal function, legal dispute includes a dispute as to any matter of fact the resolution of

which is relevant to determining the nature of any *person's* legal rights or liabilities.

- 26.4.11 R (1) If a *firm* allocates the functions in (2) to the same *person* as the one to whom it allocates responsibility for activities in SYSC 26.4.10R, the functions in (2) also form part of the SMCR legal function. As a result the exclusion in SYSC 26.4.9R(2) also applies.
- (2) A function is covered by this *rule* to the extent that it directly supports the activities in SYSC 26.4.10R.
- 26.4.12 G (1) The purpose of SYSC 26.4.11R is to treat support services for the legal function as part of the legal function where responsibility for the support services is allocated to the person with overall responsibility for the legal function.
- (2) A support service is one that is directly related, but subordinate, to the legal services described in SYSC 26.4.10R. It should be necessary for the successful or better functioning of the main legal services and be an integral part of them.
- (3) One example of a support service is human resources services for the legal staff. This includes recruitment, training, continuing professional development, appraisal and discipline.
- (4) The effect of SYSC 26.4.11R is that if the person with overall responsibility for the legal function also has overall responsibility for human resources services for the staff of the legal function, those services are covered by the exclusion in SYSC 26.4.9R(2). However, they are not excluded if those services are provided by a separate human resources department.
- 26.4.13 G (1) A *firm* may divide its legal function into different parts and appoint a different person to have overall responsibility for each.
- (2) If it does, SYSC 26.4.9R and SYSC 26.4.11R still apply.
- (3) So for example, if the *firm* has two legal departments, one headed by A (for which A has overall responsibility) and one headed by B (for which B has overall responsibility):
- (a) neither A nor B need be an SMF manager; and
- (b) the *firm* may allocate overall responsibility for the human resources function for A's department to A and overall responsibility for the human resources function for B's department to B even though neither A nor B is an SMF manager.

- 26.4.14 G SUP 10C.7.1R and SUP 10C.8.1R exclude the person with overall responsibility for the legal function from the *other overall responsibility function* (SMF18) and the *other local responsibility function* (SMF22).
- 26.4.15 G The exclusions in SYSC 26.4.9R(2), SYSC 26.4.11R and SYSC 26.4.14G do not affect the scope of the following or the obligation to appoint an *SMF manager* to carry them out:
- (1) any *FCA-designated senior management function* other than the ones in SYSC 26.4.14G; or
- (2) any of the *FCA-prescribed responsibilities*.

...

27 Senior managers and certification regime: Certification regime

...

27.6 Other exclusions

...

Overall responsibility

27.6.6 R ...

27.6.7 R SYSC 27.6.6R does not apply to having overall or local responsibility for the *SMCR legal function*.

Administrators

27.6.8 R A function in paragraph (A) of row (6) of the table in COCON 1.1.2R (Table: To whom does COCON apply?) is not an *FCA certification function*.

...

27.7 Specification of functions

...

27.7.4 G ...

Overlap with designated senior management functions

- 27.7.5 G (1) SYSC 27.7.1R(1) means that an *FCA-designated senior management function* cannot also be an *FCA certification function* at the same time.
- (2) So an *SMF manager* performing an activity that forms part of their *FCA-designated senior management function* is not, by performing that activity, also performing an *FCA certification function*.

- (3) But if an *FCA-designated senior management function* does not apply to a *firm*, performing the function described in the definition of that *FCA-designated senior management function* can be an *FCA certification function*.

27.8 Definitions of the FCA certification functions

...

Significant management function

...

- 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, the legal department, operations or information technology.

...

Client-dealing function

...

- 27.8.22 R ...

27.8.22A R (1) This rule qualifies rows (3) and (4) of the table in SYSC 27.8.19R (Table: Activities covered by the client-dealing FCA certification function).

- (2) A person does not perform a function in (1) if their only activities that would otherwise come within the client-dealing FCA certification function do not require them to exercise a significant amount of discretion, judgment or technical skill.

- 27.8.22B G (1) The client-dealing FCA certification function does not apply to purely administrative roles even though they involve customer contact.
- (2) SYSC 27.8.22AR excludes someone who has no scope to choose, decide or reach a judgement on what should be done in a given situation, and whose tasks do not require them to exercise significant technical skill.
- (3) SYSC 27.8.22AR is likely to exclude a role that is simple or largely automated.
- (4) There is no need to apply SYSC 27.8.22AR to row (1)(b) or (2)(b) of the table in SYSC 27.8.19R, because a person must also be carrying

out the functions in row (1)(a) or (2)(a) for the client-dealing *FCA certification function* to apply and the functions in row (1)(a) or (2)(a) require judgment and skill.

...

27.9 Material relating to several FCA certification functions

Legal function

27.9.1 **G** A person performing the function described in SYSC 26.4.9R (Exclusion of the legal function) will perform the significant management or the material risk taker *FCA certification function*, or both.

...

TP 7 Bank of England and Financial Services Act 2016: Certification and regulatory references

7.1 Application and purpose

...

7.1.2 R Table: Application of SYSC TP 7

| Type of firm | Parts of SYSC TP 7 that apply |
|--|-------------------------------|
| An SMCR insurance firm <i>SMCR insurance firm</i> except one in the following row | ... |
| An SMCR insurance firm <i>SMCR insurance firm</i> that is a <i>Solvency II firm</i> (including a <i>large non-directive insurer</i>) | ... |
| ... | ... |

...

7.1.6 R Table: glossary of bespoke terms used in SYSC TP 7

Part One: General

| Defined term | Meaning |
|---|---|
| <u>insurance firms commencement SI</u> | the Bank of England and Financial Services Act 2016 (Commencement No. 5 and Transitional Provisions) Regulations 2018 (SI 2018/990) |
| <u>SMCR insurance firm</u> [deleted] | has the meaning set out in the amendments to the <i>Glossary</i> to be made by the Individual Accountability (Dual-Regulated Firms) Instrument 2018). [deleted] |

| Part Two: Dates | |
|---|---|
| Defined term | Meaning |
| ... | |
| <u>insurance firms commencement SI</u> | the Bank of England and Financial Services Act 2016 (Commencement No. 5 and Transitional Provisions) Regulations 2018 (SI 2018/990) |

7.2 Certification: 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 |
|--------------------------------------|---|---|
| ... | ... | ... |
| SYSC 27.8 | Definitions of the FCA certification functions | ... |
| <u>SYSC 27.9</u> | <u>Material relating to several FCA certification functions</u> | |
| ... | ... | ... |

...

Part 2: Comes into force 9 December 2019**1 Application and purpose****1.1A Application**

...

- 1.1A.1A G The application of this sourcebook to specific *firms* that are not *PRA-
authorised persons* 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>Full-scope UK AIFM</i> | Chapters 4 to 10, 12, 18, 19B, 19F.2, 21, 22, <u>23, 24, 25, 26, 27, 28</u> |
| <i>BIPRU firm (including a third-country BIPRU firm)</i> | Chapters 4 to 10, 12, 18, 19C, 19F.2, 20, 21, 22, <u>23, 24, 25, 26, 27, 28</u> |
| <i>IFPRU investment firm (including an overseas firm that would have been an IFPRU investment firm if it had been a UK domestic firm)</i> | Chapters 4 to 10, 12, 18, 19A, 19F.2, 20, 21, 22, <u>23, 24, 25, 26, 27, 28</u> |

1 Annex Detailed application of SYSC**1**

...

| | |
|---------------|--|
| Part 2 | Application of the common platform requirements |
|---------------|--|

| | | | |
|-----|---|----------------------------|--|
| ... | | | |
| 2.3 | R | For a <i>sole trader</i> : | |
| | | (1) | SYSC 4.3 and 4.4 do <u>does</u> not apply as long as he does <u>they do</u> not employ any <i>person</i> who is required to be approved under section 59 of the <i>Act</i> (Approval for particular arrangements); |
| | | (2) | ... |
| ... | | | |

| | | | |
|---------------|--|--|--|
| Part 3 | Tables summarising the application of the common platform requirements to different types of firm | | |
| ... | | | |

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 4.4.1AR | ... | ... | ... | <p>Rule applies this section only to:</p> <p>(1) an <i>authorised professional firm</i> in respect of its <i>non-mainstream regulated activities</i> unless the <i>firm</i> is also conducting other <i>regulated activities</i> and has appointed approved persons <i>to perform the governing functions</i> with equivalent responsibilities for the <i>firm's non-mainstream regulated activities</i> and other <i>regulated activities</i>;</p> <p>(2) activities carried on by a <i>firm</i> whose principal purpose is to carry on activities other than <i>regulated activities</i> and which is:</p> <p>(a) an <i>oil market participant</i>;</p> |

| | | | | |
|--------------|-----|-----|-----|--|
| | | | | <p>(b) a <i>service company</i>;</p> <p>(c) an <i>energy market participant</i>;</p> <p>(d) a wholly-owned subsidiary of:</p> <p>(i) a local authority;</p> <p>(ii) a registered social landlord;</p> <p>(e) a <i>firm with permission to carry on insurance distribution activity in relation to non-investment insurance contracts but no other regulated activity except advising on P2P agreements</i>;</p> <p>(2A) a <i>credit firm which holds a limited permission (other than a not-for-profit debt advice body) with respect to the relevant credit activity (as defined in paragraph 2G of Schedule 6 to the Act) for which it has limited permission</i>;</p> <p>(3) an <i>incoming Treaty firm, an incoming EEA firm and a UCITS qualifier, (but only SYSC 4.4.5R(2) applies for these firms)</i>; and</p> <p>(4) a <i>sole trader, but only if he employs any person who is required to be approved under section 59 of the Act (Approval for particular arrangements)</i>.</p> <p><u>As specified in SYSC 4.4.1AR.</u></p> |
| ... | ... | ... | ... | ... |
| SYSC 6.1.4CR | ... | ... | ... | <p><i>Rule for debt management firms and credit repair firms.</i></p> <p><u>As specified in SYSC 6.1.4CR.</u></p> |

| | | | | |
|-----|-----|-----|-----|-----|
| ... | ... | ... | ... | ... |
|-----|-----|-----|-----|-----|

...

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 4.4.1AR | Not applicable <u>As specified in SYSC 4.4.1AR</u> | Not applicable <u>As specified in SYSC 4.4.1AR</u> |
| SYSC 4.4.2G | Not applicable <u>As specified in SYSC 4.4.1AR</u> | Not applicable <u>As specified in SYSC 4.4.1AR</u> |
| SYSC 4.4.3R | Not applicable <u>As specified in SYSC 4.4.1AR</u> | Not applicable <u>As specified in SYSC 4.4.1AR</u> |
| SYSC 4.4.5R | Not applicable <u>As specified in SYSC 4.4.1AR</u> | Not applicable <u>As specified in SYSC 4.4.1AR</u> |
| SYSC 4.4.6G | Not applicable <u>As specified in SYSC 4.4.1AR</u> | Not applicable <u>As specified in SYSC 4.4.1AR</u> |
| ... | ... | ... |
| SYSC 6.1.4CR | <u>SYSC 6.1.4CR(3) applies as specified in that rule</u> Not <u>Otherwise not applicable</u> | <u>SYSC 6.1.4CR(3) applies as specified in that rule</u> Not <u>Otherwise not applicable</u> |
| ... | ... | ... |

4 General organisational requirements

...

4.4 Apportionment of responsibilities

Application

- 4.4.1A R (-2) This section applies to:
- (a) a limited scope SMCR firm (other than a firm in SUP 10C Annex 1 7.10R (Table: Limited scope SMCR firms to which no controlled functions apply)); and
 - (b) an authorised professional firm that is a core SMCR firm.
- (-1) The application of this section is further limited by the rest of this rule.
- (1) This section applies to an authorised professional firm as follows:
- (a) it only applies in respect of *its non-mainstream regulated activities*; and
 - (b) ~~unless it does not apply if the firm:~~
 - (i) is also conducting other *regulated activities*; and
 - (ii) has appointed *approved persons* to perform the *FCA governing functions* with equivalent responsibilities for the *firm's non-mainstream regulated activities* and other *regulated activities*; and
- (2) ~~activities carried on by a firm whose principal purpose is to carry on activities other than *regulated activities* and which is:~~
- (a) ~~an oil market participant; or~~
 - (b) ~~a service company; or~~
 - (c) ~~an energy market participant; or~~
 - (d) ~~a wholly owned subsidiary of:~~
 - (i) ~~a local authority; or~~
 - (ii) ~~a registered social landlord; or~~
 - (e) ~~a firm with permission to carry on insurance distribution activity in relation to non-investment insurance contracts but no other regulated activity (except advising on P2P agreements); [deleted]~~
- (3) ~~a credit firm which holds only a limited permission (other than a not-for-profit debt advice body) with respect to the relevant credit activity (as defined in paragraph 2G of Schedule 6 to the Act) for which it has limited permission; [deleted]~~

- (4) ~~an incoming Treaty firm, an incoming EEA firm or a UCITS qualifier (but only Only SYSC 4.4.5R(2) applies for these firms); and to an EEA SMCR firm.~~ However, the limitation in this paragraph (4) does not apply to a firm within SYSC 23 Annex 1 6.13R (claims management).
- (5) This section only applies to a sole trader; but only if they:
 - (a) ~~he employs~~ have any person (other than themselves) who is required to be approved under section 59 of the Act (Approval for particular arrangements); or
 - (b) are an authorised approved person employer (except where they are the only approved person concerned); or
 - (c) have any certification employees.

...

4.4.2A R ~~For the purposes of this section, a regulated claims management activity is treated as an unregulated activity. [deleted]~~

...

4.4.6 G Frequently asked questions about allocation of functions in SYSC 4.4.5R

| Question | | Answer |
|----------|---|---|
| 1 | Does an individual to whom a function is allocated under SYSC 4.4.5R need to be an approved person? | An individual to whom a function is allocated under SYSC 4.4.5R Yes. They will be performing the <i>apportionment and oversight limited scope function</i> (CF 8, see SUP 10A.7.1R) and an application must be made under section 59 of the Act for approval of the individual before the function is performed. There are exceptions from this in SUP 10A.1 (Approved persons Application). <u>However, the limited scope function does not apply to an EEA SMCR firm (except claims management firms) or an authorised professional firm that is a core SMCR firm.</u> |
| ... | ... | ... |
| 11 | How does the requirement to allocate the functions in SYSC 4.4.5R apply to an | The firm must appropriately allocate those functions to one or more |

| | | |
|-----|---|---|
| | <p><i>overseas SMCR firm</i> which is not an <i>incoming EEA firm, incoming Treaty firm or UCITS qualifier EEA SMCR firm</i>?</p> | <p>individuals, in accordance with SYSC 4.4.5R, but:</p> <p>(1) The responsibilities that must be apportioned and the systems and controls that must be overseen are those relating to activities carried on from a <i>UK</i> establishment with certain exceptions (see SYSC 1 Annex 1.1.8R <u>1.2.15R</u>). Note that SYSC 1 Annex 1.1.10R does not extend the territorial scope of SYSC 4.4 for an <i>overseas firm</i>.</p> <p>(2) ...</p> <p>(3) SYSC 4.4 does not apply to such a <i>firm</i> if it does not have a <i>branch</i> in the <i>United Kingdom</i>.</p> |
| 12 | <p>How does the requirement to allocate the functions in SYSC 4.4.5R apply to an <i>incoming EEA firm or incoming Treaty firm EEA SMCR firm</i> other than a <i>claims management firm</i>?</p> | <p>...</p> <p>(4) An <i>incoming EEA firm</i> SYSC 4.4 does not apply to an <i>EEA SMCR firm</i> which has provision only for <i>cross border services</i> is not required to allocate either function if it does not carry on <i>regulated activities</i> in the <i>United Kingdom</i>; for example if they fall within the <i>overseas persons exclusions</i> in article 72 of the <i>Regulated Activities Order</i>.</p> <p>...</p> |
| ... | ... | ... |
| 15 | <p>What about incoming <i>electronic commerce activities</i> carried on from an <i>establishment</i> in another <i>EEA State</i> with or for a <i>person</i> in the <i>United Kingdom</i>?</p> | <p>SYSC does not apply to an <u>An incoming ECA provider</u> acting as such is not an <u>SMCR firm</u>.</p> |

6.1 Compliance

...

Compliance function

...

- 6.1.4C R (1) ~~A *debt management firm* and a *credit repair firm*~~ firm in (2) or (3) must appoint a compliance officer to be responsible for ensuring the *firm* meets its obligations under SYSC 6.1.1R for any compliance function the *firm* has and for any reporting as to compliance which may be made under SYSC 4.3.2R.
- (2) This rule applies to:
- (a) a *debt management firm*; and
- (b) a *credit repair firm*.
- (3) This rule also applies to a *firm* that meets the following conditions:
- (a) it is a Class 1 firm as defined in CMC0B 7.2.5R(1); and
- (b) SUP 10C (FCA senior managers regime for approved persons in SMCR firms) applies the *compliance oversight function* to it.

...

6.2 Internal audit

...

- 6.2.2 G ...
- (2) ~~For a *firm* that is not an *SMCR firm*, the internal audit function is not a *controlled function* itself, but is part of the *systems and controls function* (CF28). [deleted]~~
- (3) For an *SMCR firm* that is a *PRA-authorised person*, the internal audit function is a *PRA controlled function* (SMF5). For an *enhanced scope SMCR firm* it is an *FCA controlled function* (SMF5).

...

7 Risk control

7.1 Risk control

...

- 7.1.8 G ...
- (3) ~~For a firm that is not an SMCR firm, the risk management function is not a controlled function itself, but is part of the systems and controls function (CF28). [deleted]~~
- (4) For an SMCR firm that is a PRA authorised person, the risk management function is a PRA controlled function (SMF4). For an enhanced scope SMCR firm it is an FCA controlled function.

...

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~~ FCA's or PRA's (as appropriate) approval for a Chief Risk Officer to perform:
- (a) (for an SMCR firm that is a PRA-authorised person) the PRA's Chief Risk Function controlled function; or
- (b) (for ~~any other firm~~ an enhanced scope SMCR firm) the ~~systems and controls function (see SUP 10A (FCA approved persons))~~ chief risk officer function.

...

In the text of SYSC 22 shown amended below, 'Editor's notes' are included for the benefit of the reader and do not form part of the legislative text.

22 Regulatory references

22.1 Application

General application

- 22.1.1 R ...
- 22.1.1A G SYSC TP 7.4.8R and SYSC TP 8.5.1R apply this chapter to certain claims management and benchmark firms that are not SMCR firms.

...

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.

...

- 22.1.5 R ~~This chapter does not apply to:~~ [deleted]
- (1) ~~an overseas firm that does not have an establishment in the United Kingdom; or~~
 - (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.~~

...

22.2 Getting, giving and updating references: the main rulesObligation to obtain references ~~(applicable to SMCR firms)~~

- 22.2.1 R If ~~an SMCR~~ a 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; or
 - (ba) appointing a board director;

...

Obligation to give references

- 22.2.2 R ...
- (4) ~~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 SMCR firms and disclosure requirements); ~~and~~ .
 - (b) ~~B must disclose the information in (a) whether or not A is an SMCR firm.~~

...

22.2.3 R Table: What positions need a reference

| Position | When to obtain reference | Comments |
|---|---------------------------|---|
| ... | | |
| (C) ... | ... | ... |
| <u>(D) A firm appointing someone to be a non-SMF board director subject to competence requirements of itself.</u> | <u>Before appointment</u> | <u>Only applies where the appointment is by a UK SMCR firm that is:</u> <u>(a) a core SMCR firm; or</u> <u>(b) an enhanced scope SMCR firm.</u> |
| ... | | |

...

Obligation to revise references: The main rule (~~applicable to SMCR firms~~)

22.2.4 R If at any time:

- (1) ~~an SMCR a~~ firm (B) has given a reference under SYSC 22.2.2R to another firm (A) about an *employee* or *ex-employee* of B (P);

...

...

Obligation to revise references: Finding out who the current employer is (~~all firms~~)

22.2.7 R If at any time:

- (1) ~~an SMCR a~~ firm (B) has given a reference under SYSC 22.2.2R to another firm (A) about an *employee* or *ex-employee* of B (P);

...

...

Sole traders

22.2.8 R The obligation in SYSC 22.2.1R (Obligation to obtain references) does not apply if A and P (as referred to in that rule) are the same person.

22.2.9 G An example of SYSC 22.2.8R is this. Say that P works at a *firm* (B) and leaves to become a *firm* and a *sole trader*. P appoints themselves to perform the *compliance oversight function*. P does not need to get a regulatory reference from B about themselves.

22.2.10 G (1) If a *firm* is appointing someone who was a *sole trader* to a position that would normally require a regulatory reference under SYSC 22.2.1R, it does not have to request a reference from the *sole trader* themselves. That is because SYSC 22.2.1R only requires a *firm* to request a reference from a previous *employer* and a *sole trader* is not their own *employer*.

(2) An example of (1) is this. Say that P was a *firm* and a *sole trader* and performed the *compliance oversight function* themselves. P goes to work for another *firm* (A). A does not need to request a regulatory reference from P about P.

...

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 an *SMCR firm* should give a reference. [deleted]~~

~~22.3.2 G SYSC 22.4 has requirements about the form in which an *SMCR firm* should give a reference. [deleted]~~

~~How to draft the request for a reference~~

...

~~Inclusion of additional material~~

~~22.3.5 G (1) [deleted] [Editor's note: The text of this provision has been moved to SYSC 22.4.6G(-1)]~~

~~(2) [deleted] [Editor's note: The text of this provision has been moved to SYSC 22.4.7G]~~

~~22.3.6 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 22.4.8G]~~

22.4 Drafting the reference: detailed requirements for full scope regulatory reference firms

~~Purpose of SYSC 22 Annex 1R~~

- 22.4.1 G SYSC 22 Annex 1R (Template for regulatory references given by SMCR firms and disclosure requirements) has two purposes:
- (1) to set out what information ~~an SMCR~~ a firm should disclose under SYSC 22.2.2R(4); and
 - (2) to provide a template that ~~an SMCR~~ a firm should use when giving a reference under this chapter.

How to draft the reference

- 22.4.2 R (1) ~~An SMCR~~ A firm must use the template in Part One of SYSC 22 Annex 1R (Template for regulatory references given by SMCR firms and disclosure requirements) when giving a reference under this chapter to another *firm* (A).

...

- 22.4.3 G (1) ~~[deleted]~~ [Editor's note: The text of this provision has been moved to SYSC 22.4.6G(1)]
- (2) ~~[deleted]~~ [Editor's note: The text of this provision has been moved to SYSC 22.4.6G(2)]
- (3) ~~[deleted]~~ [Editor's note: The text of this provision has been moved to SYSC 22.4.6G(3)]

- 22.4.4 G ~~An SMCR~~ A firm should use the template in SYSC 22 Annex 1R (Template for regulatory references given by SMCR firms and disclosure requirements) even if the *firm* asking for the reference does not specifically ask it to.

...

- 22.4.5 R ...

Inclusion of additional material

- 22.4.6 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.

~~22.4.3~~

~~5G(1)~~
}

- (1) Therefore SYSC 22.4.2R does not stop ~~an SMCR~~ a firm including matters in the reference not required by the template in SYSC 22 Annex 1R.
- (2) ~~An SMCR~~ A 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.

- 22.4.7 G If a *firm* does disclose more than is required by this chapter the reference
22.3.5G(should still meet its duties under general law to its former *employee* and the
2) recipient (see SYSC 22.5.3G to SYSC 22.5.5G).

Time limits

- 22.4.8 G Nothing in this chapter prevents a *firm* from disclosing material outside the
22.3.6 time limits under this chapter.

22.5 Giving references: additional rules and guidance for all firms

...

Breach of APER

- 22.5.12 G (1) [deleted] [Editor's note: The text of this provision has been moved to SYSC 22.8.10G(2)]
- (2) [deleted] [Editor's note: The text of this provision has been moved to SYSC 22.8.10G(1)]

...

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, &c). The recruiting *firm* should carry out a criminal records check itself if necessary. The main FCA Handbook requirements on a recruiting *firm* to carry out a criminal records check are:
- (1) SUP 10C.10.16R requires (an SMCR a *firm* to should carry out such a check when appointing an SMF manager); and
- (2) SYSC 23.4 (Criminal record checks for certain directors).

22.6 Giving and updating references: additional rules and guidance for SMCR firms

...

Requirement to consider whether there has been a conduct breach

- 22.6.3 G ...
- (4) The requirement in (1) is disapplied for disciplinary action taken before certain specified dates, where a *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.

...

All relevant information: Interaction with mandatory disclosures

- 22.6.4 G (1) SYSC 22.2.2R(1) to (3) may require ~~an SMCR~~ a 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).

...

...

22.7 Getting references: additional rules and guidance ~~for SMCR firms~~

~~Intra-group transfers~~

- 22.7.1 R ~~[deleted]~~ [Editor's note: The text of this provision has been moved to SYSC 22.8A.1R]

- 22.7.2 G ~~[deleted]~~ [Editor's note: The text of this provision has been moved to SYSC 22.8A.2G]

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 ~~an SMCR~~ a 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) ...
- (2) ~~An SMCR~~ A 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 an SMCR firm to try to obtain a reference~~ references) applies even if the *employer* has already got a reference for the *employee*. For example:
- (a) ~~an SMCR~~ a firm should have a reference whenever it renews the certificate of a *certification employee*; and

- (b) changing jobs within the same *SMCR firm* may require a reference.
- (2) However, the *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 ~~an SMCR a~~ *firm* (A):

...

22.7.7 G (1) If ~~an SMCR a~~ *firm* (A):

...

...

22.7.8 G [deleted] [Editor's note: The text of this provision has been moved to SYSC 22.8A.3G]

When references are to be obtained

22.7.9 G If ~~an SMCR a~~ *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 ~~an SMCR a~~ *firm* needs to fill a vacancy for a *certification function* which could not have reasonably been foreseen, the *FCA* recognises that it may not be reasonable to expect the *SMCR firm* to obtain references prior to issuing a certificate.

...

(3) If a reference obtained later raises concerns about the person's fitness and propriety, the *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 ~~an SMCR a~~ *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.

...

(4) ~~SMCR firms~~ *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 appointed representatives

...

Appointed representatives

...

22.8.4 R When SYSC 22.8.3R applies to an ~~SMCR firm~~, the requirements of this chapter for *firms* that are not ~~SMCR firms~~ apply in place of the requirements that only apply to ~~SMCR firms~~. In particular, the following requirements do not apply in relation to an *appointed representative*:

...

(5) ~~SYSC 22.7.1R~~ SYSC 22.8A.1R (Intra-group transfers); and

...

...

22.8.5 G ...

22.8.5A G This chapter does not apply in relation to an *appointed representative* of a *firm* that is not an *SMCR firm*.

...

~~Getting and giving a reference where the employee has worked in a group or on secondment~~

22.8.7 G ~~[deleted]~~ [Editor's note: The text of this provision has been moved to SYSC 22.8A.4G]

22.8.8 G ~~[deleted]~~ [Editor's note: The text of this provision has been moved to SYSC 22.8A.5G]

22.8.9 G ~~[deleted]~~ [Editor's note: The text of this provision has been moved to SYSC 22.8A.6G]

22.8.10 G (1) ~~This means that any *firm* (not just one that is an *SMCR firm*)~~ A *firm* should try to ensure that its *appointed representative* should consider
22.5.12 (2) considers whether it needs to disclose a breach of 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.

- (2) ~~An~~ Therefore 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*, not just a requirement in *COCON*.
- (4)

22.8A Groups and outsourcing

Intra-group transfers

22.8A.1 R (1) This *rule* applies when:

~~22.7.1~~

- (a) ~~an SMCR~~ a 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*.

22.8A.2 G (1) ~~*SYSC 22.7.1R*~~ *SYSC 22.8A.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.

22.8A.3 G If:

~~22.7.8~~

- (1) a *firm* (A) appoints someone (P) to a *certification function* or *approved person* position;
- (2) A obtains a reference from an *ex-employer* (B);

- (3) later P transfers to a *certification function* position or an *approved person* position with 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.

Getting and giving a reference where the employee has worked in a group or on secondment

22.8A.4 G If:
22.8.7

- (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 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 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.

22.8A.5 G ~~SYSC 22.8.7G~~ SYSC 22.8A.4G also applies where:
22.8.8

- (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.

22.8A.6 G If:
~~22.8.9~~

- (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 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 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 and transitionals

General record keeping rules ~~(applicable to SMCR firms)~~

- 22.9.1 R (1) ~~An SMCR~~ A *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.

...

Time limit for records to be kept ~~(applicable to SMCR firms)~~

...

Reduction in disclosure obligations where there are limited record keeping requirements ~~(all firms)~~

...

Effect of previous record keeping requirements ~~(applicable to SMCR firms)~~

22.9.5 G ...

- (2) ~~An SMCR~~ A *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.

...

Transitionals

- 22.9.6 **R** If:
- (1) a firm (A) asks a person (B) who is not an SMCR firm for a reference;
 - (2) B then becomes an SMCR firm; and
 - (3) B gives the reference after it becomes an SMCR firm;
- the requirements in this chapter apply to B when giving the reference.
- 22.9.7 **G** If a firm gives a reference after it becomes an SMCR firm, the requirements of this chapter apply even if the matters covered by the reference occurred before then.
- 22.9.8 **G** SYSC 22.2.4R (Obligation to revise references) does not apply to a reference that a firm gave before it became an SMCR firm.

...

22 Annex 1R Template for regulatory references given by SMCR firms and disclosure requirements

...

[*Editor's note:* The underlining in the heading of the question in the portion of Part One of SYSC 22 Annex 1R set out below is in the existing Handbook text and does not indicate new text.]

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); or
- (4) board director.

...

| Section One: Meaning of certain terms and phrases | |
|--|---|
| Defined term or phrase | Meaning |
| ... | |
| Certification function, approved person, controlled function and PRA controlled function | ... |
| <u>Board director</u> | <u>Non-SMF board director subject to competence requirements, as defined in the Glossary.</u> |
| ... | |

...

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 *Handbook* provisions;
- (2) define which *firms* the regime applies to; ~~and~~
- (3) define the different kinds of *SMCR firm*; and
- (4) require certain *firms* to carry out criminal record checks before appointing certain *board directors*.

23.2 Definitions and types of firms

23.2.1 R ...

23.2.2 G Broadly speaking, *firms* covered by the senior managers and certification regime that are dual-regulated by the *FCA* and the *PRA* are divided into two categories:

- (1) Banks and deposit-takers. They are called *SMCR banking firms*.
- (2) Insurers. They are called *SMCR insurance firms*.

- 23.2.3 **G** Broadly speaking, firms covered by the senior managers and certification regime that are regulated by the FCA are divided into three categories:
- (1) Firms regulated by the FCA that do not fall into (2) or (3). They are called core SMCR firms. A large number of firms will be in this category.
 - (2) Certain large firms. These are called enhanced scope SMCR firms. Relatively few firms fall into this category.
 - (3) Firms whose business is limited to certain types. These are called “limited scope SMCR firms”. A large number of firms will be in this category. The main examples are:
 - (a) limited permission consumer credit firms;
 - (b) an authorised professional firm whose only regulated activities are non-mainstream regulated activities;
 - (c) internally managed AIFs;
 - (d) firms whose main business is not regulated and whose regulated business is (with limited exceptions) restricted to insurance distribution activity in relation to non-investment insurance contracts; and
 - (e) a firm that only has regulated claims management activities in its permission.

23.3 Overview of the senior managers and certification regime

...

23.3.2 **G** The table in SYSC 23.3.3G gives more details about each of those three elements. The first two columns of the table apply to all firms. The third column only covers firms that are not regulated by the PRA.

23.3.3 **G** Table: Summary of the senior managers and certification regime

| <u>(1)</u> Description of component of the regime | <u>(2)</u> Handbook provisions | <u>(3)</u> <u>Application to solo-regulated firms</u> |
|---|-----------------------------------|--|
| 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 | <u>Applies to all solo-regulated firms</u> |
| <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 is in 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). | <u>Applies to all solo-regulated firms</u> |
| Annual assessment of fitness and propriety by the <i>SMF managers' firms</i> | This requirement is in 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). | <u>Applies to all solo-regulated firms</u> |
| 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) | <u>Applies to all solo-regulated firms except for a sole trader without employees</u> |
| 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, | <i>SYSC</i> 22 (Regulatory references) | <u>Obligation to give a reference applies to all</u> |

| | | |
|---|---|---|
| <p>and give one if asked to by another <i>firm</i> doing so</p> | | <p><u>solo-regulated firms.</u></p> <p><u>Obligation to ask for one applies to all solo-regulated firms except for a sole trader without employees.</u></p> |
| <p><i>Statements of responsibilities</i></p> <p>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 (<u>if the firm is a PRA-authorized person</u>) <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 10C.11</i> (Statements of responsibilities).</p> <p>Many of the requirements are in the <i>Act</i> itself but they are summarised in <i>SUP 10C.11</i>.</p> <p><i>SUP 10C.11</i> 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><u>Applies to all solo-regulated firms</u></p> |
| <p><i>Duty of responsibility</i></p> <p>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>.</p> <p>There is <i>guidance</i> on this in <i>DEPP 6.2.9-AG</i> to <i>DEPP 6.2.9-FG</i>.</p> | <p><u>Applies to all solo-regulated firms</u></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></p> | <p><i>SYSC 24</i> (Senior managers and certification regime:</p> | <p><u>Does not apply to a limited scope SMCR firm.</u></p> |

| | | |
|--|--|---|
| The <i>FCA Handbook</i> calls them <i>FCA-prescribed senior management responsibilities</i> | Allocation of prescribed responsibilities) | <u>Applies to a <i>core SMCR firm</i> and an <i>enhanced scope SMCR firm</i>.</u> |
| <u>A <i>firm</i> solo-regulated by the <i>FCA</i> should carry out criminal records checks before appointing a <i>board director</i> who is not an <i>SMF manager</i></u> | <u><i>SYSC 23.4</i> (Criminal record checks for non-executive directors)</u> | <u>Does not apply to a <i>limited scope SMCR firm</i>.</u> <u>Applies to a <i>core SMCR firm</i> and an <i>enhanced scope SMCR firm</i>.</u> |
| <u>The senior managers regime: Parts that only apply to a limited range of firms</u> | | |
| 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 | <i>SYSC 25</i> (Senior managers and certification regime: Management responsibilities maps and handover procedures and material) | <u>Does not apply to a <i>limited scope SMCR firm</i> or a <i>core SMCR firm</i>.</u> <u>Applies to an <i>enhanced scope SMCR firm</i>.</u> |
| 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> . | <i>SYSC 26</i> (Senior managers and certification regime: Overall and local responsibility) | <u>Does not apply to a <i>limited scope SMCR firm</i> or a <i>core SMCR firm</i>.</u> <u>Applies to an <i>enhanced scope SMCR firm</i>.</u> |
| 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 | <i>SYSC 25.9</i> (Handover procedures and material) | <u>Does not apply to a <i>limited scope SMCR firm</i> or a <i>core SMCR firm</i>.</u> <u>Applies to an <i>enhanced scope SMCR firm</i>.</u> |
| <u>A retail intermediary <i>firm</i> should check whether it meets the financial criteria for being an <i>enhanced scope</i></u> | <u><i>SUP 15.15</i> (Notification by retail</u> | <u>Only applies to certain <i>UK retail intermediaries</i>.</u> |

| | | |
|--|--|--|
| <u>SMCR firm and report to the FCA when it meets those criteria for the first time or ceases to meet them.</u> | <u>intermediaries of qualifying as an enhanced scope SMCR firm)</u> | <u>The full details of who this covers are in SUP 15.15.</u> |
| The senior managers regime: Parts outside the Handbook | | |
| <p>Criminal offence relating to a decision that causes a financial institution to fail.</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>This is contained in section 36 of the Financial Services (Banking Reform) Act 2013</p> | <p><u>Does not apply to any solo-regulated firm</u></p> |
| The certification regime | | |
| <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>SYSC 27 (Senior managers and certification regime: Certification regime) describes the regime and explains which <i>employees</i> are covered.</p> | <p><u>Applies to all solo-regulated firms except for internally managed AIFs and certain firms that only carry out benchmark activities.</u></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>SYSC 22 (Regulatory references)</p> | <p><u>Applies to all solo-regulated firms</u></p> |

| | | |
|---|--|--|
| A <i>firm</i> must report information to the <i>FCA</i> about its <i>Directory persons</i> , including its <i>certification employees</i> . | <i>SUP</i> 16.26 (Reporting of information about <i>Directory persons</i>) | <u>Applies to all solo-regulated firms</u> |
| Conduct rules (applies to all firms) | | |
| <i>Rules</i> of conduct that apply directly to a <i>firm</i> 's workforce other than ancillary staff | <i>COCON</i> | <u>Applies to all solo-regulated firms</u> |
| A <i>firm</i> should report breaches of <i>COCON</i> to the <i>FCA</i> | Section 64C of the <i>Act</i> (Requirement for authorised persons to notify regulator of disciplinary action) and <i>SUP</i> 15.11 (Notification of <i>COCON</i> breaches and disciplinary action) | <u>Applies to all solo-regulated firms</u> |
| A <i>firm</i> should: (a) ensure that all <i>persons</i> subject to <i>COCON</i> are notified of the <i>rules</i> that apply to them; and (b) take all reasonable steps to ensure that they understand how <i>COCON</i> applies to them | These obligations are in section 64B of the <i>Act</i> (Rules of conduct: responsibilities of authorised persons). There is <i>guidance</i> in <i>COCON</i> 2.3 (Firms: Training and breaches). | <u>Applies to all solo-regulated firms</u> |

23.3.4 G ...

23.4 Criminal record checks for certain directors

- 23.4.1 R This section applies to a *UK SMCR firm* that is:
 - (1) *an enhanced scope SMCR firm; or*
 - (2) *a core SMCR firm.*

- 23.4.2 R *A firm must (as part of its assessment of the fitness and propriety of any of its non-SMF board directors subject to competence requirements (P)) obtain the fullest information that it is lawfully able to obtain about P under Part V of the Police Act 1997 (Certificates of Criminal Records, &c) and related subordinated legislation of the United Kingdom or any part of the United Kingdom before P’s appointment as a board director.*

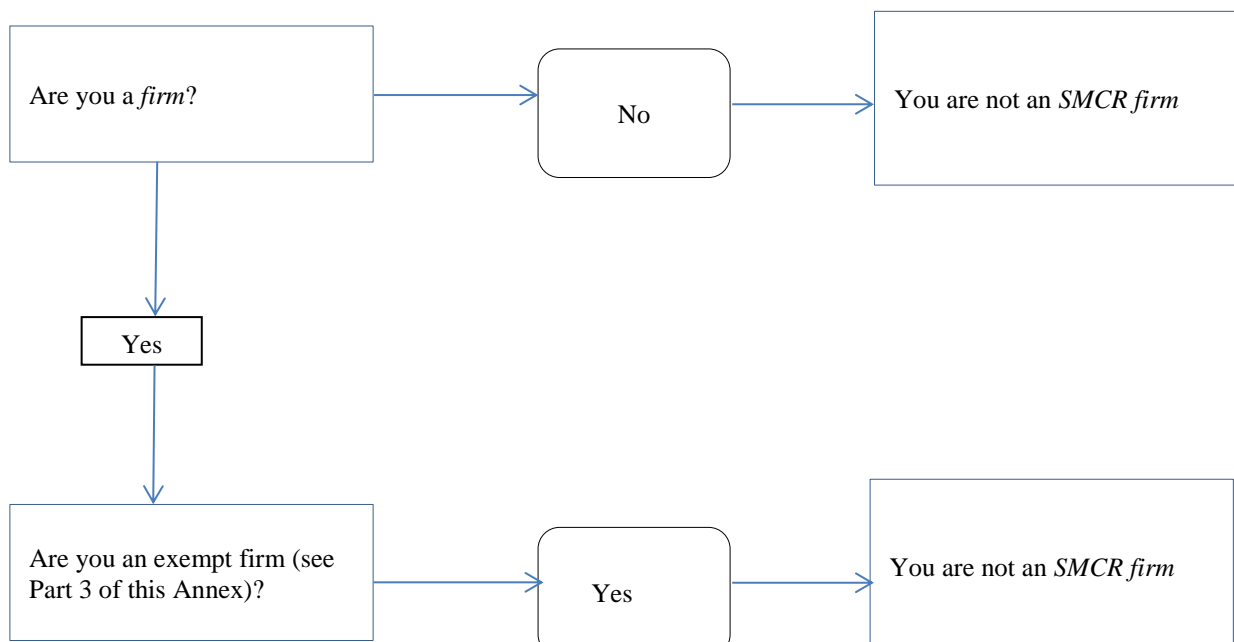
- 23.4.3 G *The guidance in SUP 10C.10.17G, SUP 10C.10.18G and SUP 10C.10.21G about criminal record checks for candidates to be an SMF manager applies to criminal record checks under this section.*

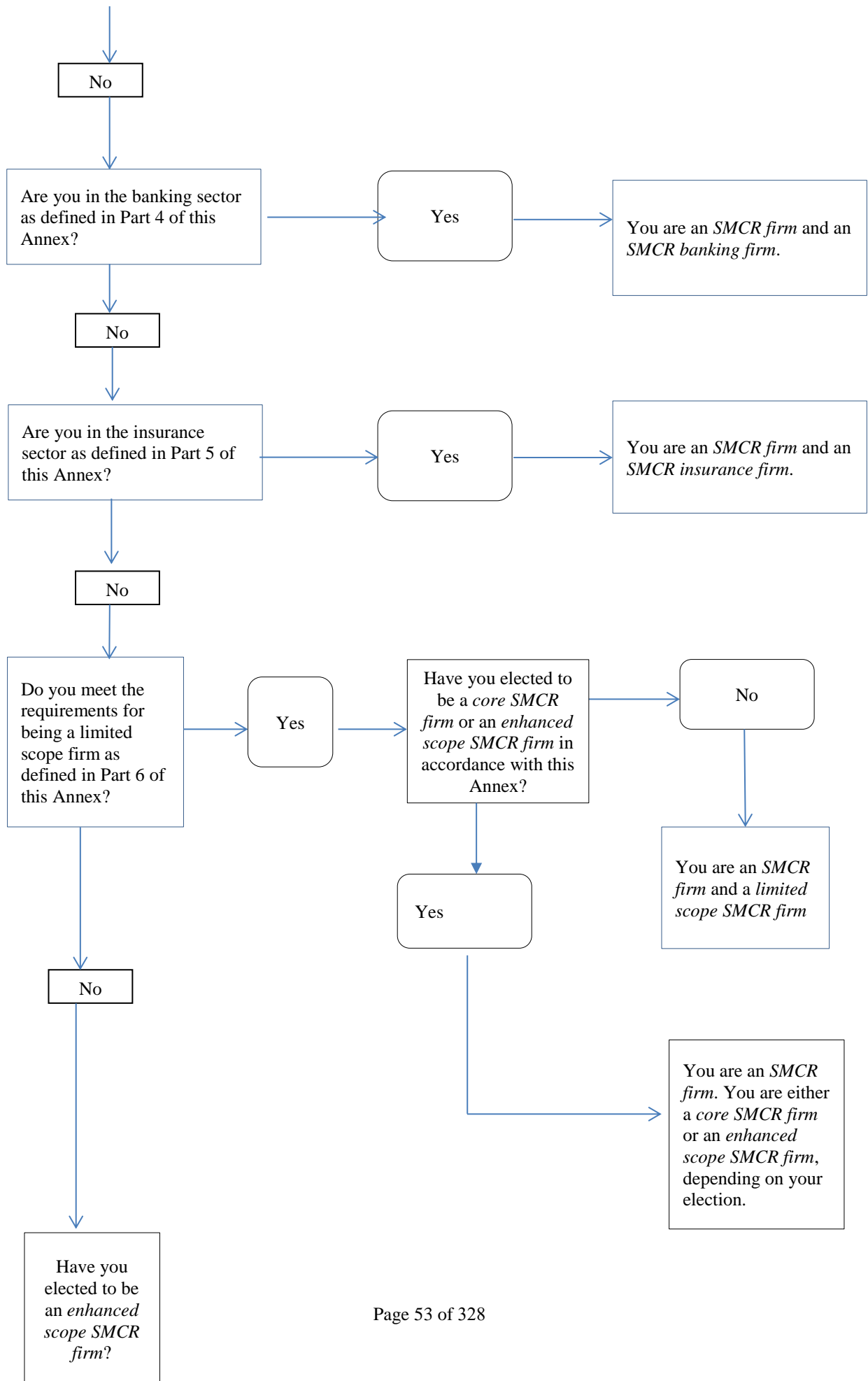
23 Annex 1 Definition of SMCR firm and different types of SMCR firms

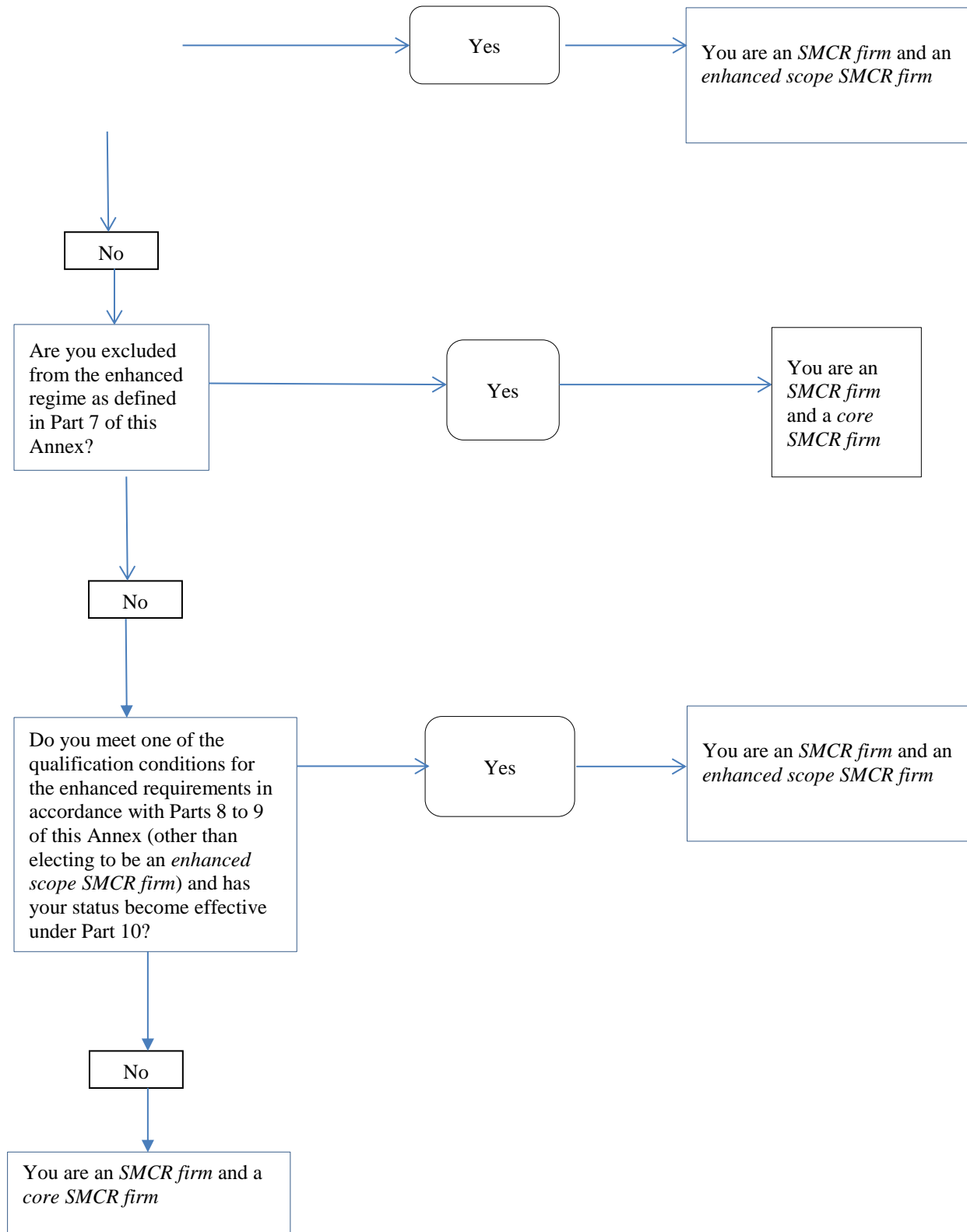
Part One: Flow diagram and other basic provisions

- 1.1 R ...
- 1.2 R Flow diagram: Types of SMCR firm

Delete the flow diagram in SYSC 23 Annex 1 1.2R and replace it with the following. The deleted text is not shown. The text is new and is not underlined.







status becomes effective will not apply. Instead the timing will be dealt with in the variation of *permission*.

- (2) If the variation does not specify the timing of the change, the change is likely to take effect when the variation does.

Part Three: Definition of exempt firm

...

- 3.4 R ...
- 3.5 R A *UCITS qualifier* is an exempt firm (see section 266 of the Act (Disapplication of rules)).
- 3.6 R An *AIFM qualifier* is an exempt firm.
- 3.7 R A firm that has *permission* to carry on the *regulated activity* of *administering a benchmark* or *administering a specified benchmark* but no other *regulated activity* is an exempt firm.
- 3.8 G As explained in SYSC TP 8.2.1R, certain claims management *firms* are excluded from being *SMCR firms* and treated as exempt under this Part.

Insert the following new Parts in SYSC 23 Annex 1 where indicated. The text is not underlined.

Part Five: Definition of insurance sector

...

- 5.2 R ...

Part Six: Definition of limited scope SMCR firm

- 6.1 R (1) This Part sets out the requirements for being a *limited scope SMCR firm* referred to in the flow diagram in Part One of this Annex.
- (2) Where this Part says that a *firm* is a *limited scope SMCR firm*, that means that the *firm* meets those requirements.
- 6.2 G Part 12 of this Annex sets out a procedure for a *firm* that would otherwise have been a *limited scope SMCR firm* to elect to be a *core SMCR firm* or an *enhanced scope SMCR firm* and to reverse that election.

- 6.3 R (1) A *firm* listed in the table in SYSC 23 Annex 1 6.4R is a *limited scope SMCR firm* if:
- (a) its principal purpose is to carry on activities other than *regulated activities*; and
 - (b) it is not a *MiFID investment firm*.
- (2) In the case of a *firm* in SYSC 23 Annex 1 6.4R(5), *regulated claims management activities* are treated as *unregulated activities* for the purpose of deciding what the *firm's* principal purpose is under (1).
- 6.4 R Table: List of limited scope SMCR firms referred to in SYSC 23 Annex 1 6.3R

| | |
|-----|--|
| (1) | <i>Oil market participant</i> |
| (2) | <i>Service company</i> |
| (3) | <i>Energy market participant</i> |
| (4) | A wholly owned <i>subsidiary</i> of: <ul style="list-style-type: none"> (a) a <i>local authority</i>; or (b) a registered social landlord. |
| (5) | A <i>firm</i> that meets the following conditions: <ul style="list-style-type: none"> (a) it has <i>permission</i> to carry on <i>insurance distribution activity</i> in relation to <i>non-investment insurance contracts</i>; and (b) it: <ul style="list-style-type: none"> (i) either does not have <i>permission</i> to carry on any other <i>regulated activity</i>; or (ii) has <i>permission</i> to carry on no other <i>regulated activity</i> except one or more of the following: <ul style="list-style-type: none"> (A) <i>advising on P2P agreements</i>; or (B) <i>regulated claims management activities</i>. |

- 6.5 G It will be a matter of fact in each case whether, having regard to all the circumstances, including in particular where the balance of the business lies, a *firm's* principal purpose is to carry on activities other than *regulated activities*. If a *firm* wishes to rely on SYSC 23 Annex 1 6.3R, it

should be in a position to demonstrate that its principal purpose is to carry on activities other than *regulated activities*.

- 6.6 R A *sole trader* is a *limited scope SMCR firm*.
- 6.7 R A *firm* whose *permission* is limited to the carrying on of a relevant credit activity (as defined in paragraph 2G of Schedule 6 to the *Act*) (a *limited permission*) is a *limited scope SMCR firm*, excluding a *firm* in SYSC 23 Annex 1 6.8R.
- 6.8 R A *not-for-profit debt advice body* is a *limited scope SMCR firm*.
- 6.9 R An *authorised professional firm* whose only *regulated activities* are *non-mainstream regulated activities* is a *limited scope SMCR firm*.
- 6.10 R A *firm* is a *limited scope SMCR firm* if it meets the following conditions:
- (1) it is an *internally managed AIF*;
 - (2) it is a *body corporate*; and
 - (3) it is not a *collective investment scheme*.
- 6.11 R (1) A *firm* is a *limited scope SMCR firm* if it meets the following conditions:
- (a) it has *permission* to carry on *regulated claims management activities*; and
 - (b) it:
 - (i) either does not have *permission* to carry on any other *regulated activity*; or
 - (ii) has *permission* to carry on no other *regulated activity* except a *relevant credit activity*.
 - (2) A *firm* in SYSC 23 Annex 1 6.7R or SYSC 23 Annex 1 6.8R does not fall within this *rule*.

Part Seven: Exclusion from enhanced regime

- 7.1 R This Part sets out which *firms* are excluded from the enhanced regime for the purposes of the flow diagram in Part One of this Annex.
- 7.2 R An *overseas SMCR firm* is excluded from the enhanced regime.
- 7.3 R A *firm* is excluded from the enhanced regime if its *permission* only covers being the *full-scope UK AIFM* of:
- (1) an *unauthorised AIF*; or

- (2) an *authorised AIF* only marketed to investors that are *professional clients*.

7.4 R A *firm* is excluded from the enhanced regime if:

- (1) it is exempt from *MiFID* under article 2(1)(j); and
- (2) its only *permission* is *bidding in emissions auctions*.

Part Eight: Financial qualification condition for being an enhanced scope SMCR firm

The financial qualification tests

8.1 R A *firm* meets a qualification condition for the purposes of identifying an *enhanced scope SMCR firm* under the flow diagram in Part One of this Annex if it meets one of the criteria set out in column (1) of the table in SYSC 23 Annex 1 8.2R.

8.2 R Table: Financial qualification conditions

| (1) Qualification condition | (2) How to do the calculation and corresponding reporting requirement | (3) Comments |
|---|--|--|
| Part One: Point in time measurements | | |
| (1) The average amount of the <i>firm's</i> assets under management (calculated as a three-year rolling average) is £50 billion or more | Assets under management are calculated in accordance with the method that must be used to calculate the amount to be recorded in <i>data element 1A</i> (Total funds under management) in <i>data item FSA038</i> (Volumes and Type of Business) | SYSC 23 Annex 1 8.8R(2) and SYSC 23 Annex 1 8.11R apply to this calculation. |
| (2) The <i>firm</i> currently has 10,000 or more outstanding regulated mortgages | A <i>firm's</i> outstanding regulated mortgages are calculated as follows: (a) calculate the amount that must be recorded in row E4.5 (Total) in the box under the successive headings and sub-headings "Regulated Loans", "Balances | |

| | | |
|---|--|--|
| | <p>outstanding” and “Number” in the <i>MLAR</i>;</p> <p>(b) calculate the amount that must be recorded in row G1.1(d) (total) under the successive headings and sub-headings “As PRINCIPAL administrator” and “Regulated loans” in the <i>MLAR</i>; and</p> <p>(c) add those amounts together.</p> | |
| Part Two: Revenue measurements | | |
| <p>(3) The average amount of the <i>firm</i>'s total intermediary regulated business revenue (calculated as a three-year rolling average) is £35 million per annum or more</p> | <p>Total intermediary regulated business revenue is calculated in accordance with the method that must be used to calculate the amount to be recorded in <i>data element</i> 4E (Total regulated business revenue) in Section B (Profit and Loss account) of the <i>RMAR</i></p> | <p><i>SYSC</i> 23 Annex 1 8.8R(3) applies to this calculation. <i>SYSC</i> 23 Annex 1 8.18R applies this condition to <i>firms</i> to which the reporting requirement in column (2) does not apply in the cases specified in that <i>rule</i>.</p> |
| <p>(4) The average amount of the <i>firm</i>'s annual revenue generated by regulated consumer credit lending (calculated as a three-year rolling average) is £100 million or more</p> | <p>Annual revenue generated by regulated consumer credit lending is calculated as follows:</p> <p>(a) calculate each amount that must be recorded in column B (Revenue) for the rows headed “Lending” in <i>data item</i> CCR002 (Consumer Credit data: Volumes); and</p> <p>(b) add those amounts together.</p> | <p><i>SYSC</i> 23 Annex 1 8.8R(3) applies to this calculation.</p> |

Note 1: Where Parts 8 to 11 of SYSC 23 Annex 1 refer to a calculation period they refer to the annual period in column (1).

Note 2: Where Parts 8 to 11 of SYSC 23 Annex 1 refer to an averaging period they refer to the three-year period in column (1).

Note 3: Where Parts 8 to 11 of SYSC 23 Annex 1 refer to a reporting period they refer to the period for which reports in column (2) are prepared.

Note 4: Where Parts 8 to 11 of SYSC 23 Annex 1 refer to a calculation date they refer to the date as of which the calculations in column (2) of this table are made.

- 8.3 G (1) Column (2) of the table in SYSC 23 Annex 1 8.2R refers to the *FCA Handbook* versions of the relevant *data items*.
- (2) The boxes referred to in row (2) (outstanding regulated mortgages) correspond to the online version of the *MLAR* as follows:
- (a) paragraph (a) corresponds to *data item* c3; and
- (b) paragraph (b) corresponds to *data item* G1.1 c1 (d).

Qualification conditions only apply if reporting requirements apply

- 8.4 R Subject to SYSC 23 Annex 1 8.18R, a qualification condition in column (1) of the table in SYSC 23 Annex 1 8.2R only applies to a *firm* if the corresponding reporting requirement referred to in column (2) of the table currently applies to the *firm*.

General calculation principles

- 8.5 R If the applicable financial reporting requirements in column (2) of the table in SYSC 23 Annex 1 8.2R have changed during the relevant period, the calculations must be made in accordance with whatever requirements applied for the applicable period.
- 8.6 R The calculations are made on a solo basis.
- 8.7 R (1) The calculation periods, averaging periods and dates in column (1) of the table in SYSC 23 Annex 1 8.2R are defined so as to be consistent with the financial reporting periods and calculation dates used for the corresponding *data item* in column (2) of that table. The rest of this *rule* gives examples of this principle.
- (2) If a calculation in column (1) of the table in SYSC 23 Annex 1 8.2R is based on per annum or annual revenue and the reporting period in column (2) is based on the *firm's* accounting period:

- (a) the calculation periods in column (1) are also based on the *firm's* accounting period; and
 - (b) the averaging period in column (1) is made up of the applicable number of accounting periods.
- (3) If a calculation in column (1) of the table in SYSC 23 Annex 1 8.2R is based on per annum or annual revenue and the reporting period in column (2) is based on a calendar year:
- (a) the calculation periods in column (1) are also based on a calendar year; and
 - (b) the averaging period in column (1) is made up of the applicable number of calendar years.
- (4) Where row (2) of column (1) of the table in SYSC 23 Annex 1 8.2R refers to a *firm's* current financial figures it refers to the figures as at the calculation date for its most recent reporting period in column (2).
- (5) A *firm's* most recent reporting period is the one for the *data item* whose required submission date has passed most recently.

Averaging periods

- 8.8 R (1) This *rule* deals with the establishment of a *firm's* averaging periods.
- (2) When the table in SYSC 23 Annex 1 8.2R specifies that this paragraph (2) applies:
- (a) each averaging period ends on the calculation date for a reporting period; and
 - (b) there is an averaging period that ends on each such day.
- (3) When the table in SYSC 23 Annex 1 8.2R specifies that this paragraph (3) applies:
- (a) each averaging period ends on the last day of a year; and
 - (b) there is an averaging period that ends on each such day.
- (4) The term 'year' in (3) is defined in accordance with SYSC 23 Annex 1 8.7R.
- 8.9 G (1) SYSC 23 Annex 1 8.8R(2) provides for a *firm's* status to be tested every six *months* if the relevant *data item* is reported in six-month intervals and to be tested yearly if the relevant *data item* is reported yearly.

- (2) SYSC 23 Annex 1 8.8R(3) provides for a *firm's* status to be tested once a year even if the relevant *data item* is reported in six-month intervals.

Requirements where the firm reports more than once a year

- 8.10 R (1) This *rule* applies to calculations in Part Two of the table in SYSC 23 Annex 1 8.2R.
- (2) If:
- (a) the *firm* reports the relevant *data items* more than once a year; and
- (b) each successive report covers the whole year to date;
- the calculations in the table are only based on the *data item* that covers the full year.
- (3) The term year in (2) is defined in accordance with SYSC 23 Annex 1 8.7R.

Requirements for calculating average amounts in certain cases

- 8.11 R When the table in SYSC 23 Annex 1 8.2R specifies that this *rule* applies, the calculation of the average involves calculating the relevant amount for each reporting period relating to the averaging period, summing those amounts and dividing the result by the applicable number of reporting periods.

Adjustments where reporting periods cover irregular periods

- 8.12 R (1) This *rule* applies where:
- (a) the calculation is under Part Two of the table in SYSC 23 Annex 1 8.2R;
- (b) the reporting period in column (2) is based on the *firm's* accounting period;
- (c) any of the *firm's* accounting periods in the applicable averaging period is not twelve *months*; and
- (d) as a result the averaging period would not be a whole number of calendar years.
- (2) Where this *rule* applies, the *firm* must adjust the minimum qualification amount in column (1) proportionately.
- 8.13 G The main example of when SYSC 23 Annex 1 8.12R may apply is where a *firm* changes its accounting reference date.

Short reporting periods

- 8.14 G (1) The financial reporting period may be shorter than the corresponding calculation period.
- (2) For example, the calculation period may be based on annual revenue but the *firm* may have to prepare the corresponding *data item* in column (2) of the table in SYSC 23 Annex 1 8.2R for revenue arising in six-month periods.
- (3) If SYSC 23 Annex 1 8.10R applies this does not matter as the calculation is based on the figures for the full year.
- (4) If SYSC 23 Annex 1 8.10R does not apply, in the example in (2):
- (a) the calculation of the *firm's* most recent annual revenue in column (1) is based on the most recently ended six-month period and the six-month period before that; and
- (b) each year within the three-year averaging period is based on two six-month periods.

Effect of reporting requirements not applying for full period

- 8.15 R Subject to SYSC 23 Annex 1 8.4R, if the reporting requirement referred to in column (2) of the table in SYSC 23 Annex 1 8.2R did not apply to the *firm* for the whole of its most recent averaging period as defined in SYSC 23 Annex 1 8.2R, the averaging period is shortened to cover the period for which those requirements did apply.
- 8.16 G Reasons why SYSC 23 Annex 1 8.15R may apply to a *firm* include the following:
- (1) the *firm* has only recently been *authorised*;
- (2) the *firm's* Part 4A permission has only recently been varied to include the relevant *regulated activities*;
- (3) the *firm* has only recently become subject to the relevant reporting requirements; or
- (4) the reporting requirement did not exist for the full period (see SYSC TP 7.7.6G for an example).
- 8.17 G (1) This paragraph gives an example of how SYSC 23 Annex 1 8.15R works.
- (2) In this example:
- (a) the relevant qualification condition is one of those in Part Two of the table in SYSC 23 Annex 1 8.2R;

- (b) the reporting requirement is based on a *firm's* accounting year and reports are due every six *months*;
 - (c) the *firm's* accounting year ends on 31 December;
 - (d) the *firm* is authorised in February.
- (2) The *firm* will not meet the qualification condition before the end of Year One, however large its business is in the period from February to June. This is because the calculations are based on calculation periods of a year and the year is not over yet.
 - (3) Following the end of Year One, the assessment of whether the *firm* meets the qualification condition is based on the figures for Year One. There is no adjustment to take account of the fact that the *firm* was only authorised part of the way through that period.
 - (4) After the end of Year Two, the averaging period is two years and the figures are taken from the part of Year One during which it was authorised and from Year Two.
 - (5) The figures for the next averaging period are taken from the part of Year One during which it was authorised and from Years Two and Three.
 - (6) If the *firm* in this example is authorised in September, the assessment of whether the *firm* meets the qualification condition for Year One is based on the figures for the part of Year One for which it is authorised, as it is in (3). However, in contrast to (2), that means that the assessment is made in respect of its first few months of authorisation.
 - (7) In this paragraph:
 - (a) the *firm* being authorised means the *firm* being *authorised* or the relevant *regulated activities* being included in its *permission* so that the relevant reporting requirement applies;
 - (b) the accounting year in which this occurs is referred to as Year One; and
 - (c) subsequent accounting years are referred to accordingly.

Special requirements for calculating intermediary regulated business revenue

- 8.18 R The qualification condition in row (3) of the table in SYSC 23 Annex 1 8.2R may also apply to a *firm* that meets the following conditions, even though the financial reporting requirement referred to in that row does not apply to it:
- (1) it falls into any of the following categories:

- (a) its *permission* includes an *insurance distribution activity* in relation to *non-investment insurance contracts*;
 - (b) its *permission* includes a *home finance mediation activity*;
 - (c) it is a *retail investment firm*;
 - (d) it is a *personal investment firm*;
 - (e) (subject to SYSC 23 Annex 1 8.19R) its *permission* includes *advising on P2P agreements*; or
 - (f) (subject to SYSC 23 Annex 1 8.20R) its *permission* includes *designated investment business* or it carries out *designated investment business*; and
- (2) it is not required to complete Section B of the *RMAR*.
- 8.19 R A *firm* is excluded from SYSC 23 Annex 1 8.18R(1)(e) if its *permission*, so far as it relates to the activity in SYSC 23 Annex 1 8.18R(1)(e), is limited to activities carried on exclusively with or for *professional clients*.
- 8.20 R A *firm* is excluded from SYSC 23 Annex 1 8.18R(1)(f) if its *permission*, so far as it relates to the activity in SYSC 23 Annex 1 8.18R(1)(f), is limited and subject to requirements in a way that means it may only carry on those activities exclusively with or for *professional clients* or *eligible counterparties*.
- 8.21 R
- (1) This *rule* deals with how the qualification condition in row (3) of the table in SYSC 23 Annex 1 8.2R applies to a *firm* in SYSC 23 Annex 1 8.18R.
 - (2) The calculation is made in accordance with the requirements for Section B (Profit and Loss account) of the *RMAR* and otherwise as described in column (2) of row (3) of the table in SYSC 23 Annex 1 8.2R.
 - (3) The reporting period for the purposes of this Annex is an annual period ending on the *firm's accounting reference date*.
 - (4) For the purpose of applying this Annex to a *firm* in SYSC 23 Annex 1 8.18R, a reference in this Annex to:
 - (a) the due submission date for a *data item* is treated as being to the reporting date defined in SUP 15.15.9R;
 - (b) a *firm's* most recent reporting period is the period in (3) whose reporting date (as defined in (4)(a)) has occurred most recently; and

(c) being subject to a reporting requirement is treated as a reference to meeting the conditions in SYSC 23 Annex 1 8.18R.

- 8.22 G (1) There is only one qualification condition in row (3) of the table in SYSC 23 Annex 1 8.2R.
- (2) Therefore if a *firm* ceases to be in SYSC 23 Annex 1 8.18R because it begins to report using the *RMAR*, SYSC 23 Annex 1 8.4R does not apply and the *firm* will continue to meet the qualification condition as long as its income remains at the necessary level.
- (3) The same applies if the *firm* moves from reporting using the *RMAR* to being a *firm* within SYSC 23 Annex 1 8.18R.
- (4) If a *firm* makes a change of the kind in (2) or (3), the figures for the averaging periods during which this occurs will be made up of figures taken from its *RMAR* and ones calculated under SUP 15.15. SYSC 23 Annex 1 8.15R does not apply.
- (5) If there is a gap between being subject to SYSC 23 Annex 1 8.18R and reporting using the *RMAR*, SYSC 23 Annex 1 11.8R may mean that the *firm* never stops being an *enhanced scope SMCR firm*.
- 8.22 G SUP 15.15 requires a *firm* within SYSC 23 Annex 1 8.18R regularly to calculate whether it meets the qualification condition in row (3) of the table in SYSC 23 Annex 1 8.2R and, in certain circumstances, to notify the FCA of the results.

Part Nine: Other qualification conditions for being an enhanced scope SMCR firm

- 9.1 R A *firm* meets a qualification condition for the purposes of identifying an *enhanced scope SMCR firm* under the flow diagram in Part One of this Annex if it meets one of the following criteria:
- (1) the *firm* is a *significant IFPRU firm*;
- (2) the *firm* is a *CASS large firm*; or
- (3) the *firm* notifies the FCA in accordance with Part 12 of this Annex that it intends to become an *enhanced scope SMCR firm*.
- 9.2 G 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 *firm* in SYSC 23 Annex 1 9.1R(1) or SYSC 23 Annex 1 9.1R(2) it is to be treated as falling into that category of *firm* for the purpose of this Annex as well.

Part Ten: When a firm becomes an enhanced scope SMCR firm

General rule

- 10.1 R (1) A *firm* must comply with the requirements for *enhanced scope SMCR firms* (and becomes an *enhanced scope SMCR firm*) from the date specified in this *rule*.
- (2) If a *firm*:
- (a) was not an *enhanced scope SMCR firm*; and
- (b) then meets one of the qualification conditions in Part 8 or Part 9 of this Annex;
- the date is twelve *months* after it first meets the first qualification condition that it met.
- (3) Where the first qualification condition it meets is the one in SYSC 23 Annex 1 9.1R(3), the date is three *months* after the *FCA* receives the notice in SYSC 23 Annex 1 9.1R(3).
- (4) (3) also applies if:
- (a) it meets the qualification condition in SYSC 23 Annex 1 9.1R(3) after it meets another qualification condition; and
- (b) the result of applying (3) would be that the *firm* would become an *enhanced scope SMCR firm* sooner.
- (5) This *rule* is subject to SYSC 23 Annex 1 11.8R.

Meeting the financial thresholds in Part 8

- 10.2 R (1) Subject to (4), a *firm* first meets one of the qualification conditions in Part 8 of this Annex (financial qualification conditions) on the due date for submission of the relevant *data item* (see (2) and (3) for the meaning of relevant *data item*).
- (2) Except where (3) applies, the relevant *data item* is the *data item* for the final reporting period applicable to the averaging period for which the *firm* first meets the condition in column (1) of the applicable row in the table in SYSC 23 Annex 1 8.2R.
- (3) Where the qualification condition is the one in row (2) of the table in SYSC 23 Annex 1 8.2R, the relevant *data item* is the one for the reporting period for which the *firm* first meets the condition in column (1) of that row.
- (4) In the case of a *firm* in SYSC 23 Annex 1 8.18R, the *firm* meets the qualification condition in row (3) of the table in SYSC 23 Annex 1 8.2R on the reporting date for the final reporting period applicable to the averaging period for which the *firm* first meets the condition in column (1) of that row.

Meeting the qualification conditions in Part 9

- 10.3 R A *firm* meets one of the qualification conditions in Part 9 of this annex (other qualification conditions) on the date when:
- (1) the status in SYSC 23 Annex 1 9.1R(1) or SYSC 23 Annex 1 9.1R(2) becomes effective; or (as the case may be)
 - (2) the *FCA* receives the notice in SYSC 23 Annex 1 9.1R(3).
- 10.4 G SYSC 23 Annex 1 10.1R and SYSC 23 Annex 1 10.3R mean that a *firm* becomes an *enhanced scope SMCR firm* under Part 9 of this Annex on the date in column (2) of the table in SYSC 23 Annex 1 10.5G.
- 10.5 G Table: Date firm becomes an enhanced scope firm

| Qualification condition | Date firm becomes an enhanced scope SMCR firm |
|---|---|
| The <i>firm</i> is a <i>significant IFPRU firm</i> | It becomes an <i>enhanced scope SMCR firm</i> one year and three <i>months</i> after the date in <i>IFPRU</i> 1.2.3R (the three- <i>month</i> period in <i>IFPRU</i> 1.2.6R(2) plus the one year in this Part). |
| The <i>firm</i> is a <i>CASS large firm</i> This includes a <i>firm</i> that has elected to be treated as a <i>CASS large firm</i> | <p>If the <i>firm</i> notifies the <i>FCA</i> in accordance with <i>CASS</i> 1A.2.9R(1) or <i>CASS</i> 1A.2.9R(2), it becomes an <i>enhanced scope SMCR firm</i> one year following the 1 February following the notification under <i>CASS</i>.</p> <p>If the <i>firm</i> notifies the <i>FCA</i> in accordance with <i>CASS</i> 1A.2.9R(3), it becomes an <i>enhanced scope SMCR firm</i> one year after the day it begins to hold <i>client money</i> or <i>safe custody assets</i>.</p> <p>If the <i>firm</i> makes an election under <i>CASS</i> 1A.2.5R(1), it becomes an <i>enhanced scope SMCR firm</i> one year after the day the notification made under <i>CASS</i> 1A.2.5R(2)(a) states that the election is intended to take effect.</p> |
| The <i>firm</i> opts to be an <i>enhanced scope SMCR firm</i> by notifying the <i>FCA</i> using Form O | It becomes an <i>enhanced scope SMCR firm</i> three <i>months</i> after the <i>FCA</i> receives the notice. |

- 10.6 G (1) The purpose of the one year or three-*month* period between meeting the conditions for being an *enhanced scope SMCR firm* and the *firm*

becoming subject to the requirements for such *firms* is to allow it to make preparations to comply with the new requirements.

- (2) For example, a *core SMCR firm* opting up to be an *enhanced scope SMCR firm* should use this period to apply for approval for its personnel to perform the new *designated senior management functions* that will apply because it has become an *enhanced scope SMCR firm*.
- 10.7 G (1) A *firm* retains its old status during the one-year or three-month period described in this Part.
- (2) For example, a *core SMCR firm* that meets one of the qualification conditions for being an *enhanced scope SMCR firm* in SYSC 23 Annex 1 9.1R(1) or SYSC 23 Annex 1 9.1R(2) will remain as a *core SMCR firm* for one year after it meets the qualification condition.

Part Eleven: When a firm stops being an enhanced scope SMCR firm

General rule

- 11.1 R A *firm* that:
- (1) was an *enhanced scope SMCR firm*; and
- (2) then meets none of the qualification conditions in this Annex;
- ceases to be subject to the requirements for *enhanced scope SMCR firms* (and ceases to be an *enhanced scope SMCR firm*) one year after it ceases to meet the last qualification condition that it met.

Ceasing to meet the financial thresholds in Part 8

- 11.2 R A *firm* ceases to meet one of the qualification conditions in Part 8 of this Annex (financial qualification conditions) on whichever of the following is applicable:
- (1) the due date for submission of the *data item* for the final reporting period applicable to the averaging period for which the *firm* first ceases to meet the condition in column (1) of the applicable row in the table in SYSC 23 Annex 1 8.2R; or
- (2) (where the qualification condition is the one in row (2) of the table in SYSC 23 Annex 1 8.2R) the due date for submission of the *data item* for the reporting period for which the *firm* first ceases to meet the condition in column (1) of that row; or
- (3) (in the case of a *firm* in SYSC 23 Annex 1 8.18R) the reporting date for the final reporting period applicable to the averaging period for which the *firm* first ceases to meet the condition in column (1) of that row; or

- (4) the date the relevant reporting requirement ceases to apply as referred to in SYSC 23 Annex 1 8.4R.

Ceasing to meet the qualification conditions in Part 9

- 11.3 R A *firm* ceases to meet one of the qualification conditions in SYSC 23 Annex 1 9.1R(1) or SYSC 23 Annex 1 9.1R(2) (other qualification conditions) on the date that the status in SYSC 23 Annex 1 9.1R ceases to apply.
- 11.4 R (1) This *rule* deals with a *firm* that notifies the FCA under Part 12 of this Annex that it is cancelling its election to be an *enhanced scope SMCR firm* under SYSC 23 Annex 1 9.1R(3).
- (2) The *firm* ceases to meet the qualification condition under SYSC 23 Annex 1 9.1R(3) on the date the FCA receives the notice.

Only meeting qualification conditions for a short time

- 11.5 R (1) This *rule* deals with a case in which a *firm* ceases to meet a qualification condition in Part 8 or Part 9 of this Annex while the one-year period in Part 10 of this Annex resulting from meeting that qualification condition is still running.
- (2) The result is that the *firm* does not become an *enhanced scope SMCR firm*. The one-year period no longer runs.
- 11.6 G If, after the *firm* ceases to meet a qualification condition as described in SYSC 23 Annex 1 11.5R, it later meets the same qualification condition or another qualification condition in Part 8 or Part 9 of this Annex, a new one-year period or, as applicable, three-month period, under Part 10 of this Annex begins. This applies even if it meets that qualification condition during the one-year period referred to in SYSC 23 Annex 1 11.5R.
- 11.7 G (1) SYSC 23 Annex 1 12.13R allows a *firm* to withdraw an election to be an *enhanced scope SMCR firm* before it takes effect.
- (2) The result is that the *firm* does not become an *enhanced scope SMCR firm* and the three-month period in SYSC 23 Annex 1 11.1R does not apply.

Only ceasing to meet qualification conditions for a short time

- 11.8 R If:
- (1) the one-year period in SYSC 23 Annex 1 11.1R is still running; and
- (2) the *firm* again meets a qualification condition in Part Eight or Nine of this Annex;

then (subject to SYSC 23 Annex 1 12.5R):

- (3) the *firm* remains an *enhanced scope SMCR firm*; and
- (4) the one-year period in Part Ten of this Annex does not apply.

11.9 G SYSC 23 Annex 1 12.5R allows a *firm* to opt to remain as an *enhanced scope SMCR firm* during the one-year period in SYSC 23 Annex 1 11.1R.

Ceasing to meet one qualification condition and beginning to meet another

- 11.10 G (1) This paragraph deals with the following example:
- (a) a *firm* meets a qualification condition for being an *enhanced scope SMCR firm* and becomes an *enhanced scope SMCR firm*;
 - (b) later the *firm* meets another qualification condition;
 - (c) shortly after (b) the *firm* ceases to meet the first qualification condition; and
 - (d) the gap between (b) and (c) is less than the one-year period provided for in Part 10 of this Annex.
- (2) In this example:
- (a) the *firm* never stops being an *enhanced scope SMCR firm*; and
 - (b) neither the one-year period in Part 10 of this Annex nor the one year countdown provided for in SYSC 23 Annex 1 11.1R applies.

Part Twelve: Opting up and opting down

Opting up to being a core firm

- 12.1 R (1) A *firm* may notify the *FCA* in accordance with this Part that it intends to become a *core SMCR firm*.
- (2) The notice takes effect three *months* after the *FCA* receives the notice.
- (3) A *firm* may only make such an election if the flow diagram in SYSC 23 Annex 1 1.2R (Flow diagram: Types of SMCR firm) allows this.
- 12.2 G The flow diagram in SYSC 23 Annex 1 1.2R (Flow diagram: Types of SMCR firm) means that only a *limited scope SMCR firm* may opt up to be a *core SMCR firm*.

Opting up to being an enhanced scope firm

- 12.3 R (1) A *firm* may notify the *FCA* in accordance with this Part that it intends to become an *enhanced scope SMCR firm*.
- (2) The notice takes effect as described in Part 10 of this Annex.
- (3) A *firm* may only make such an election if the flow diagram in SYSC 23 Annex 1 1.2R (Flow diagram: Types of SMCR firm) allows this.
- 12.4 G The flow diagram in SYSC 23 Annex 1 1.2R (Flow diagram: Types of SMCR firm) means that only a *limited scope SMCR firm* or a *core SMCR firm* may opt up to be an *enhanced scope SMCR firm*.
- 12.5 R (1) An *enhanced scope SMCR firm* that is within the one-year period in Part 11 of this Annex (When a firm stops being an enhanced scope SMCR firm) may notify the *FCA* in accordance with this Part that it intends to remain an *enhanced scope SMCR firm*.
- (2) The notice takes effect immediately on receipt by the *FCA*. The effect is that:
- (a) the *firm* remains an *enhanced scope SMCR firm*;
- (b) the three-month period in Part Ten of this Annex (When a firm becomes an enhanced scope SMCR firm) does not apply; and
- (c) the *firm* is treated as meeting the qualification condition for being an *enhanced scope SMCR firm* of having opted to be an *enhanced scope SMCR firm* under SYSC 23 Annex 1 9.1R(3).

Opting up by applicants for permission

- 12.6 R (1) The following may also give a notice described in SYSC 23 Annex 1 12.1R or SYSC 23 Annex 1 12.3R:
- (a) an applicant for *Part 4A permission*; and
- (b) other *persons* seeking to carry on *regulated activities* as an *SMCR firm*.
- (2) The notice becomes effective when it becomes an *SMCR firm*.
- 12.7 D If a *person* in SYSC 23 Annex 1 12.6R(1) wishes to rely on SYSC 23 Annex 1 12.6R, it must make, or, as the case may be, amend its application so as to meet the relevant requirements of this Annex about the notices described in SYSC 23 Annex 1 12.1R or SYSC 23 Annex 1 12.3R.

- 12.8 G (1) This paragraph relates to a *person* who is about to become an *SMCR firm* and wishes to opt up in accordance with this Part of this Annex.
- (2) This Part of this Annex restricts who can elect to opt up to a higher category of *SMCR firm*. In a case covered by this paragraph, this restriction relates to the category of *SMCR firm* of which the *person* will be a member when it becomes an *SMCR firm* if it had not made the election.
- (3) (2) also applies to the requirements about how to notify the *FCA*.

Revoking an opt up

- 12.9 R (1) This *rule* deals with a *firm* that has elected under this Annex to become a *core SMCR firm* or an *enhanced scope SMCR firm* and that election has taken effect.
- (2) The *firm* may notify the *FCA* that it is cancelling its election under this Annex to be:
- (a) a *core SMCR firm*; or
- (b) an *enhanced scope SMCR firm*.
- (3) A notification under (2)(a) takes effect one *year* after the *FCA* receives the notice.
- (4) A notification under (2)(b) takes effect in accordance with Part 11 of this Annex.

Opted up firm later meets other qualification conditions

- 12.10 G (1) A *firm* may elect to opt up to a higher category of *SMCR firm* and then later meet one of the other qualification conditions for that higher category.
- (2) The table in *SYSC 23 Annex 1 12.11G* gives examples of various scenarios that can follow on from that.
- 12.11 G Table: Examples involving a firm that opts up a category

| Scenario | Treatment under this Annex |
|--|---|
| (1) A <i>firm</i> elects to opt up to a higher category. It later meets one of the other qualification conditions for that higher category. It ceases to meet that | The <i>firm</i> remains in the higher category because its election remains in force. |

| | |
|--|--|
| second qualification condition some time later. | |
| (2) A <i>firm</i> elects to opt up to a higher category. It later meets one of the other qualification conditions for that higher category. It later cancels its election. | The <i>firm</i> remains within that higher category despite cancelling its election because it still meets that second qualification condition. |
| (3) A <i>firm</i> elects to opt up to a higher category. It later cancels its election. During the one-year period in Part Eleven of, or this Part of, this Annex following its cancellation notice it meets one of the other qualification conditions for that higher category. | The <i>firm</i> remains within that higher category despite the cancellation notice. |
| (4) A <i>firm</i> elects to opt up to a higher category. It later meets one of the other qualification conditions for that higher category. It later cancels its election. Some time after that, it ceases to meet the second qualification condition. | The cancellation notice has no immediate effect (see Example (2)). However when it ceases to meet the second qualification condition it ceases to be in the higher category. In contrast to Example (1), its election is no longer in force when it ceases to meet the second qualification condition. |
| Note: When this table refers to the cancellation of an election it refers to cancelling that election after it has taken effect and not to withdrawing it before it takes effect. | |

Giving notices

- 12.12 R (1) This *rule* deals with a notification under SYSC 23 Annex 1 12.1R to SYSC 23 Annex 1 12.6R.
- (2) The notification must be made in accordance with SUP 10C.15.11R (Method of submission: electronic submission).
- (3) A *firm* must use the version of the form made available for this purpose on the electronic system referred to in SUP 10C.15.11R, which is based on the version found in SYSC 23 Annex 2R (Form O).
- (4) If SUP 10C.15.11R requires the notification to be in accordance with SUP 10C.15.14R (Method of submission: other forms of submission), the *firm* must use the version of the form found in SYSC 23 Annex 2R.

Withdrawing notices

- 12.13 R A *firm* may, by notice to the *FCA*, withdraw a notice in *SYSC 23 Annex 1 12.12R* at any time before it takes effect.
- 12.14 G (1) This paragraph relates to the withdrawal of a notice as described in *SYSC 23 Annex 1 12.13R*.
- (2) If a *firm* decides to give a withdrawal notice, it should send it to the *FCA* as soon as possible.
- (3) A *firm* should give a withdrawal notice in accordance with *SUP 15.7* (Form and method of notification). There is no specified form for the notice.
- 12.15 G See *SYSC 23 Annex 1 11.7G* for more about the effect of withdrawing a notice electing to be an *enhanced scope SMCR firm*.
- 12.16 G If a *firm* notifies the *FCA* in accordance with this Part of this Annex that it intends to revoke its election to be an *enhanced scope SMCR firm* and then changes its mind within a year, it should withdraw its revocation notice under *SYSC 23 Annex 1 12.13R* rather than use the opting-up procedure in *SYSC 23 Annex 1 12.5R*.

Insert the following annex in the appropriate position. The text (which consists of a form) is included in Part Two of Annex Q of this instrument.

23 Annex 2R Form O: Changing firm status under the Senior Managers and Certification Regime

Amend the following as shown.

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.

...

24.2 Allocation of FCA-prescribed senior management responsibilities: Main allocation rules

...

What the FCA-prescribed senior management responsibilities are

...

24.2.6 R Table: FCA-prescribed senior management responsibilities

| FCA-prescribed senior management responsibility | Explanation | Reference letter |
|---|---|-------------------------|
| ... | | |
| <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 (7).</p> | <p>...</p> <p>(4) The Head of Internal Audit function means <u>the head of internal audit function</u> or the <i>PRA's</i> Head of Internal Audit <i>designated senior management function</i>.</p> | <p>(j)</p> |
| ... | | |
| <p>(9) Responsibility for:</p> <p>(a) safeguarding the independence of; and</p> | <p>...</p> | <p>(l)</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>(4) The Chief Risk function means <u>the chief risk officer function</u> or the <i>PRA's Chief Risk designated senior management function</i>.</p> | |
| <p>...</p> | | |
| <p>(11) Responsibility for the <i>firm's</i> compliance with <i>CASS</i></p> | <p>(1) ... (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>: ... (c) <i>CASS 11.3.1R</i> (certain <i>CASS</i> compliance functions for certain <i>CASS small debt management firms</i>); or (d) <i>CASS 11.3.4R</i> (certain <i>CASS</i> compliance functions for a <i>CASS large debt management firm</i>); <u>or</u> (e) <u><i>CASS 13.2.3R</i></u> (certain <i>CASS</i> compliance functions for a <i>firm</i> carrying on a <u><i>regulated claims management activity</i></u>);</p> | <p>(z)</p> |

| | | |
|---|--|--------------|
| | but it does not have to. (3) ... | |
| ... | | |
| (17) ... | ... | ... |
| <p><u>(18) Responsibility for taking reasonable steps to ensure that every person involved in the performance of the firm's internal audit function is independent from the persons who perform external audit, including:</u></p> <p><u>(a) supervision and management of the work of outsourced internal auditors; and</u></p> <p><u>(b) management of potential conflicts of interest between the provision of external audit and internal audit services.</u></p> | <p><u>This only applies if the firm outsources its internal audit function.</u></p> | <u>(j-3)</u> |
| <p><u>(19) Responsibility for:</u></p> <p><u>(a) managing the firm's internal stress tests; and</u></p> <p><u>(b) ensuring the accuracy and timeliness of information provided to the FCA and other regulatory bodies for the purposes of stress testing.</u></p> | <p><u>Stress testing refers to stress testing under SYSC 20 (Reverse stress testing).</u></p> <p><u>This responsibility only applies to a firm to which SYSC 20 applies.</u></p> | <u>(s)</u> |
| <p><u>(20) The responsibilities allocated under COLL 6.6.27R or COLL 8.5.22R (Allocation of responsibility for compliance to an approved person).</u></p> | <p><u>Only applies to a firm to which the rules in column (1) apply.</u></p> | <u>(za)</u> |

| | | |
|---|--|-------------------|
| <p><u>(21) Responsibility for the development and maintenance of the firm’s business model by the governing body.</u></p> | <p><u>Business model means the same thing as it does in Schedule 6 to the Act (Threshold Conditions).</u></p> <p><u>This responsibility applies even if the business model threshold condition does not apply to it.</u></p> | <p><u>(t)</u></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~~ 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

...

Executive or non-executive

...

24.3.3 G (1) ~~The~~ 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~~ SYSC 24.3.3G(1) that would otherwise apply to it.

...

Not assigning too many responsibilities to one person

...

24.3.10 G ...

(2) The *firm* should make the judgement:

...

(d) any other applicable *Handbook* requirements, including:

...

(ii) *SYSC 24.3.7G to SYSC 24.3.9G; and*

(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

...

...

...

24 Which FCA-prescribed senior management responsibilities apply to which **Annex 1** kind of firm

Introduction and exclusions

...

1.3 G ...

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).

...

Insert the following new Parts in *SYSC 24 Annex 1* where indicated. The text is not underlined.

Insurance sector firms

...

- 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 |
|-------------------------------------|------------------------------------|------------------|------------------------|------------------------|------|
| ... | ... | ... | ... | ... | ... |

Solo regulated firms

- 4.1 R (1) The table in SYSC 24 Annex 1 4.2R sets out which *FCA-prescribed senior management responsibilities* apply to which type of *core SMCR firm* and *enhanced scope SMCR firm*.
- (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) Third country 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 | (b) | ✓ | ✓ | ✓ |

| | | | | |
|---|-------|---|---|---|
| under the employee certification regime | | | | |
| <i>Financial crime</i> | (d) | ✓ | ✓ | ✓ |
| <i>COCON</i> | (b-1) | ✓ | ✓ | ✓ |
| <i>Management responsibilities maps</i> | (c) | × | × | ✓ |
| Internal audit oversight | (j) | × | × | ✓ |
| Compliance oversight | (k) | × | × | ✓ |
| Risk oversight | (l) | × | × | ✓ |
| <i>CASS</i> | (z) | ✓ | ✓ | ✓ |
| Independence of outsourced internal audit | (j-3) | × | × | ✓ |
| Business model | (t) | × | × | ✓ |
| Stress tests | (s) | × | × | ✓ |
| Allocation of responsibility for <i>COLL</i> compliance to an approved person | (za) | ✓ | ✓ | ✓ |
| <i>UK</i> risk management | (aa) | × | ✓ | × |
| Compliance with <i>UK</i> regulatory system | (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 4.1R. Therefore:</p> <p>(1) UK core firm (column three) refers to SYSC 24 Annex 1 4.1R(2)(a);</p> <p>(2) Third country core firm (column four) refers to SYSC 24 Annex 1 4.1R(2)(b); and</p> <p>(3) Enhanced scope firm (column five) refers to SYSC 24 Annex 1 4.1R(2)(c).</p> | | | | |

Amend the following as 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 chapter applies to:

- (1) an *SMCR banking firm*; ~~and~~
- (2) an *SMCR insurance firm* that is 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); and
- (3) an enhanced scope SMCR firm;

except to the extent that this chapter applies a narrower scope to a particular provision.

...

25.3 Management responsibilities maps: Exclusion of non-financial services activities for some firms [~~This part has been left blank deliberately~~]

25.3.1 R An enhanced scope SMCR firm may prepare its management responsibilities map so that (subject to SYSC 25.3.2R) it only includes its management and governance arrangements to the extent that they cover, support or otherwise relate to its SMCR financial activities.

25.3.2 R If a firm uses the exclusion in SYSC 25.3.1R it must include sufficient information about the excluded management and governance arrangements to show how the included management and governance arrangements fit in with the firm's management and governance arrangements as a whole.

25.3.3 G Support functions that should be covered by a management responsibilities map despite SYSC 25.3.1R include:

- (1) human resources;
- (2) the firm's information technology; and
- (3) compliance and legal services.

25.3.4 G (1) A firm may have a non-financial services business in addition to carrying on its SMCR financial activities. Its support services may support both aspects of its business and its management responsibilities map may therefore still need to cover the support services even though they also cover the firm's non-financial services business.

- (2) Take for example human resources. If the *firm's* human resources function covers the *firm's* entire workforce without separating the parts that deal with the *firm's* financial services and its other business, the *management responsibilities map* should cover the entire human resources function.
- (3) On the other hand, the *firm* may separate the part of its human resources function that deals with those working in its financial services business from the part that deals with the other part of its business. In that case the *management responsibilities map* may leave out (subject to SYSC 25.3.2R) the part of the human resources function that covers its non-financial services business.

25.4 Guidance about what should be in a management responsibilities map

...

- 25.4.11 G The *executive director function*, the *other local responsibility function*, the *group entity senior manager 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.

...

25.9 Handover procedures and material

Application

...

- 25.9.3 R ~~[This has been left blank deliberately]~~ This section does not apply to a *full-scope UK AIFM* in relation to its *managing an AIF*.

...

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) an *SMCR insurance firm* that is 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 5.2R (*firms* in run-off); and

(3) an enhanced scope SMCR firm;

except to the extent that this chapter applies a narrower scope to a particular provision.

...

Territorial scope

...

26.1.7 R Table: Application of this chapter to a third-country SMCR firm

| Reference in this chapter | Modification |
|---------------------------|---|
| ... | ... |
| chief executive | <i>branch manager or the person performing <u>the head of third country branch function</u> or the PRA's Head of Overseas Branch <i>designated senior management function</i></i> |

26.2 Purpose

26.2.1 G The purpose of this chapter is to ensure, together (in the case of a PRA-*authorised person*) with the equivalent PRA requirements and the requirements about *FCA-prescribed senior management responsibilities* in SYSC 24 (Senior managers and certification regime: Allocation of prescribed responsibilities), that:

...

...

26.4 Exclusions

Exclusions where other requirements apply

26.4.1 R ...

26.4.2 R SYSC 26.3 (Main rules) does not require a ~~firm~~ PRA-*authorised person* to ensure that *SMF managers* have local or overall responsibility for any activity, business area or management function that is:

...

...

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 (in the case of a *PRA-authorised person*) 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 (in the case of a *PRA-authorised person*) the *PRA* equivalent.
- (2) While the disapplication of the *designated senior management function* provided for in *SUP* 10C.3.13R or (in the case of a *PRA-authorised person*) the *PRA* equivalent is still in force the *firm* may allocate the Responsibilities to an *employee* who is not an *SMF manager*.

...

26.4.15 G ...

Exclusion of non-financial services activities

26.4.16 R *SYSC* 26.3 (Main rules) only requires an *enhanced scope SMCR firm* to allocate responsibility for activities, business areas and management functions to the extent that they support, form part of or otherwise relate to its *SMCR financial activities*.

26.4.17 G *SYSC* 25.3.3G and *SYSC* 25.3.4G (Management responsibilities maps: Exclusion of non-financial services activities for some firms) are relevant to when an *enhanced scope SMCR firm* may exclude support services from the allocation of responsibilities under this chapter.

Exclusion for AIFMD

26.4.18 R A *full-scope UK AIFM* may treat *managing an AIF* as not being part of its *SMCR financial activities* for the purposes of this chapter.

...

26.10 Group management arrangements and outsourcing

...

26.10.2 G ...

- 26.10.3 G (1) This chapter does not cover responsibility for an aspect of a *firm's PRA-authorised person'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 one of those *PRA-designated senior management functions* for the *firm PRA-authorised person*, there is no need to appoint that person under this chapter and apply the arrangements in SYSC 26.10.1G.

...

...

26.11 Link between this chapter and other parts of the senior managers regime

...

26.11.3 G ...

Overall responsibility for internal operations

26.11.4 G If a firm does not have anyone who performs the *chief operations function* (or the equivalent *PRA-designated senior management function*) the firm should allocate responsibility for the functions in SUP 10C.6B.4G (The *chief operations function* (SMF24)) among its *SMF managers* under this chapter.

27 Senior managers and certification regime: Certification regime

...

27.2 Requirements of the certification regime

General

...

27.2.2 G SYSC TP 5, ~~and SYSC TP 7~~ and SYSC TP 8 contain transitional material about the certification regime. This includes material about the fact that:

...

...

Fitness to act

...

27.2.8 G ...

- (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 this chapter, the corresponding *PRA* requirements (if the *firm* is a *PRA-authorised person*) and the requirements of the *Act* described in this chapter;

...

...

27.3 Territorial scope

...

27.3.4 G (1) The *Regulated Activities Order* has an effect on the territorial scope of this chapter.

(2) As explained in SYSC 27.7.1R (General requirements), a function is only an *FCA certification function* if it is connected to *regulated activities*.

(3) Therefore where overseas activities are excluded from being *regulated activities* by the *Regulated Activities Order*, that will have an effect on the certification regime.

27.3.5 G (1) An example of SYSC 27.3.4G is the territorial restriction relating to *regulated claims management activities*.

(2) As explained in PERG 2.4A (Link between regulated claims management activities and Great Britain), a claims management activity specified in the *Regulated Activities Order* is only a *regulated activity* if it is carried on by way of business in *Great Britain*.

(3) The result is that a claims management activity specified in the *Regulated Activities Order* carried on outside *Great Britain* is an *unregulated activity* for the purposes of this chapter and the *FCA certification functions*.

(4) This restriction:

(a) applies to the *FCA certification function* in SYSC 27.3.1R(3) as well as to the other *FCA certification functions*; and

(b) applies in addition to the restriction in SYSC 27.3.1R.

...

27.6 Other exclusions

...

27.6.8 R ...

Exclusions: Sole traders

- 27.6.9 G (1) An individual *sole trader* will not themselves be a *certification employee*.
- (2) However members of a *sole trader's* staff may be.
- (3) Therefore the certification regime does not apply to a *sole trader* with no *employees*.

Exclusions: Internally managed AIFs

- 27.6.10 R This chapter does not apply to a *firm* that meets the following conditions:
- (1) it is an *internally managed AIF*;
- (2) it is a *body corporate*; and
- (3) it is not a *collective investment scheme*.

...

27.7 Specification of functions

...

Overlap with designated senior management functions

- 27.7.5 G ...
- (3) ...
- (4) See SYSC 27.8.7AG for an example of this.

27.8 Definitions of the FCA certification functions

CASS oversight function

- 27.8.1 R (1) Each of the following is an *FCA certification function*:
- (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);
- (c) in relation to a *CASS small firm*, the function of acting in the capacity of a *person* who is allocated the function in CASS 1A.3.1R (oversight of operational effectiveness);
- (d) in relation to a *firm* to which CASS 13 (Claims management: client money) applies, the function of acting in the capacity of a *person* who is allocated the function in CASS 13.2.3R (Organisational requirements and responsibility for CASS operational oversight).

...

...

Significant management function

...

27.8.7 G ...

27.8.7A G (1)

An example of SYSC 27.7.5G is that a person performs the significant management *FCA certification function* if:

(a) the person performs a role coming within the definition of one of the following roles:

(i) an *FCA-designated senior management function* described in SUP 10C.6A (Systems and controls functions: Finance, risk and internal audit); or

(ii) the *chief operations function*; and

(b) that *FCA-designated senior management function* does not apply to the *firm*.

(2) For example, if a *core SMCR firm* has a chief risk officer, the chief risk officer will not be performing the *chief risk officer function* because the *chief risk officer function* does not apply to *core SMCR firms*. Instead that person will perform the significant management *FCA certification function*.

(3) (2) does not apply if the chief risk officer performs that role as part of their job as an executive director. The *executive director function* applies to *core SMCR firms* and so that person will be performing the

executive director function rather than the significant management FCA certification function.

...

Material risk takers

...

27.8.15 R Table: Definition of material risk taker

| <u>Type of SMCR firm</u> | <u>Employees included</u> |
|---|---|
| ... | |
| (3) ... | |
| <u>(4) A firm falling within SYSC 19A.1 (application provisions for the remuneration code for IFPRU investment firms)</u> | <u>Each member of the Remuneration Code staff of the firm in column (1).</u> |
| <u>(5) A firm that would fall within SYSC 19A.1 if it applied to an incoming EEA firm</u> <u>For these purposes subparagraphs (i) and (ii) in SYSC 19A.1.1R(1)(d) (application of the Remuneration Code) do not apply.</u> | <u>In relation to a firm in column (1), the definition of Remuneration Code staff is extended so that it includes employees of this kind of firm in the same way as it includes employees of an overseas firm in row (4) of this table.</u> |
| <u>(6) A firm falling within SYSC 19B.1 (application provisions for the remuneration code for a full-scope UK AIFM)</u> | <u>Each member of the AIFM Remuneration Code staff of the firm in column (1).</u> |
| <u>(7) An above-threshold non-EEA AIFM or an incoming EEA AIFM</u> | <u>In relation to a firm in column (1), the definition of AIFM Remuneration Code staff is extended so that it includes employees of this kind of firm in the same way as it includes employees of firms in row (6) of this table.</u> |
| <u>(8) A firm falling within SYSC 19C.1 (application provisions for remuneration code for BIPRU firms)</u> | <u>Each member of the BIPRU Remuneration Code staff of the firm in column (1).</u> |

| | |
|--|---|
| <u>(9) A firm that would fall within SYSC 19C.1 if it applied to an incoming EEA firm or an incoming Treaty firm</u> | In relation to a firm in column (1), the definition of <i>BIPRU Remuneration Code staff</i> is extended so that it includes <i>employees</i> of this kind of firm in the same way as it includes <i>employees of a third country BIPRU firm</i> in column (1) of row (8) of this table. |
| <u>(10) A firm falling within SYSC 19E.1 (application provisions for remuneration code for UCITS management companies)</u> | Each member of the <i>UCITS Remuneration Code staff</i> of the firm in column (1). |
| <u>(11) An EEA UCITS management company</u> | In relation to a firm in column (1), the definition of <i>UCITS Remuneration Code staff</i> is extended so that it includes <i>employees</i> of this kind of firm in the same way as it includes <i>employees of firms</i> in row (10) of this table. |

...

TP 7 Bank of England and Financial Services Act 2016: Certification and regulatory references

7.1 Application and purpose

...

7.1.2 R Table: Application of SYSC TP 7

| Type of firm | Parts of SYSC TP 7 that apply |
|---|--|
| An <i>SMCR insurance firm</i> except one in the following row | All applies <u>except SYSC TP 7.7</u> |
| An <i>SMCR insurance firm</i> that is a <i>Solvency II firm</i> (including a <i>large non-directive insurer</i>) | All applies except as follows: ... (3) ... (4) <u>SYSC TP 7.7 does not apply.</u> |

| | |
|--|---|
| <u>A core SMCR firm, an enhanced scope SMCR firm and a limited scope SMCR firm</u> | All applies, subject to the adjustments in <i>SYSC TP 8 (Bank of England and Financial Services Act 2016: Application to claims management companies)</i> . |
| <u>A firm in SYSC TP 7.4.8R</u> | Does not apply, except as follows. <u>SYSC TP 7.4.6R, SYSC TP 7.4.7G, SYSC TP 7.4.8R and SYSC TP 7.6 apply.</u> |
| All other <i>firms</i> | Does not apply, except as follows. SYSC TP 7.4.6R, SYSC TP 7.4.7G, SYSC TP 7.6 <u>apply applies.</u> ... |

7.1.3 G SYSC TP 7:

- (1) explains how the certification regime described in *SYSC 27* applies during the **certification transitional period periods** described in *SYSC TP 7.2.1G*;
- (2) has certain transitional provisions dealing with *SYSC 22* (Regulatory references) and with benchmark activities; ~~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 and the Individual Accountability (FCA-Authorised Firms) Instrument 2019; and
- (4) is adjusted and supplemented by SYSC TP 8 in relation to certain claims management firms.

7.1.4 G (1) The main time period for which *SYSC TP 7* operates is 2018 to ~~2019~~ 2020.

...

...

7.1.6 R Table: glossary of bespoke terms used in *SYSC TP 7*

| Part One: General | |
|-------------------------|---|
| Defined term | Meaning |
| <u>commencement SIs</u> | <u>the insurance firms commencement SI and the solo firms commencement SI</u> |

| | |
|--|---|
| insurance firms commencement SI | ... |
| <u>solo firms commencement SI</u> | <u>The Bank of England and Financial Services Act 2016 (Commencement No. 6 and Transitional Provisions) Regulations 2019 (SI 1136/2019)</u> |

| Part Two: Dates | | |
|---|---|---|
| (1) Defined term | (2) Meaning: <u>Insurers</u> | (3) Meaning: <u>Others</u> |
| certification transitional period | ... | the one-year period beginning on the general commencement date and ending on 9 December 2020 (as referred to in regulation 2(6) of the solo firms commencement SI) |
| general commencement date | ... | 9 December 2019 (as referred to in regulation 2(4) of the solo firms commencement SI) |
| Note (1): Column (2) (Insurers) applies to an <i>SMCR insurance firm</i> (to the extent that <i>SYSC TP 7</i> applies to such <i>firms</i>). | | |
| Note (2): Column (3) (Others) applies to a <i>core SMCR firm</i> , an <i>enhanced scope SMCR firm</i> and a <i>limited scope SMCR firm</i> . | | |

7.2 Certification: The certification transitional period

- 7.2.1 G Under the **insurance firms commencement SIs**, 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**.

...

7.4 Transitional provisions about regulatory references

...

- 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 or *SUP* TP 11A.7 (In-flight applications: Conversion); or
- (2) is made under *SUP* TP 11.15 or *SUP* TP 11A.15 (Applications of approved persons to take effect from the commencement date).

...

7.4.7 G ...

- 7.4.8 R (1) *SYSC* 22 (Regulatory references) applies to a *firm* that is excluded from being an *SMCR firm* by *SYSC* 23 Annex 1 3.7R (benchmark *firms*) as it applies to an *SMCR firm*.
- (2) However, the provisions listed in *SYSC* 22.8.4R do not apply.

...

7.6.2 G ...

7.7 **Qualification conditions for FCA-authorized firms**

Firm classification: Effect of pre-commencement events

- 7.7.1 R If a *firm* is treated as a *core SMCR firm*, an *enhanced scope SMCR firm* or a *limited scope SMCR firm* immediately before the **general commencement date** for the purposes of *SUP* TP 11A (Bank of England and Financial Services Act 2016: Approved persons in solo-regulated firms) it retains that status after the **general commencement date** unless and until it changes under *SYSC* 23 Annex 1 (Definition of *SMCR firm* and different types of *SMCR firms*).
- 7.7.2 G For example if before the **general commencement date** a *firm* has opted up to be an *enhanced scope SMCR firm* it remains an *enhanced scope SMCR firm* after the **general commencement date**. It may then elect to cease being an *enhanced scope SMCR firm* using a Form O under the procedure in *SYSC* 23 Annex 1 unless it also meets one of the other qualifications for being an *enhanced scope SMCR firm*.
- 7.7.3 G A calculation period, an averaging period or a reporting period as referred to in Part Eight of *SYSC* 23 Annex 1 (Part Eight: Financial qualification condition for being an *enhanced scope SMCR firm*) may begin or end before the **general commencement date**.

Financial qualification conditions for enhanced scope *SMCR firms*

- 7.7.4 R (1) This rule applies to a *firm* that:

- (a) does not meet one of the qualification conditions for being an enhanced scope SMCR firm in Part 8 of SYSC 23 Annex 1 (Financial qualification condition for being an enhanced scope SMCR firm) at the date in SUP TP 11A.23.3R(2) (Deciding which category a firm is in); but
- (b) meets it between that date and the **general commencement date**.
- (2) The one-year period referred to in Part 10 of SYSC 23 Annex 1 (When a firm becomes an enhanced scope SMCR firm) begins on the date the *firm* met that qualification condition, even though that date is before the **general commencement date**.
- 7.7.5 G The situation in SYSC TP 7.7.4R may apply to a *firm* because, for example, its accounting reference date falls between the date in SUP TP 11A.23.3R(2) and the **general commencement date**.

Consumer credit reporting

- 7.7.6 G (1) SYSC 23 Annex 1 8.15R deals with cases in which the period in relation to which the financial calculations are made to test whether a *firm* meets one of the financial qualification conditions for being an enhanced scope SMCR firm is adjusted because the relevant reporting requirements did not apply for the whole period. SYSC 23 Annex 1 8.16G gives examples of why this may happen.
- (2) One example in SYSC 23 Annex 1 8.16G is that the relevant reporting requirements have not existed for the whole of the period. A particular example of this is consumer credit reporting requirements. At the time the financial qualification conditions for being an enhanced scope SMCR firm first came into force in 2019, the relevant reporting requirements had not existed for a full three years.

After SYSC TP 7 (Bank of England and Financial Services Act 2016: Certification and regulatory references) insert the following new SYSC TP 8. The text is not underlined.

TP 8 Bank of England and Financial Services Act 2016: Application to claims management companies

8.1 Application, purpose and definitions

- 8.1.1 R Subject to SYSC TP 8.1.2R, SYSC TP 8 applies to a *firm* if it met the following conditions on the **general solo firms' commencement date**:

- (1) the only *regulated activities* in its *permission* were *regulated claims management activities*;
- (2) it still had a *claims management temporary permission*; and
- (3) it would have been an *SMCR firm* but for SYSC TP 8.2.1R.
- 8.1.2 R SYSC TP 8.1.1R does not apply to SYSC TP 8.6.1R. Instead, SYSC TP 8.6.1R sets out the *firms* to which it applies.
- 8.1.3 G SYSC TP 8:
- (1) deals with the application of certain aspects of the senior managers and certification regime to claims management *firms* brought into regulation under the *Act* by the *Claims Management Order* in April 2019;
- (2) explains how the transitional provisions in SYSC TP 7 (Bank of England and Financial Services Act 2016: Certification and regulatory references) are amended for certain claims management *firms*;
- (3) in particular, describes a transition period (the **individual transitional period**) that applies for the purposes of the certification regime in place of the one described in SYSC TP 7; and
- (4) has certain other transitional provisions relating to the application of the senior managers and certification regime to claims management *firms*.
- 8.1.4 R The terms in the first column of the table in SYSC TP 8.1.5R, where they appear in bold in SYSC TP 8, have the meaning in the corresponding row of column 2 for the purposes of SYSC TP 8.
- 8.1.5 R Table: glossary of bespoke terms used in SYSC TP 8

| Part One: General | |
|--|---|
| Defined term | Meaning |
| general solo firms' commencement date | 9 December 2019 |
| individual transitional period | the one-year period referred to in regulation 3(2) of the solo-regulated firms' commencement SI . If a <i>firm's permission</i> is varied to include <i>regulated activities</i> in addition to <i>regulated claims management activities</i> , it means the shorter period (if any) provided for |

| | |
|--|--|
| | by regulations 3(2) and 3(3) of the solo-regulated firms' commencement SI . |
| solo-regulated firms' commencement SI | The Bank of England and Financial Services Act 2016 (Commencement No. 6 and Transitional Provisions) Regulations 2019 (SI 1136/2019) |

8.2 Exclusion from the SMCR

- 8.2.1 R A *firm* is not an *SMCR firm* (and is included in Part Three of SYSC 23 Annex 1 (Definition of exempt firm)) for as long as:
- (1) the only *regulated activities* in its *permission* are *regulated claims management activities*; and
 - (2) it only has a *claims management temporary permission*.

8.3 Transitional period for certification for claims management firms

- 8.3.1 G The effect of the **solo-regulated firms' commencement SI** is that 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 during its **individual transitional period**.
- 8.3.2 G (1) A *firm's individual transitional period* is the period that:
- (a) begins on (and includes) the date on which the *firm's claims management temporary permission* comes to an end under the *Claims Management Order* and the *firm's* full authorisation for *regulated claims management activities* comes into effect; and
 - (b) ends on (and excludes) the day falling one year later.
- (2) If other activities are included in a *firm's permission* part of the way through the one-year period in (1), its **individual transitional period** ends at once.
- (3) If other activities are included in a *firm's permission* before it receives full authorisation for its *regulated claims management activities*, the transitional arrangements described in SYSC TP 8 do not apply and the *firm* will have no **individual transitional period**. However, the transitional arrangements in SYSC TP 7 (Bank of England and Financial Services Act 2016: Certification and regulatory references) will still apply if it is authorised before 9 December 2020.

- 8.3.3 R During a *firm's individual transitional period* the definition of “*certification employee*” is amended to mean an employee (as defined in section 63E of the *Act*) of the *firm* who performs a *certification function* under an arrangement entered into by the *firm* in relation to the carrying on by the *firm* of a *regulated activity*, even though the obligation of the *SMCR firm* to issue a certificate under section 63F of the *Act* does not yet apply to the *firm*.

8.4 Application of SYSC TP 7

- 8.4.1 R SYSC TP 7 (Bank of England and Financial Services Act 2016: Certification and regulatory references) applies to a *firm* with the adjustments set out in this section.
- 8.4.2 R A reference in SYSC TP 7 to the “certification transitional period” is a reference to a *firm's individual transitional period*.
- 8.4.3 R (1) A reference in SYSC TP 7 to the “general commencement date” is a reference to the start of a *firm's individual transitional period*, except in the following provisions:
- (a) SYSC TP 7.4.6R (Giving references); and
 - (b) SYSC TP 7.4.7G (Form of references).
- (2) The definition of “general commencement date” is unchanged in the provisions listed in (1)(a) and (b).
- 8.4.4 G SYSC TP 8.3.1G applies in place of SYSC TP 7.2.1G (Certification: The certification transitional period).
- 8.4.5 G SYSC TP 7.4.8R (Transitional provisions about regulatory references) and SYSC TP 7.5 (Transitional provisions about benchmarks and the certification regime) are not relevant.
- 8.4.6 G SYSC TP 7.7 (Qualification conditions for FCA-authorized firms) is not relevant as it covers *firms* that are *SMCR firms* on the **general solo firms' commencement date**.

8.5 Additional material about regulatory references

- 8.5.1 R The provisions of SYSC 22 (Regulatory references), except those listed in SYSC 22.8.4R, apply to a *firm* excluded from being an *SMCR firm* by SYSC TP 8.2.1R as they apply to an *SMCR firm*.

Annex D

Amendments to the Code of Conduct sourcebook (COCON)

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

Part 1: Comes into force 26 July 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>(A) This row (6) does not apply to an <i>employee</i> of an <i>SMCR firm</i> who only performs functions falling within the scope of the following roles:</p> <p>...</p> <p>(o) <u>taking part in following activities of the <i>firm</i>:</u></p> <p><u>(i) the <i>firm</i>'s activities as a data controllers or processors controller; or</u></p> <p><u>(ii) the <i>firm</i>'s activities of data processing;</u></p> <p><u>under as defined in the <i>data protection legislation</i>, but subject to Note (1) of this table;</u></p> <p>...</p> |
| | ... |
| (8) ... | |

Note (1): A function is only within paragraph (o) of column (2) (Comments) of row (6) of this table if the function does not require the *employee* concerned to exercise a significant amount of discretion or judgment.

...

Part 2: Comes into force 9 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) ... | ... (B) ... <u>(C) This row (6) also does not apply to an <i>employee</i> of an <i>SMCR firm</i> that is an <i>FCA-authorised person</i> until 9 December 2020.</u> |
| | ... |

...

Where does it apply?

...

1.1.11A G ...

1.1.11B G (1) The *Regulated Activities Order* has an effect on the territorial scope of *COCON*.

(2) This is because whether or not conduct involves *regulated activities* may affect how and whether *COCON* applies. Therefore where

overseas activities are excluded from being *regulated activities* by the *Regulated Activities Order*, that will have an effect on *COCON*.

- (3) An example of (1) is the territorial restriction relating to *regulated claims management activities*.
- (4) As explained in *PERG 2.4A (Link between regulated claims management activities and Great Britain)*, a claims management activity specified in the *Regulated Activities Order* is only a *regulated activity* if it is carried on by way of business in *Great Britain*.
- (5) The result is that a claims management activity specified in the *Regulated Activities Order* carried on outside *Great Britain* is an *unregulated activity* for the purposes of *COCON*.
- (6) This restriction:
- (a) applies to *conduct rules staff* coming within *COCON 1.1.9R* as well as to other *conduct rules staff*; and
- (b) applies in addition to the restriction in *COCON 1.1.10R*.

...

4 Specific guidance on individual conduct rules

...

4.2 Specific guidance on senior manager conduct rules

...

4.2.16 G The following is a non-exhaustive list of examples of conduct that would be in breach of *rule SC2*.

...

- (8) For a *senior conduct rules staff member* who is responsible for the compliance function, failing to ensure that:

...

- (e) the method of determining the remuneration complies, where applicable, with the *Remuneration Code* or, for a *Solvency II firm* or a *small non-directive insurer*, other relevant requirements in relation to remuneration, as well as those remuneration codes applicable to *firms* as set out in *SYSC 19B – 19E*.

...

Insert the following new transitional provisions after COCON 4 (Specific guidance on individual contact rules). The text is not underlined.

TP 1 Transitional provisions: Miscellaneous

| (1) | (2) Material to which the transitional provision applies | (3) | (4) Transitional provision | (5) Transitional provision: dates in force | (6) Handbook provision coming into force |
|-----|---|-----|---|--|--|
| 1 | Row (6) of the table in COCON 1.1.2R (Table: To whom does COCON apply?) | R | Row (6) does not apply to an <i>employee</i> of an <i>SMCR firm</i> in SYSC TP 8.1.1R (Application, purpose and definitions). | During the <i>firm's</i> individual transitional period (as defined in SYSC TP 8.1.5R (Table: glossary of bespoke terms used in SYSC TP 8)). | The <i>rule</i> in column (2) applies from the end of the <i>firm's</i> individual transitional period (as defined in column (5)). |
| 2 | Row (6) of the table in COCON 1.1.2R (Table: To whom does COCON apply?) | G | The effect of COCON TP 1.1R is that an <i>employee</i> described in column (1) of row (6) of the table in that <i>rule</i> is not subject to COCON during the <i>firm's</i> individual transitional period. If the <i>firm</i> does not have an individual transitional period (see SYSC TP 8.3.2G(3)), COCON TP 1.1R does not apply. | As stated in COCON TP 1.1R. | As stated in COCON TP 1.1R. |

Part 3: Comes into force 9 December 2020

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) Any <i>employee</i> of an <i>SMCR firm</i> not coming within another row of this table, except one listed in column (2) of this table. | <p>...</p> <p>(C) This row (6) also does not apply to an <i>employee</i> of an <i>SMCR firm</i> that is an <i>FCA authorised person</i> until 9 December 2020.</p> |
| ... | |

...

Annex E

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.

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 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).~~*

...

4 Code of Practice for Approved Persons: specific

...

4.5 Statement of Principle 5

...

- 4.5.2 G In the opinion of the FCA, conduct of the type described in APER 4.5.3G, APER 4.5.4G, ~~APER 4.5.6G~~ or APER 4.5.8G does not comply with *Statement of Principle 5*.

...

- 4.5.6 G ~~In the case of an approved person who is responsible under SYSC 4.4.5R(1) for dealing with the appointment of responsibilities under 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. [deleted]~~

- 4.5.7 G Behaviour of the type referred to in ~~APER 4.5.6G~~ includes, but is not limited to:

- (1) ~~failing to review regularly the significant responsibilities which the *firm* is required to apportion;~~
- (2) ~~failing to act where that review shows that those significant responsibilities have not been clearly apportioned. [deleted]~~

...

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 4.4.5R(2)*, with overseeing the *firm's* obligation under *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 6.3.9R* falls within *APER 4.7.2G*. [deleted]~~
- 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*: [deleted]~~
- (1) ~~[deleted]~~
 - (2) ~~*SYSC 6.1.4R*; 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*); or~~
 - (4) ~~*SYSC 6.1.4AR*.~~
- ...
- 4.7.11A G ~~Where the *approved person* is a *proprietary trader* under *SUP 10A.9.10R*, failing to maintain and comply with appropriate systems and controls in relation to that activity falls within *APER 4.7.2G*. [deleted]~~

...

Annex F

Amendments to the Fit and Proper test for Employees and Senior Personnel sourcebook (FIT)

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

1 General

1.1 Application and purpose

1.1.1 G *FIT* applies to:

...

(6) a *certification employee* performing an *FCA certification function*; ~~and~~

(7) a *person* whom an *SMCR firm* is proposing to certify to perform an *FCA certification function*; and

(8) a *board director* as set out in *FIT* 1.1.2(e).

1.1.2 G The purpose of *FIT* is to set out and describe the criteria that:

(1) an *SMCR firm* should consider when:

...

(c) assessing the fitness and propriety of a *person* whom the *firm* is proposing to certify to perform an *FCA certification function*; ~~and~~

(d) assessing the continuing fitness and propriety of a *person* whom the *firm* has certified to perform an *FCA certification function*; and

(e) (in the case an *FCA-authorised person* that is not a *limited scope SMCR firm*) assessing the fitness of a *non-SMF board director subject to competence requirements under the competent employees rule, any directly applicable EU legislation or any other requirement of the regulatory system.*

...

...

Annex G

Amendments to the Prudential sourcebook for Investment Firms (IFPRU)

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

4 **Credit risk**

...

4.3 **Guidance on internal ratings based approach: high level material**

...

Corporate governance

4.3.8 G ...

- (2) The *FCA* expects an appropriate individual in a ~~*significant influence function*~~ *designated senior management function* role to provide to the *FCA* on an annual basis written attestation that the rating system permissions required by the *EU CRR* have been carried out appropriately.

[**Note:** see articles 189 and 20(6) of the *EU CRR* and article 3(1)(7) of *CRD*]

...

Annex H

Amendments to the Client Assets sourcebook (CASS)

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

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 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. [deleted]~~

...

1A.3.1-A G The material in CASS 1A.3.1BG about how CASS 1A.3 fits into the FCA senior managers and certification regime for 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 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).~~

...

The ~~approved persons~~ senior managers regime and the 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. This paragraph CASS 1A.3.1BG describes how CASS 1A.3.1AR applies to SMCR firms.~~

- (b) ~~The CASS operational oversight function does not apply to an SMCR firm. For an SMCR firm, the~~ 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*.

...

...

- 1A.3.1C R ~~If, at the time a firm that is not an SMCR firm becomes a CASS medium firm or a CASS large firm in accordance with CASS 1A.2.12R(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:~~
- ~~(1) take the necessary steps to ensure that it complies with CASS 1A.3.1AR as soon as practicable, which must at least include submitting an application for a candidate in respect of the CASS operational oversight function within 30 business days of the firm becoming a CASS medium firm or a CASS large firm; and~~
 - ~~(2) until such time as it is able to comply with CASS 1A.3.1AR, allocate to a director or senior manager performing a senior management function responsibility for:~~
 - ~~(a) oversight of the firm's operational compliance with CASS;~~
 - ~~(b) reporting to the firm's governing body in respect of that oversight; and~~
 - ~~(c) completing and submitting the CMAR to the FCA in accordance with SUP 16.14. [deleted]~~
- 1A.3.1D G
- ~~(1) CASS 1A.3.1CR provides a grace period for a firm that is not 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 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 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. However, if the firm wishes to allocate the function to someone as described in CASS 1A.3.1BG(2)(d), it will need to get FCA approval before the firm appoints them.~~

- (5) If the function is to be carried out by a *certification employee*:
- (a) ~~FCA approval is not needed because performance of a role that falls into the certification regime does not require FCA approval;~~
- (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~~
- (ii) ~~give the function to a suitable approved person pending issue of the certificate. [deleted]~~

...

- 1A.3.3 R (1) Subject to (2), a *firm* must make and retain an appropriate record of the *person* to whom responsibility is allocated in accordance with CASS 1A.3.1R, or CASS 1A.3.1AR ~~or CASS 1A.3.1CR(2)~~.

...

...

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 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*. [deleted]~~

...

CASS small debt management firm that is a not-for-profit debt advice body

- 11.3.2 R ...

- 11.3.2A G (1) CASS 11.3.3G(5) to (11) do not apply to a CASS small debt management firm that is a not-for-profit debt advice body. This is because neither SYSC 24 (Senior managers and certification regime: Allocation of prescribed responsibilities) nor SYSC 26 (Senior managers and certification regime: Overall and local responsibility) apply to it.

- (2) It will not have any SMF managers as no designated senior management functions apply to it.
- (3) The function in CASS 11.3.2R is not a separate FCA certification function and 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).

CASS large debt management ~~firms~~ firm: the CASS operational oversight function (CF10a)

- 11.3.3 G
- (1) ~~CASS 11.3.4R describes the FCA controlled function known as the CASS operational and oversight function (CF10a) in relation to CASS large debt management firms, including not-for-profit debt advice bodies. [deleted]~~
 - (2) As a consequence of CASS 11.3.4R ~~(in conjunction with SUP 10A.4.1R and SUP 10A.7.10R)~~, in a CASS large debt management firm (including a not-for-profit debt advice body fitting into that category) the function described in CASS 11.3.4R is required to be discharged by a director or senior manager.
 - (3) ~~In the case of a firm that is not 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). [deleted]~~
 - (4) ~~However, the CASS operational oversight function does not apply to an SMCR firm. [deleted]~~
 - ...
 - (11)
 - ...
 - (d) ...
 - (e) A not-for-profit debt advice body will not have any SMF managers as no controlled functions apply to it.

...

- 11.3.5 R
- ~~If, at the time a CASS debt management firm that is not 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:~~
- (1) take the necessary steps to ensure that it complies with CASS 11.3.4R as soon as practicable, which must at least include

submitting an application for a candidate in respect of the *CASS operational oversight function* within 30 business days of the firm becoming a *CASS large debt management firm*; and

- (2) ~~until such time as it is able to comply with CASS 11.3.4R, allocate to a director or senior manager performing a significant influence function responsibility for:~~
 - (a) ~~oversight of the firm's operational compliance with CASS;~~
 - (b) ~~reporting to the firm's governing body in respect of that oversight; and~~
 - (c) ~~completing and submitting the CMAR to the FCA in accordance with SUP 16.14. [deleted]~~

- 11.3.5A G
- (1) ~~CASS 11.3.5R provides a grace period for a firm that is not 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 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 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. However, if the firm wishes to allocate the function to someone as described in CASS 11.3.3G(8), it will need to get FCA approval before the firm appoints them.~~
 - (5) ~~If the function is to be carried out by a certification employee:~~
 - (a) ~~FCA approval is not needed because performance of a role that falls into the certification regime does not require FCA approval;~~
 - (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~~
 - (ii) ~~give the function to a suitable approved person pending issue of the certificate. [deleted]~~

...

13 Claims management: client money

...

13.2 Organisational requirements and responsibility for CASS operational oversight

...

13.2.4 R ...

- 13.2.5 **G** (1) This paragraph CASS 13.2.5G explains how CASS 13.2.3R fits into the senior managers and certification regime. This paragraph does not deal with a *firm* that is a *PRA-authorised person*.
- (2) The senior managers and certification regime is summarised in SYSC 23.3 (Overview of the senior managers and certification regime).
- (3) The function in CASS 13.2.3R is not a separate *controlled function* and performing that function does not require approval as an *approved person*.
- (4) There are three elements of the senior managers and certification regime that are particularly relevant to CASS 13.2.3R, 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) (a) This paragraph (5) explains how CASS 13.2.3R applies to a *limited scope SMCR firm*. Most *firms* carrying on a *regulated claims management activity* will be *limited scope SMCR firms*.
- (b) Neither SYSC 24 nor SYSC 26 applies to a *limited scope SMCR firm*.
- (c) The *firm* may choose to allocate the function in CASS 13.2.3R to an *SMF manager*.

- (d) The *firm* may instead choose to allocate the function in CASS 13.2.3R to someone who is not an *SMF manager*.
- (e) Where (d) applies, the *person* performing the function in CASS 13.2.3R will fall into the certification regime. The function in CASS 13.2.3R will be the *CASS oversight FCA certification function* in SYSC 27.8.1R.
- (6) (a) This paragraph (6) explains how CASS 13.2.3R applies to a *core SMCR firm*.
- (b) SYSC 24 applies to a *core SMCR firm* but SYSC 26 does not.
- (c) The *firm* must allocate responsibility for the *firm's* compliance with CASS to one of its *SMF managers* (see 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.
- (d) Although the CASS function in SYSC 24.2.1R is different from the function in CASS 13.2.3R, the *firm* may allocate the function in CASS 13.2.3R to the *SMF manager* in CASS 13.2.5G(6)(c).
- (e) The *firm* may choose to allocate the function in CASS 13.2.3R to someone who is not an *SMF manager*. If so:
- (i) that *person* will be subject to the 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 (c); and
- (iii) the function in CASS 13.2.3R will be the *CASS oversight FCA certification function* in SYSC 27.8.1R.
- (7) (a) This paragraph (7) explains how CASS 13.2.3R applies to an *enhanced scope SMCR firm*.
- (b) Both SYSC 24 and SYSC 26 apply to an *enhanced scope SMCR firm*.
- (c) CASS 13.2.5G(6) applies to an *enhanced scope SMCR firm*.
- (d) In addition, the *firm* may allocate the *CASS FCA-prescribed senior management responsibility* to an *SMF manager* who does not perform any other function coming within the *FCA regime for 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*.

- (8) A firm may only give the function in CASS 13.2.3R to a *director* or *senior manager*. It is likely that an *SMF manager* will satisfy this condition. If the *firm* wants to give the function to someone else, it should make sure that it meets the requirements of CASS 13.2.3R as well as of the senior managers and certification regime.

...

Annex I**Amendments to the Claims Management: Conduct of Business sourcebook (CMCOB)**

In this Annex, underlining indicates new text.

8 Requirements for firms with temporary permission for regulated claims management activities**8.1 Application and purpose**

...

Table: Disapplied or modified modules or provisions of the Handbook

8.1.4 R ...

8.1.5 G SYSC TP 8.2.1R says that a firm with a claims management temporary permission is not an SMCR firm.

Annex J

Amendments to the Supervision manual (SUP)

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

Part 1: Comes into force 26 July 2019

10C FCA senior managers regime for approved persons in SMCR firms

...

10C.7 Other overall responsibility function (SMF18)

...

10C.7.5 R ...

Head of the legal function

10C.7.6 R A person does not perform the other overall responsibility function by having overall responsibility for the SMCR legal function under SYSC 26.3.

10C.7.7 G (1) The purpose of SUP 10C.7.6R (together with SYSC 26.4.9R(2)) is to ensure that a firm can allocate overall responsibility for its legal function to someone who is not an SMF manager. That means that the head of its legal function need not be an SMF manager.

(2) However, that does not mean that the head of a firm's legal function cannot be an SMF manager. For example, they could be an executive director performing the executive director function.

10C.8 The other local responsibility function (SMF22)

...

10C.8.8 R ...

Head of the legal function

10C.8.9 R A person does not perform the other local responsibility function by having local responsibility for the SMCR legal function under SYSC 26.3.

10C.8.10 G The guidance in SUP 10C.7.7G also applies to SUP 10C.8.9R.

...

10C.11 Statements of responsibilities

...

Ceasing to carry on some functions

10C.11.12 R ...

(2) Where the ~~change matter~~ to be notified to the *FCA* ~~meets the conditions in SUP 10C.11.7D(3)(a) and (b);~~ under (1) 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* that involves sending a *statement of responsibilities* for that *FCA-approved SMF manager* in relation to the same *firm* to the *PRA*; but

(b) the firm is not required to give any other notice or make any application about the *FCA-approved SMF manager* under this chapter directly to the *FCA*;

the *firm* must provide the revised *statement of responsibilities* to the *FCA* by including it with the application or notice to the *PRA*.

...

10C.14 Changes to an FCA-approved person's details

...

Notifications about fitness, disciplinary action and breaches of COCON

10C.14.18 R ...

(2) This *rule* does not apply to anything required to be notified under *SUP 10C.14.5R (Form C)* or *SUP 10C.14.7R (Qualified Form C)*.

...

10C Annex 1 What functions apply to what type of firm

Part One: Introduction

...

1.3 G ...

- (3) Another reason would be if the *rules* defining the *FCA controlled function* refer to a *rule* elsewhere in the *FCA Handbook* and the latter only applies to certain types of *firm*. For example, SYSC 1 Annex 1 (Detailed application of SYSC) cuts back the application of some of the *FCA required functions*.

...

...

TP 11 Bank of England and Financial Services Act 2016: Approved persons in insurers

...

11.2 Conversion of existing approvals

...

11.2.12 G ...

11.2.13 R The notes to the tables in SUP TP 7.2.3R and SUP TP 8.2.3R continue to apply after the commencement date to the FCA-designated senior management function that corresponds to the pre-implementation controlled function to which those notes apply.

11.2.14 G SUP TP 7.2.3R and SUP TP 8.2.3R deal with the absorption of certain FCA controlled functions into PRA controlled functions. SUP TP 11.2.13R allows those arrangements to continue after the commencement date so that the SMF manager continues to be treated as not performing an FCA controlled function.

...

After SUP TP 11 (Bank of England and Financial Services Act 2016: Approved persons in insurers) insert a new SUP TP 11A. The text is not underlined.

TP 11A Bank of England and Financial Services Act 2016: Approved persons in solo-regulated firms

11A.1 Application, purpose and definitions

11A.1.1 R (1) SUP TP 11A applies to **solo-regulated SMCR firms**.

(2) SUP TP 11A.15 applies to every *firm*.

11A.1.2 G (1) SUP TP 11A has transitional provisions relating to the introduction of the senior managers and certification regime for *FCA-authorised persons* by Part 2 of the Bank of England and Financial Services Act

2016 and the Individual Accountability (FCA-Authorised Firms) Instrument 2019.

- (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*.
- 11A.1.3 G (1) The main time period for which *SUP* TP 11A operates is 2019.
- (2) There are transitional provisions that can apply beyond that period. They are based on events occurring during that period.
- 11A.1.4 G Most of *SUP* TP 11A relates *SUP* 10C.
- 11A.1.5 R The terms in the first column of the table in *SUP* TP 11A.1.5R, where they appear in bold in *SUP* TP 11A, have the meanings in the corresponding entry in column 2 for the purposes of *SUP* TP 11A.

| 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 . |
| claims management firm | a <i>firm</i> whose <i>permission</i> includes <i>regulated claims management activities</i> . |
| 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</i> TP 11A.2.1R. |
| 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</i> TP 11A.2.1R |
| core SMCR firm, enhanced scope SMCR firm, limited scope SMCR firm, overseas SMCR firm | have the meaning set out in the amendments to the <i>Glossary</i> to be made by the Individual Accountability (FCA-Authorised Firms) Instrument 2019). This is subject to <i>SUP</i> TP 11A.23. |

| | | |
|---|---|--|
| 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 11A.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 11A.10.1R</i> ; or |
| | (2) | (if the <i>firm</i> has updated a notification in (1) under <i>SUP TP 11A.6</i> or <i>SUP TP 11A.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 11A.12</i> , including under <i>SUP TP 11A.12</i> as applied by <i>SUP TP 11A.19</i> . | |
| potentially convertible | has the meaning in <i>SUP TP 11A.2.3R</i> . | |
| 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). | |
| pure claims management firm | a claims management firm whose <i>permission</i> only covers <i>regulated claims management activities</i> . | |
| solo-regulated SMCR firm | a core SMCR firm , an enhanced scope SMCR firm or a limited scope SMCR firm | |

| | |
|---|---|
| solo-regulated firms commencement SI | the Bank of England and Financial Services Act 2016 (Commencement No. 6 and Transitional Provisions) Regulations 2019 (SI 1136/2019). |
| statement of responsibilities | <p>in relation to a <i>firm</i> and a <i>person</i> (AP) and in relation to:</p> <ol style="list-style-type: none"> (1) an <i>FCA-designated senior management function</i> for the performance of which by AP the <i>firm</i> has approval under SUP TP 11A.2; (2) an <i>FCA-designated senior management function</i> for the approval for the performance of which by AP the <i>firm</i> is treated as having applied under SUP TP 11A.7; or (3) an <i>FCA-designated senior management function</i> for the performance of which by AP the <i>firm</i> believes it will have approval as referred to in SUP TP 11A.5 or SUP TP 11A.6; <p>a statement setting out the aspects of the affairs of the <i>firm</i> for which AP is responsible or, as the case may be, for which it is intended that AP will be responsible, for managing in performing that <i>FCA-designated senior management function</i>.</p> <p>Managing has the same meaning as it does in section 60(2A) of the <i>Act</i> (Applications for approval).</p> <p>A statement of responsibilities also includes:</p> <ol style="list-style-type: none"> (4) a <i>statement of responsibilities</i> produced under SUP TP 11A.15, including under SUP TP 11A.15 as applied by SUP TP 11A.19; and (5) the statement required to be produced by regulation 5(4) of the solo-regulated firms commencement SI (Deemed approval to perform designated senior management functions: requirement to provide statement of responsibilities). |
| temporary permission pure claims management firm | a pure claims management firm that has a <i>claims management temporary permission</i> . |
| transitioned SMF manager | AP as defined in SUP TP 11A.2.1R |

| Part Two: Fixed dates | |
|---|---|
| Defined term | Meaning |
| first notification date | 9 September 2019 |
| final notification date | 6 December 2019 |
| commencement date | 9 December 2019 |
| Form O start date | 9 June 2019 (even though this <i>rule</i> was made and came into force after this date) |
| enhanced firm cut-off date | 1 September 2019 |
| <p>Note: If a <i>firm</i> becomes a solo-regulated SMCR firm between the final notification date and the commencement date or changes category within that period, the final notification date for it is the date it becomes a solo-regulated SMCR firm or changes category.</p> | |

11A.2 Conversion of existing approvals

- 11A.2.1 R If the conditions set out in *SUP* TP 11A.2.2R are met, a **pre-implementation approval** in relation to a particular *approved person* (AP) and a particular **solo-regulated SMCR 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 11A.2.2R(2) and (3).
- 11A.2.2 R Those conditions are:
- (1) the **pre-implementation approval** is in effect in relation to F:
 - (a) (where *SUP* TP 11A.2.10R applies this condition) 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) (where *SUP TP 11A.2.10R* applies this condition) 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 11A.2*.
- 11A.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 11A.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 11A* by *SUP TP 11A.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 that *FCA-designated senior management function* does not apply to the *firm*.
- 11A.2.4 R (1) Part One of the table in *SUP TP 11A.2.5R* applies to a **core SMCR firm and a limited scope SMCR firm**.
- (2) Part Two of the table in *SUP TP 11A.2.5R* applies to an **enhanced scope SMCR firm**.
- 11A.2.5 R Mapping table: Potential conversion of approval for existing controlled functions into approval for designated senior management functions

| Part One (core SMCR firms and limited scope SMCR firms) | | |
|---|-----|----------------------------------|
| (1) | (2) | (3) |
| Pre-Implementation Controlled Function | | Is notification required? |

| | | New FCA-designated senior management function | |
|---|---|--|--|
| Executive functions | | | |
| Director function | Executive director function | No | |
| Chief executive function | (1) Chief executive function (2) Head of third country branch function (3) Executive director function (See Note 2) | No | |
| Partner function | (1) Partner function (2) Executive director function | No | |
| Director of unincorporated association function | Executive director function | No | |
| Small friendly society function | Executive director function | No | |
| Oversight functions | | | |
| Non-executive director function | Chair of the governing body function | Yes | |
| Required functions | | | |
| Apportionment and oversight function | Limited scope function | No | |
| Compliance oversight function | Compliance oversight function | No | |
| Money laundering reporting function | Money laundering reporting function | No | |
| Significant management function | | | |
| Significant management function | EEA branch senior manager function | No | |

Part Two (enhanced scope SMCR firms)

| (1) Pre-Implementation Controlled Function | (2) New FCA-designated senior management function |
|---|--|
| Executive functions | |
| Director function | (1) Executive director function (2) Chief finance officer function (3) Chief risk officer function (4) Head of internal audit function (5) Group entity senior manager function (6) Chief operations function |
| Chief executive function | (1) Chief executive function (2) Chief finance officer function (3) Chief risk officer function (4) Head of internal audit function |
| Partner function | (1) Partner function (2) Chief finance officer function (3) Chief risk officer function (4) Head of internal audit function |
| Director of unincorporated association function | (1) Executive director function (2) Chief finance officer function (3) Chief risk officer function (4) Head of internal audit function |
| Small friendly society function | (1) Executive director function (2) Chief finance officer function (3) Chief risk officer function (4) Head of internal audit function |
| Oversight functions | |
| Non-executive director function | (1) Chair of the governing body function (2) Chair of the risk committee function (3) Chair of the audit committee function |

| | |
|-------------------------------------|--|
| | (4) Chair of the remuneration committee function (5) Chair of the nomination committee function (6) Senior independent director function (7) Group entity senior manager function |
| Systems and controls | |
| Systems and controls function | (1) Chief finance officer function (2) Chief risk officer function (3) Head of internal audit function |
| Required functions | |
| Compliance oversight function | Compliance oversight function |
| Money laundering reporting function | Money laundering reporting function |
| CASS operational oversight function | Other overall responsibility function |
| Significant management function | |
| Significant management function | (1) Other overall responsibility function (2) Chief operations function |

| |
|--|
| Notes for Parts One and Two of this table |
| (1) 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 (FCA-Authorised Firms) Instrument 2019. |
| (2) The conversion from the chief executive function to the executive director function only applies to a <i>non-directive friendly society</i> . |

11A.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 11A.2.5R does not apply to it either.

11A.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:
- (a) If none of the *FCA-designated senior management functions* in a row of the table in SUP TP 11A.2.5R apply to a *firm* on the **commencement date**, that row does not apply to the *firm*.
 - (b) An example of (a) is that the row applying to the limited scope *FCA-designated senior management function* only applies to **limited scope SMCR firms**.
 - (c) The convertibility of the partner function to the executive director function in Part One of the table only applies to an **overseas SMCR firm** that is a partnership.

11A.2.8 G Another example of the principle in SUP TP 11A.2.7G is that if:

- (1) the result of SUP TP 11A.2 would otherwise 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) that *approved person* is deemed by SUP TP 11A.2 to be approved to perform any other *FCA-designated senior management function* for the same *firm*,

that *approved person's pre-implementation approval* will not be converted into approval for the *other overall responsibility function* or the *other local responsibility function* (whichever is applicable)..

- 11A.2.9 R
- (1) A notification to the *FCA* is not to be taken into account for the purposes of SUP TP 11A.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 11A.11.
 - (2) A notification to the *FCA* is not to be taken into account for the purposes of SUP TP 11A.2.2R(4) if the *firm* does not include a **management responsibilities map** with the notification when required to do so by SUP TP 11A.12.

11A.2.1 R SUP TP 11A.2.2R(1)(a) and SUP TP 11A.2.2R(4):

0

- (1) apply to an **enhanced scope SMCR firm**; and
- (2) do not apply to a **core SMCR firm** or a **limited scope SMCR firm** except in relation to a **pre-implementation approval** for which there is a notification obligation under SUP TP 11A.5 or SUP TP 11A.6.

- 11A.2.1 G *SUP* TP 11A.2.2R(4)(a) (together with *SUP* TP 11A.5 and *SUP* TP 11A.6) means that if a *firm* is required to submit a Form K:
- (1) a failure to submit a Form K before the **final notification date** is a breach of the requirements of *SUP* TP 11A; 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**.

11A.3 Effect of conversion

- 11A.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* 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).
- 11A.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**.

11A.4 Lapse of existing approvals and special provisions about appointed representatives

- 11A.4.1 R Subject to *SUP* TP 11A.4.2R, any **pre-implementation approval** that is in effect immediately before the **commencement date** that is not converted under *SUP* TP 11A.2 ceases to have effect as from the beginning of the **commencement date** in relation to the *controlled function* concerned.
- 11A.4.2 R (1) *SUP* TP 11A does not apply to a **pre-implementation approval** that has effect under *SUP* 10A.1.15R to *SUP* 10A.1.16AR (appointed representatives).

- (2) However *SUP* TP 11A does apply to a **pre-implementation approval** in (1) for a *firm* that will fall under *SUP* 10C Annex 1 7.1R(4) (an *appointed representative* that has a *limited permission*) when it comes into force on the **commencement date**.
- (3) (2) does not apply to a **pre-implementation approval** for the *customer function*. *SUP* TP 11A does not apply to such a **pre-implementation approval**.

11A.4.3 G An approval excluded from *SUP* TP 11A by *SUP* TP 11A.4.2R continues in force and is not affected by *SUP* TP 11A.

11A.5 Notification to the FCA: Initial notification

- 11A.5.1 R (1) A *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 11A.2 (assuming that the *firm* complies with the applicable notification requirements in *SUP* TP 11A);
 - (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**.
- (3) This *rule* applies to:
- (a) an **enhanced scope SMCR firm**; and
 - (b) a **core SMCR firm** and a **limited scope SMCR firm** in relation to a **pre-implementation approval** to which column (3) of Part One of the table in *SUP* TP 11A.2.5R applies the notification requirement in this *rule*.
- 11A.5.2 G *SUP* TP 11A.10 explains how the *firm* should make the notification.
- 11A.5.3 G (1) This paragraph (*SUP* TP 11A.5.3G) gives examples of things that a *firm* should not include in a notification under *SUP* TP 11A.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 11A.4.2R* says that *SUP TP 11A* does not apply to it.

11A.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.

11A.6 Notification to the FCA: Revision of initial notice

- 11A.6.1 R (1) This *rule* applies if, before the **commencement date**:
- (a) a *firm* receives a **pre-implementation approval** after the initial notice under *SUP TP 11A.5*; and
 - (b) the *firm* would have been required to notify the *FCA* under *SUP TP 11A.5* if that approval had been in force at the time of that initial notification.
- (2) This *rule* also applies if, before the **commencement date**:
- (a) there is any other change relating to information given in or accompanying a notification that the *firm* has previously made under *SUP TP 11A.5* (or a notification given under *SUP TP 11A.6*); or
 - (b) the *firm* giving the notice discovers that any part of the information referred to in (1) or (2) 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) 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**.
- 11A.6.2 G *SUP* TP 11A.10 explains how the *firm* should make the revised notification.
- 11A.6.3 G (1) This paragraph *SUP* TP 11A.6.3G gives examples of when a *firm* should revise its *SUP* TP 11A.5 notice under *SUP* TP 11A.6.
- (2) A *firm* need not include in a notification under *SUP* TP 11A.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 11A.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 11A.5.3G.
- 11A.6.4 G If a *firm* gives a notification to the *FCA* under *SUP* TP 11A.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 11A.6 and *SUP* TP 11A.10.

11A.7 In-flight applications: Conversion

- 11A.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 11A.8, (1) only applies to a **corresponding FCA-designated senior management function** if the *firm* has included in that notification details of:
- (a) that **pre-implementation application**; and
 - (b) that *FCA-designated senior management function*.
- 11A.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.
- 11A.7.3 R (1) *SUP* TP 11A.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**:
- (a) the **pre-implementation application** is to lapse; or
 - (b) the **pre-implementation application** is to be treated as only being for some of the *FCA-designated senior management functions*.
- (2) The *firm* must also notify any such change in accordance with *SUP* TP 11A.8 if it applies.
- 11A.7.4 G *SUP* TP 11A.8.3G explains what *FCA-designated senior management functions* are covered by *SUP* TP 11A.7.1R(2).
- 11A.7.5 G (1) *SUP* TP 11A.7.3R is not the only way a *firm* may change the effect of *SUP* TP 11A.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 11A.8 as well as under *SUP* 10A.
- 11A.7.6 R Subject to *SUP* TP 11A.7.7R, a **pre-implementation application** lapses on the **commencement date** unless it is continued in force by *SUP* TP 11A.7.
- 11A.7.7 R *SUP* TP 11A 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 11A by *SUP* TP 11A.4.2R.

11A.8 In-flight applications: Notification requirements

- 11A.8.1 R A *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 11A.7.7R; and
 - (3) the *firm* would be required to notify the *FCA* under *SUP* TP 11A.5 if that application had been granted and the approval was in effect immediately before the date of the notification in *SUP* TP 11A.8.1R.
- 11A.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 11A.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 11A.8.1R.
- 11A.8.3 G *SUP* TP 11A.8.1R and *SUP* TP 11A.8.2R mean:
- (1) In general only an **enhanced scope SMCR firm** needs to make the notification.
 - (2) A **core SMCR firm** and a **limited scope firm** should not make a notification except in relation to an application to perform the non-executive director **pre-implementation controlled function**.

- (3) 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.
- (4) A *firm* should not notify the *FCA* about a particular **pre-implementation application** if the *firm* considers that even, 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.

- 11A.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 11A.8.1R*; and
 - (b) the *firm* would have been required to notify the *FCA* under *SUP TP 11A.8.1R* if that application had been made before the date of that initial notification.
- (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 11A.8.1R* (or a notification given under *SUP TP 11A.8.4R*), or
 - (b) the *firm* discovers that any part of the information referred to in (1) or (2) 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**.

- 11A.8.5 G *SUP TP 11A.10* explains how the *firm* should make the notification.

- 11A.8.6 G If a *firm* notifies the *FCA* under *SUP* TP 11A.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 11A.8.4R and, if applicable, *SUP* TP 11A.6.

11A.9 In-flight applications: Supplemental material

- 11A.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 11A.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 11A.7.

11A.10 Procedure for notification

- 11A.10.1 R A *firm* must only make a single notification under *SUP* TP 11A.5 and *SUP* TP 11A.8.1R and must do so on the same notification form.
- 11A.10.2 R A *firm* must make a notification under *SUP* TP 11A.5, *SUP* TP 11A.6 or *SUP* TP 11A.8 by completing Form K (*SUP* TP 11A.25.1R).
- 11A.10.3 R A *firm* must make a notification or submit a *document* to the *FCA* under *SUP* TP 11A in accordance with *SUP* 10C.15.11R(1) and (3) (Method of submission: electronic submission).
- 11A.10.4 R (1) A *firm* making a notification under *SUP* TP 11A.10.2R 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 11A.25.1R.
- (2) A *firm* making a notification under *SUP* TP 11A.10.2R in accordance with *SUP* 10C.15.11R(3) and *SUP* 10C.15.14R must use the version of Form K in *SUP* TP 11A.25.1R.

- 11A.10. G If a *firm* discovers after the **commencement date** that any information it has
5 given under *SUP* TP 11A is inaccurate it should notify the *FCA* as described in *SUP* 15.6 (Inaccurate, false or misleading information). If *SUP* TP 11A.17.6R applies, the *firm* should notify the *FCA* under that *rule* instead.

11A.11 Statements of responsibilities

- 11A.11. G The table in *SUP* TP 11A.11.2G explains when a *firm* is required to prepare
1 a **statement of responsibilities** as part of the transitional arrangements in *SUP* TP 11A and whether it is required to send it to the *FCA*.

- 11A.11. G Table: Preparing statements of responsibilities and sending them to the *FCA*
2

| Scenario | Core SMCR firm and a limited scope firm | Enhanced scope SMCR firm |
|--|---|---|
| Is a <i>firm</i> required to prepare a statement of responsibilities for their transitioned SMF managers ? | Yes. The solo-regulated firms commencement SI requires this. A <i>firm</i> should have prepared it within five days of the commencement date . | Yes. See <i>SUP</i> TP 11A.11.3R. |
| Is a <i>firm</i> required to send it to the <i>FCA</i> ? | No | Yes. See <i>SUP</i> TP 11A.11.3R. |
| Is a <i>firm</i> required to prepare a statement of responsibilities for a pre-implementation application by the <i>firm</i> that has been or will be converted into an application for approval for the performance of an <i>FCA-designated senior management function</i> under <i>SUP</i> TP 11A.7? | Yes. The <i>Act</i> and <i>SUP</i> TP 11A.11.4R require this. | Yes. The <i>Act</i> and <i>SUP</i> TP 11A.11.3R require this. |
| Is a <i>firm</i> required to send it to the <i>FCA</i> ? | Yes. See <i>SUP</i> TP 11A.11.4R. | Yes. See <i>SUP</i> TP 11A.11.3R. |

| | | |
|---|--|--|
| Is a <i>firm</i> required to prepare a statement of responsibilities for an application under <i>SUP TP 11A.15</i> ? | Yes. The <i>Act</i> and <i>SUP TP 11A.15</i> require this. | Yes. The <i>Act</i> and <i>SUP TP 11A.15</i> require this. |
| Is a <i>firm</i> required to send it to the <i>FCA</i> ? | Yes. The details are in <i>SUP TP 11A.15</i> . | Yes. The details are in <i>SUP TP 11A.15</i> . |

- 11A.11. R A notification to the *FCA* under *SUP TP 11A.5*, *SUP TP 11A.6* or *SUP TP 3* 11A.8 by an **enhanced scope SMCR firm** about an *approved person* or *candidate* must be accompanied by a **statement of responsibilities** about that *person* and the *FCA-designated senior management function* included in the notification in relation to that *approved person* or *candidate*.
- 11A.11. R A **core SMCR firm** and a **limited scope firm** must, within five *business 4* *days* beginning with 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 11A.7*.
- 11A.11. G A **statement of responsibilities** should comply with all the *rules* and 5 directions in the *FCA Handbook* that will apply to *statements of responsibilities* prepared by the *firm* (see *SUP TP 11A.16*).

11A.12 Management responsibilities maps

- 11A.12. R *SUP TP 11A.12* applies to an **enhanced scope SMCR firm** that will be 1 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**.
- 11A.12. R A notification to the *FCA* under *SUP TP 11A.10.1R* must be accompanied 2 by a **management responsibilities map**.
- 11A.12. G If a *firm* makes a revised notification under *SUP TP 11A.6* or *SUP TP 3* 11A.8.4R it should include a **management responsibilities map** with the notification because anything that requires a revised notification is likely to mean that the *firm* should update the **management responsibilities map**.
- 11A.12. G A **management responsibilities map** should comply with all the *rules* and 4 directions in the *FCA Handbook* that will apply to a *management responsibilities map* prepared by the *firm* (see *SUP TP 11A.16*).

11A.13 Supplemental material about statements of responsibilities and management responsibilities maps

- 11A.13.1 R A **statement of responsibilities** and a **management responsibilities map** submitted to the *FCA* under *SUP* TP 11A must be prepared as of the **commencement date**.
- 11A.13.2 D *SUP* TP 11A.13.1R also applies to a **management responsibilities map** or **statement of responsibilities** prepared under a direction.
- 11A.13.3 G The effect of regulation 5(4) of the **solo-regulated firms commencement SI** is that a **statement of responsibilities** that a **core SMCR firm** and a **limited scope firm** should prepare should also be prepared as of the **commencement date**.
- 11A.13.4 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 11A, the *firm* should submit a revised version.
- (2) This is the effect of *SUP* TP 11A.6 and *SUP* TP 11A.8.4R.
- (3) *SUP* TP 11A.13.4G(1) does not cover changes that happen after the **commencement date**. These are dealt with by the *Act* and the provisions of the *FCA Handbook* that apply after the **commencement date**.
- 11A.13.5 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*.

11A.14 Criminal record checks and employment references

- 11A.14.1 R *SUP* 10C.10.16R (Criminal record checks) does not apply to any **pre-implementation application** continued in effect by *SUP* TP 11A.7.1R after the **commencement date**.
- 11A.14.2 G *SUP* 10C.10.16R (Criminal record checks) applies to any application for approval made under *SUP* TP 11A.15.
- 11A.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 11A.7.1R and applications for approval made under *SUP* TP 11A.15. *SYSC* TP 8 adapts these provisions for certain claims management *firms*.

11A.15 Applications of approved persons to take effect from the commencement date

- 11A.15. D (1) A *firm* may, before the **commencement date**, apply under section 60
1 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.
- 11A.15. G The rest of *SUP* TP 11A will not apply to an application under *SUP* TP
2 11A.15. In particular, it is not a **pre-implementation application** and the application should not be included in the *firm* 's Form K.
- 11A.15. G Any such application should be accompanied by a *statement of*
3 *responsibilities* and, if *SYSC* 25 (Senior managers and certification regime: Management responsibilities maps and handover procedures and material) will apply, a *management responsibilities map*.
- 11A.15. G A *firm* does not have to make an application under *SUP* TP 11A.15. It can
4 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 11A will apply to such applications.

11A.16 Application of ongoing requirements to converted approvals and conversion documents

- 11A.16. R (1) The *rules* of the *FCA Handbook* apply to a **converted approval**, as
1 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 11A after the **commencement date** as they do to applications for approval of the performance of an *FCA-designated senior management function* made after the **commencement date**.
- (3) This paragraph is subject to the other provisions of *SUP* TP 11A.
- 11A.16. R (1) A **statement of responsibilities** (including one revised under *SUP*
2 TP 11A.6 or *SUP* TP 11A.8) must comply with all the *rules* and

directions in the *FCA Handbook* that will apply to *statement of responsibilities* as from the **commencement date**.

(2) (2) applies even if the *firm* is not required to submit the **statement of responsibilities** to the *FCA*.

11A.16. R A **management responsibilities map** submitted to the *FCA* under *SUP TP*
3 11A 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**.

11A.16. D *SUP TP* 11A.16.1R to *SUP TP* 11A.16.3R apply to directions in *SUP* 10C in
4 the same way as they do to *rules*.

11A.16. G The table in *SUP TP* 11A.16.6G gives examples of how *SUP* 10C and other
5 parts of the *FCA Handbook* apply to **converted approvals**.

11A.16. G Table: Examples of how ongoing requirements apply to converted approvals
6

| 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> | The effect of the <i>Act</i> and of the solo-regulated firms commencement SI is that section 62A of the <i>Act</i> (Changes in responsibilities of senior managers) applies to a statement of responsibilities . 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 . This applies even if there was no requirement to send the original statement of responsibilities to the <i>FCA</i> . It should also submit a Form J unless <i>SUP</i> 10C.11 says that it is not required. |
| 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 . 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 <i>SUP</i> 10C.11.12R. |
| <i>SUP</i> 10C.11.12R | Ceasing to carry on some functions | |
| <i>SUP</i> 10C.13 | Other material about variations | |
| Single statement of responsibilities document | | |
| <i>SUP</i> 10C.11.13D | One <i>statement of responsibilities</i> for each <i>SMF manager</i> for each <i>firm</i> | Applies to statements of responsibilities in the same way as it applies to <i>statements of responsibilities</i> . For example: (1) 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 into a single <i>document</i> . (2) If: (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 (b) later there is a significant change in the transitioned SMF manager's responsibilities; the <i>firm</i> should notify the <i>FCA</i> and submit a single revised statement of responsibilities <i>document</i> , whether the change relates to the converted designated senior management function or to the additional <i>FCA-</i> |

| | | |
|--|--|--|
| | | <i>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> . In particular this means that a <i>firm</i> should retain copies of statements of responsibilities prepared under regulation 5 of the solo-regulated firms commencement SI (Deemed approval to perform designated senior management functions: requirement to provide statement of responsibilities) even though the <i>firm</i> does not have to send them to the <i>FCA</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 section 62A of the <i>Act</i> as applied by regulation 6 of the solo-regulated |
| <i>SUP</i> 10C.14.15R | Changes to arrangements | |
| <i>SUP</i> 10C.14.18R | Fitness | |

| | | |
|--|--|--|
| | | <p>firms commencement SI (Application of section 62A of FSMA to statement of responsibilities under regulation 5).</p> <p>The Form D requirements also apply to a <i>candidate</i> whose application is continued in force by <i>SUP</i> TP 11A.</p> <p>Before the commencement date, the existing requirements of <i>SUP</i> 10A apply to changes in a <i>candidate's</i> fitness.</p> |
| 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> | | Apply to a converted approval . |
| Requirements referring to a <i>current approved person approval</i> held within the last <i>six months</i> | | <p>Also applies to:</p> <p>(1) a converted approval that ends after the commencement date;</p> <p>(2) an approval for a <i>controlled function</i> abolished after the commencement date;</p> <p>(3) an approval that ceased to have effect under <i>SUP</i> TP 11A for some other reason;</p> <p>(4) an approval given up within the last <i>six months</i> before the commencement date even if the <i>controlled function</i> ceases to exist after the commencement date.</p> |
| <i>FCA-prescribed senior management responsibility</i> (a) | 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 |

| | | |
|---------|--|---|
| SYSC 25 | 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 |
|---------|--|---|

11A.17 Making sure that the Financial Services Register is accurate

Existing notification requirements

- 11A.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) applies to a *firm* even if it is obliged to report the same facts under a Form K.
- (4) (1) does not apply to the *customer function* (unless the *customer function* continues to apply after the **commencement date** under *SUP* TP 11A.4.2R) if the deadline for reporting expires after the **commencement date**. Instead, the obligation to report no longer applies.

Notification required from non-notifying firms in certain cases

- 11A.17.2 R (1) This *rule* applies to a **core SMCR firm** and a **limited scope 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 the facts that would mean that the **pre-implementation approval** will not be converted as described in (1)(c), it must notify the *FCA* of those facts using Form C in accordance with *SUP* 10A before:
- (a) the **final notification date**; or

- (b) (if the facts in (1) first arise after the **final notification date**) the **commencement date**.
- 11A.17. G (1) The most likely reason for the situation *SUP* TP 11A.17.2R to arise
3 (1) 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* under *SUP* 10A. If so, *SUP* TP 11A.17.2R will not apply.
- (3) An example of circumstances in which *SUP* TP 11A.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 11A.17.2R even though their job comes within the **pre-implementation controlled function**.
- 11A.17. G *SUP* TP 11A.17.2R does not apply to an **enhanced scope SMCR firm**. The
4 *FCA* will rely on its Form K instead.

Checking the Register

- 11A.17. R A *firm* must, in the *month* beginning five *business days* after the
5 **commencement date**, check whether the *Financial Services Register*:
- (1) correctly records who are the *firm's SMF managers*;
- (2) correctly records the *FCA*-designated senior management function for the performance of which by its *SMF managers* the *firm* has approval;
- (3) does not include incorrect information about the *firm's SMF managers* and does not omit information about them that it says it includes;
- (4) includes everyone performing an *FCA*-designated senior management function for the performance of which the *firm* should have obtained approval; and
- (5) includes all the *FCA*-designated senior management functions for which the *firm* should have obtained approval in relation to *persons* in (3).
- 11A.17. R (1) If:
6

- (a) the *Financial Services Register* does not correctly do all the things in *SUP TP 11A.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 11A.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* (*P*) and *firm*, whichever one or more of the following forms in *SUP 10C* applies:
 - (a) Form A (short form) where *P* is not, but should be, included in the *Financial Services Register* or where the *Financial Services Register* omits some of *P*'s *FCA-designated senior management functions* for which the *firm* has approval; or
 - (b) Form C where *P* is, but should not be, included in the *Financial Services Register* or where the *Financial Services Register* shows an approval for *P* 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.

11A.17. 7 G The requirement to check the *Financial Services Register* is particularly important in a case where the *firm* is not under a notification obligation in *SUP TP 11A.5* and *SUP TP 11A.6* 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 11A.2.2R* have been met.

11A.17. 8 G (1) In practice it is unlikely that *SUP TP 11A.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 11A.17.1R*);
 - (c) if a **core SMCR firm** or a **limited scope firm** has approval for someone to perform a **pre-implementation controlled function** but that approval is not converted into approval for a *designated senior management function* as described in *SUP TP 11A.17.3G(3)*, the *firm* should report that under *SUP TP 11A.17.2R* (which means that *SUP TP 11A.17.6R* does not apply).
- (2) *SUP TP 11A.17.6R* may apply for example if the *firm* has made all the notifications (if any) required by *SUP TP 11A* and other parts of the *FCA 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 11A*; 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 11A*.

11A.18 The 12-week rule

- 11A.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).
- 11A.18.2 G (1) *SUP 10C.3.13R* only applies where P (as referred to in *SUP TP 11A.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**.

11A.18. G *SUP* TP 11A.18.1G and *SUP* TP 11A.18.2G may apply even if:
3

- (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 11A.18.1G and *SUP* TP 11A.18.2G.

11A.19 Application for permission

11A.19. D (1) This direction applies to a **pre-implementation application** that is
1 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 11A 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).

11A.19. R *SUP* TP 11A.7 and *SUP* TP 11A.9 apply to a **pre-implementation**
2 **application** in *SUP* TP 11A.19.1D.

11A.19. D *SUP* TP 11A.15 applies to an **authorisation applicant**.
3

11A.20 Prohibition orders

- 11A.20. R The changes to the *FCA Handbook* made by the Individual Accountability
1 (FCA-Authorised Firms) Instrument 2019 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**.

11A.21 Reporting under SUP 15.11

- 11A.21. R The first notification period under *SUP 15.11.13R* (Timing and form of
1 notifications: conduct rules staff other than SMF managers):
- (1) starts on the **commencement date**; and
 - (2) ends on the last day of:
 - (a) (in the case of a *firm* falling within *SYSC 23 Annex 1 6.7R* (credit firms with limited permission)) the first financial reporting period referred to in *SUP 15.11.13R(3)(a)(i)* ending after the **commencement date**; or
 - (b) (for any other *firm*) the following August.
- 11A.21. G *SUP TP 11A.21.1R(2)(a)* applies however short the resulting reporting
2 period may be.

11A.22 Calculations for retail intermediaries

- 11A.22. R This section applies to a *firm* to which *SUP 15.15* (as set out in the
1 Individual Accountability (FCA-Authorised Firms) Instrument 2019) applies.
- 11A.22. R *SUP 15.15* (Enhanced scope SMCR firm retail intermediaries) (as set out in
2 the Individual Accountability (FCA-Authorised Firms) Instrument 2019) applies before the **commencement date**.
- 11A.22. R The first averaging period (as referred to in *SUP 15.15*) for which a *firm*
3 must carry out the calculation is the most recent one whose final reporting period has a reporting date that falls on or before the **enhanced firm cut-off date**.
- 11A.22. R The notification obligations in *SUP 15.15* do not apply in relation to the
4 calculation for the first averaging period as described in *SUP TP 11A.22.3R*.

- 11A.22. G The reason for *SUP* TP 11A.22.4R is that the *firm* will be required to give
5 the *FCA* a Form K instead if it meets the relevant qualification condition for being an **enhanced scope SMCR firm**.
- 11A.22. G *SUP* TP 11A.22.4R does not affect the definition of “reporting date” for the
6 purpose of the calculations for *SUP* TP 11A.23 or *SYSC* 23 Annex 1.
- 11A.22. G (1) The result of a calculation subsequent to the one under *SUP* TP
7 11A.22.3R but made before the **commencement date** may be that the *firm* meets the relevant qualification condition. In that case the *firm* should notify the *FCA* in accordance with *SUP* 15.15 as applied by *SUP* TP 11A.
- (2) (1) applies even though *SUP* TP 11A.23.3R(2) means that the *firm* will not be treated as an **enhanced scope SMCR firm** for the purposes of *SUP* TP 11A.
- (3) A *firm* should also notify the *FCA* if it ceases to meet the qualification condition before the **commencement date**.
- (4) Where (3) applies, the *firm* may also need to withdraw its Form K.

11A.23 Deciding which category a firm is in

- 11A.23. R (1) Before the **commencement date**, the question of:
1
- (a) whether a *firm* is a **solo-regulated SMCR firm** for the purposes of *SUP* TP 11A; and
- (b) (if it is) into which category it falls;
- is determined in accordance with *SYSC* 23 Annex 1 (as set out in the Individual Accountability (FCA-Authorised Firms) Instrument 2019) even though the relevant parts of that chapter are not in force for other purposes.
- (2) (1) does not apply to a *firm* that is already an *SMCR firm* before the **commencement date**. Such an *SMCR firm* cannot be a **solo-regulated SMCR firm** for the purposes of *SUP* TP 11A.
- (3) (1) is subject to the rest of *SUP* TP 11A.23.
- 11A.23. G (1) The effect of *SUP* TP 11A.23.1R(2) is that if a *PRA*-regulated *SMCR*
2 *firm* changes its *permission* in a way that would turn it into a **solo-regulated SMCR firm**, the conversion arrangements in *SUP* TP 11A will not apply to it.

- (2) *SUP* TP 11A.15 will however apply and the *firm* can use this to apply for the approvals it needs because of its change of category.
- 11A.23. R (1) Subject to *SUP* TP 11A.23.5R, Part Ten of *SYSC* 23 Annex 1 (When
3 a firm becomes an enhanced scope SMCR firm) is adjusted for the purposes of this Annex so that a *firm* is an **enhanced scope SMCR firm** at any time if at that time it meets one of the qualification conditions in that Annex, not one year after it first meets the relevant condition.
- (2) If:
- (a) a *firm* does not meet a qualification condition for being an **enhanced scope SMCR firm** in Part Eight of *SYSC* 23 Annex 1 (Financial qualification condition for being an enhanced scope SMCR firm) at the **enhanced firm cut-off date**; but
- (b) meets that qualification condition at any time thereafter before the **commencement date**;
- the *firm* is treated as not being an **enhanced scope SMCR firm** for the purpose of *SUP* TP 11A unless it is an **enhanced scope SMCR firm** because it meets another qualification condition.
- 11A.23. G The result of *SUP* TP 11A.23.3R(2) is that a *firm* will not be treated as an
4 **enhanced scope SMCR firm** under Part Eight of *SYSC* 23 Annex 1 for the purposes of this Annex unless it meets the relevant conditions at the **enhanced firm cut-off date**.
- 11A.23. R (1) This *rule* modifies the *rules* for making an election to become a **core**
5 **SMCR firm** or an **enhanced scope SMCR firm** in accordance with the procedure set out in *SYSC* 23 Annex 1 (as set out in the Individual Accountability (FCA-Authorised Firms) Instrument 2019) for the purposes of *SUP* TP 11A.
- (2) A *firm* may make such an election on or after the **Form O start date**.
- (3) The version of Form O in *SUP* TP 11A.25 replaces the version in *SYSC* 23 Annex 2R.
- (4) The election takes effect for the purposes of this Annex on the **first notification date** or, if it is made after that date, immediately.
- (5) If the election is made on or after the **first notification date** the *firm* must at the same time make the following notifications and applications (based on the type of **SMCR firm** it has elected to become):

- (a) any notification required by *SUP* TP 11A.5, *SUP* TP 11A.6 or *SUP* TP 11A.8; and
- (b) any applications under *SUP* TP 11A.15 if the *candidate* is to perform the relevant function on the **commencement date**.
- 11A.23.6 R Part Eleven of *SYSC* 23 Annex 1 (When a firm stops being an enhanced scope SMCR firm) is adjusted for the purposes of *SUP* TP 11A so that a *firm* ceases to be an **enhanced scope SMCR firm** on the date it ceases to meet the last qualification condition that it met (as referred to in Part Eleven), not one year after that date.
- 11A.23.7 G If a *firm* changes from being an **enhanced scope SMCR firm** to a **core SMCR firm** or a **limited scope SMCR 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).
- 11A.23.8 R If a *firm* revokes its election to be a **core SMCR firm**, Part Twelve of *SYSC* 23 Annex 1 (Opting up and opting down) is adjusted for the purposes of *SUP* TP 11A so that a *firm* ceases to be a **core SMCR firm** immediately after the *FCA* receives the notice, not one year after that date.
- 11A.23.9 G If a *firm* revokes its election to be an **enhanced scope SMCR firm**, *SUP* TP 11A.23.6R means that the revocation takes effect immediately after the *FCA* receives the notice, not one year after that date.
- 11A.23.10 G *SYSC* TP 7.7 (Qualification conditions for FCA-authorised firms) explains how this section affects the period after the **commencement date**.

11A.24 Claims management firms

Applications for approval

- 11A.24.1 G (1) A **claims management firm** may make an application under *SUP* TP 11A.15 (Applications of approved persons to take effect from the commencement date).
- (2) Both a **claims management firm** that gets full authorisation before the **commencement date** and one that still has a *claims management temporary permission* may make such an application.
- (3) *SUP* TP 11A.15 applies to applications under section 59 of the *Act* made before the **commencement date**. If a **claims management firm** makes an application under section 59 of the *Act* after the **commencement date**, it should make the application under *SUP* 10C (FCA senior managers regime for approved persons in SMCR firms).

- 11A.24. D *SUP* TP 11A.15 applies to a **temporary permission pure claims management firm** on the basis that the application referred to in *SUP* TP 11A.15.1D(1) is treated as made on the **commencement date** or, if later, the date that the *firm* becomes an *SMCR firm*.
- 2
- 11A.24. D *SUP* TP 11A.15 does not apply to a **temporary permission pure claims management firm** if:
- 3
- (1) that *firm* has not made a relevant application as referred to in article 82 of the *Claims Management Order* (Duration of temporary permission); or
 - (2) the *FCA* has not yet set a last application date that applies to the *firm* (see article 82(3) of the *Claims Management Order*); or
 - (3) the opening date applicable to the *firm* has not yet arrived (see article 82(9) of the *Claims Management Order*).
- 11A.24. G A *firm* should not make an application for approval under *SUP* 10C (FCA senior managers regime for approved persons in *SMCR* firms) in the circumstances described in *SUP* TP 11A.24.3D(1) to (3).
- 4

Pure claims management firms with temporary permission: Applicability of this Annex

- 11A.24. G Most of *SUP* TP 11A will not apply to a **pure claims management firm** as the *firm* will not have or need to have any *approved persons* under *SUP* 10A. It will therefore not have any **pre-implementation approvals** or **pre-implementation applications** to be converted.
- 5

In-flight applications for authorisation

- 11A.24. G (1) In certain circumstances, a *person* who has made an application for authorisation under the Compensation (Claims Management Services) Regulations 2006 is treated as having made an application for authorisation under the *Act*.
- 6
- (2) This paragraph applies to a *person* in (1) who would be a **pure claims management firm** if the application were granted by the *FCA*.
 - (3) Where article 41(4) of the *Claims Management Order* (Applications for authorisation made to the Regulator: authorisation by the *FCA*) requires the *person* to submit a further application form and fee to the *FCA*, the applicant should not make an application under section 59 of the *Act* (Approval for particular arrangements) until it has complied with those requirements.

The 12-week rule

- 11A.24. G SUP TP 11A.18.1G (The 12-week rule) applies to a **pure claims**
7 **management firm** that still had a *claims management temporary permission* on the **commencement date** as if references to the **commencement date** were to the date it becomes fully authorised.

Reporting under SUP 15.11

- 11A.24. G The first notification period of a **pure claims management firm** under SUP
8 15.11.13R (Timing and form of notifications: conduct rules staff other than SMF managers) if it still has a *claims management temporary permission* on the **commencement date**:

- (1) starts on the day it becomes fully authorised; and
- (2) ends on the last day of the following August.

- 11A.24. G SUP TP 11A.24.8G applies however short the resulting reporting period
9 may be.

Short Form A

- 11A.24. D (1) This direction applies to a **claims management firm** that is required
10 to submit to the *FCA* the annex to the application for a *Part 4A permission* called “Annex to application for part 4A permission to carry on claims management activity during temporary permission – The Individual Form” (a “TIF”) about a *person* (X) in relation to the *firm*.
- (2) This direction adds an additional circumstance to SUP 10C.10.8AD (How to apply for approval) in which the *firm* must use Form A (shortened form).
- (3) If the *firm* must make an application under section 59 of the *Act* (Approval for particular arrangements) for the performance of an *FCA-designated senior management function* by X in relation to the *firm* using Form A, it must use Form A (shortened form) if:
- (a) the *firm* has submitted the TIF about X:
 - (i) at the same time as the application under section 59;
or
 - (ii) within the previous nine *months*; and
 - (b) there have been no matters arising in relation to the fitness and propriety of X which mean that the information provided to the *FCA* in the TIF regarding the fitness and propriety of X may have changed since the date on which the TIF was submitted to the *FCA*.
- (4) This direction applies to an application under:

- (a) *SUP* TP 11A.15 (Applications of approved persons to take effect from the commencement date);
- (b) *SUP* TP 11A.15 as applied by *SUP* TP 11A.24; and
- (c) *SUP* 10C (FCA senior managers regime for approved persons in SMCR firms).

11A.25 Forms

11A.25. R Form K
1

[Insert here the form titled “Conversion Notification Form – FCA Solo Regulated Firms (Form K)”. The text of this form is contained in Part One of Annex Q of this instrument]

11A.25. R Form O
2

[Insert here the form titled “Notification of change to firm classification under the Senior Managers & Certification Regime (Pre-Commencement version) (Form O)”. The text of this form is contained in Part One of Annex Q of this instrument]

Part 2: Comes into force 9 December 2019

...

10A FCA Approved Persons

10A.1 Application

...

Members of a profession

- 10A.1.17 R (1) ~~This chapter, except in respect of the *FCA required functions*, does not apply to an *authorised professional firm* in respect of its *non-mainstream regulated activities*, subject to (2).~~
- (2) ~~Where the *authorised professional firm* has appointed *FCA-approved persons* to perform the *FCA governing functions* with equivalent responsibilities for the *firm’s non-mainstream regulated activities* and other *regulated activities*, for the *firm’s non-mainstream regulated activities* this chapter applies with~~

respect to the *FCA governing functions* and the *FCA required functions* (other than the *apportionment and oversight function*) only. [deleted]

~~Oil market participants, service companies, energy market participants, subsidiaries of local authorities or registered social landlords and insurance intermediaries~~

- 10A.1.18 R ~~The descriptions of *FCA significant influence functions*, other than the *FCA required functions*, and, if the firm is a *MiFID investment firm*, the *FCA governing functions* do not extend to activities carried on by a firm whose principal purpose is to carry on activities other than *regulated activities* and which is:~~
- ~~(1) an *oil market participant*; or~~
 - ~~(2) a *service company*; or~~
 - ~~(3) an *energy market participant*; or~~
 - ~~(4) a wholly owned *subsidiary* of:

 - ~~(a) a local authority; or~~
 - ~~(b) a registered social landlord; or~~~~
 - ~~(5) a firm with *permission* to carry on *insurance distribution activity* in relation to *non-investment insurance contracts* but no other *regulated activity* (except *advising on P2P agreements*).
[deleted]~~

- 10A.1.19 G ~~It will be a matter of fact in each case whether, having regard to all the circumstances, including in particular where the balance of the business lies, a firm's principal purpose is to carry on activities other than *regulated activities*. If a firm wishes to rely on SUP 10A.1.18R, it should be in a position to demonstrate that its principal purpose is to carry on activities other than *regulated activities*. [deleted]~~

...

~~Bidders in emissions auctions~~

- 10A.1.21 G ~~For a firm that is exempt from *MiFID* under article 2(1)(j) and whose only *permission* is *bidding in emissions auctions*, the only *FCA controlled functions* that apply to it are:~~
- ~~(1) the *FCA governing functions*;~~
 - ~~(2) the *money laundering reporting function*; and~~
 - ~~(3) the *customer function*.~~

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* 4.1.1R and is not undertaking *proprietary trading*. [deleted]

Benchmark activities

- 10A.1.21A G (1) For a *firm* which only has a *permission* for *administering a benchmark*, the following *FCA controlled functions* do not apply:
- (a) *the apportionment and oversight function*;
 - (b) *the compliance oversight function*;
 - (c) *the money laundering reporting function*; and
 - (d) *the systems and controls function*. [deleted]
- (2) That is because:
- (a) the *FCA controlled functions* in (a) to (c) above do not apply because those functions are specified by incorporation of requirements in *SYSC* and the relevant parts of *SYSC* do not apply in relation to *benchmark activities* (which includes *administering a benchmark*);
 - (b) the *FCA controlled function* in (d) above does not apply in relation to *benchmark activities* (see *SUP* 10A.8.2R). [deleted]
- (3) The functions in (a) to (d) still apply to a *firm* which *administers a benchmark* as well as carrying on other *regulated activities*. However, they do not apply in respect of its activities as a *regulated benchmark administrator*. [deleted]
- (4) Various other *FCA controlled functions* are only relevant to *firms* which carry on particular types of activity and will not be relevant to a *firm* (F) which does not carry on any *regulated activities* other than *administering a benchmark*. For instance:
- (a) the *CASS operational oversight function* will not be relevant to F because that function is only relevant to *CASS medium firms* *CASS large firms* and *CASS large debt management firms*; F will not hold *client money*

and will therefore not be a *CASS medium firm*, a *CASS large firm* or a *CASS large debt management firm*;

- (b) ~~the~~ The *customer function* involves performing various types of activity none of which would be performed by a *firm* which does not carry on any *regulated activities* other than *administering a benchmark*; Therefore the *customer function* does not apply to such a *firm*.
 - (e) ~~the *small friendly society function* will only be relevant to certain *firms*.~~
- (5) ~~The functions in SUP 10A.1.21AG(1)(a) to (d) do not apply to a *benchmark contributor* in relation to its *contribution of input data* to a *BMR benchmark administrator*. [deleted]~~
- (6) ~~That is because:~~
- (a) ~~the functions in SUP 10A.1.21AG(1)(a) to (c) are specified by incorporation of requirements in SYSC and the relevant parts of SYSC do not apply in relation to *benchmark activities* (which includes *contributing input data* to a *BMR benchmark administrator*); and~~
 - (b) ~~the *FCA controlled function* in SUP 10A.1.21AG(1)(d) above does not apply in relation to *benchmark activities* (see SUP 10A.8.2R). [deleted]~~

Internally managed corporate AIFs

- 10A.1.24 G ~~In accordance with section 59(7C) of the Act this chapter does not apply to an *internally managed AIF* which is a *body corporate* and not a *collective investment scheme*. [deleted]~~

Credit firms with limited permission

- 10A.1.25 R (1) ~~Subject to (2) and (3), this chapter, except in respect of the *apportionment and oversight function*, does not apply to a *firm* that has *limited permission* in relation to the carrying on of the relevant credit activity (as defined in paragraph 2G of Schedule 6 to the Act) for which it has *limited permission*.~~
- (2) ~~Subject to (3), this chapter does not apply to a *not for profit debt advice body*.~~
- (3) ~~This chapter applies to a *not for profit debt advice body* that is a *CASS large debt management firm* with respect to the *CASS operational oversight function* only. [deleted]~~

Claims management exclusions

- 10A.1.28 R For the purposes of ~~SUP 10A.1.13R, SUP 10A.1.18R, SUP 10A.6.23R (Partner function (CF4)) and SUP 10A.6.31R (Small friendly society function (CF6))~~, a *regulated claims management activity* is treated as an *unregulated activity*. [deleted]
- 10A.1.29 R A function performed by a *person (A)* in relation to a *firm (B)*, whose *permission* includes a *regulated claims management activity*, is not a *controlled function* when performed by *A* in relation to *B* if:
- (1) *A* is not the subject of a *current FCA approved person approval* for that *controlled function* in relation to *B*;
 - (2) that function would otherwise have been a *controlled function* but for this *rule*; and
 - (3) that function would not have been a *controlled function* in relation to *A* and *B* if articles 89G to 89M of the *Regulated Activities Order (regulated claims management activities)* were not in the *Regulated Activities Order*. [deleted]
- 10A.1.30 R ~~SUP 10A.1.25R~~ also applies to a *firm* whose *permission* only includes *regulated claims management activities* and *relevant credit activities*. [deleted]
- 10A.1.31 G ~~SUP 10A.1.28R to SUP 10A.1.30R~~ mean a *firm* whose *permission* includes a *regulated claims management activity* will not need to seek additional *approved person* approvals, because those activities became *regulated activities* in April 2019. [deleted]
- 10A.1.32 G ~~SUP 10A.1.28R to SUP 10A.1.30R~~ are not relevant to a *firm* which has *permission* to carry on only *regulated claims management activities* because ~~SUP 10A.1.1R~~ excludes it from this chapter altogether. [deleted]

Obligations on firms

- 10A.1.33 G (1) The requirements in this chapter about notifications and applications are addressed to *firms*. Where this chapter applies in relation to an *appointed representative*, this means it applies to the *appointed representative's principal*.
- (2) If an *appointed representative* has more than one *principal*, the requirements in (1) are addressed to the *authorised approved person employer* of the *approved person* in question.

...

10A.4 Specification of functions

...

10A.4.4 R FCA controlled functions

| (FCA controlled functions for FCA-authorized persons and appointed representatives) | | |
|---|-----|--|
| Type | CF | Description of FCA controlled function |
| <i>FCA governing functions*</i> | 1 | <i>Director function</i> |
| | 2 | <i>Non-executive director function</i> |
| | 3 | <i>Chief executive function</i> |
| | 4 | <i>Partner function</i> |
| | 5 | <i>Director of unincorporated association function</i> |
| | 6 | <i>Small friendly society function</i> |
| <i>FCA required functions*</i> | 8 | <i>Apportionment and oversight function</i> |
| | 10 | <i>Compliance oversight function</i> |
| | 10A | <i>CASS operational oversight function</i> |
| | 11 | <i>Money laundering reporting function</i> |
| <i>Systems and controls function*</i> | 28 | <i>Systems and controls function</i> |
| <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> | | |

10A.5 Significant-influence functions

What are the FCA significant-influence functions?

- 10A.5.1 G The *FCA significant-influence functions*, which are specified in *SUP* 10A.4.1R, comprise the *FCA governing functions* (*SUP* 10A.6), ~~the *FCA required functions* (*SUP* 10A.7), the *systems and controls function* (*SUP* 10A.8) and the *significant management function* (*SUP* 10A.9).~~ *SUP* 10A.5 applies to each of the *FCA significant-influence functions*.

...

10A.6 FCA governing functions

...

Guidance on persons in a parent undertaking or holding company exercising significant influence

- 10A.6.16 G (1) ~~This paragraph explains~~ The explanation in *SUP* 10C.5B.2G of the basis on which the *group entity senior manager function* is included as a *controlled function* for an *SMCR firm* is also relevant to the basis on which the *director function* and the *non-executive director function* are applied to persons who have a position with the *firm's parent undertaking* or *holding company* under *SUP* 10A.6.8R or *SUP* 10A.6.13R.
- (2) ~~The basic position is set out in *SUP* 10A.3.4G. As is the case with all *controlled functions*, The guidance in *SUP* 10C.5B.3G to *SUP* 10C.5B.5G about when the *group entity senior manager function* applies to an *SMCR firm* is also relevant to when those who have a position with a *firm's parent undertaking* or *holding company* may be performing a *controlled function* under *SUP* 10A.6.8R and or *SUP* 10A.6.13R, are subject to the overriding provisions in *SUP* 10A.3.1R, which sets out the requirements of section 59(1) and (2) of the *Act*. This means that unless the *firm* has an *arrangement* permitting the performance of these roles by the *persons* concerned, these *persons* will not be performing these *controlled functions*. Therefore, the *FCA* accepts that there will be cases in which a *person* performing these roles will not require approval. However where there is such an *arrangement* the function may apply.~~

...

Partner function (CF4)

...

- 10A.6.24 G ~~Any apportionment referred to in *SUP* 10A.6.23R(3)(b) will have taken place under *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. [deleted]~~

10A.6.25 G The effect of *SUP* 10A.1.17R is that *regulated activity* in *SUP* 10A.6.23R (and elsewhere) is to be taken as not including an activity that is a *non-mainstream regulated activity*. Therefore, a *partner* whose *only regulated activities* are incidental to his professional services, in a *partnership* whose principal purpose is to carry on other than *regulated activities*, need not be an *FCA-approved person*. What amounts to the principal purpose of the *firm* is a matter of fact in each case having regard to all the circumstances, including the activities of the *firm* as a whole. Any *regulated activities* which such a partner carries on are not within the description of the *partner function*. [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.
- (2) If the principal purpose of the *firm* is to carry on *regulated activities*, each *person* with responsibility for directing its affairs performs the *FCA-controlled function*.
- (3) If the principal purpose of the *firm* is other than to carry on *regulated activities*, a *person* performs the *small friendly society function* only to the extent that he has responsibility for a *regulated activity*. [deleted]
- 10A.6.32 R (1) Each *person* on the *non-directive friendly society's governing body* will be taken to have responsibility for its *regulated activities*, unless the *firm* has apportioned this responsibility to one particular individual to whom it is reasonable to give this responsibility.
- (2) The individual need not be a member of the *governing body*. [deleted]
- 10A.6.33 G Typically a *non-directive friendly Society* will appoint a “committee of management” to direct its affairs. However, the governing arrangements may be informal and flexible. If this is the case, the *FCA* would expect the society to resolve to give responsibility for the carrying on of *regulated activities* to one individual who is appropriate in all the circumstances. That individual may, for example, have the title of *chief executive* or similar. The individual would have to be an *FCA-approved person* under *SUP* 10A.6.31R. [deleted]
- 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. [deleted]

10A.7 FCA required functions [deleted]

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 4.4.5R.~~
- (2) [deleted]
- 10A.7.2 G In requiring someone to apportion responsibility, a *common platform firm* should not apply for that *person or persons* to be FCA approved to perform the *apportionment and oversight function* (see SUP 10A.7.1R and SYSC 1 Annex 1).
- 10A.7.3 G The fact that there is a *person* performing the *apportionment and oversight function*, and who has responsibility for activities subject to regulation by the FCA, may have a bearing on whether a manager who is based overseas will be performing an *FCA controlled function*. It is a factor to take into account when assessing the likely influence of the overseas manager.
- 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, they will not need to be an *FCA approved person*. However, where, in accordance with SYSC 4 to SYSC 10, they are responsible for implementing that strategy in the *United Kingdom*, and have not delegated that responsibility to a *senior manager* in the *United Kingdom*, they are likely to be performing an *FCA controlled function* for example, the *chief executive function*.
- 10A.7.5 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). The *firm* may allocate this responsibility to the *person* performing the *apportionment and oversight function*.~~
- 10A.7.6 G Where the *person* performing the *apportionment and oversight function* is also responsible for the *firm's insurance distribution activity*, the words "(insurance distribution)" will be inserted after this *FCA controlled function* (see MIPRU 2.2.5G).
- 10A.7.7 G [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) [deleted]
 - (b) SYSC 6.1.4R(2); or
 - (c) article 22(3) of the *MiFID Org Regulation*; or
 - (d) 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); or
 - (e) SYSC 6.1.4CR; or
 - (2) for a *full-scope UK AIFM*, a person allocated the function in article 61(3)(b) of the *AIFMD level 2 regulation*.

CASS operational oversight function (CF10a)

- 10A.7.9 R In relation to a *CASS medium firm* and a *CASS large firm* (other than a *CASS large debt management firm*), the *CASS operational oversight function* is the function of acting in the capacity of a *person* to whom is allocated the function set out in CASS 1A.3.1AR.
- 10A.7.9A R In relation to a *CASS large debt management firm*, the *CASS operational oversight function* is the function of acting in the capacity of a *person* to whom is allocated the function in CASS 11.3.4R.

Money laundering reporting function (CF11)

- 10A.7.10 R The *money laundering reporting function* is the function of acting in the capacity of the *money laundering reporting officer* of a *firm*.
- 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 6.3.9R and for their scope, see the application provisions in SYSC 1 Annex 1).

10A.8 Systems and controls functions [deleted]

- 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:

- (1) its financial affairs;
- (2) ~~setting and controlling its risk exposure (see 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 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 ~~{deleted}~~
- 10A.8.2 R The ~~systems and controls function~~ does not apply in relation to:
- (1) ~~bidding in emissions auctions carried on by a firm that is exempt from *MiFID* under article 2(1)(j); or~~
- (2) ~~benchmark activities.~~
- 10A.8.3 G ~~{deleted}~~
- 10A.8.4 G ~~Where an employee performs the systems and controls function the FCA would expect the firm to ensure that the employee had sufficient expertise and authority to perform that function effectively. A director or senior manager would meet this expectation.~~
- Full scope UK AIFM
- 10A.8.5 G ~~For a full scope UK AIFM, the requirement to have an employee responsible for reporting to the governing body of the firm or the audit committee for matters in SUP 10A.8.1R(2) and SUP 10A.8.1R(3) is derived from the AIFMD level 2 regulation, which imposes obligations on such firms to have a permanent risk management function and, where appropriate and proportionate for their business, an internal audit function.~~
- ...
- 10A.10 Customer-dealing functions**
- ...
- Customer function (CF 30)
- 10A.10.7 R The *customer function* is the function of:

...

- (6) ~~acting in the capacity of an *investment manager* and carrying on functions connected to this; [deleted]~~

...

...

10A.12 Procedures relating to FCA-approved persons

Forms

10A.12.1 G ...

10A.12.2 G Table: FCA-approved persons forms

| Form | | Purpose | Handbook requirement |
|--|--|---------|----------------------|
| ... | | | |
| <p>Note (1): The form in the SUP annex shown is to be used by a <i>firm</i> whose <i>Part 4A permission</i> covers only <i>credit related regulated activities</i>, and by other <i>firms</i> only in the event of a failure of the information technology systems used by the <i>FCA</i>. See the relevant “Handbook requirement”. [deleted]</p> | | | |
| ... | | | |

...

10A.13 Application for approval and withdrawing an application for approval

...

How to apply for approval

...

- 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. [deleted]~~

...

10A.13.4A G ~~When a *MiFID investment firm* (except a *credit institution*) notifies the *FCA* of a change using Form A or Form E, they must also submit the~~

MiFID Article 4 APER Information Form. The details can be found in SUP 10A.14.4BD. ~~[deleted]~~

...

10A.14 Changes to an FCA-approved person's details

Moving within a firm

...

- 10A.14.4A G (1) ~~The 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) ~~SUP 10A.14.4BD explains how this requirement fits in with the requirement to submit a Form A or Form E. ~~[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. ~~[deleted]~~~~
- 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 firm*~~

(except a *credit institution*) that the *firm* must notify to the *appropriate regulator* under Annex III of the *MiFID authorisation and management body change notification ITS*;

- (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 10A Annex 10D (MiFID Article 4 SMR Information Form)* at the same time as submitting the Form A or Form E about the *candidate*. [deleted]

10A.14.4C G *MiFID investment firms* (except credit institutions) who submit:

- (1) Form A and/or E; and
(2) the MiFID Article 4 SMR Information Form

about a *candidate* can complete the Annex III template outlined in *SUP 10A.14.4AG(1)* by cross-referring to any information required by the template that has been included in the relevant Form A or Form E. The template should be annexed to the relevant Form A or Form E. [deleted]

...

Ceasing 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.

- (3) See *SUP 10A.14.4AG* to *SUP 10A.14.4CG* for more about these notification requirements in a case in which the *firm* is applying for approval under section 59 of the *Act* (Approval for particular arrangements). [deleted]

...

10A.14.13 G A *firm* can submit Form C or Form E and the ~~MiFID Article 4 APER Information Form~~ to the *FCA* in advance of the cessation date. When a *person* ceases the arrangement under which they perform an *FCA*

controlled function, they will automatically cease to be an FCA-approved person in relation to that FCA controlled function. A person can only be an FCA-approved person in relation to a specific FCA controlled function. Therefore, a person is not an FCA-approved person during any period between ceasing to perform one FCA controlled function (when they are performing no other FCA controlled function) and being approved in respect of another FCA controlled function.

...

10A.16 How to apply for approval and give notifications

- 10A.16.1 D (1) This direction applies to an application under Form A or Form E.
- (2) ~~Subject to (2A), an~~ An application by a *firm* 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.*
- (2A) ~~An application by a firm whose application for permission or whose Part 4A permission covers only credit-related regulated activities must be made using the form in SUP 10A Annex 4 or SUP 10A Annex 8 and must be submitted in the way set out in SUP 15.7.4 R to SUP 15.7.9G (Form and method of notification). [deleted]~~

...

...

10A Annex 1G Frequently asked questions

| | Question | Answer |
|-----|--|---|
| ... | | |
| | Submitting an application | |
| ... | | |
| 17 | How can credit unions get a supply of application forms (Forms A to F)? [deleted] | These can be ordered from the FCA's Customer Contact Centre. There is no charge for an application form. |

| | | |
|-----|--|--|
| ... | | |
|-----|--|--|

| How does the customer function relate to the training and competence requirements? | | | |
|--|-----------------------------------|----------------------------------|------------|
| Activity | Products/sectors in TC Appendix 1 | FCA controlled function | SUP |
| Advising or giving personal recommendations (as relevant) | 2-9A | <i>customer function</i> (CF 30) | 10A.10.4 R |
| Undertaking an activity | 10-11 | | |
| Giving <i>personal recommendations</i> and dealing | 12-13 | | |
| Managing investments | 14 | | |

10C FCA senior managers regime for approved persons in SMCR firms

...

10C.1 Application

...

Appointed representatives

...

10C.1.8 G ...

(4) ...

(5) Both this chapter and SUP 10A deal with an appointed representative that has a limited permission to carry on a regulated activity prescribed for the purposes of section 39(1E)(a) of the Act.

...

10C.4 Specification of functions

...

10C.4.3 R Table of FCA-designated senior management functions for SMCR firms

| Type | SMF | Description of FCA controlled function |
|---------------------------------------|---------------|---|
| <i>FCA governing functions</i> | <u>SMF 1</u> | <i>Chief executive function</i> |
| | SMF 3 | ... |
| | <u>SMF 7</u> | <i>Group entity senior manager function</i> |
| | <u>SMF 9</u> | <i>Chair of the governing body function</i> |
| | <u>SMF 10</u> | <i>Chair of the risk committee function</i> |
| | <u>SMF 11</u> | <i>Chair of the audit committee function</i> |
| | <u>SMF 12</u> | <i>Chair of the remuneration committee function</i> |
| | SMF 13 | ... |
| | <u>SMF 14</u> | <i>Senior independent director function</i> |
| | SMF 15 | ... |
| | <u>SMF 19</u> | <i>Head of third country branch function</i> |
| | SMF 27 | ... |
| <i>FCA required functions</i> | ... | ... |
| | SMF 23b | ... |
| | <u>SMF 29</u> | <i>Limited scope function</i> |
| Other high-level management functions | SMF 21 | ... |
| <u>Systems and controls functions</u> | <u>SMF 2</u> | <i>Chief finance officer function</i> |
| | <u>SMF 4</u> | <i>Chief risk officer function</i> |
| | <u>SMF 5</u> | <i>Head of internal audit function</i> |
| | <u>SMF 24</u> | <i>Chief operations function</i> |

...

10C.4A FCA governing functions: General

10C.4A.1 G ...

Sole traders

- 10C.4A.2 G (1) An individual *sole trader* themselves will not need approval to perform any of the *governing functions*. Therefore the *governing functions* do not apply to a *sole trader* with no employees.
- (2) It is possible, although perhaps not likely in practice, that the *governing functions* could apply to staff working for the *sole trader*.
- (3) In particular, it is possible for the *sole trader* to give sufficient authority to a staff member that the staff member meets the *Glossary* definition of a *director*.
- (4) This might happen, for example, if the *sole trader's* business is so large that the *sole trader* sets up a *governing body* to run it.

10C.5 FCA governing functions: Executive

...

Executive director function: Adjustment of definition for non-directive friendly societies

10C.5.9 R ...

- (3) The *executive director function* includes the function of being or acting in the capacity of:
- (a) a member of the *firm's governing body*; or
- (b) (in the case of an *FCA-authorised firm*) the *chief executive*.

The term *director* also includes each such a *person*.

...

10.5.10 G ...

- (3) The individual in (2) may, for example, have the title of chief executive or similar. The individual would (subject to SUP 10C.5.11G) have to be an FCA-approved person under SUP 10C.5.9R.
- 10C.5.11 G (1) In practice, the FCA expects that most non-directive friendly societies will be PRA-authorised persons.
- (2) Where that is the case, the executive director function will often not apply (see SUP 10C.4A.1G).
- ...
- 10C.5.18 G ...
- Partner function: When partners and members do not require approval
- 10C.5.19 R (1) This rule applies to an SMCR firm that is an FCA-authorised person to which the partner function applies.
- (2) If the principal purpose of the firm is to carry on one or more regulated activities, each person in SUP 10C.5.14R to SUP 10C.5.16R (a “partner”) performs the partner function.
- (3) If the principal purpose of the firm is other than to carry on regulated activities:
- (a) a partner performs the partner function to the extent only that they have responsibility for a regulated activity; and
- (b) a partner in a firm will be taken to have responsibility for each regulated activity except where the firm has apportioned responsibility to another partner or group of partners.
- 10C.5.20 G (1) This paragraph SUP 10C.5.20G describes some of the combined effects of SUP 10C Annex 1 2.1R and SUP 10C.5.19R.
- (2) A partner whose only regulated activities are incidental to their professional services, in a firm whose principal purpose is to carry on other than regulated activities, need not be an FCA-approved person.
- (3) What amounts to the principal purpose of the firm is a matter of fact in each case having regard to all the circumstances, including the activities of the firm as a whole.
- (4) Any regulated activities which such a partner carries on are not within the description of the partner function.

Chief executive function (SMF1)

- 10C.5.21 R (1) The *chief executive function* is the function of acting in the capacity of a *chief executive* of a *firm*.
- (2) This function does not apply to a *non-directive friendly society*.
- 10C.5.22 G This function is having the responsibility, alone or jointly with one or more others, under the immediate authority of the *governing body* for the conduct of the whole of the business (or relevant activities) of the *firm*.
- 10C.5.23 G (1) A *person* performing the *chief executive function* may be a member of the *governing body* but need not be.
- (2) If the chairman of the *governing body* is also the *chief executive*, they will be discharging this function.
- (3) If the responsibility is divided between more than one *person* but not shared, there is no *person* exercising the *chief executive function*.
- (4) But if that responsibility is discharged jointly by more than one *person*, each of those *persons* will be performing the *chief executive function*.

Head of third country branch function (SMF 19)

- 10C.5.24 R (1) This rule applies to an *overseas SMCR firm*.
- (2) The *head of third country branch function* is the function of having responsibility alone or jointly with others, for the conduct of all activities of the *United Kingdom branch* of the *firm* which are subject to the *UK regulatory system*.

10C.5A FCA governing functions: Oversight

...

10C.5A.6 R ...

Chair of the governing body function (SMF9)

- 10C.5A.7 R The *chair of the governing body function* is the function of having responsibility for chairing, and overseeing the performance of the role of, the *governing body* of the *firm*.

Chair of the risk committee function (SMF10)

10C.5A.8 R The chair of the risk committee function is the function of having responsibility for chairing, and overseeing the performance of, any committee responsible for the oversight of the risk management systems, policies and procedures of the firm, including, where applicable to the firm, a committee established in accordance with the risk control requirements for SMCR firms.

Chair of the audit committee function (SMF11)

10C.5A.9 R The chair of the audit committee function is the function of having responsibility for chairing, and overseeing the performance of, any committee responsible for the oversight of the internal audit system of the firm including, where applicable to the firm, a committee established in accordance with the internal audit requirements for SMCR firms.

Chair of the remuneration committee function (SMF12)

10C.5A.10 R The chair of the remuneration committee function is the function of having responsibility for chairing, and overseeing the performance of, any committee responsible for the oversight of the design and the implementation of the remuneration policies of a firm, including, where applicable to the firm, a committee established in accordance with:

- (1) SYSC 19A.3.12R (Remuneration Principle 4: Governance);
- (2) SYSC 19B.1.9R (AIFM Remuneration Principle 3: Governance);
- (3) SYSC 19C.3.12 R (Remuneration Principle 4: Governance);
- (4) SYSC 19D.3.12R (Remuneration Principle 4: Governance); and
- (5) SYSC 19E.2.9R (UCITS Remuneration Principle 3: Governance).

Senior independent director function (SMF14)

10C.5A.11 R The senior independent director function is the function of performing the role of a senior independent director, and having particular responsibility for leading the assessment of the performance of the person performing the chair of the governing body function.

10C.5B FCA governing functions: Group entities

Group entity senior manager function (SMF7)

10C.5B.1 R (1) The group entity senior manager function is the function of having a significant influence on the management or conduct of

one or more aspects of the affairs of a *firm* in relation to its *regulated activities*.

- (2) This *controlled function* does not include having such influence in the course of performance of another *designated senior management function* for that *firm*.
- (3) This *controlled function* only applies if it is performed by:
 - (a) a *person* employed by; or
 - (b) an officer of:
any of the following:
 - (c) a *parent undertaking* or *holding company* of the *firm*; or
 - (d) another *undertaking* which is a member of the *firm's* *group*.

Basis on which group entity senior manager function is included

- 10C.5B.2 G (1) This provision explains the basis on which the *group entity senior manager function* is included as a *controlled function*.
- (2) The basic position is set out in SUP 10C.3.9G. As is the case with all *controlled functions* in this chapter, the definition of the *group entity senior manager function* is subject to the overriding provisions in SUP 10C.3.6R, which sets out the requirements of section 59(1) and (2) of the *Act*.
- (3) This means that unless the *firm* has an *arrangement* permitting the performance of these roles by the *persons* concerned, these *persons* will not be performing the *group entity senior manager function*.
- (4) Therefore, the *FCA* accepts that there will be cases in which a *person* performing the role described in SUP 10C.5B.1R will not require approval.
- (5) However where there is such an *arrangement* the function may apply.

When the group entity senior manager function applies

- 10C.5B.3 G (1) Individuals in the management of a *group* in which a *firm* is a subsidiary do not automatically come within the *group entity senior manager function* because their job relates to the *firm*.
- (2) The *FCA* does not aim or expect to approve individuals to perform this function for every *firm* to which the function potentially applies under SUP 10C Annex 1 (What functions

apply to what type of firm) just because the *firm* is part of a group.

- (3) The *FCA* would not consider it to be unusual for there to be no one performing the *group entity senior manager function* for a *firm* that is a subsidiary in a group.

10C.5B.4

G

Whether someone performs the *group entity senior manager function* should be assessed on a case-by-case basis. The factors to be taken into account include:

- (1) the organisational structures of the group and the *firm*;
- (2) the split of key responsibilities between the group and *firm* boards and senior management; and
- (3) whether *SMF managers* based in the *firm* have an appropriate level of authority within the group to ensure that the *firm* complies with the requirements of the *regulatory system*.

10C.5B.5

G

- (1) An individual based elsewhere in a group whose responsibilities in relation to a subsidiary in the group that is a *firm* are limited to developing the group's overall strategy is unlikely to be performing the *group entity senior manager function*.

- (2) The function is more likely to apply to individuals who are directly responsible for implementing the group's strategy in the *firm*.

- (3) Therefore, if an individual based elsewhere in the group:

(a) is directly responsible for taking decisions about how the *firm* should conduct its *regulated activities*; and

(b) has not delegated this responsibility to an *SMF manager* based in the *firm*;

it is likely that they will require approval to perform the *group entity senior manager function* (or, as described in *SUP* 10C.5B.6G, another *designated senior management function*).

- (4) If however the *firm's governing body* has sufficient discretion in how it applies and responds to proposals coming from group committees or individuals based in parent entities, approval would generally not be required. In this case the individual will be carrying on a group-level function rather than performing a function on behalf of the *firm*.

- (5) So, where:

- (a) a firm has in place the required SMF managers based in the firm; and
- (b) those SMF managers are effective and have sufficient control over the firm;

the FCA would not routinely expect the firm to have persons performing the group entity senior manager function in place.

- 10C.5B.6 G (1) SUP 10C.5B.1R(2) means that an individual who is approved to perform another designated senior management function for a firm will often not need to be approved to perform the group entity senior manager function for that firm as well.
- (2) So for example if the individual has responsibility for the firm's finances they may be performing the chief finance officer function. If that is the case the individual will not be performing the group entity senior manager function by carrying out the functions of a chief finance officer.
- (3) Similarly an individual who is approved to perform another designated senior management function for the firm may have influence that comes from holding that post in matters falling outside the core duties of that post. For example a chief finance officer of a firm will have important input into decisions that fall outside the core financial control function. That influence does not mean that they are performing the group entity senior manager function.

10C.5B.7 G The group entity senior manager function is potentially relevant:

- (1) whether the individual is located in or outside the United Kingdom; and
- (2) whether the group is headquartered in the United Kingdom or overseas.

- 10C.5B.8 G (1) The parent of a subsidiary firm cannot itself perform the group entity senior manager function.
- (2) A shareholder in the parent will also not perform this function unless the shareholder is also a director, officer or employee of the parent and is exerting significant influence over the firm through that role.

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 *person* who is allocated the function in:
- ...
- (4) SYSC 6.1.4CR; ~~or~~
- (5) SYSC 3.2.8R; or
- (6) (for a full-scope UK AIFM) article 61(3)(b) of the AIFMD level 2 regulation.

...

10C.6.4 R ...

Limited scope function (SMF29)

10C.6.5 R The *limited scope function* is the function of acting in the capacity of a *person* responsible for the apportionment function and/or the oversight function set out in SYSC 4.4.5R.

10C.6.6 G The fact that there is a *person* performing the *limited scope function*, and who has responsibility for activities subject to regulation by the *FCA*, may have a bearing on whether a manager who is based overseas will be performing an *FCA controlled function*. It is a factor to take into account when assessing the likely influence of the overseas manager.

10C.6A **Systems and controls functions: Finance, risk and internal audit**

Introduction

- 10C.6A.1 G The *FCA-designated senior management functions* in this section apply even if the *firm*:
- (1) is not required by the *regulatory system* to allocate any of these roles to someone; or
- (2) is not subject to any requirements of the *regulatory system* dealing with the management of the matters referred to in SUP 10C.6A.3R to SUP 10C.6A.6R.

Seniority

10C.6A.2 G The *FCA* expects a *firm* to ensure that a person performing a function in this section for a *firm* has sufficient expertise and authority to perform that function effectively. A *director* or *senior manager* would meet this expectation.

Chief finance officer function (SMF2)

10C.6A.3 R The *chief finance officer function* is the function of having responsibility for management of the financial resources of the *firm*, including reporting directly to the *governing body* of the *firm* in relation to its financial affairs.

Chief risk officer function (SMF4)

10C.6A.4 R The *chief risk officer function* is the function of having responsibility for overall management of the risk controls of a *firm*, including:

- (1) the setting and managing of the *firm's* risk exposures; and
- (2) reporting directly to the *governing body* of the *firm* in relation to its risk management arrangements.

10C.6A.5 G (1) Risk controls systems include ones designed to deal with the kinds of matters in the *risk control requirements for SMCR firms*.

(2) However SUP 10C.6A.4R applies even if the provisions in (1) do not apply to the *firm*.

Head of internal audit function (SMF5)

10C.6A.6 R The *head of internal audit function* is the function of having responsibility for management of the internal audit function of the *firm*, including reporting directly to the *governing body* of the *firm* on the internal audit function.

10C.6A.7 G (1) Internal audit covers the kinds of matters in the *internal audit requirements for SMCR firms*.

(2) However SUP 10C.6A.6R applies even if the provisions in (1) do not apply to the *firm*.

10C.6B Systems and controls functions: Other

Seniority

10C.6B.1 G The *FCA* expects a *firm* to ensure that a person performing a function in this section for a *firm* has sufficient expertise and authority to perform that function effectively. A *director* or *senior manager* would meet this expectation.

The chief operations function (SMF24)

10C.6B.2 R (1) The *chief operations function* is the function of having overall responsibility for managing all or substantially all the internal operations or technology of the *firm* or of a part of the *firm*.

- (2) In deciding whether a *person* has overall responsibility for managing all or substantially all the matters described in (1) for the purposes of this *rule*, the following are left out of account if one or more other *persons* have overall responsibility for them:
- (a) the matters to which the *internal audit requirements for SMCR firms*, the *compliance requirements for SMCR firms* or the *risk control requirements for SMCR firms* relate;
- (b) the matters to which any of the *required functions* relate; or
- (c) any part of the *firm* responsible for advising other parts of the *firm*.
- (3) (2) applies to a *firm* whether or not the requirements in (2)(a) or the functions in (2)(b) apply to it.
- (4) The *chief operations function* does not include the function of acting in the capacity of a *chief executive* of a *firm*.
- (5) A *person* (P) does not perform the *chief operations function* by managing the internal operations or technology of a part of a *firm* that carries out other functions (such as a part of the *firm* that carries on *regulated activities with clients*) as part of P's function of managing that part of the *firm*.
- (6) A *firm*'s *SMCR legal function* is not included in the *firm*'s internal operations or technology for the purpose of the definition of the *chief operations function*.
- 10C.6B.3 G (1) In SUP 10C.6B.2R technology refers principally to the *firm*'s information and communications technology (ICT) systems and services.
- (2) Those services include but may not be necessarily limited to the mechanisms and networks that support the operations of a *firm*, including data entry, data storage, data processing and reporting services, but also monitoring, business and decision support services.
- 10C.6B.4 G The *chief operations function* may include but not necessarily be limited to areas such as:
- (1) business continuity (including responsibility for compliance with SYSC 4.1.6R and SYSC 4.1.7R (Business continuity), if those *rules* apply to the *firm*);
- (2) cybersecurity;

- (3) information technology;
 - (4) internal operations;
 - (5) operational continuity, resilience and strategy;
 - (6) outsourcing, procurement and vendor management; and
 - (7) management of services shared with other *group* members.
- 10C.6B.5 G As explained in SYSC 26.11.4G (Overall responsibility for internal operations), if:
- (1) a *firm* does not have anyone who performs the *chief operations function*; but
 - (2) SYSC 26 (Senior managers and certification regime: Overall and local responsibility) applies to the *firm*;
- the *firm* should allocate responsibility for the functions in SUP 10C.6B.4G among its *SMF managers* under SYSC 26.
- 10C.6B.6 G If a *firm* is required to have a *management responsibilities map*, the map should include the functions in SUP 10C.6B.4G, whether or not the *firm* has someone who performs the *chief operations function* (see SYSC 25 Annex 1 (Examples of the business activities and functions of an SMCR firm)).
- 10C.6B.7 G The table in SUP 10C.6B.8G gives examples of how the *chief operations function* applies.
- 10C.6B.8 G Table: Examples of how the chief operations function applies

| <u>Example</u> | <u>Comments</u> |
|--|---|
| <p><u>(1) <i>Firm A</i> has the following three individuals.</u></p> <ul style="list-style-type: none"> <u>- Chief Operating Officer (COO);</u> <u>- Chief Information & Technology Officer (CITO);</u> <u>- Head of Human Resources (Head of HR).</u> <p><u>The Head of HR and the CITO report to the COO.</u></p> | <p><u>The COO is the only person performing the <i>chief operations function</i>.</u></p> |
| <p><u>(2) <i>Firm A</i> has the following two individuals:</u></p> | <p><u>Both individuals perform the <i>chief operations function</i>.</u></p> |

| | |
|---|---|
| <p><u>- Chief Operating Officer (COO);</u></p> <p><u>- Chief Information and Technology Officer (CITO).</u></p> <p><u>The COO and CITO are equally senior. Both have separate reporting lines to the Board and the CEO.</u></p> <p><u>Overall responsibility for information technology is shared between the COO and CITO.</u></p> <p><u>The COO has overall responsibility for all other internal operations.</u></p> | |
| <p><u>(3) Firm A has two business lines (broking and advice). It has the following individuals:</u></p> <p><u>- a Chief Operating Officer responsible for the internal operations of the broking business (other than technology) (B)</u></p> <p><u>- a Chief Information and Technology Officer for the broking business (C)</u></p> <p><u>- an individual who combines the roles of Chief Operating Officer and Chief Information and Technology Officer for the advice business (D).</u></p> <p><u>B, C and D are equally senior. They all have separate reporting lines to the Board and the CEO.</u></p> | <p><u>B, C and D perform the <i>chief operations function</i>.</u></p> |
| <p><u>(4) Firm A splits overall responsibility for its internal operations between various individuals. A separate individual is responsible for human resources, business continuity, procurement and outsourcing, buildings and</u></p> | <p><u>The CITO performs the <i>chief operations function</i>.</u></p> <p><u>None of the others perform the <i>chief operations function</i>. This is because none of them has responsibility for the <i>firm's</i> internal operations as a whole or for all the internal</u></p> |

| | |
|---|--|
| <p><u>the remaining parts of internal operations. Firm A also has a Chief Information & Technology Officer (CITO) with responsibility for all the firm's technology. Each individual is equally senior.</u></p> | <p><u>operations of a part of the business. Firm A has divided the responsibility based on function rather than business line.</u></p> <p><u>However those others may be performing the other overall responsibility function.</u></p> |
| <p><u>(5) Firm A has a Chief Operating Officer (B) responsible for its internal operations. However Firm A separates its internal advisory functions (such as economic and market analysis) and allocates them to C.</u></p> | <p><u>B performs the chief operations function.</u></p> <p><u>C does not.</u></p> <p><u>The same answer would apply if C's functions were split between several others.</u></p> |
| <p><u>(6) Firm A has a Chief Operating Officer (B). B does not report to the firm's governing body. B reports to several directors about different aspects of B's job, who in turn report to the governing body.</u></p> | <p><u>B does not perform the chief operations function. B does not have overall responsibility for internal operations as B does not have direct responsibility to the governing body. SYSC 26.7 (Meaning of local and overall responsibility: Reporting to the governing body) is relevant to the meaning of overall responsibility in this context.</u></p> <p><u>The directors to whom B reports do not perform the chief operations function either, for the reasons in Example (4).</u></p> |
| <p><u>(7) Firm A has two business lines (broking and advice). B is chief executive of the broking division and C is chief executive of the advisory division. Each chief executive is responsible for the internal operations and IT of their division. Both B and C report to the Board.</u></p> | <p><u>SUP 10C.6B.2R(5) means that neither B nor C performs the chief operations function.</u></p> |
| <p><u>(8) Firm A has a Chief Operating Officer (B) responsible for its internal operations. B is not</u></p> | <p><u>B performs the chief operations function.</u></p> <p><u>C does not.</u></p> |

| | |
|---|--|
| responsible for Firm A's legal department, which is managed by the <i>firm's</i> general counsel (C). | |
|---|--|

10C.7 Other overall responsibility function (SMF18)

Application

...

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*; and
- (3) an enhanced scope *SMCR firm*.

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* 26.3.1R (Main rules) in relation to the *firm*; ~~or~~
 - (b) *FCA-prescribed senior management responsibility* (z) in the table in *SYSC* 24.2.5R (functions in relation to *CASS*) allocated to that *person* under *SYSC* 24.2 (Allocation of *FCA-prescribed senior management responsibilities*: Main allocation rules); ~~and~~ or
 - (c) (if the *firm* has allocated such a function to someone) the function of having overall responsibility for any of the activities, business areas and management functions of the *firm* excluded from *SYSC* 26.3 (Main rules) by *SYSC* 26.4.18R (Exclusion for *AIFMD*); and
- (2) does not have an approval to perform any other *designated senior management function* in relation to the *firm*.

...

10C.7.3 G Table: Examples of how the other overall responsibility function applies

| Example | Comments |
|---|----------|
| ... | ... |
| <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>The <i>firm</i> is one of those for which being chief risk officer is a <i>PRA-designated senior management function</i> or an <i>FCA-designated senior management function</i>.</p> | ... |
| ... | ... |

...

10C.8 The other local responsibility function (SMF22)

...

Other local responsibility function (SMF22)

...

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>. <u>The <i>firm</i> is a <i>PRA-authorised person</i>.</u></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>FCA-designated senior management function</i> or <u>(if the firm is a PRA-<i>authorised person</i>) PRA-designated senior management function.</u></p> | ... |
| <p>(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> | <p>P needs approval to perform the <i>other local responsibility function</i>. However, if P has already been approved to perform another <i>FCA-designated senior management function</i> or <u>(if the firm is a PRA-<i>authorised person</i>) PRA-designated senior management function</u>, then P will not be performing the <i>other local responsibility function</i>.</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. A is a type of <i>firm</i> for which being chief risk officer is a <i>PRA designated senior management function</i> <u>or an</u></p> | ... |

| | |
|---|--|
| <i>FCA-designated senior management function.</i> | |
| ... | |

...

10C.9 Minimising overlap with the PRA approved persons regime

Application

10C.9.-1 **G** This section only applies to a *PRA-authorised person*.

...

10C.10 Application for approval and withdrawing an application for approval

...

How to apply for approval

...

10C.10.9 **D** ...

- (4) *A firm* must not use Form E if:
- (a) a notification has been made or should be made:
 - (i) ...
 - (ii) (if the *firm* is a *PRA-authorised person*) to the *PRA* under any equivalent *PRA* rule; or
 - ...
 - (b) a notification has been made or should be made to the *FCA* or (if the *firm* is a *PRA-authorised person*) *PRA* under any of the following:
 - ...
 - (c) (if the *firm* is a *PRA-authorised person*) a notification has been made or should be made to the *PRA* under any provision of the *PRA Rulebook* corresponding to the requirements in (b); or

...

...

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, &c) and related subordinated legislation of the *UK* or any part of the *UK* before making the application.
- (3) This rule does not apply to a *firm* that is a *sole trader* if the *candidate* is the *sole trader* themselves.

...

10C.11 Statements of responsibilities

...

What this section covers

- 10C.11.2 G (1) ...
- (2) However, in the case of a *PRA-authorised person*, where applications and notifications relate both to *FCA-designated senior management functions* and to *PRA* ones, the regulators' requirements are consistent with each other.

...

...

Revised statements of responsibilities: Meaning of significant change

- 10C.11.6 G (1) ...
- (2) A variation of the *FCA-approved SMF manager's* approval, either at the *firm's* request or at the *FCA's* or (in the case of a *PRA-authorised person*), *PRA's* initiative, resulting in the imposition, variation or removal of a condition or time limit, may involve a significant change.
- (3) ...

- (4) The addition, re-allocation or removal of any of the following (or part of one):
 - (a) an *FCA-prescribed senior management responsibility*;
 - (b) (in the case of a *PRA-authorised person*), a *PRA-prescribed senior management responsibility*; or

...
- (5) The sharing or dividing of an *FCA-prescribed senior management responsibility* or, in the case of a *PRA-authorised person*, 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 an *FCA-prescribed senior management responsibility* or, in the case of a *PRA-authorised person*, a *PRA-prescribed senior management responsibility*, that was originally shared with another, or others, may involve a significant change.

...

Revised statements of responsibilities: Procedure

- 10C.11.7 D (1)
- ...
- (3) ~~Where~~ In the case of a *PRA-authorised person*, where the change to be notified to the *FCA* under section 62A of the *Act* is part of an arrangement under which:

...

...

One document for each SMF manager for each firm

...

- 10C.11.14 G ...
- (2) ~~The~~ (In the case of a *PRA-authorised person*), the document in (1) should cover *PRA-designated senior management functions* as well as *FCA-designated senior management functions*.
- ...
- (4) The *FCA* and the *PRA* have coordinated their arrangements so that a ~~firm~~ *PRA-authorised person* can prepare a single

document that will meet the requirements of both regulators about *statements of responsibilities*.

...

...

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, in the case of a *PRA-authorised person*, with the corresponding *PRA* requirements) work in different cases.
- 10C.11.19 G Table: Examples of how the requirements for submitting statements of responsibilities work

| Example | Comments |
|--|----------|
| ... | |
| <p>(3) A <i>firm</i> 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 <i>SUP 10C.9</i> 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><u>The <i>firm</i> is a <i>PRA-authorised person</i>.</u></p> | ... |
| ... | |
| <p>(5) A has approval to perform the <i>executive director function</i>. Later, A is to be appointed to perform the <i>PRA's chief risk officer designated senior management function</i> for the same <i>firm</i>. This will also result in substantial changes to A's duties as an executive director.</p> <p><u>The <i>firm</i> is a <i>PRA-authorised person</i>.</u></p> | ... |
| ... | |
| <p>(8) A has approval to perform the <i>executive director function</i> and the <i>PRA's chief risk officer designated senior management</i></p> | ... |

| Example | Comments |
|---|----------|
| <p><i>function</i> for the same <i>firm</i>. 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 <i>FCA</i> and <i>PRA</i> approvals.</p> <p>The approval to perform the <i>PRA</i> 's chief risk officer <i>designated senior management 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><u>The <i>firm</i> is a <i>PRA-authorised person</i>.</u></p> | |
| <p>(9) A has approval to perform the <i>executive director function</i> and the <i>money laundering reporting function</i> for the same <i>firm</i>.</p> <p>Sometime later, A is to give up the <i>money laundering reporting function</i> and take up the <i>PRA</i> 's chief risk officer <i>designated senior management function</i>. This will involve major changes to A's role as executive director.</p> <p><u>The <i>firm</i> is a <i>PRA-authorised person</i>.</u></p> | ... |
| ... | |
| <p>(11) A has approval to perform the <i>executive director function</i> and the <i>PRA</i> 's 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><u>The <i>firm</i> is a <i>PRA-authorised person</i>.</u></p> | ... |
| ... | |
| <p>(14) A has approval to perform the <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</i> 's Head of Key Business Area <i>designated senior management function</i>. However, A's responsibilities do not change.</p> <p><u>The <i>firm</i> is a <i>PRA-authorised person</i>.</u></p> | ... |
| ... | |

Need for a complete set of current statements of responsibilities

...

- 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 (in the case of a *PRA-authorised person*), *PRA* as revised under section 62A of the *Act* and this chapter.

...

...

What statements of responsibilities should contain: General

...

- 10C.11.24 G (1) A *statement of responsibilities* (including its attachment sheet for additional information) should:

...

- (c) only contain material about the matters that this chapter, the corresponding *PRA* requirements (in the case of a *PRA-authorised person*), and the *Act* say should be included in it.

...

...

- 10C.11.26 G ...

- (2) For instance, these include:

- (a) the responsibilities that go with the *FCA required functions*; and
- (b) the *FCA-prescribed senior management responsibilities* and (in the case of a *PRA-authorised person*) the *PRA-prescribed senior management responsibilities*.

...

...

- 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 (in the case of a PRA-authorised person) PRA-prescribed senior management responsibilities* allocated to the *SMF manager*;
- (b) *(in the case of a PRA-authorised person) 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);*

...

...

...

10C.12 Conditional and time-limited approvals

Purpose

10C.12.1 G ...

- (3) ~~The~~ *(In the case of a PRA-authorised person) 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.*

...

...

10C.13 Variation of conditional and time-limited approvals

...

Variation of a conditional approval at the request of the firm: general description

...

10C.13.4 G (1) ~~There are requirements about whether~~ *If the firm applying for a change described in SUP 10C.13.3G is a PRA-authorised person, there are requirements about whether it should apply to the FCA or the PRA. Paragraphs (2) to (3) summarise these requirements.*

...

...

10C.14 Changes to an FCA-approved person's details

Moving within a firm

10C.14.1 G ...

- (4) Similarly (in the case of a PRA-authorised person), 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*.

...

Ceasing to perform an FCA-designated senior management function

...

10C.14.5 R ...

- (3) If:
 - ...
 - (b) ceasing to perform the *FCA-designated senior management function* in (1) has triggered a requirement to make that application for approval:
 - ...
 - (iii) (in the case of a PRA-authorised person) to the *PRA* using the *PRA* 's Form E in accordance with the corresponding *PRA* requirements;

...

...

10C.15 Forms and other documents and how to submit them to the FCA

...

How to make applications and give notifications

10C.15.7

- D (1) A *firm* other than a ~~credit union~~ *firm* in (2) 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:
 - (a) credit union; or

(b) a firm whose Part 4A permission covers only credit-related regulated activities;

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) ...

10C.15.8 R ...

10C.15.9 G It is up to the credit union firm referred to in SUP 10C.15.7D(2) 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 or consumer credit firms (SUP 10C.15.7D(1)) | Credit unions and consumer credit firms (SUP 10C.15.7D(2)) |
|------------------------|--|--|
| ... | | |

...

10C What functions apply to what type of firm
Annex 1

...

Part Two: General exclusions

2.1 R (1) ~~[This part has been left blank deliberately]~~ This chapter, except in respect of the FCA required functions, does not apply to an authorised professional firm that is an FCA-authorised person in respect of its non-mainstream regulated activities, subject to (2).

(2) Where the authorised professional firm has appointed FCA-approved persons to perform the FCA governing functions with equivalent responsibilities for the firm's non-mainstream regulated activities and other regulated activities, for the firm's non-mainstream regulated activities this chapter applies with respect to the FCA governing functions and the FCA required functions only.

...

Insert the following new Parts in SUP 10C Annex 1 where indicated. The text is not underlined.

4.3 R ...

Part Five: Functions applying to core firms

- 5.1 R (1) The table in SUP 10C Annex 1 5.2R sets out which *FCA controlled function* applies to which type of *core SMCR firm*.
- (2) *Firms* in (1) are divided into the following categories for the purposes of this *rule*:
- (a) a *UK SMCR firm* not falling into (d);
 - (b) an *EEA SMCR firm*;
 - (c) an *overseas SMCR firm* not falling into (b); and
 - (d) a *UK SMCR firm* falling into SYSC 23 Annex 1 6.4R (a *firm* exempt under *MiFID* whose only *permission* is *bidding in emissions auctions*).

5.2 R Table: Controlled functions applying to core SMCR firms

| (1) Brief description of function | (2) Function number | (3) UK firm | (4) EEA firm | (5) Other overseas firm | (6) Emission auction bidder |
|--|------------------------|----------------|-----------------|----------------------------|--------------------------------|
| Governing functions | | | | | |
| <i>Chief executive function</i> | SMF 1 | ✓ | × | × | ✓ |
| <i>Executive director function</i> | SMF 3 | ✓ | × | ✓ | ✓ |
| <i>Chair of the governing body function</i> | SMF 9 | ✓ | × | × | ✓ |
| <i>Head of third country branch function</i> | SMF 19 | × | × | ✓ | × |
| <i>Partner function</i> | SMF 27 | ✓ | × | × | ✓ |
| Required functions | | | | | |

| | | | | | |
|---|--------|---|---|---|---|
| <i>Compliance oversight function</i> | SMF 16 | ✓ | × | ✓ | × |
| <i>Money laundering reporting function</i> | SMF 17 | ✓ | ✓ | ✓ | ✓ |
| 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> at SUP 10C Annex 1 5.1R. Therefore:</p> <p>(a) column three (UK firm) refers to SUP 10C Annex 1 5.1R(2)(a);</p> <p>(b) column four (EEA firm) refers to SUP 10C Annex 1 5.1R(2)(b);</p> <p>(c) column five (Other overseas firm) refers to SUP 10C Annex 1 5.1R(2)(c); and</p> <p>(d) column six (Emission auction bidders) refers to SUP 10C Annex 1 5.1R(2)(d).</p> | | | | | |

Part Six: Functions applying to enhanced scope firms

- 6.1 R The table in SUP 10C Annex 1 6.2R sets out which *FCA controlled functions* apply to an *enhanced scope SMCR firm*.
- 6.2 R Table: Controlled functions applying to enhanced scope SMCR firms

| Brief description of function | Function number |
|---|-----------------|
| Governing functions | |
| <i>Chief executive function</i> | SMF 1 |
| <i>Executive director function</i> | SMF 3 |
| <i>Group entity senior manager function</i> | SMF 7 |
| <i>Chair of the governing body function</i> | SMF 9 |
| <i>Chair of the risk committee function</i> | SMF 10 |
| <i>Chair of the audit committee function</i> | SMF 11 |
| <i>Chair of the remuneration committee function</i> | SMF 12 |

| | |
|---|--------|
| <i>Chair of the nomination committee function</i> | SMF 13 |
| <i>Senior independent director function</i> | SMF 14 |
| <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 |
| Systems and controls functions | |
| <i>Chief finance officer function</i> | SMF 2 |
| <i>Chief risk officer function</i> | SMF 4 |
| <i>Head of internal audit function</i> | SMF 5 |
| <i>Chief operations function</i> | SMF 24 |

Part Seven: Functions applying to limited scope firms

- 7.1 R *Limited scope SMCR firms* are divided into the following categories for the purposes of SUP 10C Annex 1:
- (1) a *firm* falling within the table in SYSC 23 Annex 1 6.4R that does not come within (2) to (4) or (8) to (9);
 - (2) a *firm* falling within row (5) of the table in SYSC 23 Annex 1 6.4R (distribution of *non-investment insurance contracts*);
 - (3) a *firm* falling within SYSC 23 Annex 1 6.7R (credit firms with limited permission) except for one falling within (4);
 - (4) a *firm* falling within SYSC 23 Annex 1 6.7R that is an *appointed representative*;
 - (5) a *sole trader* who does not come within (1) to (4), (8) or (9);
 - (6) an *authorised professional firm* that does not come within (1) to (4), (8) or (9);
 - (7) a *firm* in the table in SUP 10C Annex 1 7.10R;

- (8) a *firm* that comes within SYSC 23 Annex 1 6.11R (claims management) that is a Class 1 firm as defined in *CMCOB* 7.2.5R(1);
- (9) a *firm* that comes within SYSC 23 Annex 1 6.11R (claims management) that is not a Class 1 firm as defined in *CMCOB* 7.2.5R(1).
- 7.2 R A *firm* in SUP 10C Annex 1 7.1R(7) does not fall into any other paragraph of SUP 10C Annex 1 7.1R.
- 7.3 R (1) The table in SUP 10C Annex 1 7.4R sets out which *FCA controlled functions* apply to a *limited scope SMCR firm* covered by SUP 10C Annex 1 7.1R(1), (2), (3), (4), (8) or (9).
- (2) Parts 1.2 and 2 of that table apply to *EEA SMCR firms*.
- (3) Parts 1.1 and 2 of that table apply to other *limited scope SMCR firms* in (1).
- 7.4 R Table: Controlled functions applying to limited scope SMCR firms except sole traders and authorised professional firms

| Part 1.1 (UK and non-EEA firms) | | | | | |
|---|------------------------|----------------|-------------------------------------|---------------------|--|
| (1) Brief description of function | (2) Function number | (3) General | (4) Insurance distribution firms | (5) Credit firms | (6) Consumer credit appointed representatives |
| Governing functions | | | | | |
| The <i>governing functions</i> that apply to <i>core SMCR firms</i> | Various | × | × | × | ✓ |
| Required functions | | | | | |
| <i>Compliance oversight function</i> | SMF 16 | ✓ | × | × | × |
| <i>Money laundering reporting function</i> | SMF 17 | ✓ | ✓ | × | × |
| <i>Limited scope function</i> | SMF 29 | ✓ | ✓ | ✓ | ✓ |

| Part 1.2 (EEA firms) | | | | | |
|--|------------------------|----------------|-------------------------------------|---------------------|--|
| (1) Brief description of function | (2) Function number | (3) General | (4) Insurance distribution firms | (5) Credit firms | (6) Consumer credit appointed representatives |
| Required functions | | | | | |
| <i>Money laundering reporting function</i> | SMF 17 | ✓ | ✓ | × | Note (3) |

| Part 2 (Claims management firms) | | | |
|--------------------------------------|------------------------|--|--------------------------------------|
| (1) Brief description of function | (2) Function number | (3) Class 1 claims management firms | (4) Other claims management firms |
| Required functions | | | |
| <i>Compliance oversight function</i> | SMF 16 | ✓ | × |
| <i>Limited scope function</i> | SMF 29 | ✓ | ✓ |

| Notes to the table |
|--|
| <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 7.1R. Therefore:</p> <p>(1) column three of Parts 1.1 and 1.2 of the table (General) refers to SUP 10C Annex 1 7.1R(1);</p> <p>(2) column four of Parts 1.1 and 1.2 of the table (Insurance distribution firms) refers to SUP 10C Annex 1 7.1R(2);</p> <p>(3) column five of Parts 1.1 and 1.2 of the table (Credit firms) refers to SUP 10C Annex 1 7.1R(3);</p> <p>(4) column six of Parts 1.1 and 1.2 of the table (Consumer credit appointed representatives) refers to SUP 10C Annex 1 7.1R(4);</p> <p>(4) column three of Part 2 of the table (Class 1 claims management firms) refers to SUP 10C Annex 1 7.1R(8); and</p> <p>(5) column four of Part 2 of the table (Other Claims management firms) refers to SUP 10C Annex 1 7.1R(9).</p> |

Note (2): *SUP* 10C Annex 1 7.3R sets out which part of the table applies to which *firm*.

Note (3): Not applicable to these *firms* because *SUP* 10C Annex 1 7.2R means that the table does not apply to *firms* in this category.

Note (4): However, this function does apply to a *firm* that is also a Class 1 firm as defined in *CMCOB* 7.2.5R(1) (Classification of firms for prudential resources purposes).

- 7.5 R (1) This *rule* applies to a *firm* in *SUP* 10C Annex 1 7.1R(4) (an *appointed representative* that has a *limited permission*).
- (2) The *required functions* apply in relation to the carrying on of the *regulated activity* for which it has *limited permission*.
- (3) The *governing functions* apply in relation to the carrying on of the *regulated activity*, for which it does not have *permission*, comprised in the business for which its *principal* has accepted responsibility.
- (4) If the *appointed representative* meets the conditions in *SUP* 10A.1.16R(2), only one of the *governing functions* applies under (3), as appropriate, to an individual within that *appointed representative* who will be required to be an *FCA-approved person*.
- 7.6 G The *customer function* also applies to a *firm* in *SUP* 10C Annex 1 7.1R(4) under *SUP* 10A (FCA Approved Persons in Appointed Representatives).
- 7.7 R (1) The table in *SUP* 10C Annex 1 7.8R sets out which *FCA controlled functions* apply to a *limited scope SMCR firm* that is covered by *SUP* 10C Annex 1 7.1R(5) or (6) (a *sole trader* or an *authorised professional firm*).
- (2) *Firms* in (1) are divided into the following categories for the purposes of this *rule*:
- (a) a *UK SMCR firm*;
- (b) an *EEA SMCR firm*; and
- (c) an *overseas SMCR firm* not falling into (b).
- 7.8 R Table: Controlled functions applying to limited scope SMCR firms that are sole traders or authorised professional firms

| (1) Brief description of function | (2) Function number | (3) UK firm | (4) EEA firm | (5) |
|--------------------------------------|------------------------|----------------|-----------------|-----|
|--------------------------------------|------------------------|----------------|-----------------|-----|

| | | | | Other overseas firm |
|--|--------|---|---|---------------------|
| Governing functions | | | | |
| <i>Chief executive function</i> | SMF 1 | ✓ | × | × |
| <i>Executive director function</i> | SMF 3 | ✓ | × | ✓ |
| <i>Chair of the governing body function</i> | SMF 9 | ✓ | × | × |
| <i>Head of third country branch function</i> | SMF 19 | × | × | ✓ |
| <i>Partner function</i> | SMF 27 | ✓ | × | × |
| Required functions | | | | |
| <i>Compliance oversight function</i> | SMF 16 | ✓ | × | ✓ |
| <i>Money laundering reporting function</i> | SMF 17 | ✓ | ✓ | ✓ |
| <i>Limited scope function</i> | SMF 29 | ✓ | × | ✓ |
| 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> at SUP 10C Annex 1 7.2R. Therefore:</p> <p>(a) column three (UK firm) refers to SUP 10C Annex 1 7.7R(2)(a);</p> <p>(b) column four (EEA firm) refers to SUP 10C Annex 1 7.7R(2)(b); and</p> <p>(c) column five (Other overseas firm) refers to SUP 10C Annex 1 7.7R(2)(c).</p> | | | | |

7.9 R None of the *FCA controlled functions* apply to a *limited scope SMCR firm* in the table in SYSC 23 Annex 1 7.10R.

7.10 R Table: Limited scope SMCR firms to which no controlled functions apply

| Function | Comments |
|---|----------|
| A firm in SYSC 23 Annex 1 6.8R (<i>not-for-profit debt advice body</i>) | |
| A firm in SYSC 23 Annex 1 6.10R (<i>internally managed AIF</i>) | |

| | |
|---|--|
| An <i>EEA SMCR firm</i> falling within SYSC 23 Annex 1 6.7R (credit firm with limited permission) | A <i>firm</i> is only excluded if it is an <i>appointed representative</i> |
|---|--|

- 7.11 G (1) As explained in SUP 10C Annex 1 1.3G, the full range of *FCA controlled functions* that are applied to a class of *firm* by this Annex may not apply to every *firm* in that class.
- (2) For example, in the case of a *limited scope SMCR firm* that is a *sole trader*:
- (a) In practice it is unlikely that the *governing functions* will apply to a *sole trader* (see SUP 10C.4A.2G).
- (b) The *money laundering reporting function* does not apply to a *sole trader* with no employees (see SYSC 6.3.9R).
- (3) Another example is a *firm* falling within row (5) of the table in SYSC 23 Annex 1 6.4R (distribution of *non-investment insurance contracts*). SYSC 1 Annex 1 2.11R means that the *money laundering reporting function* does not apply to many or most such *firms*.

...

Amend the following as shown.

10C **Summary of forms and their use in the senior managers regime**
Annex
2G

| Function | Form | Submission |
|---|------|--|
| ... | | |
| (10) <i>Person</i> remaining with the same <i>firm</i> <i>PRA-authorised person</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> <i>PRA-authorised person</i> but giving up an <i>FCA-designated senior management function</i> and taking up a <i>PRA-designated senior management function</i> . | E | Submitted by <i>firm</i> to the <i>PRA</i> before changes take place (see the <i>PRA</i> 's requirements). |

| | | |
|--|---|---|
| (12) <i>Person</i> remaining with the same <i>firm</i> <u><i>PRA-authorised person</i></u> in the circumstances described in example 9 in the table in SUP 10C.7.3G (ceasing to perform a <i>PRA controlled function</i> triggering need for <i>FCA</i> approval to perform the <i>other overall responsibility function</i>). | E | Submitted by <i>firm</i> to the <i>FCA</i> in advance of giving up the <i>PRA controlled function</i> . |
| (13) <i>Person</i> with approval to perform the <i>other overall responsibility function</i> remaining with the same <i>firm</i> but ceasing to require approval to perform that function because of being approved to perform another <i>controlled function</i> (see the table in SUP 10C.7.3G for examples). | E | Submitted by <i>firm</i> to: (a) the <i>PRA</i> (if the new function is a <i>PRA controlled function</i> <u>and the <i>firm</i> is a <i>PRA-authorised person</i></u>); or (b) the <i>FCA</i> (if the new function is an <i>FCA controlled function</i>). |
| (14) <i>Person</i> remaining with the same <i>firm</i> <u><i>PRA-authorised person</i></u> in the circumstances described in example 8 in the table in SUP 10C.9.9G (giving up a <i>PRA controlled function</i> triggering need for <i>FCA</i> approval). | E | Submitted by <i>firm</i> to the <i>FCA</i> in advance of giving up the <i>PRA controlled function</i> . |
| ... | | |

Insert the following forms in the appropriate position in the following annexes. The text (which consists of forms) is included in Part Two of Annex Q of this instrument.

10C Annex Form A: Application to perform senior management functions
3D

Long Form A – Solo regulated firms (including EEA and third country)

Short Form A – Solo regulated firms (including EEA and third country)

(The first form is to be inserted under the heading “Long Form A” and the second form is to be inserted under the heading “Short Form A”)

10C Annex Form E: Internal transfer of a person performing a controlled function
7D

Form E – Internal transfer of a person performing a controlled function for solo-regulated firms (including EEA and third country)

10C Annex Statement of responsibilities
10D

Statement of responsibilities for solo-regulated SMCR firms

Amend the following as shown.

...

12 Appointed representatives

...

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 (1) Some of the *controlled functions*, as set out in SUP 10A.4.1R, apply to an *appointed representative* of a firm, other than an *introducer appointed representative*, just as they apply to a firm (see SUP 10A.1.15R). These are the *governing functions* and the *customer function*. In the case of an *appointed representative* that also has a *limited permission*, an ~~FCA required~~ *designated senior management function* may apply to it and SUP 10C may apply in addition to SUP 10A. As explained in SUP 10A.1.16R and SUP 10A.3.2G respectively:
- (a) the effect of SUP 10A.1.15R is that the *directors* (or their equivalent) and *senior managers* (or their equivalent) of an *appointed representative*, other than an *introducer appointed representative*, must also be approved under section 59 of the Act for the performance of certain *controlled functions*;
 - (b) although the *customer function* applies to an appointed representative, the descriptions of the functions themselves do not extend to *home finance mediation activity*, *insurance distribution activity* or *credit related regulated activity*;
 - (ba) if an *appointed representative* also has a *limited permission*:
 - (i) the *apportionment and oversight function* applies to it in relation to the carrying on of the *regulated activity* for which it has *limited permission*, unless it is a *not for profit debt advice body*;
 - (ii) if it is a *not for profit debt advice body* and a *CASS large debt management firm*, the *CASS operational oversight function* applies in relation to the carrying on of *debt management activity*; and

- (e) ~~sections 59(1) and 59(2) of the Act (Approval for particular arrangements) provide that approval is necessary in respect of a *controlled function* which is performed under an *arrangement* entered into by a *firm*, or its contractors (typically an *appointed representative*), in relation to a *regulated activity*.~~
- (2) ~~The *approved persons* regime applies differently to an appointed representative whose scope of appointment *includes insurance distribution activity* in relation to *non investment insurance contracts* or *credit related regulated activity* but no other *regulated activity* and whose principal purpose is to carry on activities other than *regulated activities*. These appointed representatives need only one person performing one of the *governing functions*. This means that only one *director* (or equivalent) of these appointed representatives must be approved under section 59 of the Act for the performance of the *director function*, the *chief executive function*, the *partner function* or the *director of unincorporated association function*, whichever is the most appropriate (see SUP 10A.1.16R). [deleted]~~
- (3) ~~The *approved persons* regime does not apply in relation to *CBTL business* carried on by *CBTL firms*. [deleted]~~
- (4) ~~The *approved persons* regime for *SMCR firms* is in SUP 10C (FCA senior managers regime for approved persons in SMCR firms); rather than SUP 10A. However, SUP 10A still applies to *approved persons* of *appointed representatives* of *SMCR firms* (see SUP 10A.1.16BR to SUP 10A.1.16DG and SUP 10C.1.8G for more about this). [deleted]~~

...

15 Notifications to the FCA

15.1 Application

...

SMCR firms

- 15.1.7 R The following apply only to *SMCR firms*:
- (1) SUP 15.2.5G (Purpose); and
 - (2) SUP 15.11 (Notification of COCON breaches and disciplinary action); and
 - (3) SUP 15.15 (Enhanced scope SMCR firm retail intermediaries).

...

15.11 Notification of COCON breaches and disciplinary action

...

Timing and form of notifications: conduct rules staff other than SMF managers

15.11.13 R ...

(3) Each notification must:

(a) cover:

(i) (in the case of a *firm* falling within SYSC 23 Annex 1 6.7R (credit firms with limited permission)) its annual financial reporting period ending on its *accounting reference date*; or(ii) (for any other *firm*) 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 in (a)(i) or (a)(ii); or(ii) (if the end of the 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.

...

(6) (3)(a)(i) applies whether or not the *firm* is a *limited scope SMCR firm*.

...

Insert in the appropriate place a new section, SUP 15.15, as follows. The text is not underlined.

15.15 Notification by retail intermediaries of qualification as an enhanced scope SMCR firm

Application: General

15.15.1 R Subject to *SUP* 15.15.2R and *SUP* 15.15.3R, this section applies to a *firm* that meets the conditions in SYSC 23 Annex 1 8.18R (Special requirements for calculating intermediary regulated business revenue).

Application: Firm moving between different reporting requirements

- 15.15.2 R (1) Subject to *SUP* 15.15.3R, this section also applies to a *firm*:
- (a) that meets the conditions in *SUP* 15.15.1R for part of an averaging period (as defined in *SUP* 15.15.7R); and
 - (b) is subject to the reporting requirement in column (2) of row (3) of the table in *SYSC* 23 Annex 1 8.2R (Table: Financial qualification conditions) for another part of that averaging period.
- (2) When this section applies to a *firm* in (1), it applies in respect of the averaging period in question.

Application: General exclusion

- 15.15.3 R This section does not apply to a *firm* that is excluded from being an *enhanced scope SMCR firm* by the flow diagram in *SYSC* 23 Annex 1 1.2R (Flow diagram: Types of SMCR firm).
- 15.15.4 G *SUP* 15.15.3R means that this section does not apply to:
- (1) an *SMCR banking firm*, an *SMCR insurance firm* or a *limited scope SMCR firm*; or
 - (2) a *firm* that is excluded from the enhanced regime as defined in Part 7 of *SYSC* 23 Annex 1 (Exclusion from enhanced regime).

Application: Firm is an enhanced scope firm for another reason

- 15.15.5 G This section applies even if the *firm* meets one of the other qualification conditions in *SYSC* 23 Annex 1 for being an *enhanced scope SMCR firm* as well as the retail intermediary one.

Purpose

- 15.15.6 G The purpose of this section is to require certain *firms* to calculate whether or not they meet the qualification condition for being an *enhanced scope SMCR firm* based on total intermediary regulated business revenue. In certain cases a *firm* should report the result of the calculation to the *FCA* but this section does not require regular reports.

Definitions

- 15.15.7 R In this section:
- (1) averaging period has the same meaning as it does in Part 8 of *SYSC* 23 Annex 1;
 - (2) reporting date is defined in *SUP* 15.15.9R;

- (3) reporting period has the same meaning as it does in SYSC 23 Annex 1 8.21R; and
- (4) the retail intermediary qualification condition means the qualification condition referred to in SUP 15.15.8R.

Obligation to make calculations

- 15.15.8 R A *firm* must calculate, for each averaging period, whether or not it meets the qualification condition in row (3) of the table in SYSC 23 Annex 1 8.2R (Table: Financial qualification conditions).
- 15.15.9 R (1) A *firm* must complete the calculation no later than 30 *business days* after the end of the averaging period in question.
- (2) This section refers to the date in this *rule* as the ‘reporting date’.
- 15.15.10 G The calculations required by this section are made in the same way as they are for Section B of the *RMAR*.
- 15.15.11 G (1) The amount of work required by SUP 15.15.8R will vary between *firms*.
- (2) In some cases the *firm*’s total intermediary regulated business revenue will be so small or large that the *firm* will need to do little work to establish whether or not it meets the retail intermediary qualification condition.
- (3) In some cases a *firm*’s total income (intermediary regulated business revenue and all its other income) may be below the qualification amount. The *firm* may have accounts that it has prepared to the necessary standard for other purposes (such as statutory accounts) that show this. In this case the *firm* may need to do virtually no additional work to establish that it does not meet the retail intermediary qualification condition.
- (4) In some cases the *firm* may need to calculate the precise amount of its total intermediary regulated business revenue. In that case the *firm* may need to do the same amount of work it would have to do if it had to report to the *FCA* under Section B of the *RMAR*.

Obligation to notify the FCA

- 15.15.12 R If any of the circumstances set out in the table in SUP 15.15.14R occur, a *firm* must notify the *FCA* of that fact.
- 15.15.13 R (1) The *firm* must make the notification in SUP 15.15.12R no later than the date specified in the table in SUP 15.15.14R.

- (2) The notification must also include the additional information, and meet the other requirements, set out in column (3) of that table.

15.15.14 R Table: Circumstances to be notified to the FCA

| What has to be notified | When it has to be notified | Additional information and comments |
|--|--|--|
| (1) The <i>firm</i> meets the retail intermediary qualification condition after it has previously not met it. | The reporting date for the last reporting period of the averaging period for which it first meets the retail intermediary qualification condition. | The notification must include the dates of the averaging period in question. The notification obligation applies even if the <i>firm</i> meets the retail intermediary qualification condition in its first averaging period after the <i>firm</i> becomes a retail intermediary. |
| (2) The <i>firm</i> ceases to meet the retail intermediary qualification condition after it has previously met it. | The reporting date for the last reporting period of the averaging period for which it first ceases to meet the retail intermediary qualification condition. This is subject to (3). | The notification must include the dates of the averaging period in question. |
| (3) The <i>firm</i> ceases to be a retail intermediary where immediately before it met the retail intermediary qualification condition. | 30 <i>business days</i> after it ceases to be a retail intermediary | The notification obligation does not apply if the <i>firm</i> continues to meet the retail intermediary qualification condition. |
| Note One: The notification obligation applies whether this is the first time the event in column (1) has occurred or whether it has happened before. | | |
| Note Two: A <i>firm</i> is a retail intermediary if this section applies to it. | | |

Note Three: The obligation to make a report in (2) or (3) applies even though this section would not otherwise apply under *SUP* 15.15.1R to *SUP* 15.15.3R.

- 15.15.15 G A *firm* should not include the amount of its total intermediary regulated business revenue in a notification under *SUP* 15.15.12R.
- 15.15.16 G (1) This section does not require a *firm* regularly to notify the *FCA* whether or not it meets the retail intermediary qualification condition for each averaging period.
- (2) Instead this section requires a *firm* to notify the *FCA* when it first meets the retail intermediary qualification condition and if it ceases to.
- (3) So, for example, if the *firm* notifies the *FCA* that it meets the retail intermediary qualification condition, there is no need for any further notifications unless and until it ceases to meet the retail intermediary qualification condition.
- (4) Similarly, if the *firm* never meets the retail intermediary qualification condition, it will never have to notify the *FCA* under this section.
- (5) There is no need for a *firm* to notify the *FCA* if it ceases to be a retail intermediary as defined in this section because it has started to submit an *RMAR*, as long as it continues to meet the retail intermediary qualification condition.

How to submit notifications

- 15.15.17 R A *firm* does not have to use the form in *SUP* 15 Annex 4R (Notification form) to make a notification under this section but must include the details required by Section A of that form (Personal Details).
- 15.15.18 G Subject to *SUP* 15.15.17R, *SUP* 15.7 (Form and method of notification) applies to notifications under this section.

...

Replace the form in *SUP* 15 Annex 7R (Form H: Form for the notification of disciplinary action relating to conduct rules staff (other than SMF managers) in SMCR firms) with the version in Part Two of Annex Q of this instrument.

...

Amend the following as shown.

| | | | | | |
|----------------|---|------------|--|---|---|
| TP 1 | Transitional provisions | | | | |
| ... | | | | | |
| TP 1.13 | Reporting of information about Directory persons | | | | |
| (1) | (2) | (3) | (4) | (5) | (6) |
| | Material to which the transitional provision applies | | Transitional provision | Transitional provision: dates in force | Handbook provision coming into force |
| 1 | SUP 16.26 | R | <p>(1) This rule applies to an SMCR firm:</p> <p>(a) <u>an SMCR banking firm</u>; and</p> <p>(b) <u>an SMCR insurance firm</u>.</p> <p>...</p> | From 9 September 2019 to 9 March 2020 | 9 September 2019 |
| <u>2</u> | <u>SUP 16.26</u> | <u>R</u> | <p>(1) This rule applies to an <u>SMCR firm</u> which is not:</p> <p>(a) <u>an SMCR banking firm</u>; or</p> <p>(b) <u>an SMCR insurance firm</u>.</p> <p>(2) The reporting and timing requirements in <u>SUP 16.26</u> are modified in accordance with paragraphs (3) to (5) for a <u>firm</u> to which this rule applies.</p> <p>(3) The <u>firm</u> must submit a report about each individual who is or becomes a <u>Directory person</u> on or after 9 December 2019.</p> <p>(4) The <u>firm</u> must submit to the <u>FCA</u> all reports about the <u>Directory persons</u> specified in (3) by 9 December 2020, which is set out in Part 1, <u>SUP 16 Annex 47AR</u> (Directory persons report),</p> | From <u>9 December 2019</u> to <u>9 December 2020</u> | <u>9 December 2019</u> |

| | | | | | |
|----------|------------------|----------|--|--------------------------------|--------------------------------|
| | | | <p><u>submitted online through the appropriate system which is accessible from the FCA website and in the appropriate format.</u></p> <p><u>(5) SUP 16.26.13R to SUP 16.26.19R apply only on and from 9 December 2020.</u></p> <p><u>(6) This rule is modified by SUP TP 1.13.3R.</u></p> | | |
| <u>3</u> | <u>SUP 16.26</u> | <u>R</u> | <p><u>(1) This rule applies to a firm:</u></p> <p><u>(a) that comes within SYSC TP 8.1.1R (Application, purpose and definitions); and</u></p> <p><u>(b) has an individual transitional period.</u></p> <p><u>(2) SUP TP 1.13.2R is adjusted so that a reference to:</u></p> <p><u>(a) 9 December 2019 is a reference to the start of a firm's individual transitional period; and</u></p> <p><u>(b) 9 December 2020 is a reference to the end of a firm's individual transitional period.</u></p> <p><u>(3) Individual transitional period has the meaning in SYSC TP 8.1.5R (Table: glossary of bespoke terms used in SYSC TP 8).</u></p> | <u>As stated in column (4)</u> | <u>As stated in column (4)</u> |

Annex K**Amendments to the Dispute Resolution: Complaints sourcebook (DISP)**

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

1 Treating complainants fairly

...

1.3 Complaints handling rules

...

1.3.7 R ...

- (4) A person approved to perform the ~~apportionment and oversight function~~ limited scope function for the firm or for a firm in the same group as the firm satisfies the condition in (3).

...

Annex L

Amendments to the Credit Unions sourcebook (CREDS)

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

2 Senior management arrangements, systems and controls

...

2.2 General provisions

...

Governance and senior management arrangements: allocation of senior management responsibilities

...

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 SMCR firms who are PRA-*authorised persons*.

...

...

8 Supervision

...

8.3 Approved persons

...

8.3.4 G (1) The regime for *approved persons* ~~differs between~~ applies to SMCR firms and other types of firm.

(2) *A credit union* is a type of *SMCR firm*.

(3) *SUP 10C* deals with the *approved persons* requirements for *credit unions* and other *SMCR firms*.

...

8.3.8 G ...

(3) ~~*Designated senior management functions* only apply to *SMCR firms*, including *credit unions*.~~ [deleted]

...

Annex M

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 | ... | ... |
| | Code of Conduct (<i>COCON</i>) | This does not apply <u>applies</u> . |
| | ... | ... |
| | Statements of Principle and Code of Practice for Approved Persons (<i>APER</i>) | This applies to an approved person who performs a controlled function for <u>If an energy market participant has an appointed representative, <i>APER</i> applies to approved persons in relation to that appointed representative.</u> |
| ... | ... | ... |
| ... | ... | ... |
| Regulatory processes | ... | ... |
| | Supervision manual (<i>SUP</i>) | This applies, with the following qualifications: |

| | | |
|-----|-----|--|
| | | <p>...</p> <p>(b) in SUP 10 (Approved persons), if an <i>oil market participant's</i> principal purpose is to carry on activities other than <i>regulated activities</i>, then the scope of the <i>significant influence functions</i> is restricted to the <i>required functions</i>: see SUP 10A.1.18R – SUP 10A.1.19G</p> <p>...</p> |
| | ... | ... |
| ... | ... | ... |

...

Annex N

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 | ... | ... |
| | <u>Code of Conduct (COCON)</u> | This does not apply <u>applies</u> . |
| | ... | ... |
| | Statements of Principle and Code of Practice for Approved Persons (APER) | This applies to an approved person who performs a controlled function for <u>If an oil market participant has an appointed representative, APER applies to approved persons in relation to that appointed representative.</u> |
| ... | ... | ... |
| Regulatory processes | ... | ... |
| | Supervision manual (SUP) | This applies, with the following qualifications: ... |

| | | |
|-----|-----|---|
| | | <p>(b) in SUP 10 (Approved persons), if an oil market participant's principal purpose is to carry on activities other than regulated activities, then the scope of the significant influence functions is restricted to the required functions: see SUP 10A.1.18R – SUP 10A.1.19G</p> <p>...</p> |
| | ... | ... |
| ... | ... | ... |

...

Annex O

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 | ... | ... |
| | Code of Conduct (<i>COCON</i>) | This does not apply <u>applies</u> . |
| | ... | ... |
| | Statements of Principle and Code of Practice for Approved Persons (<i>APER</i>) | This applies to an approved person who performs a controlled function for <u>If a service company has an appointed representative, <i>APER</i> applies to approved persons in relation to that appointed representative.</u> |
| ... | ... | ... |
| ... | ... | ... |
| Regulatory processes | ... | ... |
| | Supervision manual (<i>SUP</i>) | This applies, with the following qualifications: ... (e) in <i>SUP</i> 10 (Approved persons), if a service company's principal purpose is to |

| | | |
|-----|-----|--|
| | | <p>carry on activities other than <i>regulated activities</i>, then the scope of the <i>significant influence functions</i> is restricted to the <i>required functions</i>: see <i>SUP 10A.1.18R</i> – <i>SUP 10A.1.19G</i>;</p> <p>...</p> |
| | ... | ... |
| ... | ... | ... |

...

Annex P

Amendments to General guidance on Benchmark Administration, Contribution and Use (BENCH)

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

1 Handbook requirements in relation to benchmark contribution activity and benchmark administration activity

1.1 Application and purpose

...

Benchmarks Regulation and transitional arrangements

...

1.1.3 G ...

(4)

(a) *SYSC TP 6* and *SYSC TP 7*;

...

...

Annex Q

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 G of the cover sheet of this instrument.

Part 1: Comes into force 26 July 2019

Application number
(for FCA use only)

Form K - Conversion Notification Form for FCA Solo Regulated Firms

FCA Handbook Reference: SUP TP 11A.25.1R

26 July 2019

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

Contact Details

Section 1

Contact for this notification

| | |
|------------------|--|
| Title | |
| First name | |
| Surname | |
| Job title | |
| Business address | |
| Postcode | |
| Phone number | |
| Email address | |

Conversion Notification **Section 2**

This section should only be completed by *enhanced scope SMCR firms* (for CF2 to SMF9 conversion for *core SMCR firms*, see 2.02).

2.01 The table below provides a breakdown of possible applicable *senior management functions* for ***enhanced SMCR firms*** only. Please tick all of the *senior management functions* which have been allocated in this conversion notification. Only those *senior management functions* potentially applicable to *enhanced SMCR firms* are listed.

Core SMCR firms should use the table in 2.02 if applying for conversion where auto-conversion has not occurred.

| Function | Description of <i>senior management function</i> | Allocated? |
|----------|--|--------------------------|
| SMF 1 | Chief Executive | <input type="checkbox"/> |
| SMF 2 | Chief Finance | <input type="checkbox"/> |
| SMF 3 | Executive Director | <input type="checkbox"/> |
| SMF 4 | Chief Risk Officer | <input type="checkbox"/> |
| SMF 5 | Head of Internal Audit | <input type="checkbox"/> |
| SMF 7 | Group Entity Senior Manager | <input type="checkbox"/> |
| SMF 9 | Chair of the Governing Body | <input type="checkbox"/> |
| SMF10 | Chair of the Risk Committee | <input type="checkbox"/> |
| SMF11 | Chair of the Audit Committee | <input type="checkbox"/> |
| SMF12 | Chair of the Remuneration Committee | <input type="checkbox"/> |
| SMF13 | Chair of the Nominations Committee | <input type="checkbox"/> |
| SMF14 | Senior Independent Director | <input type="checkbox"/> |
| SMF16 | Compliance Oversight | <input type="checkbox"/> |
| SMF17 | Money Laundering Reporting Officer (MLRO) | <input type="checkbox"/> |
| SMF18 | Other Overall Responsibility | <input type="checkbox"/> |
| SMF24 | Chief Operations | <input type="checkbox"/> |

| Function | Description of <i>senior management function</i> | Allocated? |
|----------|--|--------------------------|
| SMF27 | Partner | <input type="checkbox"/> |

2.02 *Individuals at core SMCR firms* will be automatically converted to new mapped *senior management functions*, where applicable. The only exception is in the case of a *firm’s* Chair (see below).

Under the *Approved Persons Regime (APR)*, we do not specifically approve the *firm’s* Chair (*individuals* are approved under a CF2 – *Non-Executive Director* function). It is not possible to automatically convert such *individuals* to the new *senior management function*. As such, *firms* should use this form to notify us that a CF2 will be performing the Chair role under the *SMCR*. Failure to do so will mean that the *individual* will not be approved to perform the SMF9 role at Commencement.

Core SMCR firms should only use this form where an existing CF2 (Non-Executive Director) under APR will be performing the SMF9 (Chair of the Governing Body) role at the firm.

| Function | Description of <i>senior management function</i> | UK core SMCR firm | Effective Date |
|----------|--|--------------------------|----------------|
| SMF 9 | Chair of the Governing Body | <input type="checkbox"/> | |

2.03 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 TP 7 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.**

Note that *individuals* may only be mapped from their existing APR controlled function to an appropriate *senior management function (SMF)* as set out in *SUP TP 12*.

| Function | Description of <i>senior management function</i> | Name of person to whom allocation of <i>senior management function</i> is proposed | Current <i>controlled function(s)</i> held | IRN |
|--------------|--|--|--|-----|
| SMF 1 | Chief Executive | | | |
| SMF 2 | Chief Finance | | | |
| SMF 3 | Executive Director | | | |
| SMF 4 | Chief Risk | | | |
| SMF 5 | Head of Internal Audit | | | |
| SMF 7 | Group Entity Senior Manager | | | |
| SMF 9 | Chair of the Governing Body | | | |
| SMF10 | Chair of the Risk Committee | | | |
| SMF11 | Chair of the Audit Committee | | | |
| SMF12 | Chair of the Remuneration Committee | | | |
| SMF13 | Chair of the Nomination Committee | | | |
| SMF14 | Senior Independent Director | | | |
| SMF16 | Compliance Oversight | | | |
| SMF17 | Money Laundering Reporting Officer (MLRO) | | | |
| SMF18 | Other Overall Responsibility | | | |
| SMF24 | Chief Operations | | | |
| SMF27 | Partner | | | |

2.04 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 SYSC TP 7 of the *FCA Handbook*, provide details below of which *senior management functions* are to be carried out by each such *approved person*.

| Function | Description of <i>senior management function</i> | Name of person to whom allocation of <i>senior management function</i> is proposed | <i>Controlled functions</i> applied for | IRN or application reference |
|-----------------|---|---|--|-------------------------------------|
| SMF 1 | Chief Executive | | | |
| SMF 2 | Chief Finance | | | |
| SMF 3 | Executive Director | | | |
| SMF 4 | Chief Risk | | | |
| SMF 5 | Head of Internal Audit | | | |
| SMF 7 | Group Entity Senior Manager | | | |
| SMF 9 | Chair of the Governing Body | | | |
| SMF10 | Chair of the Risk Committee | | | |
| SMF11 | Chair of the Audit Committee | | | |
| SMF12 | Chair of the Remuneration Committee | | | |
| SMF13 | Chair of the Nomination Committee | | | |
| SMF14 | Senior Independent Director | | | |
| SMF16 | Compliance Oversight | | | |
| SMF17 | Money Laundering Reporting Officer (MLRO) | | | |
| SMF18 | Other Overall Responsibility | | | |
| SMF24 | Chief Operations | | | |
| SMF27 | Partner | | | |

2.05 If there are one or more *individuals* currently approved to perform *significant influence function* CF2, who will remain at the *firm* in the capacity of a *non-executive director* following commencement date, and such *individuals* are not listed above in Section 2.01, please list them below.

| IRN | Name of <i>individual</i> |
|-----|---------------------------|
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |

2.06 If you have submitted any applications for approval of *individuals* to *significant influence function* CF2 under the *approved persons* regime that are currently subject to determination by the *FCA*, who will remain at the *firm* in the capacity of a *non-executive director* following commencement date, and such *individuals* are not listed above in Section 2.02, please list them below.

| IRN | Name of <i>individual</i> |
|-----|---------------------------|
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |

Update Notification **Section 3**

3.00 If you need to update or correct a previous conversion notification, please provide details of these amendments below.

| IRN | Name of <i>individual</i> |
|--|--|
| | |
| Controlled Function | Proposed Senior Management Function(s) |
| | |
| | |
| | |
| | |
| Details of change and reasons for such change. | |
| | |

| IRN | Name of <i>individual</i> |
|--|--|
| | |
| Controlled Function | Proposed Senior Management Function(s) |
| | |
| | |
| | |
| | |
| Details of change and reasons for such change. | |
| | |

Statements of Responsibilities and Management Responsibilities Map Section 4

4.00 If submitting this form as an *enhanced scope SMCR firm*, 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*.

A *core SMCR firm* which is completing this form to convert a CF2 to the Chair *senior management function* does not need to attach the *statement of responsibilities* for the Chair.

4.01 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 (COCON)*.

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 – ‘FSMA’).

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 responsibility* 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

Notification number
(for FCA use only)

Form O – Notification of change to firm classification under the Senior Managers & Certification Regime (Pre-Commencement version)

FCA Handbook Reference: SUP TP 11A

Terms defined in the *FCA Handbook* are italicised and should be construed accordingly.

This form can only be used by solo-regulated SMCR *firms*. It is not relevant to dual regulated SMCR *firms*, appointed representatives or SMCR *firms* that are defined as an *enhanced scope SMCR firm* because they meet the qualification criteria in SYSC 23 Annex 1.

Limited scope SMCR firms and *core SMCR firms* can use this form to notify the FCA that they agree to be subject to the rules for *enhanced scope SMCR firms*, set out in SYSC 23 Annex 1. *Limited scope SMCR firms* can use this form to notify the FCA that they agree to be subject to the rules for *core SMCR firms*, set out in SYSC 23 Annex 1.

The pre-Commencement version of Form O can be submitted up to six months before the regime takes effect. If it is submitted three months or less before the regime takes effect, *firms* will need to submit the supporting documentation listed in Section 2 at the same time.

The opt-up will take effect at Commencement. To withdraw a notification, *firms* must write to us before the opt-up takes effect. Once the opt-up has taken effect, *firms* can use Form O to revert to the SMCR classification defined in SYSC 23 Annex 1. This will be effective one year from the date of notification.

Firms opting-up should ensure they understand and are in a position to comply with the relevant rules, set out in the FCA's Senior management arrangements, Systems and Controls (SYSC), Supervision (SUP), Code of Conduct (COCOM) sourcebooks. The decision should be made at the appropriate levels and approved at *governing body* level. As a result of opting-up, *firms* will be subject to rules relating to additional Senior Management Functions and Prescribed Responsibilities. *Firms* opting-up to *enhanced scope SMCR firm* classification will also be subject to requirements on Responsibilities Maps, Handover Procedures and Overall Responsibilities.

9 June 2019

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

Contact Details **Section 1**

1.1 Contact for this notification (at the *notifying firm*)

| | |
|------------------|--|
| Title | |
| First name | |
| Surname | |
| Job title | |
| Business address | |
| Postcode | |
| Phone number | |
| Email address | |

Notification that the firm is opting-up **Section 2**

2.1 Changes to the SMCR classification of the firm

Please indicate the type of notification you are making.

| Notification type | Firm response |
|---|--------------------------|
| <i>Core SMCR firm</i> agreeing to be subject to the rules for <i>enhanced scope SMCR firms</i> | <input type="checkbox"/> |
| <i>Limited scope SMCR firm</i> agreeing to be subject to the rules for <i>core SMCR firms</i> | <input type="checkbox"/> |
| <i>Limited scope SMCR firm</i> agreeing to be subject to the rules for <i>enhanced scope SMCR firms</i> | <input type="checkbox"/> |

2.2 Supporting documents

Please tick to indicate which documents are being submitted with this notification. If this notification is submitted three months or less before the regime takes effect, firms will need to submit the supporting documentation listed at the same time. Supporting documents must be submitted at least one week before Commencement.

| Supporting documents | <i>Firms opting-up to Enhanced scope SMCR firm classification</i> | <i>Limited Scope SMCR firms opting-up to core SMCR firm classification</i> |
|--|---|--|
| Form A applications for new <i>senior management functions</i> | <input type="checkbox"/> | <input type="checkbox"/> |
| Form K – Conversion notification | <input type="checkbox"/> | <input type="checkbox"/> * |

*Only required if a CF2 Non-Executive Director is going to perform the SMF9 – Chair function

Declarations and signatures **Section 3**

In this declaration, the authorised *firm* making the notification is referred to as the “*firm*”.

The person signing on behalf of the *firm* confirms that:

- they have read this declaration in full;
- they have the authority of the *firm's governing body* to make this notification;
- the *firm's* governing body understands their regulatory responsibilities following the opt-up, as set out in the *FCA's* Senior management arrangements, Systems and Controls (*SYSC*), Supervision (*SUP*), Code of Conduct (*COCOM*) sourcebooks;
- the *firm's* governing body understands that, once the opt-up takes effect, the *notifying firm* will not be able to revert to its previous *SMCR* classification (as defined in *SYSC* 23 Annex 1) for at least one year.

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 *notifying firm* must notify the *FCA* immediately if there is a change to the information in this form and/or if inaccurate information has been provided.

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.

Name of the authorised *firm*

Name of *person* signing on behalf of the authorised *firm*

Position

Signature

Date

Part 2: Comes into force 9 December 2019

Notification number
(for FCA use only)

Form O – Notification of change to firm classification under the Senior Managers & Certification Regime

FCA Handbook Reference: SYSC 23 2R

Terms defined in the *FCA Handbook* are italicised and should be construed accordingly.

This form can only be used by solo-regulated SMCR *firms*. It is not relevant to dual regulated SMCR *firms*, *appointed representatives* or SMCR *firms* that are defined as an *enhanced scope SMCR firm* because they meet the qualification criteria in SYSC 23 Annex 1.

Limited scope SMCR firms and *core SMCR firms* can use this form to notify the FCA that they agree to be subject to the rules for *enhanced scope SMCR firms*, set out in SYSC 23 Annex 1. *Limited scope SMCR firms* can also use this form to notify the FCA that they agree to be subject to the rules for *core SMCR firms*, set out in SYSC 23 Annex 1.

The opt-up will take effect three months from the date of this notification. If a *firm* submits this form to opt-up, that *firm* will be subject to the rules of the new SMCR classification three calendar months from the date they submit the notification.

To withdraw a notification, *firms* must write to us before the opt-up takes effect. Once the opt-up has taken effect, *firms* can use this form to revert to the SMCR classification defined in SYSC 23 Annex 1. This will be effective one year from the date of notification. *Firms* that are *enhanced scope SMCR firms* or *core SMCR firms* because they meet the qualification criteria in SYSC 23 Annex 1 cannot opt-down.

Firms opting-up should ensure that they understand and are in a position to comply with the relevant rules, set out in the FCA's Senior management arrangements, Systems and Controls (SYSC), Supervision (SUP), Code of Conduct (COCON) sourcebooks. The decision should be made at the appropriate levels and approved at *governing body* level. As a result of opting-up, *firms* will be subject to rules relating to additional *Senior Management Functions* and *Prescribed Responsibilities*. *Firms* opting-up to *enhanced scope SMCR firm* classification will also be subject to requirements on *Responsibilities Maps*, *Handover Procedures* and *Overall Responsibilities*.

9 December 2019

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

Contact Details

Section 1

1.1 Contact for this notification (at the *notifying firm*)

| | |
|------------------|--|
| Title | |
| First name | |
| Surname | |
| Job title | |
| Business address | |
| Postcode | |
| Phone number | |
| Email address | |

Notification **Section 2**

2.01 Changes to the SMCR classification of the firm

Please indicate the type of notification you are making.

The opt-up will take effect three months from the date of this notification. *Firms* will not be able to revert to their previous *SMCR* classification (as defined in SYSC 23 Annex 1) for at least one year.

If you are revoking a previous opt-up, this will take effect one year from the date of this notification.

| Notification type | Firm response |
|---|--------------------------|
| <i>Core SMCR firm</i> agreeing to be subject to the rules for <i>enhanced scope SMCR firms</i> | <input type="checkbox"/> |
| <i>Limited scope SMCR firm</i> agreeing to be subject to the rules for <i>core SMCR firms</i> | <input type="checkbox"/> |
| <i>Limited scope SMCR firm</i> agreeing to be subject to the rules for <i>enhanced scope SMCR firms</i> | <input type="checkbox"/> |
| <i>Firm</i> has previously opted-up and intends to revert to <i>core SMCR firm</i> classification, defined in SYSC 23 Annex 1, one year from the date of this notification | <input type="checkbox"/> |
| <i>Firm</i> has previously opted-up and intends to revert to <i>limited scope SMCR firm</i> classification, defined in SYSC 23 Annex 1, one year from the date of this notification | <input type="checkbox"/> |

2.02 Supporting documents

Please tick to confirm that you are submitting the supporting documents listed in the table below with this notification. These documents must be submitted at the same time as this notification.

If you are revoking a previous opt-up, you are not required to submit any supporting documents.

| Supporting documents | Opting-up to <i>enhanced scope SMCR firm</i> classification | <i>Limited scope SMCR firm</i> opting-up to <i>core SMCR firm</i> classification |
|---|---|--|
| Form A and E applications, as required, for new or amended <i>senior management functions</i> | <input type="checkbox"/> | <input type="checkbox"/> |
| Form J applications for <i>senior management functions</i> that have already been approved, revised to reflect the impact of the opt-up | <input type="checkbox"/> | <input type="checkbox"/> |

Declarations and signatures

Section 3

In this declaration, the authorised *firm* making the notification is referred to as the “*firm*”.

The person signing on behalf of the *firm* confirms that:

- they have read this declaration in full;
- they have the authority of the *firm*'s governing body to make this notification;
- the *firm*'s governing body understands their regulatory responsibilities following the opt-up, as set out in the *FCA*'s Senior management arrangements, Systems and Controls (*SYSC*), Supervision (*SUP*), Code of Conduct (*COCOM*) sourcebooks;
- the *firm*'s governing body understands that, once the opt-up takes effect, the *notifying firm* will not be able to revert to its previous SMCR classification (as defined in *SYSC* 23 Annex 1) for at least one year.

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 notifying *firm* must notify the *FCA* immediately if there is a change to the information in this form and/or if inaccurate information has been provided.

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.

Name of the *authorised firm*

Name of *person* signing on behalf of the *authorised firm*

Position

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 the notes, which are available on the FCA's website at:
<https://www.handbook.fca.org.uk/handbook/SUP/10C/Annex3D.html>

Both the *applicant* and the *candidate* will be treated by the FCA as having taken these notes into consideration when completing this form.

Long Form A – Solo-regulated firms (including EEA and third country)

Application to perform *controlled functions* including *senior management functions*

FCA Handbook Reference: SUP 10C Annex 3D

9 December 2019

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
Canary Wharf
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

| | | |
|---------------|--|--|
| 1.01 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 information]

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 information]

b

Postcode

c

Dates resident at this address (dd/mm/yyyy)

From

[Redacted date]

To

[Redacted date]

1.15 a Previous address 2

[Redacted address information]

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</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"/> |



I have supplied further information related to this page in Section 6

YES

NO

Arrangement and Senior Management Functions Section 3A

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.

| | | |
|----------|-----------------------|--------------------------|
| <i>a</i> | Employee | <input type="checkbox"/> |
| <hr/> | | |
| <i>b</i> | Group employee | <input type="checkbox"/> |
| | Name of group | |
| <hr/> | | |
| <i>c</i> | Contract for services | <input type="checkbox"/> |
| <hr/> | | |
| <i>d</i> | Partner | <input type="checkbox"/> |
| <hr/> | | |
| <i>f</i> | Other | <input type="checkbox"/> |
| | 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**

| Function | Description of <i>senior management function</i> | Tick (if applicable) | | | | | Enhanced scope SMCR firms | Effective Date |
|----------|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|----------------|
| | | Core firms | | | | | | |
| | | Limited scope SMCR firms | UK core SMCR firms | EEA core SMCR firms | Third country branches | | | |
| SMF 1 | Chief Executive | <input type="checkbox"/> | <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"/> | <input type="checkbox"/> | | |
| SMF 4 | Chief Risk | | | | | <input type="checkbox"/> | | |
| SMF 5 | Head of Internal Audit | | | | | <input type="checkbox"/> | | |
| SMF 7 | Group Entity Senior Manager | | | | | <input type="checkbox"/> | | |
| SMF 9 | Chair of the Governing Body | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> | | |
| SMF10 | Chair of the Risk Committee | | | | | <input type="checkbox"/> | | |
| SMF11 | Chair of the Audit Committee | | | | | <input type="checkbox"/> | | |
| SMF12 | Chair of the Remuneration Committee | | | | | <input type="checkbox"/> | | |
| SMF13 | Chair of the Nomination Committee | | | | | <input type="checkbox"/> | | |
| SMF14 | Senior Independent Director | | | | | <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"/> | <input type="checkbox"/> | | |
| SMF18 | Other overall responsibility function | | | | | <input type="checkbox"/> | | |
| SMF19 | Head of Third Country Branch | | | | <input type="checkbox"/> | | | |
| SMF21 | EEA Branch Senior Manager | | | <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"/> | | | | | | |

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

(Note: Yes can only be selected if the *individual* is applying for a *governing function* (other than a *non-executive director function*))



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 MCD 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.

| | | | |
|----------|--|--------------------------|--|
| | | | |
| <i>a</i> | Appointed representative/tied agent – customer function | <input type="checkbox"/> | |
| | AR firm name and reference number | | |
| <i>b</i> | Appointed representative/tied agent – governing function | <input type="checkbox"/> | |
| | AR firm name and reference number | | |
| <i>c</i> | 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**.

| | | |
|----------|---|---|
| <i>a</i> | Significant influence functions | CF 1 (AR) <i>Director function</i> <input type="checkbox"/> CF 3 (AR) <i>Chief executive function</i> <input type="checkbox"/> CF 4 (AR) <i>Partner function</i> <input type="checkbox"/> CF 5 (AR) <i>Director of an unincorporated association function</i> <input type="checkbox"/> |
| <i>b</i> | Senior Management Functions | SMF1 (AR) <i>Chief Executive function</i> <input type="checkbox"/> SMF3 (AR) <i>Executive Director function</i> <input type="checkbox"/> SMF4 (AR) <i>Partner function</i> <input type="checkbox"/> |
| | <i>(This section is only applicable for limited permission consumer credit firms that are ARs for other businesses)</i> | |
| <i>c</i> | Customer function | CF 30 (AR) <i>Customer function</i> <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 | <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 <i>c</i> or <i>d</i> is ticked, please give details | | | | |
| | <input type="text"/> | | | | |
| c | Name of <i>employer</i> | <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 regulatory body | |
| | | | | <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: | <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

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, *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

| | | |
|----------------|---|--|
| 5.01.1a | 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>): <ul style="list-style-type: none"> 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> | YES <input type="checkbox"/> NO <input type="checkbox"/> |
| b | Is the <i>candidate</i> currently the subject of any criminal proceedings, whether in the UK or elsewhere? | YES <input type="checkbox"/> NO <input type="checkbox"/> |
| c | Has the <i>candidate</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>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)? | YES <input type="checkbox"/> NO <input type="checkbox"/> |
| 5.01.3 | Is the candidate the subject of any ongoing criminal investigation? | YES <input type="checkbox"/> NO <input type="checkbox"/> |
| 5.01.4 | 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? In answering question 5.01.4 , you should include all matters even where the candidate was not the subject of the investigation. | YES <input type="checkbox"/> NO <input type="checkbox"/> |



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 questions.

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

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's</i> 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's</i> 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 <i>UK</i> 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



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* or any other *regulatory body* (see the guidance notes on Section 5), 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 <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"/> |



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* 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 *FCA* 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* or any other *regulatory body* without the requisite authorisation whether or not such investigation resulted in a finding against the *candidate*? 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* 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* or any other *regulatory body*) without the requisite approval, whether or not such investigation resulted in a finding against the *candidate*? 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* 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 FSMA, 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 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 Is the *candidate* or the *firm* aware of any other information relevant to this notification that the *FCA* might reasonably expect from the *candidate*?

YES NO

5.05.3 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 6.



I have supplied further information related to this page in Section 6

YES NO

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.

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). "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

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 |
|----------|-------------|
| | |

6.03 Firms must also provide the following supporting documents required with this form (please tick)

| | |
|-------------|--|
| | Statement of responsibilities |
| | Candidate's Curriculum Vitae (C.V) |
| | 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, <i>enhanced scope SMCR firms</i> 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) |

Declaration of *Candidate*

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 – ‘FSMA’). Even if you believe or know that information has been provided to the *FCA* 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* 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* exercising their powers (including but not limited to taking disciplinary/ Enforcement action). You must notify the *FCA* immediately if there is a change to the information in this form and/or if inaccurate information has been provided (insofar as the *FCA* is 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 his/her knowledge and that he or she has read the notes to this form. The *candidate* will notify the *FCA* 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* 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 Notice) Regulations (SI 2001/1420)) to serve any notices on the *candidate*.

The *candidate* confirms that he or she understands the regulatory responsibilities of the proposed role as set out in the rules of conduct in the *FCA*’s *COCON* or *APER*.

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 *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 Applicant and/or the *candidate*.

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.

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* 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* 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* 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* exercising their powers under FSMA (including but not limited to taking disciplinary/ Enforcement action). You must notify the *FCA* immediately if there is a change to the information in this form and/or if inaccurate information has been provided (insofar as the *FCA* is reasonably likely to consider the information material).

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 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* immediately if there is a material change to the information provided.

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.

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* 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*.

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:

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*, will be sent to each of those firms at the same time as submitting the form to the *FCA*.

7.03 Name of the *firm* submitting the application

7.04 Name of *person* signing on behalf of the Applicant

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 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 as having taken these notes into consideration when completing this form.

Short Form A – Solo-regulated firms (including EEA and third country)

Application to perform *controlled functions* including *senior management functions*

FCA Handbook Reference: SUP 10C Annex 3D

9 December 2019

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

| | | |
|---------------|--|--|
| 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 field]

b

Postcode

c

Dates resident at this address (dd/mm/yyyy)

From

[Redacted date field]

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 date field]

To

[Redacted date field]

1.16 a Previous address 2

[Redacted address field]

b

Postcode

c

Dates resident at this address (dd/mm/yyyy)

From

[Redacted date field]

To

[Redacted date field]



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</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"/> |



I have supplied further information related to this page in Section 6

YES

NO

Arrangement and Senior Management Functions Section 3A

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 | <i>Employee</i> | <input type="checkbox"/> |
| | | b | <i>Group employee</i> | <input type="checkbox"/> |
| | | | Name of group | |
| | | c | Contract for services | <input type="checkbox"/> |
| | | d | <i>Partner</i> | <input type="checkbox"/> |
| | | e | Other | <input type="checkbox"/> |
| | | | 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 go to question **3A.04**

| Function | Description of Senior Management Function | Tick (if applicable) | | | | | Enhanced scope SMCR firms | Effective Date |
|----------|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|----------------|
| | | Core firms | | | | | | |
| | | Limited scope SMCR firms | UK core SMCR firm | EEA core SMCR firms | Overseas core SMCR firm | | | |
| SMF 1 | Chief Executive | <input type="checkbox"/> | <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"/> | <input type="checkbox"/> | | |
| SMF 4 | Chief Risk | | | | | <input type="checkbox"/> | | |
| SMF 5 | Head of Internal Audit | | | | | <input type="checkbox"/> | | |
| SMF 7 | Group Entity Senior Manager | | | | | <input type="checkbox"/> | | |
| SMF 9 | Chair of the Governing Body | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> | | |
| SMF10 | Chair of the Risk Committee | | | | | <input type="checkbox"/> | | |
| SMF11 | Chair of the Audit Committee | | | | | <input type="checkbox"/> | | |
| SMF12 | Chair of the Remuneration Committee | | | | | <input type="checkbox"/> | | |
| SMF13 | Chair of the Nomination Committee | | | | | <input type="checkbox"/> | | |
| SMF14 | Senior Independent Director | | | | | <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"/> | <input type="checkbox"/> | | |
| SMF18 | Other overall responsibility function | | | | | <input type="checkbox"/> | | |
| SMF19 | Head of Third Country Branch | | | | <input type="checkbox"/> | | | |
| SMF21 | EEA Branch Senior Manager | | | <input type="checkbox"/> | | | | |
| SMF24 | Chief Operations | | | | | <input type="checkbox"/> | | |
| SMF27 | Partner | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> | | |
| SMF29 | Limited scope function (limited scope SMCR firms only) | <input type="checkbox"/> | | | | | | |

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

(Note: Yes can only be selected if the *individual* is applying for a *governing function* (other than a *non-executive director function*))



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 applicant 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

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.

| | | |
|----------|---|--|
| | <hr/> | |
| <i>a</i> | Appointed representative/tied agent – customer function <input type="checkbox"/> | |
| | AR firm name and reference number <input type="text"/> | |
| <i>b</i> | Appointed representative/tied agent – governing function <input type="checkbox"/> | |
| | AR firm name and reference number <input type="text"/> | |
| <i>c</i> | Other <input type="checkbox"/> | |
| | Give details <input type="text"/> | |

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**.

| | | | |
|----------|---|---|--|
| <i>a</i> | Significant influence functions | CF 1 (AR) Director function <input type="checkbox"/> <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"/> | |
| <i>b</i> | Senior Management Functions <i>(This section is only applicable for Limited Permission Consumer Credit Firms that are ARs for other business)</i> | SMF1 (AR) Chief Executive function <input type="checkbox"/> SMF3 (AR) Executive Director function <input type="checkbox"/> SMF4 (AR) Partner function <input type="checkbox"/> | |
| <i>c</i> | 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* 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 of the revised detail.

5.1 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).¹

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.

YES NO

5.2 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.

References are not required if the candidate has been employed by the same firm or group for 6 years or more.

YES NO



I have supplied further information related to this page in Section 6

YES NO

- 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);

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

6.03 For applications for *senior management functions*, firms must also provide the following supporting documents with this form (please tick):

| | |
|--|--|
| | Statement of responsibilities |
| | Candidate's Curriculum Vitae (C.V) |
| | 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 for applications for *senior management functions*, enhanced scope SMCR firms must also provide (please tick):-

| | |
|--|--|
| | A copy of the firm's <i>management responsibilities map</i> (as referred to in SYSC 25.1) |
| | A summary of any handover material (as referred to in SYSC 25.9 and SUP 10C.10) |

Declaration of *Candidate*

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 – ‘FSMA’). Even if you believe or know that information has been provided to the *FCA* 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* 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* exercising their powers (including but not limited to taking disciplinary/Enforcement action). You must notify the *FCA* immediately if there is a change to the information in this form and/or if inaccurate information has been provided (insofar as the *FCA* is 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* 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* 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 the Data Protection Act 1998, the personal information provided in this form will be used by the *FCA* to discharge their statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation, and will not be disclosed for any other purpose without the permission of the *candidate*.

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*.

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* 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 Applicant and/or the *candidate*.

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.

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* 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* 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* 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* exercising their powers under FSMA (including but not limited to taking disciplinary/Enforcement action). You must notify the *FCA* immediately if there is a change to the information in this form and/or if inaccurate information has been provided (insofar as the *FCA* is 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* 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 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* immediately if there is a material change to the information provided. 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.

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* 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*.

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.

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.

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*, will be sent to each of those firms at the same time as submitting the form to the *FCA*.

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 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/Annex7D.html>

Both the applicant *firm* and the *candidate* will be treated by the FCA as having taken these notes into consideration when completing this form.

Form E -

Internal transfer of a person performing a *controlled function* for solo-regulated firms (including EEA and third country)

FCA Handbook Reference: SUP 10C Annex 7D

9 December 2019

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

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

1.08 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* contact at the applicant *firm*
in relation to this application?

B Position

C Phone number

D E-mail



I have supplied further information
related to this page in Section 6

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 7

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 4B.

4A.01 Nature of the arrangement between the candidate and the applicant.

| | | |
|----------|------------------------------|--------------------------|
| <i>a</i> | <i>Employee</i> | <input type="checkbox"/> |
| <hr/> | | |
| <i>b</i> | <i>Group employee</i> | <input type="checkbox"/> |
| | Name of group | |
| <hr/> | | |
| <i>c</i> | <i>Contract for services</i> | <input type="checkbox"/> |
| <hr/> | | |
| <i>d</i> | <i>Partner</i> | <input type="checkbox"/> |
| <hr/> | | |
| <i>e</i> | <i>Other</i> | <input type="checkbox"/> |

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 go to question **4.04**

| Function | Description of <i>senior management function</i> | Tick (if applicable) | Effective Date |
|----------|---|----------------------|----------------|
| SMF 1 | Chief Executive | | |
| SMF 2 | Chief Finance | | |
| SMF 3 | Executive Director | | |
| SMF 4 | Chief Risk r | | |
| SMF 5 | Head of Internal Audit | | |
| SMF 7 | Group Entity Senior Manager | | |
| SMF 9 | Chair of the governing body | | |
| SMF10 | Chair of the Risk Committee | | |
| SMF11 | Chair of the Audit Committee | | |
| SMF12 | Chair of the Remuneration Committee | | |
| SMF13 | Chair of the Nomination Committee | | |
| SMF14 | Senior Independent Director | | |
| SMF16 | Compliance Oversight | | |
| SMF17 | Money Laundering Reporting Officer (MLRO) | | |
| SMF18 | Other overall responsibility function | | |
| SMF19 | Head of Overseas Branch | | |
| SMF21 | EEA Branch Senior Manager | | |
| SMF24 | Chief Operations | | |
| SMF27 | Partner | | |
| SMF29 | Limited scope function (limited scope firms only) | | |

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*)

4A.05 Mortgage Credit Directive

Will the *candidate* be responsible for Mortgage Credit Directive Intermediation 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*))



I have supplied further information related to this page in Section 6 YES NO

4A.06 Has the *firm* undertaken a criminal records check in accordance with the requirements of the *FCA*?

Please note that a *firm* is required 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).

If yes, please enter date the criminal records 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 5.



I have supplied further information related to this page in Section 5 YES NO

4A.04

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) | Effective date |
|----------|------------------------------|---------------------|-----------------------------------|------------------------------|-----------------------|
| A | | | | | |
| B | | | | | |
| C | | | | | |
| D | | | | | |
| E | | | | | |

4A.05

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

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 **3B.05**.

a **Significant influence functions**

| | |
|---|--------------------------|
| CF 1 (AR) <i>Director function</i> | <input type="checkbox"/> |
| CF 3 (AR) <i>Chief executive function</i> | <input type="checkbox"/> |
| CF 4 (AR) <i>Partner function</i> | <input type="checkbox"/> |
| CF 5 (AR) <i>Director of an unincorporated association function</i> | <input type="checkbox"/> |

b **Senior Management Functions**

(This section is only applicable for limited permission consumer credit firms that are ARs for other businesses)

| | |
|--|--------------------------|
| SMF1 (AR) <i>Chief Executive function</i> | <input type="checkbox"/> |
| SMF3 (AR) <i>Executive Director function</i> | <input type="checkbox"/> |
| SMF4 (AR) <i>Partner function</i> | <input type="checkbox"/> |

c **Customer function**

| | |
|-------------------------------------|--------------------------|
| CF 30 (AR) <i>Customer function</i> | <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

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);

5.02 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.

| Question | Information |
|----------|-------------|
| | |

5.03 Firms must also provide the following supporting documents required with this form (please tick)

- Statement of responsibilities**
- Candidate's Curriculum Vitae (C.V)**
- Role(s) description**
- Organisational chart**
- A description or copy of the *candidate's* 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). |

5.04 In addition, an *enhanced scope SMCR firm* must provide:

| | |
|--|---|
| | A copy of the <i>firm's management responsibilities map</i> (SYSC 25, where applicable). |
| | A summary of any handover material (SYSC 25.9 and SUP 10C.10) This requirement does not apply to all <i>firms</i> . |

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 and 400 of the Financial Services and Markets Act 2000 – ‘FSMA’). 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*. 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* 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*.

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 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.

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. *Candidates* may be required to apply for a criminal records search to be made as to whether any criminal records are held in relation to them and to obtain a certificate (where such certificate can be obtained) and to disclose the result of that search 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 rules of conduct in the *FCA*'s *COCON* or *APER*.

d) 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 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'). SUP 15.6 of the FCA Handbook require a firm 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.

In addition to other regulatory responsibilities, firms, senior managers and other 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.

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. 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 that the candidate is a fit and proper person to perform the senior management 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).

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.

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.

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, 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 rules of conduct in the FCA's COCON or APER.

d) 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 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

6.06 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

9 December 2019

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 Details Section 1

Contact for this notification

| | | |
|-------------|------------|----------------------|
| 1.01 | Title | <input type="text"/> |
| 1.02 | First Name | <input type="text"/> |

| | | |
|-------------|------------------|--|
| 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)

| |
|--|
| |
|--|

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 conduct rules set out in the *FCA's Code of Conduct (COCOM) 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 in their last reporting period under *SUP 15.11*, 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 nonexecutive director? (see note 2) | 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 warningsuspension or dismissal of the personreduction 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> |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

Note 1:
 (a) If an Individual reference Number (IRN) is available for a *person* about whom a notification is being made, please complete column D but do not complete columns E, F, G or H.
 (b) If an IRN is not available for a *person* about whom a notification is being made, but that *person* has a national insurance number, please complete columns E and F but do not complete columns G or H. (c) If neither an IRN nor a national insurance number is available for a *person* about whom a notification is being made, please complete columns E, G and H.

Note 2: If the answer is Yes, please state which of the listed functions the *person* performed. The term "*standard non-executive director*" is defined in the Glossary.

Note 3: If the *firm* is updating a previous notification, please confirm this in this column but include the details in column M (see note 3).

Note 4:
 (a) If the *person* about whom the notification is being made is appealing against the *firm's* decision, please include details here.
 (b) If the *firm* 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. (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

Form H – Notification of Disciplinary Action relating to conduct rules staff (other than SMF managers) in SMCR

Application number or IRN
(for FCA use only)

Senior Managers Regime:

Statement of Responsibilities for solo-regulated firms

This form applies to solo-regulated *firms*. It does not apply to dual regulated *firms* or *appointed representatives*.

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.

9 December 2019

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

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* 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. If the *firm* is an *enhanced scope SM&CR firm*, the *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 considers 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, 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.

If the FCA 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*. This section is not applicable to *limited scope SMCR firms* or *EEA core SMCR branches*.
- Section 3.3 covers having overall responsibility for each of the business areas, activities, and management functions of the *firm*. This section applies to *enhanced scope SMCR firms* only.
- 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 senior management function(s)* role. This section applies to all *firms*.

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 *candidate* or *senior manager* is to perform and the effective date the *candidate* or *senior manager* commenced or will commence the performance of the functions.

| Senior management function | Description of senior management function | Tick SMF applied for or held | | | | | Effective Date |
|----------------------------|---|------------------------------|--------------------------|---------------------|------------------------|--------------------------|----------------|
| | | Core firms | | | | Enhanced SMCR firms | |
| | | Limited scope SMCR firms | UK core SMCR firms | EEA core SMCR firms | Third country branches | | |
| SMF 1 | Chief Executive | <input type="checkbox"/> | <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"/> | <input type="checkbox"/> | |
| SMF 4 | Chief Risk Officer | | | | | <input type="checkbox"/> | |
| SMF 5 | Head of Internal Audit | | | | | <input type="checkbox"/> | |
| SMF 7 | Group Entity Senior Manager | | | | | <input type="checkbox"/> | |
| SMF 9 | Chair of the Governing Body | <input type="checkbox"/> | <input type="checkbox"/> | | | <input type="checkbox"/> | |
| SMF10 | Chair of the Risk Committee | | | | | <input type="checkbox"/> | |
| SMF11 | Chair of the Audit Committee | | | | | <input type="checkbox"/> | |
| SMF12 | Chair of the Remuneration Committee | | | | | <input type="checkbox"/> | |
| SMF13 | Chair of the Nomination Committee | | | | | <input type="checkbox"/> | |
| SMF14 | Senior Independent Director | | | | | <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"/> | <input type="checkbox"/> | |
| SMF18 | Other overall responsibility function | | | | | <input type="checkbox"/> | |
| SMF19 | Head of Overseas Branch | | | | <input type="checkbox"/> | | |
| SMF21 | EEA Branch Senior Manager | | | <input type="checkbox"/> | | | |
| SMF24 | Chief Operations | | | | | <input type="checkbox"/> | |
| SMF27 | Partner | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | <input type="checkbox"/> | |
| SMF29 | Limited scope function (<i>limited scope SMCR firms only</i>) | <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.

3.2 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*. *Limited scope SMCR firms* and *EEA core SMCR 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 requirements* set out in this section (SUP 10C.11)

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.

If the *individual* has not been allocated a *prescribed responsibility*, please go to Section 3.3.

| Ref | <i>Prescribed Responsibility (Applicable to UK Core SMCR firms)</i> | <i>Does this prescribed responsibility apply?</i> | <i>Is this prescribed responsibility shared?</i> |
|------------|---|--|---|
| a | Responsibility for the <i>firm's</i> performance of its obligations under the <i>senior managers regime</i> | Yes / No | Yes / No |
| b | Responsibility for the <i>firm's</i> performance of its obligations under the <i>employee certification regime</i> | Yes / No | Yes / No |
| b-1 | Responsibility for the <i>firm's</i> obligations in relation to individual conduct rules for: (a) training; and (b) reporting | Yes / No | Yes / No |
| d | Overall 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> | Yes / No | Yes / No |
| z | Responsibility for the <i>firm's</i> compliance with CASS | Yes / No | Yes / No |
| za | Responsibility for an AFM's value for money assessments, independent director representation and acting in investors' best interests | Yes / No | Yes / No |

| Ref | <i>Prescribed Responsibility (These should be applied by enhanced scope SMCR firms only, in addition to the prescribed responsibilities for core SMCR firms)</i> | <i>Does this prescribed responsibility apply?</i> | <i>Is this prescribed responsibility shared?</i> |
|------------|---|--|---|
| c | Compliance with the rules relating to the <i>firm's management responsibilities map</i> | 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 the internal audit requirements for SMCR <i>firms</i> . | 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 the compliance requirements for SMCR <i>firms</i> . | Yes / No | Yes / No |
| l | Responsibility for: | Yes / No | Yes / No |

| Ref | Prescribed Responsibility (These should be applied by enhanced scope SMCR firms only, in addition to the prescribed responsibilities for core SMCR firms) | Does this prescribed responsibility apply? | Is this prescribed responsibility shared? |
|-----|---|---|--|
| | (a) safeguarding the independence of; and (b) oversight of the performance of; the risk function, in accordance with the risk control requirements for <i>SMCR firms</i> . | | |
| j-3 | Responsibility for taking reasonable steps to ensure that every person involved in the performance of the <i>firm's</i> internal audit function is independent from the persons 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 internal audit services. | Yes / No | Yes / No |
| t | Responsibility for the development and maintenance of the <i>firm's</i> business model by the <i>governing body</i> . | Yes / No | Yes / No |
| s | Responsibility for: (a) managing the <i>firm's</i> internal stress tests; and (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. | Yes / No | Yes / No |

| Ref | Prescribed Responsibility (Applicable to non-EEA branches) | Does this prescribed responsibility apply? | Is this prescribed responsibility shared? |
|-----|---|---|--|
| a | Responsibility for the <i>firm's</i> performance of its obligations under the <i>senior managers regime</i> | Yes / No | Yes / No |
| b | Responsibility for the <i>firm's</i> performance of its obligations under the <i>employee certification regime</i> | Yes / No | Yes / No |
| b-1 | Responsibility for the <i>firm's</i> obligations in relation to individual conduct rules for: (a) training; and (b) reporting | Yes / No | Yes / No |
| d | Responsibility for the <i>firm's</i> policies and procedures for countering the risk that the <i>firm</i> might be used | Yes / No | Yes / No |

| Ref | Prescribed Responsibility (Applicable to non-EEA branches) | Does this prescribed responsibility apply? | Is this prescribed responsibility shared? |
|-----|--|---|--|
| | to further <i>financial crime</i> | | |
| z | Responsibility for the <i>firm's</i> compliance with CASS | Yes / No | Yes / No |
| aa | Responsibility for the management of the <i>firm's</i> risk management processes in the <i>UK</i> | Yes / No | Yes / No |
| ff | Responsibility for the <i>firm's</i> compliance with the <i>UK regulatory system</i> applicable to the <i>firm</i> | Yes / No | Yes / No |
| ee | Responsibility for the escalation of correspondence from the <i>PRA, FCA</i> and other regulators in respect of the <i>firm</i> to the <i>governing body</i> and/or the <i>management body</i> , or where appropriate, of the <i>parent undertaking</i> or <i>holding company</i> of the <i>firm's group</i> . | Yes / No | Yes / No |

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 | Prescribed Responsibility | Further Relevant Details |
|-----|----------------------------------|---------------------------------|
| | | |
| | | |
| | | |

| | | |
|--|--|--|
| | | |
| | | |

➔ I have supplied further information related to this page in Section 4 YES NO

3.3 Overall Responsibility

This section deals with having overall responsibility for any of the business areas, activities, or management functions of the *firm*. This section only applies to *enhanced scope SMCR firms*. If you are not an *enhanced scope SMCR firm*, you should leave this section blank.

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*.

(SYSC24)

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 *statement 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 below.

A *firm* may wish to refer to SYSC 25 Annex 1G (replicated in Annex A of this *statement of responsibilities*) 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.

| 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 <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 senior management function(s)*. For *core SMCR firms* and *limited scope SMCR firms*, these may include responsibilities for managing aspects of the business. For *enhanced scope SMCR firms*, they could be responsibilities outside the normal course of business such as those linked to high profile projects or initiatives which are not documented as Overall Responsibilities. This section applies to all *firms*.

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 a *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 | <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 includes money market instruments and foreign exchange.</p> |

| Business areas and management functions | Explanation |
|--|---|
| (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 Service</i>;</p> |

| Business areas and management functions | Explanation |
|---|--|
| | (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 <i>customers</i> Dealing with <i>customers</i> 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 25.7 (Guidance about SYSC 25 Annex 1 G) and SYSC 26.11.2G. | |
| <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> <p>(a) treat <i>retail</i> and wholesale activities together; or</p> <p>(b) use its own definition of retail and wholesale activities.</p> | |