

Chapter 1A

CASS firm classification and operational oversight



1A.3 Responsibility for CASS operational oversight

- 1A.3.1** R (1) A CASS *small firm* must allocate to a single *director* or *senior manager* of sufficient skill and authority responsibility for:
- (a) oversight of the *firm's* operational compliance with CASS; and
 - (b) reporting to the *firm's governing body* in respect of that oversight.
- (2) [deleted]
- [Note: article 7, first paragraph of the *MiFID Delegated Directive*]
- 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.
- 1A.3.1A** R A CASS *medium firm* and a CASS *large firm* must allocate to a single *director* or *senior manager* of sufficient skill and authority the function of:
- (1) oversight of the operational effectiveness of that *firm's* systems and controls that are designed to achieve compliance with CASS;
 - (2) reporting to the *firm's governing body* in respect of that oversight; and
 - (3) completing and submitting a *CMAR* to the FCA in accordance with ■ SUP 16.14.
- [Note: article 7, first paragraph of the *MiFID Delegated Directive*]
- 1A.3.1B** G (1) (a) This paragraph ■ CASS 1A.3.1BG describes how ■ CASS 1A.3.1AR applies to *SMCR firms*.
- (b) 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*.
- (c) However, nothing in paragraphs (1A) to (4) affects the requirement for the function in ■ CASS 1A.3.1AR to be allocated to a single *director* or *senior manager* of sufficient skill and authority in accordance with ■ CASS 1A.3.1AR and ■ CASS 1A.3.2AR.

- (1A) There are three elements of the regime for *SMCR firms* that are particularly relevant to ■ CASS 1A, 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 (the certification regime is explained in ■ SYSC 27 (Senior managers and certification regime: Certification regime) and ■ SYSC TP 7 (Bank of England and Financial Services Act 2016: Certification and regulatory references) explains that the certification regime comes into force sometime after other parts of the senior managers and certification regime).
- (2) (a) This paragraph (2) explains how ■ CASS 1A.3.1AR applies to an *SMCR firm* to which ■ SYSC 24 and ■ SYSC 26 both apply.
- (b) 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.
- (c) Although the CASS function in ■ SYSC 24.2.1R is different from the function in ■ CASS 1A.3.1AR, the *firm* may allocate the function in ■ CASS 1A.3.1AR to the *SMF manager* in (b).
- (d) The *firm* may allocate the *CASS FCA-prescribed senior management responsibility* described in (b) 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*.
- (e) The *firm* may choose to allocate the function in ■ CASS 1A.3.1AR to someone who is not an *approved person* and *SMF manager*. If so:
- (i) that *person* will be subject to the employee 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 (b); and
 - (iii) the function in ■ CASS 1A.3.1AR will be the CASS oversight *FCA certification function* in ■ SYSC 27.8.1R.
- (3) In relation to an *SMCR firm* to which ■ SYSC 24 applies but ■ SYSC 26 does not apply, the *guidance* in sub-paragraphs (2)(b), (2)(c), and 2(e) applies, but the *guidance* in sub-paragraph (2)(d) does not apply.
- (4) (a) The position of an *SMCR firm* to which neither ■ SYSC 24 nor ■ SYSC 26 apply is slightly different.

		<p>(b) The <i>firm</i> may choose to allocate the function in ■ CASS 1A.3.1AR to an <i>SMF manager</i>.</p> <p>(c) The <i>firm</i> may instead choose to allocate the function in ■ CASS 1A.3.1AR to someone who is not an <i>SMF manager</i>.</p> <p>(d) Where (c) applies, the <i>person</i> performing the function in ■ CASS 1A.3.1AR will fall into the certification regime. The function in ■ CASS 1A.3.1AR will be the CASS oversight <i>FCA certification function</i> in ■ SYSC 27.8.1R.</p>
1A.3.1C	R	[deleted]
1A.3.1D	G	[deleted]
1A.3.2	R	[deleted]
1A.3.2A	R	<p>Where a <i>firm</i> allocates the responsibilities in ■ CASS 1A.3.1R or ■ CASS 1A.3.1AR ("the CASS oversight responsibilities") to a <i>director or senior manager</i> ("P"), the <i>firm</i> must not allocate any other responsibilities to P in addition to the CASS oversight responsibilities, unless the <i>firm</i> is satisfied on reasonable grounds that:</p> <p>(1) P will still be able to discharge the CASS oversight responsibilities effectively; and</p> <p>(2) the <i>firm's</i> full compliance with CASS will not be compromised.</p> <p>[Note: article 7, second paragraph of the <i>MiFID Delegated Directive</i>]</p>
1A.3.2B	R	A <i>firm</i> may allow the CASS oversight responsibilities to be shared amongst one or more <i>directors or senior managers</i> where this is done as part of a job share between those <i>persons</i> .
1A.3.3	R	<p>(1) Subject to (2), a <i>firm</i> must make and retain an appropriate record of the <i>person</i> to whom responsibility is allocated in accordance with ■ CASS 1A.3.1 R or ■ CASS 1A.3.1A R.</p> <p>(2) A CASS <i>small firm</i> must make and retain such a record only where it allocates responsibility to a <i>person</i> other than the <i>person</i> in that <i>firm</i> who performs the <i>compliance oversight function</i>.</p> <p>(3) A <i>firm</i> must ensure that the record made under this <i>rule</i> is retained for a period of five years after it is made.</p>