

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.

- (b) The *firm* may choose to allocate the function in ■ CASS 1A.3.1AR to an *SMF manager*.
- (c) The *firm* may instead choose to allocate the function in ■ CASS 1A.3.1AR to someone who is not an *SMF manager*.
- (d) Where (c) applies, the *person* 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 FCA certification function* in ■ SYSC 27.8.1R.

1A.3.1C **R** [deleted]

1A.3.1D **G** [deleted]

1A.3.2 **R** [deleted]

1A.3.2A **R** Where a *firm* allocates the responsibilities in ■ CASS 1A.3.1R or ■ CASS 1A.3.1AR (“the CASS oversight responsibilities”) to a *director or senior manager* (“P”), the *firm* must not allocate any other responsibilities to P in addition to the CASS oversight responsibilities, unless the *firm* is satisfied on reasonable grounds that:

- (1) P will still be able to discharge the CASS oversight responsibilities effectively; and
- (2) the *firm’s* full compliance with CASS will not be compromised.

[**Note:** article 7, second paragraph of the *MiFID Delegated Directive*]

1A.3.2B **R** A *firm* may allow the CASS oversight responsibilities to be shared amongst one or more *directors or senior managers* where this is done as part of a job share between those *persons*.

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.3.1 R or ■ CASS 1A.3.1A R.
- (2) A *CASS small firm* must make and retain such a record only where it allocates responsibility to a *person* other than the *person* in that *firm* who performs the *compliance oversight function*.
- (3) A *firm* must ensure that the record made under this *rule* is retained for a period of five years after it is made.