

Chapter 2

Senior management arrangements, systems and controls

2.1 Application and purpose

Application

- 2.1.1 **R** This chapter applies to all *credit unions*.
- 2.1.1A **G** With the exception of ■ CREDS 2.2.14G to ■ CREDS 2.2.17G and ■ CREDS 2.2.65G to ■ CREDS 2.2.70G, this chapter is not relevant to a *credit union* in relation to its *benchmark activities*.

Purpose

- 2.1.2 **G** The purpose of this chapter is to provide *rules* and *guidance* relating to senior management arrangements, systems and controls that are specific to *credit unions*.
- 2.1.3 **G**
- (1) This chapter is also intended to remind *credit unions* that the Senior Management Arrangements, Systems and Controls sourcebook (*SYSC*) also contains a number of high level *rules* and *guidance* relating to senior management arrangements, systems and controls designed to have general application to all *firms*, including *credit unions*. Subject to the exceptions in (2) and (3) below, ■ SYSC 1, ■ SYSC 4 to ■ SYSC 10 and ■ SYSC 21 apply to all *credit unions* in respect of the carrying on of their *regulated activities* and unregulated activities in a *prudential context*. ■ SYSC 18 applies to all *credit unions* in respect of both their *regulated activities* and unregulated activities.
 - (2) ■ SYSC 4 to ■ SYSC 10 and ■ SYSC 14 do not apply to a *firm* (including a *credit union*) in relation to its carrying on *benchmark activities* (see ■ SYSC 1 Annex 1 for the detailed *rules* on the application of ■ SYSC 4 to ■ SYSC 10).
 - (3) ■ SYSC 4 to ■ SYSC 10 (other than ■ SYSC 6.1.1R (which only applies to a limited extent) and ■ SYSC 6.3) do not apply to a *firm* (including a *credit union*) in relation to its carrying on of *auction regulation bidding* (see ■ SYSC 1 Annex 1 for the detailed *rules* on the application of ■ SYSC 4 to ■ SYSC 10).
- 2.1.4 **G** The purposes of *SYSC*, which applies to all *credit unions*, are:
- (1) to encourage *directors* and senior managers to take appropriate practical responsibility for the arrangements that all *firms* must put in place on matters likely to be of interest to the *FCA* because they impinge on the *FCA's* functions function under the *Act*;

- (2) to reinforce *Principle 3*, under which all *firms* must take reasonable care to organise and control their affairs responsibly and effectively with adequate risk management systems;
- (3) to encourage all *firms* to vest responsibility for effective and responsible organisation in specific *directors* and *senior managers*.