

Chapter 2

Senior management arrangements, systems and controls

2.1 Application and purpose

Application

- 2.1.1RThis chapter applies to all *credit unions*.
- 2.1.1AGWith 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

- 2.1.2GThe purpose of this chapter is to provide *rules* and *guidance* relating to senior management arrangements, systems and controls that are specific to *credit unions*.
- 2.1.3G
 - (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) [deleted]
- 2.1.4GThe 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*.