

Variation of SMF managers' approval on the FCA's own initiative

Chapter 8

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approval on the FCA's own
initiative

8.3 Use of the own-initiative variation of approval power: specific examples

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Examples of situations where the *FCA* may use the own-initiative variation of approval power include where:

- (1) it has concerns about an *SMF manager's* fitness to remain approved in relation to the performance of a *designated senior management function* but, in all the circumstances, it considers it appropriate to vary their approval by imposing one or more conditions or a time limitation, rather than making a *prohibition order* or withdrawing approval;
- (2) the nature or scope of the *SMF manager's* role has changed, for example where they have taken on additional or different responsibilities. In this situation, the *FCA* may consider it appropriate to impose a condition that they undertake training to enhance their competency and capability regarding their new responsibilities, or a condition that they receive mentoring;
- (3) the size, nature, scope or complexity of the *firm's* activities has significantly changed since the *SMF manager* was first approved;
- (4) the *SMF manager* is required to personally support supervisory action in relation to the *firm*. For example, where a *firm* is running a remedial programme the *FCA* may impose a condition that the *SMF manager* take responsibility for managing or overseeing delivery of aspects of that programme;
- (5) it is appropriate to use the own-initiative variation of approval power as a matter of urgency (see ■ DEPP 8.4);
- (6) the *SMF manager's* approval is subject to an existing condition but the *FCA* considers that condition is insufficient to mitigate the risk in respect of which it was imposed. In this case, the *FCA* will vary the condition to make it more effective. The *FCA* may also, or instead, limit the period of the approval;
- (7) the *SMF manager's* firm applies to the *FCA* to remove a condition, or vary a condition to make it less onerous, where the condition was imposed by the *FCA* on its own initiative, and the *FCA* considers that it is desirable to remove or vary the condition in order to advance one or more of its operational objectives. The *FCA* expects that such a removal or variation would normally occur on the application of the *firm*.