Chapter 10C

FCA senior managers regime for approved persons in SMCR firms
10C.1 Application

General

10C.1.1 R This chapter applies to every SMCR firm.

10C.1.2 G This chapter is also relevant to FCA-approved SMF managers of an SMCR firm.

10C.1.2A G ■ SUP 10C Annex 1 (What functions apply to what type of firm) sets out:

(1) how this chapter applies to different types of SMCR firm; and

(2) the SMCR firms to which this chapter does not apply.

Overseas firms: UK services

10C.1.3 R This chapter does not apply to an overseas SMCR firm other than in relation to an establishment maintained by it or its appointed representative in the United Kingdom.

EEA firms: general application

10C.1.4 R This chapter does not apply to an EEA SMCR firm if and in so far as the question of whether a person is fit and proper to perform a particular function in relation to that firm is reserved to an authority in a country or territory outside the United Kingdom under:

(1) the Single Market Directives;

(2) the Treaty;

(3) the auction regulation;

the benchmarks regulation.

10C.1.5 G (1) ■ SUP 10C.1.4R reflects the provisions of section 59(8) of the Act and, where relevant, the Treaty.

(2) It preserves the principle of Home State prudential regulation.

(3) For an EEA SMCR firm, the effect is to reserve to the Home State regulator the assessment of fitness and propriety of a person.
performing a function in the exercise of an EEA right. A member of the governing body, or the notified UK branch manager, of an EEA SMCR firm, acting in that capacity, will not, therefore, have to be approved by the FCA under the Act.

(3A) For example, persons in Solvency II firms which are incoming EEA firms are not expected to be carrying out FCA functions to the extent that the person will be regarded as effectively running the firm or responsible for a Solvency II Directive ‘key function’.

(4) Aside from (1) to (3A) an EEA SMCR firm should have:

(a) considered the impact of the Host State rules with which it is required to comply when carrying on a passported activity or a Treaty activity through a branch in the United Kingdom;

(b) been notified of those provisions under Part II of Schedule 3 to the Act in the course of satisfying the conditions for authorisation in the United Kingdom; and

(c) considered, for example, the position of a branch manager based in the United Kingdom who may also be performing a function in relation to the carrying on of a regulated activity not covered by the EEA right of the firm. In so far as the function is within the description of an FCA controlled function, the firm will need to seek approval for that person to perform that FCA controlled function.

Overseas firms: general

10C.1.5A

(1) Generally, where an overseas manager of an overseas SMCR firm has responsibilities in relation to its branch in the United Kingdom that are strategic only, they will not need to be an FCA-approved SMF manager.

(2) However, where an overseas manager is responsible for implementing that strategy for its branch in the United Kingdom, and has not delegated that responsibility to an SMF manager in the United Kingdom, they will potentially be performing an FCA controlled function if the detailed conditions in this chapter defining the relevant FCA controlled function are met.

UK firm with overseas branches or providing services on a cross-border basis

10C.6

There are no territorial limitations to SUP 10C for:

(1) overseas branches of UK firms; or

(1) UK firms providing services into or out of the United Kingdom on a cross-border basis.

Appointed representatives

10C.7

This chapter does not deal with an approved person who is approved under SUP 10A.1.16BR (Appointed representatives).
(1) [SUP 10A.1.15R to SUP 10A.1.16DG (Appointed representatives) deal with the approved persons regime for appointed representatives of SMCR firms.]

(2) In general this chapter does not apply to appointed representatives of SMCR firms. [SUP 10A applies instead.]

(2) In theory, a person employed by an appointed representative of an SMCR firm could come within one of the controlled functions in this chapter. If so, that person will be performing a senior management function and this chapter would apply. However, the FCA thinks that such a situation should rarely arise unless the person is seconded to the firm.

If a person is an approved person under this chapter and under [SUP 10A for the same firm, this chapter applies to FCA-designated senior management functions under this chapter and [SUP 10A applies to controlled functions under [SUP 10A. It is unlikely that such a scenario would normally arise in practice.

(5) Both this chapter and [SUP 10A deal with an appointed representative that has a limited permission to carry on a regulated activity prescribed for the purposes of section 39(1E)(a) of the Act.

---

### Insolvency practitioners

This chapter does not apply to a function performed by a person acting as:

(1) an insolvency practitioner within the meaning of section 388 of the Insolvency Act 1986;

a nominee in relation to a voluntary arrangement under Parts I (Company Voluntary Arrangements) and VIII (Individual Voluntary Arrangements) of the Insolvency Act 1986;

(3) an insolvency practitioner within the meaning of article 3 of the Insolvency (Northern Ireland) Order 1989; or

(4) a nominee in relation to a voluntary arrangement under Parts II (Company Voluntary Arrangements) and VIII (Individual Voluntary Arrangements) of the Insolvency (Northern Ireland) Order 1989.

---

### Swiss general insurers

For Swiss general insurers, references in this chapter to parts of the PRA Rulebook for ‘Solvency II firms’ are to be read as references to the corresponding parts of the PRA Rulebook applying to large non-directive insurers.

Swiss general insurers are in the large non-directive insurers sector of the PRA Rulebook and the PRA applies to them, in relation to their controlled functions, provisions equivalent to those applying to third country branches in the Solvency II firms sector of the PRA Rulebook. The FCA includes them as third country undertakings of Solvency II firms and so they must follow the requirements for Solvency II firms set out in this chapter.
Insurance and mortgage credit mediation

See MIPRU 2.2 (Allocation of the responsibility for insurance distribution activity or MCD credit intermediation activity) for how the FCA’s senior managers regime for SMCR firms is adjusted for a firm carrying on insurance distribution activity or MCD credit intermediation activity.
10C.2 Purpose

10C.2.1 The purpose of SUP 10C is:

(1) to specify, under section 59 of the Act, descriptions of the FCA-designated senior management functions for SMCR firms, which are listed in SUP 10C.4.3R; and

(2) to specify the manner in which a firm must apply for the FCA’s approval under section 59 of the Act and other procedures for FCA-approved SMF managers;

10C.2.2 [deleted]

10C.2.3 (1) The FCA has certain powers in relation to PRA-approved persons, such as the requirement for FCA consent to the PRA granting approval for the performance of a PRA controlled function. SUP 10C does not deal with these.

(2) However, SUP 10C.12.1G has material about the FCA’s policy on giving its consent to applications made to the PRA about conditional and time-limited approvals for SMF managers in PRA-authorised persons.

10C.2.4 SUP 10C.14 (Changes to an approved person’s details) applies, in certain cases, to PRA-approved persons. Where this is the case, it says so.
10C.3 General material about the definition of controlled functions

Purpose

10C.3.1 This section has general provisions that apply to the definition of all controlled functions.

Types of controlled function

10C.3.2 There are two types of FCA controlled function under the Act:

(1) an FCA-designated senior management function; and

(2) an FCA controlled function that is not a designated senior management function.

10C.3.3 All the controlled functions that the FCA has specified in this chapter are designated senior management functions. The FCA has not, in this chapter, used its power to specify controlled functions that are not designated senior management functions.

10C.3.4 The FCA has (in SUP 10A) specified controlled functions for SMCR firms that are not designated senior management functions. (See SUP 10C.1.7R to SUP 10C.1.8G (Appointed representatives)).

10C.3.5 (1) Except as described in SUP 10C.4.4G, in this chapter, FCA controlled function and FCA-designated senior management function cover the same functions.

(2) Therefore, a function is only covered by SUP 10C.4.3R (Table of FCA-designated senior management functions) if that function meets both the following sets of requirements:

(a) the requirements of SUP 10C.3.6R (Definition of FCA controlled function: arrangements); and

(b) the requirements of SUP 10C.3.10R (Definition of FCA-designated senior management function).

Definition of FCA controlled function: arrangements

10C.3.6 In accordance with section 59 of the Act (Approval for particular arrangements), a function specified in this chapter is an FCA controlled function.
function only to the extent that it is performed under an arrangement entered into by:

(1) a firm; or

(2) a contractor of the firm;

in relation to the carrying on by the firm of a regulated activity.

Section 59(1) and (2) of the Act provide that approval is necessary for an FCA controlled function which is performed under an arrangement entered into by a firm, or its contractor (typically an appointed representative), in relation to a regulated activity.

(1) Arrangement is defined in section 59(10) of the Act as any kind of arrangement for the performance of a function which is entered into by a firm or any of its contractors with another person.

(2) Arrangement includes the appointment of a person to an office, a person becoming a partner, or a person’s employment (whether under a contract of service or otherwise).

(3) An arrangement need not be a written contract but could arise by conduct, custom and practice.

If a firm is a member of a group, a person employed elsewhere in the group (for example, by the holding company) who carries out a function in relation to the firm will only perform an FCA controlled function:

(1) if the function is performed under an arrangement entered into by the firm (under section 59(1)); or

(2) if:

(a) there is a contract (under section 59(2)) between the firm and the relevant group member permitting this; and

(b) the function is performed under an arrangement entered into by the contractor.

Definition of FCA-designated senior management function

Each FCA-designated senior management function is one which comes within the definition of a senior management function.

Section 59ZA(2) of the Act says that a function is a ‘senior management function’, in relation to the carrying on of a regulated activity by a firm, if:

(1) the function will require the person performing it to be responsible for managing one or more aspects of the firm’s affairs, so far as relating to the activity; and

(2) those aspects involve, or might involve, a risk of serious consequences:
Section 59ZA(3) of the Act says that ‘managing’ includes, for these purposes, taking decisions, or participating in the taking of decisions, about how one or more aspects of the firm’s affairs should be carried on.

The 12-week rule

If:

1. a firm appoints an individual to perform a function which, but for this rule, would be an FCA-designated senior management function;
2. the appointment is to provide cover for an SMF manager whose absence is:
   a. temporary; or
   b. reasonably unforeseen; and
3. the appointment is for less than 12 weeks in a consecutive 12-month period;

the description of the relevant FCA-designated senior management function does not relate to those activities of that individual.

SUP 10C.3.13R enables cover to be given for (as an example) holidays and emergencies and avoids the need for the precautionary approval of, for example, a deputy. However, as soon as it becomes apparent that a person will be performing an FCA-designated senior management function for more than 12 weeks, the firm should apply for approval.

See SUP 10C.12.7G to SUP 10C.12.14G (time-limited approvals) for procedures for temporary appointments longer than 12 weeks.

(1) A firm to which SYSC 26 (Senior managers and certification regime: Overall and local responsibility) applies may have allocated responsibilities under that chapter to an SMF manager who is absent under SUP 10C.3.13R.

(2) SYSC 26.4.6R (Exclusion where the 12-week rule applies) deals with how those responsibilities may be reallocated during the SMF manager’s absence.

(3) SYSC 26.4.8G explains that SYSC 26.4.6R and SUP 10C.3.13R apply to a person performing the other overall responsibility function or the other local responsibility function as well as to other designated senior management functions.
10C.3.17 If:

(a) a firm allocates any FCA-prescribed senior management responsibilities to an SMF manager; and
(b) the SMF manager later becomes absent;
the firm should reallocate them to another SMF manager.

(2) The firm may not allocate the absent manager’s FCA-prescribed senior management responsibilities to the person providing cover for that manager unless the person providing cover is also an SMF manager of the firm.
10C.4 Specification of functions

10C.4.1 (1) Each function described in SUP 10C.4.3R is an FCA controlled function.

(2) In accordance with section 59(6A) of the Act (Approval for particular arrangements), the FCA designates each function in (1) as a senior management function.

10C.4.2 ■ SUP 10C Annex 1 (What functions apply to what type of firm) sets out which of the functions in SUP 10C.4.3R apply to which kind of firm.

10C.4.3 Table of FCA-designated senior management functions for SMCR firms

<table>
<thead>
<tr>
<th>Type</th>
<th>SMF</th>
<th>Description of FCA controlled function</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCA governing functions</td>
<td>SMF 1</td>
<td>Chief executive function</td>
</tr>
<tr>
<td></td>
<td>SMF 3</td>
<td>Executive director function</td>
</tr>
<tr>
<td></td>
<td>SMF 7</td>
<td>Group entity senior manager function</td>
</tr>
<tr>
<td></td>
<td>SMF 9</td>
<td>Chair of the governing body function</td>
</tr>
<tr>
<td></td>
<td>SMF 10</td>
<td>Chair of the risk committee function</td>
</tr>
<tr>
<td></td>
<td>SMF 11</td>
<td>Chair of the audit committee function</td>
</tr>
<tr>
<td></td>
<td>SMF 12</td>
<td>Chair of the remuneration committee function</td>
</tr>
<tr>
<td></td>
<td>SMF 13</td>
<td>Chair of the nomination committee function</td>
</tr>
<tr>
<td></td>
<td>SMF 14</td>
<td>Senior independent director function</td>
</tr>
<tr>
<td></td>
<td>SMF 15</td>
<td>Chair of the with-profits committee function</td>
</tr>
<tr>
<td></td>
<td>SMF 19</td>
<td>Head of overseas branch function</td>
</tr>
<tr>
<td></td>
<td>SMF 27</td>
<td>Partner function</td>
</tr>
</tbody>
</table>
### FCA required functions

<table>
<thead>
<tr>
<th>Type</th>
<th>SMF</th>
<th>Description of FCA controlled function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance oversight function</td>
<td>SMF 16</td>
<td></td>
</tr>
<tr>
<td>Money laundering reporting function</td>
<td>SMF 17</td>
<td></td>
</tr>
<tr>
<td>Other overall responsibility function</td>
<td>SMF 18</td>
<td></td>
</tr>
<tr>
<td>Other local responsibility function</td>
<td>SMF22</td>
<td></td>
</tr>
<tr>
<td>Conduct risk oversight (Lloyd's) function</td>
<td>SMF 23b</td>
<td></td>
</tr>
</tbody>
</table>

### Other high-level management functions

| SMF 21 | EEA branch senior manager function |

### Systems and controls functions

| SMF 2  | Chief finance officer function |
| SMF 4  | Chief risk officer function |
| SMF 5  | Head of internal audit function |
| SMF 24 | Chief operations function |

As described in SUP 10C.1.7R to SUP 10C.1.8G (Appointed representatives), SUP 10A specifies certain other controlled functions for SMCR firms.
10C.4A FCA governing functions: General

PRA-authorised persons

10C.4A.1 G

SUP 10C.9 (Minimising overlap with the PRA approved persons regime) explains that in many cases a person performing one of the functions set out in SUP 10C.5 or SUP 10C.5A for a PRA-authorised person will not in fact require approval from the FCA to perform the function and will just require PRA approval.

Sole traders

10C.4A.2 G

(1) An individual sole trader themselves will not need approval to perform any of the governing functions. Therefore the governing functions do not apply to a sole trader with no employees.

(2) It is possible, although perhaps not likely in practice, that the governing functions could apply to staff working for the sole trader.

(3) In particular, it is possible for the sole trader to give sufficient authority to a staff member that the staff member meets the Glossary definition of a director.

(4) This might happen, for example, if the sole trader’s business is so large that the sole trader sets up a governing body to run it.
10C.5 FCA governing functions: Executive

Executive director function (SMF3): General

10C.5.1 R

(1) For a UK SMCR firm, the executive director function is the function of acting in the capacity of a director (other than a non-executive director) of a the firm.

(2) For an overseas SMCR firm, the executive director function is the function of acting in the capacity of a director (other than a non-executive director) in relation to its branch in the United Kingdom where the person performing that function has responsibility for managing one or more aspects of the firm’s affairs so far as relating to the activities of the branch.

(3) Paragraph (2) includes a person who is a member (other than a non-executive member) of the branch’s governing body.

(4) The executive director function does not apply to a UK SMCR firm that is:

(a) a partnership; or

(b) a limited liability partnership.

10C.5.2 R [deleted] [Editor’s note: The text of this provision has been moved to SUP 10C.5A.3R]

10C.5.3 G [deleted] [Editor’s note: The text of this provision has been moved to SUP 10C.5A.4G]

10C.5.4 G [deleted]

10C.5.5 G [deleted]

10C.5.6 G [deleted] [Editor’s note: The text of this provision has been moved to SUP 10C.5A.1G]

10C.5.7 G [deleted]
Executive director function: Extension of definition for Lloyd’s Society

10C.5.8  
In the case of the Society, the executive director function also includes the function of acting in the capacity of an executive member of a committee to which the Council of the Society directly delegates authority to carry out the Society’s regulatory functions.

Executive director function: Adjustment of definition for non-directive friendly societies

10C.5.9  
(1) This rule applies to a non-directive friendly society.

(2) The executive director function is the function of directing the affairs of the firm, either alone or jointly with others. Each such person is referred to in this rule as a “director”.

(3) The executive director function includes the function of being or acting in the capacity of:
   (a) a member of the firm’s governing body; or
   (b) (in the case of an FCA-authorised firm) the chief executive.

   The term director also includes each such a person.

(4) If the principal purpose of the firm is to carry on regulated activities, each director performs the FCA controlled function.

(5) If the principal purpose of the firm is other than to carry on regulated activities, a director performs the FCA controlled function only to the extent that they have responsibility for a regulated activity.

(6) Each person on the firm’s governing body will be taken to have responsibility for its regulated activities, unless the firm has apportioned this responsibility to one particular person to whom it is reasonable to give this responsibility.

(7) The “particular” person referred to in (6) need not be a member of the firm’s governing body.

(8) The executive director function does not include acting in the capacity of a non-executive director.

(9) This rule applies in place of SUP 10C.5.1R.

10C.5.10  
(1) Typically a non-directive friendly society will appoint a “committee of management” to direct its affairs.

(2) However, the governing arrangements may be informal and flexible. If this is the case, the FCA would expect the society to resolve to give responsibility for the carrying on of regulated activities to one individual who is appropriate in all the circumstances.

(3) The individual in (2) may, for example, have the title of chief executive or similar. The individual would (subject to SUP 10C.5.11(G)) have to be an FCA-approved person under SUP 10C.5.9R.
In practice, the FCA expects that most non-directive friendly societies will be PRA-authorised persons.

(2) Where that is the case, the executive director function will often not apply (see SUP 10C.4A.1G).

**Executive director function: Addition for small non-directive insurers**

1. This rule applies to a small non-directive insurer.
2. The executive director function includes being a chief executive of the firm.

**Partner function (SMF27): Partnerships and limited liability partnerships**

1. This rule applies to a UK SMCR firm that is a partnership.
2. The partner function is the function of being or occupying the position of a partner in that firm.
3. The partner function also includes:
   a. the function of being or occupying the position of a partner in that firm (by whatever name called); and
   b. acting as a member of the firm’s governing body.

1. The purpose of SUP 10C.5.14R(3) is to make sure that every partner and everyone else performing a function in SUP 10C.5.14R(3) is potentially included in the partner function even if the Glossary definition of partner is not wide enough to cover them all.
2. Therefore, for example, the partner function applies to every partner in a firm unless SUP 10C.5.18G applies.
3. In practice most functions in SUP 10C.5.14R(3) will also fall within SUP 10C.5.14R(2).
10C.5.16  (1) This rule applies to a UK SMCR firm that is a limited liability partnership.

(2) The partner function is the function of being or acting in the capacity of:

(a) a member in that firm or a person occupying the position of a member (by whatever name called);
(b) a person appointed to direct the firm’s affairs;
(c) a member of the firm’s governing body; or
(d) a person in accordance with whose directions or instructions (not being advice given in a professional capacity) the members or directors are accustomed to act.

Partner function: Limited partnerships

10C.5.17  If a partnership is registered under the Limited Partnership Act 1907, the partner function does not extend to any function performed by a limited partner.

Partner function: Partners without influence

10C.5.18  (1) SUP 10C.5.14R to SUP 10C.5.17R (Partner function) are drafted to cover all partners and members.

(2) However, the partner function (as are all FCA-designated senior management functions) is subject to SUP 10C.3.10R (Definition of FCA-designated senior management function).

(3) The effect is that unless the function performed by the partner or member in question comes within the definition of a senior management function, the function does not come within the partner function. Therefore partners or members who play no part in the management of the firm are unlikely to be performing the partner function.

Partner function: When partners and members do not require approval

10C.5.19  (1) This rule applies to an SMCR firm that is an FCA-authorised person to which the partner function applies.

(2) If the principal purpose of the firm is to carry on one or more regulated activities, each person in SUP 10C.5.14R to SUP 10C.5.16R (a “partner”) performs the partner function.

(3) If the principal purpose of the firm is other than to carry on regulated activities:

(a) a partner performs the partner function to the extent only that they have responsibility for a regulated activity; and
(b) a partner in a firm will be taken to have responsibility for each regulated activity except where the firm has apportioned responsibility to another partner or group of partners.
SUP 10C : FCA senior managers
regime for approved persons in
SMCR firms
Section 10C.5 : FCA governing functions:
Executive

10C.5.20 [G]

(1) This paragraph [SUP 10C.5.20G describes some of the combined effects
of [SUP 10C Annex 1 2.1R and [SUP 10C.5.19R.

(2) A partner whose only regulated activities are incidental to their professional services, in a firm whose principal purpose is to carry on other than regulated activities, need not be an FCA-approved person.

(3) What amounts to the principal purpose of the firm is a matter of fact in each case having regard to all the circumstances, including the activities of the firm as a whole.

(4) Any regulated activities which such a partner carries on are not within the description of the partner function.

Chief executive function (SMF1)

10C.5.21 [R]

(1) The chief executive function is the function of acting in the capacity of a chief executive of a firm.

(2) This function does not apply to a non-directive friendly society.

10C.5.22 [G]

This function is having the responsibility, alone or jointly with one or more others, under the immediate authority of the governing body for the conduct of the whole of the business (or relevant activities) of the firm.

10C.5.23 [G]

(1) A person performing the chief executive function may be a member of the governing body but need not be.

(2) If the chairman of the governing body is also the chief executive, they will be discharging this function.

(3) If the responsibility is divided between more than one person but not shared, there is no person exercising the chief executive function.

(4) But if that responsibility is discharged jointly by more than one person, each of those persons will be performing the chief executive function.

Head overseas branch function (SMF 19)

10C.5.24 [R]

(1) This rule applies to an overseas SMCR firm.

(4) The Head of overseas branch function is the function of having responsibility alone or jointly with others, for the conduct of all activities of the United Kingdom branch of the firm which are subject to the UK regulatory system.
10C.5A FCA governing functions: Oversight

Non-executive directors

10C.5A.1

(1) As explained in SUP 10C.7.4G, the FCA does not expect a non-executive director ever to perform the other overall responsibility function.

(2) Therefore, a non-executive director will not need to be approved to perform any FCA-designated senior management function unless they perform one of the FCA-designated senior management functions set out in this section.

No requirement to set up committees

10C.5A.2

(1) This section says that being the chair of certain committees is an FCA-designated senior management function.

(2) If a firm is not otherwise required to have one of the committees described in this section but chooses to set one up anyway:
   (a) being the chair of that committee is still an FCA-designated senior management function; and
   (b) this is the case even if the firm is not subject to any requirements of the regulatory system about the matters dealt with by the committee.

(3) So for example being the chair of the firm's nomination committee is an FCA-designated senior management function even if the firm:
   (a) is not required to have a nomination committee by SYSC 4.3A.8R or some other requirement of the regulatory system; and
   (b) is not subject to any requirements of the regulatory system dealing with nominations to the firm's governing body or the other matters covered by SYSC 4.3A.9R.

(4) However, nothing in SUP 10C requires a firm to set up one of the committees mentioned in this section if the firm is not required to have that committee by a rule elsewhere in the FCA Handbook or by some other requirement of the regulatory system.

(5) So for example if a firm is not otherwise required to have a nomination committee nothing in this section requires it to set one up.

(6) If a firm:
(a) is not otherwise required to have one of the committees described in this section;
(b) chooses to set it up anyway; and
(c) gets approval for the chair of the committee to perform the applicable FCA-designated senior management function;
then:
(d) the firm is free to scrap that committee later; and
(e) if it does so, the chair will cease to perform that FCA-designated senior management function.

Chair of the nomination committee function (SMF13)

10C.5A.3 R If the firm has a nomination committee, the chair of the nomination committee function is the function of acting in the capacity of the chair of that committee.

10C.5A.4 G See SYSC 4.3A (Management body and nomination committee) for material about nomination committees.

Chair of the with-profits committee function (SMF15)

10C.5A.5 R If the firm has a with-profits committee, the chair of the with-profits committee function is the function of acting in the capacity of a non-executive chair of the committee.

10C.5A.6 R If the firm has a with-profits advisory arrangement, the chair of the with-profits committee function is the function of being whichever of the following applies to the firm:

(1) the independent person referred to in paragraph (a) of the definition of with-profits advisory arrangement; or
(2) the non-executive directors referred to in paragraph (b) of that definition.

Chair of the governing body function (SMF9)

10C.5A.7 R The chair of the governing body function is the function of having responsibility for chairing, and overseeing the performance of the role of, the governing body of the firm.

Chair of the risk committee function (SMF10)

10C.5A.8 R The chair of the risk committee function is the function of having responsibility for chairing, and overseeing the performance of, any committee responsible for the oversight of the risk management systems, policies and procedures of the firm, including, where applicable to the firm, a committee established in accordance with the risk control requirements for SMCR firms.
**Chair of the audit committee function (SMF11)**

The *chair of the audit committee function* is the function of having responsibility for chairing, and overseeing the performance of, any committee responsible for the oversight of the internal audit system of the firm including, where applicable to the firm, a committee established in accordance with the *internal audit requirements for SMCR firms*.

**Chair of the remuneration committee function (SMF12)**

The *chair of the remuneration committee function* is the function of having responsibility for chairing, and overseeing the performance of, any committee responsible for the oversight of the design and the implementation of the *remuneration* policies of a firm, including, where applicable to the firm, a committee established in accordance with:

1. SYSC 19A.3.12R (Remuneration Principle 4: Governance);
2. SYSC 19B.1.9R (AIFM Remuneration Principle 3: Governance);
3. SYSC 19C.3.12 R (Remuneration Principle 4: Governance);
4. SYSC 19D.3.12R (Remuneration Principle 4: Governance); and
5. SYSC 19E.2.9R (UCITS Remuneration Principle 3: Governance).

**Senior independent director function (SMF14)**

The *senior independent director function* is the function of performing the role of a senior independent director, and having particular responsibility for leading the assessment of the performance of the person performing the *chair of the governing body function*.
10C.5B FCA governing functions: Group entities

Group entity senior manager function (SMF7)

10C.5B.1 (1) The group entity senior manager function is the function of having a significant influence on the management or conduct of one or more aspects of the affairs of a firm in relation to its regulated activities.

(2) This controlled function does not include having such influence in the course of performance of another designated senior management function for that firm.

(3) This controlled function only applies if it is performed by:

   (a) a person employed by; or
   (b) an officer of:

      any of the following:

   (c) a parent undertaking or holding company of the firm; or
   (d) another undertaking which is a member of the firm’s group.

Basis on which group entity senior manager function is included

10C.5B.2 (1) This provision explains the basis on which the group entity senior manager function is included as a controlled function.

(2) The basic position is set out in SUP 10C.3.9G. As is the case with all controlled functions in this chapter, the definition of the group entity senior manager function is subject to the overriding provisions in SUP 10C.3.6R, which sets out the requirements of section 59(1) and (2) of the Act.

(3) This means that unless the firm has an arrangement permitting the performance of these roles by the persons concerned, these persons will not be performing the group entity senior manager function.

(4) Therefore, the FCA accepts that there will be cases in which a person performing the role described in SUP 10C.5B.1R will not require approval.

(5) However where there is such an arrangement the function may apply.
When the group entity senior manager function applies

10C.5B.3

(1) Individuals in the management of a group in which a firm is a subsidiary do not automatically come within the group entity senior manager function because their job relates to the firm.

(2) The FCA does not aim or expect to approve individuals to perform this function for every firm to which the function potentially applies under ■ SUP 10C Annex 1 (What functions apply to what type of firm) just because the firm is part of a group.

(3) The FCA would not consider it to be unusual for there to be no one performing the group entity senior manager function for a firm that is a subsidiary in a group.

Whether someone performs the group entity senior manager function should be assessed on a case-by-case basis. The factors to be taken into account include:

10C.5B.4

(1) the organisational structures of the group and the firm;

(2) the split of key responsibilities between the group and firm boards and senior management; and

(3) whether SMF managers based in the firm have an appropriate level of authority within the group to ensure that the firm complies with the requirements of the regulatory system.

10C.5B.5

(1) An individual based elsewhere in a group whose responsibilities in relation to a subsidiary in the group that is a firm are limited to developing the group’s overall strategy is unlikely to be performing the group entity senior manager function.

(2) The function is more likely to apply to individuals who are directly responsible for implementing the group’s strategy in the firm.

(3) Therefore, if an individual based elsewhere in the group:

(a) is directly responsible for taking decisions about how the firm should conduct its regulated activities; and

(b) has not delegated this responsibility to an SMF manager based in the firm;

it is likely that they will require approval to perform the group entity senior manager function (or, as described in ■ SUP 10C.5B.6G, another designated senior management function).

(4) If however the firm’s governing body has sufficient discretion in how it applies and responds to proposals coming from group committees or individuals based in parent entities, approval would generally not be required. In this case the individual will be carrying on a group-level function rather than performing a function on behalf of the firm.

(5) So, where:
(a) a firm has in place the required SMF managers based in the firm; and

(b) those SMF managers are effective and have sufficient control over the firm;

the FCA would not routinely expect the firm to have persons performing the group entity senior manager function in place.

10C.5B.6 ■  

(1)  ■ SUP 10C.5B.1R(2) means that an individual who is approved to perform another designated senior management function for a firm will often not need to be approved to perform the group entity senior manager function for that firm as well.

(2) So for example if the individual has responsibility for the firm’s finances they may be performing the chief finance officer function. If that is the case the individual will not be performing the group entity senior manager function by carrying out the functions of a chief finance officer.

(3) Similarly an individual who is approved to perform another designated senior management function for the firm may have influence that comes from holding that post in matters falling outside the core duties of that post. For example a chief finance officer of a firm will have important input into decisions that fall outside the core financial control function. That influence does not mean that they are performing the group entity senior manager function.

10C.5B.7 ■  
The group entity senior manager function is potentially relevant:

(1) whether the individual is located in or outside the United Kingdom; and

(2) whether the group is headquartered in the United Kingdom or overseas.

10C.5B.8 ■  

(1) The parent of a subsidiary firm cannot itself perform the group entity senior manager function.

(2) A shareholder in the parent will also not perform this function unless the shareholder is also a director, officer or employee of the parent and is exerting significant influence over the firm through that role.
10C.6 FCA-required functions

Compliance oversight function (SMF16)

The **compliance oversight function** is the function of acting in the capacity of a person who is allocated the function in:

1. SYSC 6.1.4R(2);
2. article 22(3) of the MiFID Org Regulation;
3. article 22(3) of the MiFID Org Regulation (as applied in accordance with SYSC 1 Annex 1 2.8AR, SYSC 1 Annex 1 3.2-AR, SYSC 1 Annex 1 3.2-BR, SYSC 1 Annex 1 3.2CR and SYSC 1 Annex 1 3.3R);
4. SYSC 6.1.4CR;
5. SYSC 3.2.8R; or
6. (for a full-scope UK AIFM) article 61(3)(b) of the AIFMD level 2 regulation.

Money laundering reporting function (SMF17)

The **money laundering reporting function** is the function of acting in the capacity of the money laundering reporting officer of a firm.

Conduct risk oversight (Lloyd’s) function (SMF23b)

The **conduct risk oversight (Lloyd’s) function** is the function of acting in the capacity of a person who is allocated the function in SYSC 3.2.9AR.

Limited scope function (SMF29)

The **limited scope function** is the function of acting in the capacity of a person responsible for the apportionment function and/or the oversight function set out in SYSC 4.4.5R.

The fact that there is a person performing the **limited scope function**, and who has responsibility for activities subject to regulation by the FCA, may have a bearing on whether a manager who is based overseas will be
performing an *FCA controlled function*. It is a factor to take into account when assessing the likely influence of the overseas manager.
10C.6A  Systems and controls functions: Finance, risk and internal audit

Introduction

10C.6A.1 G The FCA-designated senior management functions in this section apply even if the firm:

(1) is not required by the regulatory system to allocate any of these roles to someone; or

is not subject to any requirements of the regulatory system dealing with the management of the matters referred to in SUP 10C.6A.3R to SUP 10C.6A.6R.

Seniority

10C.6A.2 G The FCA expects a firm to ensure that a person performing a function in this section for a firm has sufficient expertise and authority to perform that function effectively. A director or senior manager would meet this expectation.

Chief finance officer function (SMF2)

10C.6A.3 R The chief finance officer function is the function of having responsibility for management of the financial resources of the firm, including reporting directly to the governing body of the firm in relation to its financial affairs.

Chief risk officer function (SMF4)

10C.6A.4 R The chief risk officer function is the function of having responsibility for overall management of the risk controls of a firm, including:

(1) the setting and managing of the firm’s risk exposures; and

(2) reporting directly to the governing body of the firm in relation to its risk management arrangements.

10C.6A.5 G (1) Risk controls systems include ones designed to deal with the kinds of matters in the risk control requirements for SMCR firms.

(2) However SUP 10C.6A.4R applies even if the provisions in (1) do not apply to the firm.
10C.6A.6 **R**

The **head of internal audit function** is the function of having responsibility for management of the internal audit function of the **firm**, including reporting directly to the **governing body** of the **firm** on the internal audit function.

10C.6A.7 **G**

(1) Internal audit covers the kinds of matters in the **internal audit requirements for SMCR firms**.

(2) However **SUP 10C.6A.6R** applies even if the provisions in (1) do not apply to the **firm**.
10C.6B Systems and controls functions: Other

Seniority

10C.6B.1 The FCA expects a firm to ensure that a person performing a function in this section for a firm has sufficient expertise and authority to perform that function effectively. A director or senior manager would meet this expectation.

The chief operations function (SMF24)

10C.6B.2 (1) The chief operations function is the function of having overall responsibility for managing all or substantially all the internal operations or technology of the firm or of a part of the firm.

(2) In deciding whether a person has overall responsibility for managing all or substantially all the matters described in (1) for the purposes of this rule, the following are left out of account if one or more other persons have overall responsibility for them:

(a) the matters to which the internal audit requirements for SMCR firms, the compliance requirements for SMCR firms or the risk control requirements for SMCR firms relate;

(b) the matters to which any of the required functions relate; or

(c) any part of the firm responsible for advising other parts of the firm.

(3) (2) applies to a firm whether or not the requirements in (2)(a) or the functions in (2)(b) apply to it.

(4) The chief operations function does not include the function of acting in the capacity of a chief executive of a firm.

(5) A person (P) does not perform the chief operations function by managing the internal operations or technology of a part of a firm that carries out other functions (such as a part of the firm that carries on regulated activities with clients) as part of P’s function of managing that part of the firm.

(6) A firm’s SMCR legal function is not included in the firm’s internal operations or technology for the purpose of the definition of the chief operations function.
10C.6B.3  
(1) In SUP 10C.6B.2R technology refers principally to the firm’s information and communications technology (ICT) systems and services.

(2) Those services include but may not be necessarily limited to the mechanisms and networks that support the operations of a firm, including data entry, data storage, data processing and reporting services, but also monitoring, business and decision support services.

10C.6B.4  
The chief operations function may include but not necessarily be limited to areas such as:

(1) business continuity (including responsibility for compliance with SYSC 4.1.6R and SYSC 4.1.7R (Business continuity), if those rules apply to the firm);

(2) cybersecurity;

(3) information technology;

(4) internal operations;

(5) operational continuity, resilience and strategy;

(6) outsourcing, procurement and vendor management; and

(7) management of services shared with other group members.

10C.6B.5  
As explained in SYSC 26.11.4G (Overall responsibility for internal operations), if:

(1) a firm does not have anyone who performs the chief operations function; but

(2) SYSC 26 (Senior managers and certification regime: Overall and local responsibility) applies to the firm;

the firm should allocate responsibility for the functions in SUP 10C.6B.4G among its SMF managers under SYSC 26.

10C.6B.6  
If a firm is required to have a management responsibilities map, the map should include the functions in SUP 10C.6B.4G, whether or not the firm has someone who performs the chief operations function (see SYSC 25 Annex 1 (Examples of the business activities and functions of an SMCR firm)).

10C.6B.7  
The table in SUP 10C.6B.8G gives examples of how the chief operations function applies.

10C.6B.8  
Table: Examples of how the chief operations function applies
Example | Comments
---|---
(1) *Firm* A has the following three individuals.  
- Chief Operating Officer (COO);  
- Chief Information & Technology Officer (CITO);  
- Head of Human Resources (Head of HR).  
The Head of HR and the CITO report to the COO. | The COO is the only person performing the *chief operations function*.  
(2) *Firm* A has the following two individuals:  
- Chief Operating Officer (COO);  
- Chief Information & Technology Officer (CITO).  
The COO and CITO are equally senior. Both have separate reporting lines to the Board and the CEO. Overall responsibility for information technology is shared between the COO and CITO. The COO has overall responsibility for all other internal operations. | Both individuals perform the *chief operations function*.  
(3) *Firm* A has two business lines (broking and advice). It has the following individuals:  
- a Chief Operating Officer responsible for the internal operations of the broking business (other than technology) (B)  
- a Chief Information and Technology Officer for the broking business (C)  
- an individual who combines the roles of Chief Operating Officer and Chief Information and Technology Officer for the advice business (D). B, C and D are equally senior. They all have separate reporting lines to the Board and the CEO. | B, C and D perform the *chief operations function*.  
(4) *Firm* A splits overall responsibility for its internal operations between various individuals. A separate individual is responsible for human resources, business continuity, procurement and outsourcing, buildings and the remaining parts of internal operations. *Firm* A also has a Chief Information & Technology Officer (CITO) with responsibility for all the *firm’s* technology. The CITO performs the *chief operations function*. None of the others perform the *chief operations function*. This is because none of them has responsibility for the *firm’s* internal operations as a whole or for all the internal operations of a part of the business. *Firm* A has divided the responsibility based on function rather than business line. |
<table>
<thead>
<tr>
<th>Example</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Each individual is equally senior.</td>
<td>However those others may be performing the other overall responsibility function.</td>
</tr>
<tr>
<td><em>(5) Firm A</em> has a Chief Operating Officer (B) responsible for its internal operations. However Firm A separates its internal advisory functions (such as economic and market analysis) and allocates them to C.</td>
<td>B performs the <em>chief operations function</em>. C does not. The same answer would apply if C’s functions were split between several others.</td>
</tr>
<tr>
<td><em>(6) Firm A</em> has a Chief Operating Officer (B). B does not report to the firm’s governing body. B reports to several directors about different aspects of B’s job, who in turn report to the governing body.</td>
<td>B does not perform the <em>chief operations function</em>. B does not have overall responsibility for internal operations as B does not have direct responsibility to the governing body. SYSC 26.7 (Meaning of local and overall responsibility: Reporting to the governing body) is relevant to the meaning of overall responsibility in this context. The directors to whom B reports do not perform the <em>chief operations function</em> either, for the reasons in Example (4).</td>
</tr>
<tr>
<td><em>(7) Firm A</em> has two business lines (broking and advice). B is chief executive of the broking division and C is chief executive of the advisory division. Each chief executive is responsible for the internal operations and IT of their division. Both B and C report to the Board.</td>
<td>SUP 10C.6B.2R(5) means that neither B nor C performs the <em>chief operations function</em>.</td>
</tr>
<tr>
<td><em>(8) Firm A</em> has a Chief Operating Officer (B) responsible for its internal operations. B is not responsible for Firm A’s legal department, which is managed by the firm’s general counsel (C).</td>
<td>B performs the <em>chief operations function</em>. C does not.</td>
</tr>
</tbody>
</table>
10C.7 Other overall responsibility function (SMF18)

Application

10C.7.1-2 R This section applies to a firm:

(1) to which SYSC 26 (Senior managers and certification regime: Overall and local responsibility) applies; and

(2) that is a UK SMCR firm.

10C.7.1-1 G The effect of SUP 10C.7.1-2R is that this section only applies to one of the following types of UK SMCR firm:

(1) an SMCR banking firm;

(2) a Solvency II firm (including a large non-directive insurer) but excluding an insurance special purpose vehicle and certain firms in run-off; and

(3) an enhanced scope SMCR firm.

Definition

10C.1 R A person performs the other overall responsibility function in relation to a firm if that person:

(1) is performing:

(a) a function allocated to that person under SYSC 26.3.1R (Main rules) in relation to the firm;

(b) FCA-prescribed senior management responsibility (z) in the table in SYSC 24.2.6R (functions in relation to CASS) allocated to that person under SYSC 24.2 (Allocation of FCA-prescribed senior management responsibilities: Main allocation rules); or

(c) (if the firm has allocated such a function to someone) the function of having overall responsibility for any of the activities, business areas and management functions of the firm excluded from SYSC 26.3 (Main rules) by SYSC 26.4.11R (Exclusion for AIFMD); and

(2) does not have an approval to perform any other designated senior management function in relation to the firm.
The other overall responsibility function does not apply if approved for another function.

### 10C.2

The table in [SUP 10C.7.3G](#) gives examples of how [SUP 10C.7.1R(2)](#) works.

### 10C.3

<table>
<thead>
<tr>
<th>Example</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) ‘A’ is appointed to perform the executive director function and to perform a potential other overall responsibility function for the same firm.</td>
<td>A only needs approval to perform the executive director function.</td>
</tr>
<tr>
<td>(2) ‘A’ is approved to perform the other overall responsibility function. Later, A is appointed to perform the executive director function for the same firm.</td>
<td>A requires approval for the other overall responsibility function when A is first appointed. When A is later approved to perform the executive director function, A stops performing the other overall responsibility function. The firm should use Form E to apply for approval for A to perform the executive director function and to notify the FCA that A is no longer performing the other overall responsibility function.</td>
</tr>
<tr>
<td>(3) ‘A’ is appointed to perform the PRA’s Head of Key Business Area designated senior management function for Firm X and to perform a potential other overall responsibility function for the same firm. Firm X is an SMCR banking firm.</td>
<td>A only needs approval to perform the PRA’s Head of Key Business Area designated senior management function. It does not make any difference whether the potential other overall responsibility function that A performs is connected to the PRA’s Head of Key Business Area designated senior management function.</td>
</tr>
<tr>
<td>(4) ‘A’ is approved to perform the other overall responsibility function for Firm X. Firm X is an SMCR banking firm. Later, A is appointed to perform the PRA’s Head of Key Business Area designated senior management function for the same firm.</td>
<td>A requires approval for the other overall responsibility function when A is first appointed. When A is later approved to perform the PRA’s Head of Key Business Area designated senior management function, A stops performing the other overall responsibility function.</td>
</tr>
<tr>
<td>(5) ‘A’ is appointed to perform: (a) the compliance oversight function for one firm (Firm X) in a group (which may or may not be an SMCR firm to which the other overall responsibility function applies); and (b) a function coming within the scope of the other overall responsibility function for another firm (which is a an SMCR firm to which the other overall responsibility function applies) in the same group (Firm Y).</td>
<td>A needs approval to perform the compliance oversight function for Firm X and the other overall responsibility function for Firm Y.</td>
</tr>
<tr>
<td>(6) ‘A’ is appointed to be head of</td>
<td>A only needs approval to perform</td>
</tr>
</tbody>
</table>
### Example

sales for Firm X and to report directly to the firm’s governing body about this. This function also comes within the PRA’s Head of Key Business Area designated senior management function. Firm X is an SMCR banking firm.

(7) ‘A’ is appointed to take on some functions that come within the other overall responsibility function. Later, A is appointed as chief risk officer.

The firm is one of those for which being chief risk officer is a PRA-designated senior management function or an FCA-designated senior management function.

(8) ‘A’ is appointed to a role for Firm X that comes within the other overall responsibility function. Firm X is an SMCR banking firm. Later, the firm reorganises and A’s role comes within the PRA’s Head of Key Business Area designated senior management function. A’s role does not otherwise change.

(9) ‘A’ is appointed to a role for Firm X that comes within the PRA’s Head of Key Business Area designated senior management function. It is also a potential other overall responsibility function. Later, the firm reorganises—A’s role stays the same but now it falls outside the PRA’s Head of Key Business Area designated senior management function.

(10) ‘A’ is appointed to a role for Firm X that comes within the PRA’s Head of Key Business Area designated senior management function.

### Comments

the PRA’s Head of Key Business Area designated senior management function.

On A’s first appointment, A will need to be approved to perform the other overall responsibility function.

On being appointed as chief risk officer, A will stop performing the other overall responsibility function.

On A’s first appointment, A will need to be approved to perform the other overall responsibility function.

When A is later approved to perform the PRA’s Head of Key Business Area designated senior management function, A stops performing the other overall responsibility function.

On A’s first appointment, A only needs approval to perform the PRA’s Head of Key Business Area designated senior management function. Following the reorganisation, the firm has three months to get approval for A to perform the other overall responsibility function. This three-month period applies because the relevant PRA rules keep the PRA’s Head of Key Business Area designated senior management function in place, which means that the other overall responsibility function does not apply during that period.

The relevant PRA rules can be found in Chapter 2 of the part of the PRA Rulebook titled ‘Senior Management Functions’.

This example only applies if Firm X is an SMCR banking firm. If Firm X is an insurer it will need to obtain FCA approval before the reorganisation takes effect as the relevant PRA insurance rules are different from the ones for SMCR banking firms.

The answer to example (9) applies.
Example

A stated senior management function. A also performs a potential other overall responsibility function. Later, A gives up the PRA role but carries on with the potential other overall responsibility function.

(11) ‘A’ is appointed as an executive director. A then resigns and takes up a job with the same firm coming within the other overall responsibility function.

On A’s first appointment, A will need to be approved to perform the executive director function. A will need to get approval to perform the other overall responsibility function before A takes up their new responsibilities.

Note (1): A potential other overall responsibility function means a function that would have come within the other overall responsibility function but is excluded by SUP 10C.7.1R(2).

Note (2): A potential other overall responsibility function should be recorded in A’s statement of responsibilities and in the firm’s management responsibilities map.

Non-executive directors

10C.7.4 For the reasons described in §SYSC 26.4.5G, the FCA does not expect that a non-executive director will ever perform the other overall responsibility function.

Temporary absences

10C.7.5 A person does not perform the other overall responsibility function in relation to a firm by performing a function allocated to that person under §SYSC 26.4.6R (Exclusion where the 12-week rule applies) in relation to the firm.

Head of the legal function

10C.7.6 A person does not perform the other overall responsibility function by having overall responsibility for the SMCR legal function under §SYSC 26.3.

10C.7.7 The purpose of §SUP 10C.7.6R (together with §SYSC 26.4.9R(2)) is to ensure that a firm can allocate overall responsibility for its legal function to someone who is not an SMF manager. That means that the head of its legal function need not be an SMF manager.

However, that does not mean that the head of a firm’s legal function cannot be an SMF manager. For example, they could be an executive director performing the executive director function.
10C.8 The other local responsibility function (SMF22)

Application

10C.8-2 This section:

(1) applies to an overseas SMCR firm to which SYSC 26 (Senior managers and certification regime: Overall and local responsibility) applies; and

(2) does not apply to an EEA SMCR firm.

10C.8-1 The other local responsibility function only applies to one of the following types of overseas SMCR firm:

(1) an SMCR banking firm; and

(2) a Solvency II firm (including a large non-directive insurer) but excluding certain firms in run-off;

but does not apply to any EEA SMCR firm.

Other local responsibility function (SMF22)

10C.8.1 A person performs the other local responsibility function in relation to a branch maintained in the United Kingdom by an overseas SMCR firm if that person:

(1) is performing:

(a) a function allocated to that person under SYSC 26.3.1R (Main rules) in relation to the firm; or

(b) FCA-prescribed senior management responsibility (z) in the table in SYSC 24.2.6R (functions in relation to CASS) allocated to that person under SYSC 24.2 (Allocation of FCA-prescribed senior management responsibilities: Main allocation rules); and

(2) does not have an approval to perform any other designated senior management function in relation to the branch.

10C.8.2 The table in SUP 10C.8.3G gives:

(1) examples of how SUP 10C.8.1R(2) works; and

(2) other examples of how the other local responsibility function works.
### Table: Examples of how the other local responsibility function applies

<table>
<thead>
<tr>
<th>Example</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) ‘A’ is allocated local responsibility for one of a branch’s main business lines. A is also appointed to perform a PRA-designated senior management function for the same branch. The firm is a PRA-authorised person.</td>
<td>A only needs approval to perform the PRA-designated senior management function.</td>
</tr>
<tr>
<td>(2) ‘A’ is outside the branch’s management structure and A’s responsibilities for the branch are limited to setting overall strategy for the branch. A does not have responsibility for implementing that strategy.</td>
<td>A is not performing the other local responsibility function. The reason for this is explained in SYSC.26.8.3G. SUP 10C.8.1R(2) is irrelevant to this example.</td>
</tr>
<tr>
<td>(3) A small branch undertakes two business lines (wholesale lending and corporate investments). ‘A’ is head of wholesale lending and is also an executive director of the branch. ‘B’ is head of corporate investments and does not sit on the branch management committee but reports to it on corporate investments. The branch allocates local responsibility for these functions to A and B. Neither A nor B performs any other FCA-designated senior management function or (if the firm is a PRA-authorised person) PRA-designated senior management function.</td>
<td>A only needs approval to perform the executive director function. B needs approval to perform the other local responsibility function.</td>
</tr>
<tr>
<td>(4) A branch does not have a Head of Internal Audit. ‘P’ is allocated local responsibility for internal audit in relation to that branch.</td>
<td>P needs approval to perform the other local responsibility function. However, if P has already been approved to perform another FCA-designated senior management function or (if the firm is a PRA-authorised person) PRA-designated senior management function for that firm, then P will not be performing the other local responsibility function.</td>
</tr>
<tr>
<td>(5) ‘A’ is appointed to perform the executive director function. The same branch also allocates local responsibility for some branch functions to A.</td>
<td>A only needs approval to perform the executive director function.</td>
</tr>
<tr>
<td>(6) ‘A’ is approved to perform the other local responsibility function. Later, A is appointed to perform the executive director function for the same firm.</td>
<td>A requires approval for the other local responsibility function when A is first appointed. When A is later approved to perform the executive director function, A stops performing the other local responsibility function. The firm should use Form E to apply for approval for A to perform the executive director function and to notify the FCA that A is no longer performing the other local responsibility function.</td>
</tr>
<tr>
<td>(7) ‘A’ is appointed to perform:</td>
<td>A needs approval to perform the</td>
</tr>
</tbody>
</table>
Example | Comments
--- | ---
(a) the compliance oversight function for one firm (Firm X) in a group (which may or may not be an SMCR firm to which the other local responsibility function applies); and compliance oversight function for Firm X and the other local responsibility function for Firm Y.
(b) a function coming within the scope of the other local responsibility function for the United Kingdom branch of another firm (which is an overseas SMCR firm to which the other local responsibility function applies) in the same group (Firm Y).

(8) ‘A’ is appointed to take on some functions that come within the other local responsibility function. Later, A is appointed as chief risk officer. A is a type of firm for which being chief risk officer is a PRA designated senior management function or an FCA-designated senior management function. On A’s first appointment, A will need to be approved to perform the other local responsibility function.

(9) ‘A’ is appointed as an executive director. A then resigns and takes up a job with the same firm coming within the other local responsibility function. On A’s first appointment, A will need to be approved to perform the executive director function. A will need to get approval to perform the other local responsibility function before A takes up their new responsibilities.

Note: Local responsibility is explained in SYSC 26 (Senior managers and certification regime: Overall and local responsibility).

10C.4 R [deleted] [Editor’s note: The text of this provision has been moved to SUP 10C.8A.2R]

10C.5 G [deleted] [Editor’s note: The text of this provision has been moved to SUP 10C.8A.3G]

10C.6 G [deleted] [Editor’s note: The text of this provision has been moved to SUP 10C.8A.4G]

10C.7 G [deleted] [Editor’s note: The text of this provision has been moved to SUP 10C.5A.3G]

Temporary absences

10C.8 R A person does not perform the other local responsibility function in relation to a firm by performing a function allocated to that person under SYSC 26.4.6R (Exclusion where the 12-week rule applies) in relation to the firm.
Head of the legal function

**10C.8.9 R** A person does not perform the other local responsibility function by having local responsibility for the SMCR legal function under SYSC 26.3.

**10C.8.10 G** The guidance in SUP 10C.7.7G also applies to SUP 10C.8.9R.
This section applies to an \textit{EEA SMCR firm}.

(1) A person performs the \textit{EEA branch senior manager function} in relation to the branch in the United Kingdom of an EEA SMCR firm if that person has significant responsibility for one or more significant business units of the branch that carry on any of the activities listed in (2).

(2) The activities listed in this paragraph are:

   (a) designated investment business other than dealing in investments as principal, disregarding article 15 of the Regulated Activities Order;

   (b) processing confirmations, payments, settlements, insurance claims, client money and similar matters, in so far as this relates to designated investment business;

   (c) the activity of accepting deposits from banking customers and activities substantially connected to that activity to the extent that it does not fall within (a) or (b), above; and

   (d) activities that are subject to CASS.

(3) In considering whether a person performs the functions in (2), only activities carried on from the branch are relevant.

(4) Paragraph (2)(d) only applies in relation to the activities of a firm for which it has a top-up permission.

(1) The definition of the \textit{EEA branch senior manager function} (SMF21) is similar to that of the significant management FCA certification function under \textit{SYSC 27.8.4R}. However, only the former is an FCA-designated senior management function.

(2) The main differences are:

   (a) \textit{SUP 10C.8A.2R(2)} is not included in the significant management FCA certification function; and

   (b) the overriding requirements in \textit{SUP 10C.3} (General material about the definition of controlled functions) do not apply to the significant management FCA certification function.
A person performing the *EEA branch senior manager function* could, for example, be:

1. the head of a significant business unit carrying on the activities in [SUP 10C.8A.2R](#SUP_10C.8A.2R); or
2. a member of a committee (that is, a person who, together with others, has authority to commit the *branch*) making decisions about those activities.

**EEA branch senior manager function (SMF21): Meaning of “significance”**

When considering whether a business unit is significant for the purposes of [SUP 10C.8A.2R](#SUP_10C.8A.2R), the firm should take into account all relevant factors in the light of the firm’s current circumstances and its plans for the future, including:

1. the risk profile of that unit;
2. its use or commitment of the firm’s capital;
3. its contribution to the profit and loss account;
4. the number of employees or approved persons working in the business unit;
5. the number of customers; and
6. any other factor which makes the unit significant to the conduct of the branch’s affairs.
10C.9 Minimising overlap with the PRA approved persons regime

Application

10C.9.1 This section only applies to a PRA-authorised person.

Introduction

10C.9.2 SUP 10C.9 deals with how the FCA’s senior managers regime for SMCR firms interacts with the PRA’s one.

10C.9.3 Both the FCA and the PRA may specify a function as a designated senior management function in relation to a PRA-authorised person.

If a person’s job for a firm involves performing:

- an FCA-designated senior management function, the firm should apply to the FCA for approval;
- (2) a PRA-designated senior management function, the firm should apply to the PRA for approval;
- (3) both an FCA-designated senior management function and a PRA-designated senior management function, the firm should apply to both the FCA and the PRA for approval (the purpose of SUP 10C.9 is to cut down the need for this sort of dual approval).

FCA controlled functions absorbed into PRA controlled functions

10C.9.4 The FCA is under a duty, under section 59A of the Act (Specifying functions as controlled functions: supplementary), to exercise the power to specify any senior management function as an FCA controlled function in a way that it considers will minimise the likelihood that approvals need to be given by both the FCA and the PRA for the performance by a person of senior management functions in relation to the same PRA-authorised person.

10C.9.5 The FCA and PRA have coordinated their approved person regimes to reduce the amount of overlap.
SUP 10C : FCA senior managers regime for approved persons in SMCR firms

Section 10C.9 : Minimising overlap with the PRA approved persons regime

10C.9.6  
(1) ■ SUP 10C.9.8R applies when a firm is seeking approval from the PRA for a candidate to perform a PRA controlled function and the intention is that the candidate will also perform what would otherwise be an FCA governing function once the PRA gives its approval. ■ SUP 10C.9.8R works by disapplying that FCA governing function.

(2) Where (1) applies, the activities within that FCA governing function are included in the PRA controlled function for which the person has approval. Chapter Two of the part of the PRA’s rulebook titled ‘Senior Management Functions’ deals with this. The following parts of the PRA Rulebook deal with this:

(a) Chapter 2 of the part of the PRA Rulebook titled ‘Senior Management Functions’;
(b) Chapter 2 of the part of the PRA Rulebook titled ‘Insurance - Senior Management Functions’;
(c) Chapter 2 of the part of the PRA Rulebook titled ‘Large Non-Solvency II Firms – Senior Management Functions’;
(d) Chapter 2 of the part of the PRA Rulebook titled ‘Non-Solvency II Firms - Senior Management Functions’;
(e) Chapter 6 of the part of the PRA Rulebook titled ‘Insurance - Senior Managers Regime – Transitional Provisions’; and
(f) Chapter 6 of the part of the PRA Rulebook titled ‘Large Non-Solvency II Firms – Senior Managers Regime – Transitional Provisions’.

10C.9.7  
(1) ■ SUP 10C.9.9G gives some examples of how ■ SUP 10C.9.8R works.

(2) The examples do not cover the other overall responsibility function because that function does not apply if the person holds any other designated senior management function for the same firm. See the table in ■ SUP 10C.7.3G for examples of how this works.

The main rule

10C.9.8  
A person (referred to as ‘A’ in this rule) is not performing an FCA governing function (referred to as the ‘particular’ FCA governing function in this rule) in relation to a PRA-authorised person (referred to as ‘B’ in this rule), at a particular time, if:

(1) A has been approved by the PRA to perform any PRA-designated senior management function in relation to B;

(2) throughout the whole of the period between the time of the PRA approval in (1) and the time in question, A has been the subject of a current PRA approved person approval to perform a PRA-designated senior management function in relation to B;

(3) at the time of the PRA approval referred to in (1), A was not subject to a current FCA approved person approval to perform the particular FCA governing function in relation to B;
(4) as part of the application for the PRA approval referred to in (1), B notified the PRA that A would start to perform what would otherwise have been the particular FCA governing function (referred to as the ‘potential’ FCA governing function in this rule) at or around the time of the PRA approval in (1); and

(5) A started to perform the potential FCA governing function at, or around the time of, the PRA approval in (1) and has continued to perform it up to the time in question.

Table: Examples of how the need for dual FCA and PRA approval in relation to PRA-authorised persons is reduced

<table>
<thead>
<tr>
<th>Example</th>
<th>Whether FCA approval required</th>
<th>Whether PRA approval required</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) A is appointed as chief risk officer and an executive director.</td>
<td>No. A is not treated as performing the executive director function.</td>
<td>Yes</td>
<td>Chief risk officer is a PRA-designated senior management function. A’s functions as a director will be included in the PRA-designated senior management function. To avoid the need for FCA approval, A’s appointment as director should not take effect before PRA approval for the chief risk officer role.</td>
</tr>
<tr>
<td>(2) Same as example (1), except that A will take up the role as an executive director slightly later because approval is needed from the firm’s shareholders or governing body.</td>
<td>No</td>
<td>Yes</td>
<td>The answer for (1) applies. The arrangements in this section apply if the application to the PRA says that A will start to perform the potential FCA governing function around the time of the PRA approval as well as at that time.</td>
</tr>
<tr>
<td>(3) Same as example (1) but the application to the PRA does not mention that it is also intended that A is to be an executive director.</td>
<td>Yes, to perform the executive director function.</td>
<td>Yes</td>
<td>SUP 10C.9.8R does not apply if the application for PRA approval does not say that A will also be performing what would otherwise be an FCA governing function.</td>
</tr>
</tbody>
</table>
### Example

<table>
<thead>
<tr>
<th>Example</th>
<th>Whether FCA approval required</th>
<th>Whether PRA approval required</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>(4) A is to be appointed as chief executive and an executive director.</td>
<td>No. A is not treated as performing the executive director function.</td>
<td>Yes</td>
<td>Being a chief executive is a PRA-designated senior management function. A’s functions as a director will be included in the PRA controlled function.</td>
</tr>
<tr>
<td>(5) A is appointed as chief risk officer. Later, A is appointed as an executive director while carrying on as chief risk officer.</td>
<td>Yes, when A takes up the director role. The executive director function applies.</td>
<td>Yes, when A takes up the chief risk officer role.</td>
<td>SUP 10C.9.8R does not apply because, when the firm applied for approval for A to perform the PRA chief risk officer designated senior management function, there was no plan for A also to perform the executive director function.</td>
</tr>
<tr>
<td>(6) A is appointed as an executive director. Later, A takes on the chief risk officer function and remains as an executive director.</td>
<td>Yes, when A is appointed as director. The executive director function applies.</td>
<td>Yes, when A takes up the chief risk officer role.</td>
<td>When A is appointed as chief risk officer, A is still treated as carrying on the executive director function. A retains the status of an FCA-approved person.</td>
</tr>
<tr>
<td>(7) A is appointed as chief risk officer. A then stops performing that role and for a while does not perform any controlled function for that firm. Later, A is appointed as an executive director with the same firm.</td>
<td>Yes, when A is appointed as executive director. The executive director function applies.</td>
<td>Yes, when A takes up the chief risk officer role.</td>
<td>SUP 10C.9.8R does not apply because there is no current PRA approval when A is being appointed as a director.</td>
</tr>
<tr>
<td>(8) A is appointed as an executive director and chief risk officer at the same time. Later, A gives up the role as chief risk officer but remains</td>
<td></td>
<td>Yes, on A's first appointment.</td>
<td>When A stops being a chief risk officer, A stops performing a PRA-designated senior management function. However, being an</td>
</tr>
</tbody>
</table>
## Example: Minimising overlap with the regime for approved persons in PRA approved persons regime

<table>
<thead>
<tr>
<th>Example</th>
<th>Whether FCA approval required</th>
<th>Whether PRA approval required</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>as an executive director.</td>
<td>ivec director function. Form E should be used. The application should state that it is being made as a result of A ceasing to perform a PRA-designated senior management function. Form A should be used if there have been changes in A’s fitness (SUP 10C.10.9D(4))</td>
<td>executive director requires FCA approval. A does not have that approval because A did not need it when A was first appointed. The combined effect of SUP 10C.9.8R and the relevant PRA rules is that the firm has three months to secure approval by the FCA. During that interim period, A keeps the status of a PRA approved person performing the director element of the PRA chief risk designated senior management function - which is included in that function under relevant PRA rules. The relevant PRA rules say that, during this transitional period, A is still treated as performing the PRA chief risk designated senior management function and SUP 10C.9.8R says that, for as long as A is performing a PRA-designated senior management function, A does not perform the executive director function.</td>
<td></td>
</tr>
<tr>
<td>(9) A is appointed as the chief finance officer and an ex-</td>
<td>No</td>
<td>Yes</td>
<td>The arrangements in SUP 10C.9.8R continue to apply, even</td>
</tr>
</tbody>
</table>

---

**SUP 10C : FCA senior managers regime for approved persons in SMCR firms**

Section 10C.9 : Minimising overlap with the PRA approved persons regime
### Example

<table>
<thead>
<tr>
<th>Whether FCA approval required</th>
<th>Whether PRA approval required</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>No, neither on A’s first appointment nor when A comes back from sick leave.</td>
<td>Yes</td>
<td>though A switches between PRA-designated senior management functions after the PRA’s first approval.</td>
</tr>
<tr>
<td>No. A does not need approval to perform the chair of the nomination committee function.</td>
<td>Yes, on first appointment.</td>
<td>SUP 10C.9.8R still applies on A’s return because A does not stop performing either the PRA’s chief risk function or what would otherwise have been the executive director function just because A goes on temporary sick leave.</td>
</tr>
<tr>
<td>No. A is not treated as performing the executive director function.</td>
<td>Yes</td>
<td>A’s functions as a director will be included in the PRA controlled function.</td>
</tr>
</tbody>
</table>

Note 1: The relevant PRA rules can be found in the parts of the PRA Rulebook listed in SUP 10C.9.6G.

Note 2: Where one of the examples in this table includes someone being chief risk or finance officer or chair of the governing body, the example assumes that the firm is of a type for which that function is a PRA-designated senior management function.
(1) The potential FCA governing functions should be recorded in A’s statement of responsibilities and in the firm’s management responsibilities map.

(2) A potential FCA governing function means a function that would have been an FCA governing function but which is not an FCA governing function because of SUP 10C.9.8R.

Further guidance on the arrangements between the FCA and PRA about approvals

The PRA cannot give its approval for the performance of a PRA-designated senior management function without the consent of the FCA. The firm does not need to apply to the FCA for that consent.

Under section 59B of the Act (Role of FCA in relation to PRA decisions), the FCA may arrange with the PRA that, in agreed cases, the PRA may give approval without obtaining the consent of the FCA. No such arrangements are currently in force.
10C.10 Application for approval and withdrawing an application for approval

Purpose

10C.10.1 This section explains how a firm should apply for approval for a person to perform an FCA-designated senior management function.

10C.10.2 Unless the context otherwise requires, in SUP 10C.10 (Application for approval and withdrawing an application for approval) to SUP 10C.15 (Forms and other documents and how to submit them to the FCA), where reference is made to a firm, this includes an applicant for Part 4A permission and other persons seeking to carry on regulated activities as an SMCR firm.

10C.10.2A ■ SUP 10C.10.2R applies to every direction in SUP 10C.10 to SUP 10C.15.

When to apply for approval

10C.10.3 (1) Section 59 of the Act (Approval for particular arrangements) says that a firm must take reasonable care to ensure that no one performs an FCA controlled function (including an FCA-designated senior management function) unless that person is acting in accordance with an approval given by the FCA.

(2) That means that where a candidate will be performing one or more FCA-designated senior management functions, a firm must take reasonable care to ensure that the candidate does not perform these functions unless they have prior approval from the FCA.

Failure to apply for approval

10C.10.4 (1) If a person performs an FCA controlled function (including an FCA-designated senior management function) without approval, it is not only the firm that is accountable. Under section 63A of the Act (Power to impose penalties), if the FCA is satisfied that:

(a) a person (‘P’) has at any time performed an FCA controlled function without approval; and

(b) at that time P knew, or could reasonably be expected to have known, that P was performing an FCA controlled function without approval;
it may impose a penalty on P of such amount as it considers appropriate.

(2) A person performs a controlled function without approval for these purposes if that person is not acting in accordance with an approval given under section 59 (Approval for particular arrangements).

Who should make the application?

In accordance with section 60 of the Act (Applications for approval), applications must be submitted by, or on behalf of, the firm itself, not by:

1. The FCA candidate; or

2. (where the FCA candidate works for the firm's parent undertaking or holding company) by the firm's parent undertaking or holding company.

(1) The firm that is employing the FCA candidate to perform the FCA-designated senior management function will usually make the submission itself.

(■ SUP 10C.10.7G describes some common situations.)

(2) Where a firm has outsourced the performance of an FCA-designated senior management function, the details of the outsourcing determines whom the FCA anticipates will submit the FCA-approved persons application forms.

(3) The firm which is outsourcing is referred to as ‘A’ and the person to whom the performance of the FCA-designated senior management function has been outsourced, or which makes the arrangement for the FCA-designated senior management function to be performed, is referred to as ‘B’. In each situation, A must take reasonable care to ensure that, in accordance with section 59(2) of the Act, no person performs an FCA-designated senior management function under an arrangement entered into by its contractor in relation to the carrying on by A of a regulated activity, without approval from the FCA.

<table>
<thead>
<tr>
<th>Outsourcing arrangements</th>
<th>Explanation</th>
<th>Submitting form</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm A to Firm B</td>
<td>The FCA will consider A to have taken reasonable care if it enters into a contract with B under which B is responsible for ensuring that the relevant FCA-designated senior management functions are performed by FCA-approved SMF managers, and that it is reasonable for A to rely on this.</td>
<td>Firm B submits FCA-approved persons forms on behalf of firm A.</td>
</tr>
</tbody>
</table>

Outsourcing arrangements
### Outsourcing arrangements

**Explanation**  
See SUP 10C.3.9G  
Either A or B may submit FCA-approved persons forms on behalf of firms in the group (see SUP 15.7.8G).

**Submitting form**  
Responsibility for (as opposed to the performance of) any activity outsourced to B will remain with A. See SYSC 8.

(i) A to B, where B:
(a) is not an authorised person; and
(b) is not part of the same group as A; or

(ii) A to B, where A is a branch of an overseas firm in the United Kingdom, and B is an overseas undertaking of the same group; or

(iii) A to B, where A is a UK authorised subsidiary of an overseas firm and B is an overseas undertaking of the same group.

### How to apply for approval

**10C.10.8**

1. An application by a firm for the FCA’s approval under section 59 of the Act (Approval for particular arrangements) for the performance of an FCA-designated senior management function must be made by completing Form A (■ SUP 10C Annex 3D), except where ■ SUP 10C.10.9D requires Form E.

2. If a firm must make an application using Form A, it must use Form A (shortened form) in the circumstances described in ■ SUP 10C.10.8AD.

**10C.10.8A**

If a firm must make an application using Form A, it must use Form A (shortened form) if:

1. the candidate:
   (a) has current approved person approval to perform:
      (i) an FCA controlled function that is a significant influence function; or
      (ii) an FCA-designated senior management function; or
      (iii) a PRA controlled function; or
   (b) has had current approved person approval of the type described in (a) within the previous six months; and

2. there have been no matters arising in relation to the fitness and propriety of the person to whom the application relates which mean that the information provided to the FCA or the PRA regarding
fitness and propriety in connection with the current approved person approval in (1)(a) or (b) may have changed since the application for that current approved person approval was made.

10C.10.8B D A firm must not use Form A (shortened form) if:

1. the firm is a MiFID investment firm (except a credit institution); and
2. §SUP 10C.10.9BD applies to that application.

10C.10.9 D (1) A firm must use Form E (§SUP 10C Annex 7D) where an approved person:

(a) is both ceasing to perform one or more controlled functions; and
(b) needs to be approved in relation to one or more FCA-designated senior management function;

within the same firm or group.

(2) A firm must not use Form E if the approved person has never before been approved to perform for any firm:

(a) an FCA controlled function that is a significant influence function;
(b) an FCA-designated senior management function; or
(c) a PRA controlled function.

(3) A firm must not use Form E if the approved person has not been subject to a current approved person approval from the FCA or PRA to perform for any firm for more than six months:

(a) an FCA controlled function that is a significant influence function;
(b) an FCA-designated senior management function; or
(c) a PRA controlled function.

(4) A firm must not use Form E if:

(a) a notification has been made or should be made:
   (i) to the FCA under §SUP 10C.14.18R (Changes in fitness to be notified under Form D); or
   (ii) (if the firm is a PRA-authorised person) to the PRA under any equivalent PRA rule;
   (iii) to the FCA under §SUP 10A.14.17R (the equivalent to (i) in §SUP 10A);

   (whichever is applicable);
(b) a notification has been made or should be made to the FCA or (if the firm is a PRA-authorised person) PRA under any of the following:
   (i) section 63(2A) of the Act (Duty to notify regulator of grounds for withdrawal of approval); or
   (ii) [deleted]
   (iii) section 64C of the Act (Requirement for relevant authorised persons to notify regulator of disciplinary action); or
(c) (if the firm is a PRA-authorised person) a notification has been made or should be made to the PRA under any provision of the PRA Rulebook corresponding to the requirements in (b); or

(d) any of the circumstances in ▪ SUP 10C.14.7R (Qualified Form C) apply;

in relation to any:

(e) controlled functions which that person is ceasing to perform (as referred to in (1)); or

(f) any controlled function that they are continuing to perform for that firm or a firm in the same group.

10C.10.9A  G

(1) The MiFID authorisation and management body change notification ITS requires that MiFID investment firms (except credit institutions) submit the Annex III information on the ESMA template available at https://www.fca.org.uk/publication/forms/mifid-changes-management-body-form.docx ('Annex III template') where there is a change to a member of the management body or a person who effectively directs the business.

(2) MiFID investment firms (except credit institutions) need to submit this Annex III template within ten business days of the change in the online notification and application system (also known as Connect).

(3) ▪ SUP 10C.10.9BD explains how this requirement fits in with the requirement to submit a Form A or Form E.

(4) [deleted]

10C.10.9AA  G

(1) The MiFID authorisation and management body change notification ITS requires that a person applying to be a MiFID investment firm (except a credit institution) should notify the appropriate regulator of information about members of its management body by filling in the template set out in Annex II of the MiFID authorisation and management body change notification ITS.

(2) This applies whether:

(a) the person is applying for authorisation; or

(b) the person is a firm applying for a variation of its permission that would turn it into a MiFID investment firm.

(3) There is no requirement to fill in the MiFID Article 4 SMR Information Form referred to in ▪ SUP 10C.10.9BD along with a Form A or Form E.

10C.10.9B  G

Where:

(1) there is a change to a member of the management body or person who directs the business of a MiFID investment firm (except a credit institution) that the firm must notify to the appropriate regulator under Annex III of the MiFID authorisation and management body change notification ITS; and
(2) that change also requires the firm to apply for approval for that member or person to perform an FCA-designated senior management function;

the firm must submit to the FCA the completed form found in ■SUP 10C Annex 11D (MiFID Article 4 SMR Information Form) at the same time as submitting the Form A or Form E about the candidate.

10C.10.9C MiFID investment firms (except credit institutions) who submit:

(1) Form A or Form E; and

(2) the MiFID Article 4 SMR Information Form;

about a candidate can complete the Annex III template outlined in ■SUP 10C.10.9AG by cross-referencing any information required by the template that has been included in the relevant Form A or Form E. The template should be annexed to the relevant Form A or Form E.

10C.10.10 ■SUP 10C.15 (Forms and other documents and how to submit them to the FCA) explains how applications should be submitted.

Statements of responsibilities

10C.10.11 An application by a firm for the FCA’s approval under section 59 of the Act (Approval for particular arrangements) for the performance of an FCA-designated senior management function should be accompanied by a statement of responsibilities about the candidate.

10C.10.12 ■SUP 10C.11 (Statements of responsibilities) contains more material about statements of responsibilities, including (in particular) about a statement of responsibilities submitted under an application under ■SUP 10C.10.

Other material to be included in an application

10C.10.13 A firm to which ■SYSC 25.9 (Handover procedures and material) applies should include in an application a reasonable summary of:

(1) any handover certificate; and

(2) any other handover material;

referred to in ■SYSC 25.9 that relates to the responsibilities that the candidate is to perform.

10C.10.13A A firm to which ■SYSC 25.2 (Management responsibilities maps: Main rules) applies must include in an application for the FCA’s approval under section 59 of the Act (Approval for particular arrangements) for the performance of an FCA-designated senior management function the latest version of the firm’s management responsibilities map.
10.14 **Vetting of candidates by the firm**

Under section 60A of the Act, before a firm makes an application for approval, it should be satisfied that the candidate is a fit and proper person to perform the function to which the application relates. In deciding that question, the firm should have particular regard to whether the candidate, or any person who may perform a function on the candidate’s behalf:

1. has obtained a qualification;
2. has undergone, or is undergoing, training;
3. possesses a level of competence; or
4. has the personal characteristics;

required by FCA rules in relation to persons performing functions of the kind to which the application relates.

10.15 **Criminal records checks and verifying fitness and properness**

1. This rule applies to an application by a firm for the FCA’s approval under section 59 of the Act (Approval for particular arrangements) for the performance of an FCA-designated senior management function.

2. A firm must (as part of its assessment of whether a candidate is a fit and proper person to perform an FCA-designated senior management function and to verify the information contained in the application to carry out the FCA-designated senior management function) obtain the fullest information that it is lawfully able to obtain about the candidate under Part V of the Police Act 1997 (Certificates of Criminal Records, &c) and related subordinated legislation of the UK or any part of the UK before making the application.

3. This rule does not apply to a firm that is a sole trader if the candidate is the sole trader themselves.

10.17 **In England and Wales**

1. In England and Wales a firm should get an application form from the Disclosure and Barring Service (DBS) or an umbrella body (a registered body that gives access to DBS checks).

2. The firm should ask the candidate to fill in and return the form to the firm. The firm should then send the completed application form to the DBS or the firm’s umbrella body.

3. The firm should then ask the candidate to show the firm the certificate when the candidate receives it from the DBS.

4. There is an equivalent procedure in Scotland (involving Disclosure Scotland) and Northern Ireland (involving AccessNI).
The firm should not send a copy of the certificate to the FCA unless required to do so under G10C.10.18 or 5SUP 10C.10.28G (requests for additional information).

MiFID investment firms (except credit institutions) should provide a copy of the certificate to the FCA in cases where they disclose, in accordance with the MiFID authorisation and management body change notification ITS, the existence of a criminal conviction in response to the questions in:

(a) Long Form A; or

(b) the MiFID Article 4 SMR Information Form.

If the candidate is employed by a contractor, the firm may ask the contractor to obtain the certificate.

A firm should also check the Financial Services Register as part of its assessment of whether a candidate is fit and proper and to verify the information contained in the application for approval.

If appropriate, a firm should:

1. carry out a criminal record check; and
2. check any equivalent of the Financial Services Register;

in a jurisdiction outside the UK. This may be appropriate if the candidate has spent time working or living in that jurisdiction.

A firm should consider whether it should take additional steps to verify any information contained in an application to carry out an FCA-designated senior management function or that it takes into account in its assessment of whether a candidate is a fit and proper person.

Please see G SYSC 22 (Regulatory references) about the requirement for a firm to ask for references from previous employers.

(1) SUP 10C.10.16R (Criminal records checks) does not require a firm to carry out a criminal records check for the purposes of its annual assessment of the fitness and propriety of its SMF managers under section 63(2A) of the Act.

(2) The requirement in section 63(2A) of the Act is summarised in SUP 10C.14.24G (Table: Explanation of the sections of the Act mentioned in SUP 10C.14.22R).

Processing an application

The Act sets out the time that the FCA has to consider an application and come to a decision.
In any case where the application for approval is made by a person applying for a Part 4A permission, the FCA has until the end of whichever of the following periods ends last:

1. the period within which an application for that permission must be determined; and
2. the period of three months from the time it receives a properly completed application.

In any other case, it is the period of three months from the time it receives a properly completed application.

The FCA will deal with cases more quickly than this whenever circumstances allow and will try to meet the standard response times published on the website and in its Annual Report. However, the processing time will be longer than the published standard response times if:

1. an application is incomplete when received; or
2. the FCA has knowledge that, or reason to believe that, the information is incomplete.

Before making a decision to grant the application or give a warning notice, the FCA may ask the firm for more information about the FCA candidate. If it does this, the three-month period in which the FCA must determine a completed application:

1. will stop on the day the FCA requests the information; and
2. will start running again on the day on which the FCA finally receives all the requested information.

If there is a delay in processing the application within the standard response time, the FCA will tell the firm making the application as soon as this becomes apparent.

Application forms must always be completed fully and honestly. Further notes on how to complete the form are contained in each form.

If forms are not completed fully and honestly, applications will be subject to investigation and the FCA candidate’s suitability to be approved to undertake an FCA controlled function will be called into question.

A person who provides information to the FCA that is false or misleading may commit a criminal offence and could face prosecution under [section 398] of the Act, regardless of the status of their application.
The FCA may grant an application only if it is satisfied that the FCA candidate is a fit and proper person to perform the FCA-designated senior management function stated in the application form. Responsibility lies with the firm making the application to satisfy the FCA that the FCA candidate is fit and proper to perform the FCA-designated senior management function applied for.

For further guidance on criteria for assessing whether an FCA candidate is fit and proper for the purposes of SUP 10C.10.31G, see FIT.

Decisions on applications

The FCA must:

1. Grant the application;
2. Grant the application subject to conditions or limitations (see SUP 10C.12 for more information); or
3. Refuse the application.

Whenever it grants an application, the FCA will confirm this in writing to all interested parties.

If the FCA proposes to take the steps in SUP 10C.10.33G(2) or SUP 10C.10.33G(3) in relation to one or more FCA-designated senior management functions, it must follow the procedures for issuing warning and decision notices to all interested parties. The requirements relating to warning and decision notices are in DEPP 2.

Withdrawing an application for approval

A firm notifying the FCA of its withdrawal of an application for approval must use Form B (SUP 10C Annex 4R).

Under section 61(5) of the Act (Determination of applications), the firm may withdraw an application only if it also has the consent of:

1. The candidate; and
2. The person by whom the candidate is or would have been employed, if this is not the firm making the application.

SUP 10C.15 (Forms and other documents and how to submit them to the FCA) explains how a notice of withdrawal should be submitted.
What a statement of responsibilities is

10C.11.1 (1) Section 60(2A) of the Act (Applications for approval) says that, if a firm is applying for approval from the FCA or the PRA for a person to perform a designated senior management function, the regulator to which the application is being made must require the application to contain, or be accompanied by, a statement setting out the aspects of the affairs of the firm which it is intended that the person will be responsible for managing in performing the function.

(2) That statement is a statement of responsibilities.

(3) A statement of responsibilities includes a statement amended under section 62A of the Act (see 10C.11.5G).

What this section covers

10C.11.2 (1) This section is about the FCA’s requirements for statements of responsibilities.

(2) However, in the case of a PRA-authorised person, where applications and notifications relate both to FCA-designated senior management functions and to PRA ones, the regulators’ requirements are consistent with each other.

(3) The general material in this section (10C.11.13D to 10C.11.35G) applies to statements of responsibilities submitted in all the cases covered by this section. It covers statements of responsibilities submitted as part of an application for approval or variation and revised statements of responsibilities.

Applications for approval

10C.11.3 An application by a firm for the FCA’s approval under section 59 of the Act (Approval for particular arrangements) for the performance of an FCA-designated senior management function must be accompanied by a statement of responsibilities (10C Annex 10D).

10C.11.4 (1) 10C.10 (Application for approval and withdrawing an application for approval) explains the procedures for applying for approval.

(2) 10C.15 (Forms and other documents and how to submit them to the FCA) explains how applications for approval should be submitted.
(3) See the table in [SUP 10C.11.19G for examples of how the requirements of this section about including statements of responsibilities in applications for approval apply in different situations.

Revised statements of responsibilities: Introduction

Under section 62A of the Act, a firm must provide the FCA with a revised statement of responsibilities if there has been any significant change in the responsibilities of an FCA-approved SMF manager. More precisely:

(1) if a firm has made an application (which was granted) to the FCA for approval for a person to perform an FCA-designated senior management function;

(2) the application contained, or was accompanied by, a statement of responsibilities; and

(3) since the granting of the application, there has been any significant change in the aspects of the firm’s affairs which the FCA-approved SMF manager is responsible for managing in performing the function;

the firm should provide the FCA with a revised statement of responsibilities.

Revised statements of responsibilities: Meaning of significant change

(1) This paragraph sets out non-exhaustive examples of potential changes which, in the FCA’s view, may be significant and thus require the submission of a revised statement of responsibilities.

(2) A variation of the FCA-approved SMF manager’s approval, either at the firm’s request or at the FCA’s or (in the case of a PRA-authorised person), PRA’s initiative, resulting in the imposition, variation or removal of a condition or time limit, may involve a significant change.

(3) Fulfilling or failing to fulfil a condition on approval may involve a significant change.

(4) The addition, re-allocation or removal of any of the following (or part of one):

(a) an FCA-prescribed senior management responsibility;

(b) (in the case of a PRA-authorised person), a PRA-prescribed senior management responsibility; or

(c) responsibility for a function under [SYSC 26 (Senior managers and certification regime: Overall and local responsibility)];

may involve a significant change.

(5) The sharing or dividing of an FCA-prescribed senior management responsibility or, in the case of a PRA-authorised person, a PRA-prescribed senior management responsibility that was originally performed by one person between two or more persons may involve a significant change.
(6) Ceasing to share an FCA-prescribed senior management responsibility or, in the case of a PRA-authorised person, a PRA-prescribed senior management responsibility that was originally shared with another, or others, may involve a significant change.

(6A) Beginning or ceasing to share responsibility for a function under SYSC 26 (Senior managers and certification regime: Overall and local responsibility) may involve a significant change.

(7) A change is likely to be significant if it reflects a significant change to the job that the person is doing for the firm. Some factors relevant here include:

(a) the importance to the firm of the functions being given up or taken on;

(b) whether the FCA-approved SMF manager’s seniority in the firm’s management changes;

(c) whether there are changes to the identity, number or seniority of those whom the FCA-approved SMF manager manages; and

(d) whether there are changes to the skills, experience or knowledge needed by the FCA-approved SMF manager for the job.

Revised statements of responsibilities: Procedure

(1) A firm must provide a revised statement of responsibilities under section 62A of the Act (SUP 10C Annex 10D) under cover of Form J (SUP 10C Annex 9D).

(2) A firm must not use Form J where the revisions are to be made as part of arrangements involving an application:

(a) for approval for the FCA-approved SMF manager concerned to perform another designated senior management function for the same firm; or

(b) to vary (under section 63ZA of the Act (Variation of senior manager’s approval at request of relevant authorised person)) an approval for the FCA-approved SMF manager concerned to perform a designated senior management function for the same firm.

(3) In the case of a PRA-authorised person, where the change to be notified to the FCA under section 62A of the Act is part of an arrangement under which:

(a) the firm is also required to make an application or notification about the FCA-approved SMF manager to the PRA which involves sending a statement of responsibilities for that FCA-approved SMF manager in relation to the same firm to the PRA; but

(b) the firm is not required to send any other application or notice about the FCA-approved SMF manager under this chapter directly to the FCA;

the firm must provide the revised statement of responsibilities to the FCA by including it with the application or notice to the PRA.
Broadly, the intention of SUP 10C.11.7D(2) is that there is no need for Form J if the revised statement of responsibilities is being submitted together with Form A, Form E, the MiFID Article 4 SMR Information Form or Form I for the same firm.

**Variation of approval**

An application by a firm to the FCA for the variation of an existing approval under section 63ZA of the Act (Variation of a senior manager’s approval at request of authorised person) must be accompanied by a statement of responsibilities.

**Ceasing to carry on some functions**

(1) If:

(a) an FCA-approved SMF manager ceases to perform a designated senior management function for a firm; but

(b) continues to perform an FCA-designated senior management function for that firm;

the firm must (under Form J) submit a statement of responsibilities for the remaining FCA-designated senior management functions complying with the requirements of this section (including SUP 10C.11.13D).

(2) Where the matter to be notified to the FCA under (1) is part of an arrangement under which:

(a) the firm is also required to make an application or notification about the FCA-approved SMF manager to the PRA that involves sending a statement of responsibilities for that FCA-approved SMF manager in relation to the same firm to the PRA; but
(b) the firm is not required to give any other notice or make any application about the FCA-approved SMF manager under this chapter directly to the FCA;

the firm must provide the revised statement of responsibilities to the FCA by including it with the application or notice to the PRA.

One document for each SMF manager for each firm

10C.11.13 [D]

(1) A firm must prepare statements of responsibilities (including revised ones) for one of its FCA-approved SMF managers as a single document covering every designated senior management function for which:

(a) that FCA-approved SMF manager has approval; or

(b) for which an application for approval is being made;

for that firm.

(2) The statement must be up to date for each designated senior management function.

10C.11.14 [G]

(1) ■SUP 10C.11.13D means that, at any time, a firm should have a single document for an FCA-approved SMF manager that:

(a) contains statements of responsibilities for all designated senior management functions for which that SMF manager has approval; and

(b) where relevant, contains statements of responsibilities for all designated senior management functions for which the firm is applying for approval.

(2) (In the case of a PRA-authorised person), the document in (1) should cover PRA-designated senior management functions as well as FCA-designated senior management functions.

(3) The document should be updated:

(a) under section 62A of the Act (see ■SUP 10C.11.5G); and

(b) whenever the firm has to submit statements of responsibilities under this section.

(4) The FCA and the PRA have coordinated their arrangements so that a PRA-authorised person can prepare a single document that will meet the requirements of both regulators about statements of responsibilities.

(5) The table in ■SUP 10C.11.19G gives examples of how these requirements work.

10C.11.15 [G]

If a person is an SMF manager for several firms in a group that are SMCR firms, there should be a separate document for each firm.
There should be a separate document for each SMF manager in a firm. A firm should not combine statements of responsibilities for several SMF managers.

The requirement for a single document does not prevent the document having an attachment sheet for additional information where SUP 10C Annex 10D (the FCA’s template for statements of responsibilities) allows this.

There should be a single statement of responsibilities document that covers the two functions. The combined document should be included with the application for approval.

There should be separate statements of responsibilities for each firm. This is the case even if Firm X and Firm Y are in the same group.

The single statement of responsibilities document should cover both the FCA and the PRA functions.

There should be a single statement of responsibilities document for the same firm. This will also result in substantial changes to A’s duties as an executive director.

The firm should not use Form J to notify the changes to A’s duties as an executive director.

The firm should submit a revised single statement of responsibilities document along with the application to perform the money laundering reporting function.

The single statement of responsibilities document should cover both
Example | Comments
--- | ---
(5) A has approval to perform the executive director function. Later, A is to be appointed to perform the PRA’s chief risk officer designated senior management function for the same firm. This will also result in substantial changes to A’s duties as an executive director. The firm is a PRA-authorised person. 

The firm should not use Form J to notify the changes to A’s duties as an executive director. The firm should submit a revised single statement of responsibilities document along with the application to perform the PRA function. The firm should not submit the revised single statement of responsibilities document separately to the FCA. Instead, it should include it as part of the application to the PRA. The single statement of responsibilities document should cover both the FCA and the PRA functions. The part relating to A’s duties as an executive director should be updated.

(6) A has approval to perform the money laundering reporting function. The approval to perform the money laundering reporting function is subject to a condition. The firm is applying to vary that condition. 

The firm should include a revised statement of responsibilities with the application. The firm should not use Form J. It should submit a revised statement of responsibilities along with the application to vary the approval. The single statement of responsibilities document should cover both the FCA and the PRA functions. The part relating to A’s duties as an executive director should be updated.

(7) A has approval to perform the executive director function and the money laundering reporting function for the same firm. The approval to perform the money laundering reporting function is subject to a condition. The firm is applying to vary that condition. As part of the same arrangements, there are to be substantial changes to A’s job as an executive director. 

The firm should not use Form J to notify the changes to A’s duties as an executive director. The firm should submit a revised single statement of responsibilities document along with the application to vary the approval for the money laundering reporting function. The single statement of responsibilities document should be updated and should cover both functions. The approval to perform the PRA’s chief risk officer designated senior management function is subject to a condition. The firm is applying to vary that condition. As part of the same arrangements, there are to be substantial changes to A’s job as an executive director.

(8) A has approval to perform the executive director function and the PRA’s chief risk officer designated senior management function for the same firm. The arrangements in SUP 10C.9 for FCA functions to be absorbed into PRA ones do not apply and so there are separate FCA and PRA approvals. The approval to perform the PRA’s chief risk officer designated senior management function is subject to a condition. The firm is applying to vary that condition. As part of the same arrangements, there are to be substantial changes to A’s job as an executive director.

The firm should not use Form J to notify the changes to A’s duties as an executive director. The firm should submit a revised single statement of responsibilities document along with the application to vary the PRA function. The firm should not submit the revised document separately to the FCA. Instead it should include it as part of the application to the PRA. The single statement of responsibilities document should cover both the FCA and the PRA functions and should be updated.
The **firm** is a PRA-authorised person.

(9) A has approval to perform the executive director function and the money laundering reporting function for the same firm.

Sometime later, A is to give up the money laundering reporting function and take up the PRA’s chief risk officer designated senior management function. This will involve major changes to A’s role as executive director.

The **firm** is a PRA-authorised person.

(10) A **firm** has approval for A to perform the executive director function and the money laundering reporting function.

A then ceases to perform the money laundering reporting function but continues to perform the executive director function.

(11) A has approval to perform the executive director function and the PRA’s chief risk officer designated senior management function for the same firm. Later, A gives up his role as chief risk officer.

The **firm** is a PRA-authorised person.

(12) A has approval to perform the executive director function. Later, A is to be appointed to perform the money laundering reporting function for the same firm.

The application is rejected.

The answer to example (5) applies.

The application to the PRA to perform the PRA function should be accompanied by a single document that:

(1) contains the statement of responsibilities for the new function;

(2) contains the revised statement of responsibilities for the executive director function; and

(3) reflects the fact that A is no longer performing the money laundering reporting function.

The **firm** must submit:

(a) Form C for the money laundering reporting function;

(b) Form J; and

(c) a single updated statement of responsibilities document that covers the executive director function and reflects the fact that A is no longer performing the money laundering reporting function.

The **firm** should not submit the revised single statement of responsibilities document separately to the FCA. Instead, it should include it as part of the notification to the PRA.

The single statement of responsibilities document submitted as part of the application will no longer be correct as it reflects the proposed new approval.

If the only changes to the single document in the version sent with the application are ones clearly and exclusively tied to the new function, the **firm** will not need to amend the document as the changes will automatically fall away.

In any other case (for instance if the application is approved conditionally), it is likely that the **firm** will need to update it using Form J.
Example | Comments
---|---
(13) A has approval to perform the money laundering reporting function. Later, A is to be appointed as an executive director for the same firm.
This will not result in any significant changes to A’s duties in the money laundering reporting function. However, there have been some insignificant changes to A’s role in the money laundering reporting function since the firm submitted the most recent single statement of responsibilities document. The changes are not connected to A’s appointment as executive director.
In any case, the FCA may contact the firm to agree a revised single statement of responsibilities document.
The answer for example (4) applies.
The single statement of responsibilities document should be updated to cover the changes to A’s duties in the money laundering role as well as covering A’s appointment to perform the executive director function. It does not matter that the changes to A’s money laundering role are not significant.

(14) A has approval to perform the executive director function. Later, A’s business unit grows in size and so the firm needs to apply for A to be approved to perform the PRA’s Head of Key Business Area designated senior management function. However, A’s responsibilities do not change.
The firm is a PRA-authorised person.
The firm should submit a revised single statement of responsibilities document along with the application to perform the PRA function.
The firm should submit a single statement of responsibilities document that covers both the FCA and the PRA functions.
It should not submit the revised single statement of responsibilities document separately to the FCA. Instead, it should include it as part of the application to the PRA.

(15) Firm X has a branch in the United Kingdom. Firm Y is a UK authorised subsidiary of firm X.
Firm X is an overseas SMCR firm that is not an EEA SMCR firm and firm Y is a UK SMCR firm.
Both firms apply for approval for the same individual (P) to perform the executive director function.
Note: The single statement of responsibilities document means the single document described in SUP 10C.11.13D.
There should be separate statement of responsibilities for P for each firm.

### Need for a complete set of current statements of responsibilities

10C.11.20 R A firm must, at all times, have a complete set of current statement of responsibilities for all its SMF managers.

10C.11.21 G (1) A complete set of current statement of responsibilities means all statements of responsibilities that the firm has provided to the FCA or
(in the case of a PRA-authorised person), PRA as revised under section 62A of the Act and this chapter.

(2) A statement of responsibilities is not current if the person in question no longer performs any of the controlled functions to which it relates.

Past versions

10C.11.22 [G] (1) A firm should consider past versions of its statements of responsibilities as an important part of its records and as an important resource for the FCA in supervising the firm.

(2) Past versions of a firm's statements of responsibilities form part of its records under the regulatory system.

10C.11.22A [R] (1) This rule applies to an SMCR firm that is a Solvency II firm (including a large non-directive insurer).

(2) A firm must retain each version of a statement of responsibilities for:
   (a) (in the case of a large non-directive insurer) six years; or
   (b) (in any other case) ten years;
   from the date on which it was superseded by a more up-to-date version.

(3) A firm must be in a position to provide each version to the FCA on request for as long as the firm is required to retain it.

What statements of responsibilities should contain: General

10C.11.23 [G] A statement of responsibilities should:

(1) show clearly how the responsibilities that the SMF manager performs as part of their FCA-designated senior management function fit in with the firm's overall governance and management arrangements;

(1A) be consistent with the statement of responsibilities for the firm's other SMF managers; and

(2) be consistent with the firm's management responsibilities map (if the firm is required to have one).

(See SYSC25.4.1G and SYSC 25.4.2G for more about this.)

10C.11.24 [G] (1) A statement of responsibilities (including its attachment sheet for additional information) should:
   (a) be complete by itself;
   (b) not refer to documents not forming part of it; and
   (c) only contain material about the matters that this chapter, the corresponding PRA requirements (in the case of a PRA-authorised person), and the Act say should be included in it.
A statement of responsibilities should be:

(1) practical and useable by the FCA;

(2) without unnecessary detail; and

(3) succinct and clear.

SYSC or another part of the regulatory system will generally impose requirements (referred to as ‘prescribed requirements’ in this paragraph) that relate to a particular post or set of responsibilities.

For instance, these include:

(a) the responsibilities that go with the FCA required functions; and

(b) the FCA-prescribed senior management responsibilities and (in the case of a PRA-authorised person) PRA-prescribed senior management responsibilities.

The allocation of responsibilities under a statement of responsibilities should not reduce or alter the scope of any applicable prescribed requirements.

If:

(a) the responsibilities that the SMF manager carries out as described in the statement of responsibilities go beyond the prescribed requirements; or

(b) the firm includes additional information about any prescribed requirements;

the additional responsibilities or additional information should not:

(c) reduce or alter the scope of the prescribed requirements; or

(d) dilute or undermine the prescribed requirements.

An example of the requirement that a firm’s statements of responsibilities for its SMF managers should be consistent (see SUP 10C.11.23G) is that they should together demonstrate that there are no gaps in the allocation of responsibilities among the firm’s SMF managers.

A firm’s statements of responsibilities should be interpreted, where possible, so as to avoid any gaps in the allocation of responsibility for its activities among its SMF managers.

Paragraphs (1) and (2) apply to a firm to which SYSC 26 (Senior managers and certification regime: Overall and local responsibility) applies.
10C.11.28 (1) A statement of responsibilities of an SMF manager should include details about any:

(a) FCA-prescribed senior management responsibilities and (in the case of a PRA-authorised person) PRA-prescribed senior management responsibilities allocated to the SMF manager;

(b) (in the case of a PRA-authorised person) functions that are included in a PRA controlled function under the arrangements described in SUP 10C.9 (Minimising overlap with the PRA approved persons regime);

(c) responsibility for a function allocated to the SMF manager under SYSC 26 (Senior managers and certification regime: Overall and local responsibility) if that chapter applies to the firm; and

(d) responsibilities allocated under MIPRU 2.2 (Responsibility for insurance distribution activity or MCD credit intermediation activity).

(2) Paragraph (1)(c) applies even if the responsibility is excluded from the other overall responsibility function under SUP 10C.7.1R(2) (exclusion for approved person with approval to perform other controlled functions) or from the other local responsibility function under SUP 10C.8.1R(2) (exclusion for approved person with approval to perform other controlled functions).

10C.11.29 (1) The definition of every FCA-designated senior management function contains a responsibility which is inherent, inseparable from and intrinsically built into the specific role.

(2) In many ways, this inherent responsibility is the most important responsibility of any given SMF manager, as it provides a rationale as to why that specific function is subject to pre-approval by the FCA in the first place.

(3) Even where an SMF manager has not been allocated any other responsibilities by the firm, the responsibility inherent in the definition of their FCA-designated senior management function means that they will be accountable for that aspect of the firm’s activities.

(4) For instance, even if a person approved to perform the compliance oversight function has no other responsibilities allocated to them, they will be accountable for the Handbook requirements for the compliance oversight function.

10C.11.30 (1) The FCA may request a firm to include specific responsibility for a regulatory outcome in the statement of responsibilities of the relevant SMF managers.

(2) For example, where the FCA asks a firm to take remediation action following an internal or supervisory review or a report under section 166 of the Act (Reports by skilled persons) and considers it appropriate for an SMF manager to take responsibility for that action, it may ask the firm to add an additional, customised, explicit responsibility to the relevant SMF manager’s statement of responsibilities.
### What statements of responsibilities should contain: dividing and splitting responsibilities

10C.11.31

| 1 |

(1) Where a responsibility or function is shared or divided between an SMF manager and others, the statements of responsibilities for each SMF manager concerned should make this clear.

(2) Where a responsibility or function is divided between an SMF manager and others, the statements of responsibilities for each SMF manager concerned should make it clear for what part of which responsibility or function that SMF manager has responsibility.

(3) Together, the statements of responsibilities should show which responsibility or function is shared or divided between which SMF managers and, if applicable, between which SMF managers and other persons. It should be clear which responsibility or function and which SMF managers or other persons are involved.

10C.11.32

| 1 |

(1) Where:

(a) an FCA-prescribed senior management responsibility is divided or shared between several SMF managers; or

(b) any function allocated under SYSC 26 (Senior managers and certification regime: Overall and local responsibility) is shared between several SMF managers (if that chapter applies to the firm);

the statement of responsibilities for each SMF manager should:

(c) explain why this has been done; and

(d) give full details of the arrangements, including the names of the other persons and their FCA/PRA Individual Reference Numbers (IRN) (if known).

(2) Where a responsibility or function is shared between several SMF managers, this should be recorded in the same way in the statements of responsibilities of each of them. This should also be consistent with the firm’s management responsibilities map.

10C.11.33

| 1 |

(1) Where two or more SMF managers share a responsibility, each will be individually responsible for everything included in that responsibility, including anything inherent in that responsibility (see SUP 10C.11.29G for inherent responsibilities).

(2) Where:

(a) a responsibility is divided between several SMF managers; but

(b) some part of the responsibility has not clearly been allocated to any of them;

it should be assumed that that part is the joint responsibility of all of them.
What statements of responsibilities should contain: Non-executive directors

10C.11.34 In general, the FCA expects the statement of responsibilities of a non-executive director who is an SMF manager to be less extensive than those of an executive SMF manager.

10C.11.35 The FCA does not require any of the general duties of a non-executive director described in section 2 of COCON 1 Annex 1 (The general role of a NED) to be included in the non-executive director's statement of responsibilities.
10C.12 Conditional and time-limited approvals

Purpose

10C.12.1 (1) SUP 10C.12 describes the regime for conditional and time-limited approvals.

(2) In particular, SUP 10C.12 sets out the FCA’s policies on giving approval under section 59 subject to conditions or for a limited period only, as required by section 63ZD of the Act (Statement of policy relating to conditional approval and variation).

(3) (In the case of a PRA-authorised person) the policies described in SUP 10C.12 also apply when the FCA is considering whether to give its consent to an application made to the PRA for approval.

(4) Material on variations of conditional and time-limited approvals can be found in SUP 10C.13 (Variation of conditional and time-limited approvals).

10C.12.2 (1) The power to grant an approval subject to conditions or for a limited period only applies to senior management functions.

(2) As all FCA controlled functions specified in this chapter are senior management functions, this means that this power applies to all FCA controlled functions specified in this chapter.

(3) The FCA has (in SUP 10A) specified controlled functions for SMCR firms that are not designated senior management functions. See SUP 10C.1.7R to SUP 10C.1.8G (Appointed representatives) for more about this.

(4) The power to grant an approval subject to conditions or for a limited period does not apply to the controlled functions in (3).

Introduction

10C.12.3 The FCA may:

(1) grant an application for approval subject to any conditions that the FCA considers appropriate; and

(2) grant the application to give approval only for a limited period.
10C.12.4 The FCA may use this power only if it appears to the FCA that it is desirable to do so to advance one or more of its operational objectives.

10C.12.5 Factors that the FCA will take into account include:

(1) those relating to the firm at the time of the application, such as:
   (a) its size, scale and complexity; and
   (b) its plans and prospects; and

(2) those relating to the candidate and, in particular, the candidate’s fitness and properness.

10C.12.6 The FCA expects that the most common use of the power to give qualified approvals would be:

(1) time-limited approvals;

(2) a time limitation in relation to an ongoing or prospective enforcement investigation;

(3) a competency-related condition; and

(4) a role-limited condition.

10C.12.7 An example of a time-limited approval is where a firm needs to appoint the candidate on an interim basis while the firm seeks to appoint a permanent candidate. The FCA may approve the interim appointee on a time-limited basis.

10C.12.8 The FCA would not generally impose a time limitation in these circumstances for a period of less than 12 weeks. The FCA would expect the firm to use the 12-week rule in SUP 10C.3.13R.

10C.12.9 An example of when the FCA may approve an individual on a time-limited basis is where, following a sudden or unexpected departure:

(1) a firm needs to fill an FCA-designated senior management function vacancy immediately; but

(2) it is likely to take longer than 12 weeks to recruit a permanent replacement; and

(3) there is an individual at the firm not currently approved to perform the relevant FCA-designated senior management function whom the firm and the FCA think capable of fulfilling the role on an interim, provisional basis but not necessarily on a permanent basis.

10C.12.10 Generally, the FCA would not impose a time limitation of this type for longer than 12 to 18 months.
10C.12.11 [G] The FCA would consider using this power for a person who is in the running for the long-term appointment.

10C.12.12 [G] (1) An example of how the FCA could deal with a person who is in the running for the long-term appointment is outlined below.

(2) The head of compliance resigns unexpectedly from a firm. The firm wishes to appoint one of the deputies. The FCA and the firm believe the deputy to be capable of running the firm’s compliance function on a day-to-day ‘business as usual basis’ but the deputy has no experience developing a long-term, firm-wide strategy. The firm estimates that it could take up to a year to recruit a permanent head of compliance. It also believes that the deputy could be the ideal candidate if the deputy could outline a viable compliance strategy for the firm.

(3) In this situation, it may be appropriate to approve the deputy as head of compliance subject to a 12-month time limit.

(4) Before the end of that period, the deputy would have to prepare a new compliance strategy and the deputy’s ability to do so would be taken into account when deciding whether to approve the deputy on a permanent basis.

10C.12.13 [G] In deciding whether a candidate is fit and proper, the FCA will take into account the role that the candidate is going to perform. The standard for a person who is appointed on a temporary basis may be different from a person appointed on a permanent basis when the person with a temporary appointment has a more limited role.

10C.12.14 [G] The FCA may impose a condition on the approval, as well as time limitation. For example, in the example in 10C.12.12G, the FCA may impose a condition prohibiting the candidate from significantly amending the management structure of the department.

10C.12.15 [G] The other main examples of a time-limited approval are:

(1) an enforcement action time-limited approval (see 10C.12.16G);

(2) a time limitation used in conjunction with a competence condition (see 10C.12.26G); and

(3) a time limitation in relation to the scale of a role (see 10C.12.35G).

Enforcement action: time limitation

10C.12.16 [G] An enforcement action time-limited approval relates to a case in which there is an enforcement investigation ongoing, or in prospect, the results of which may call into question the candidate’s fitness and properness, but at the time of application there are no or insufficient grounds to refuse approval. The candidate may or may not be a subject of that investigation.
SUP 10C : FCA senior managers
regime for approved persons in
SMCR firms

Section 10C.12 : Conditional and
time-limited approvals

10C.12.17 The FCA will generally limit an enforcement action time-limited approval for a period long enough to allow the investigation to be completed so far as relevant to the candidate. Imposing a time limitation on approval would allow the FCA to look at the situation in more detail after approval, with the benefit of all the facts arising from the investigation.

10C.12.18 The policy on the length of time-limited approvals in SUP 10C.12.8G does not apply to time limitations of this type.

Competence and related conditions

10C.12.19 The FCA may take the view that a candidate would meet the fit and proper requirement with an approval subject to either, or both, of the following:

(1) one or more conditions; and/or

(2) a time limitation;

who would not have met that requirement without the qualification.

10C.12.20 Firms should not see the power to give approval on this basis as an opportunity to put forward sub-standard candidates in the knowledge that they are unlikely to gain unconditional approval but may scrape through by way of a qualified approval.

10C.12.21 (1) The FCA is likely only to give a qualified approval on the basis described in SUP 10C.12.19G in limited circumstances.

(2) Generally, the FCA would only use this power in place of rejection where the deficiency is in only a relatively small proportion of the required job competencies.

(3) Lack of technical knowledge is more likely to be easier to remedy than a problem with personal characteristics.

(4) The FCA is only likely to give its approval on this basis when the candidate has fallen short of the required standard by a reasonably small margin (a ‘near miss’).

10C.12.22 One example of a conditional approval based on the competence of the candidate would be where the candidate would have met the fitness and properness standard but for a shortfall in the candidate's technical knowledge and the shortfall is in a relatively narrow and specific area.

10C.12.23 The FCA does not see this as being a probationary or standalone measure. The competency-related limitation would be time specific and linked to something that the FCA would wish to re-examine after the period has expired.

10C.12.24 (1) When the FCA is imposing a competence-related condition where there is a shortfall, approval will only be granted on the condition
that the candidate is required to undertake training or receive mentoring to eliminate the shortfall.

(2) See §SUP 10C.12.39G (role-limited approval) for an example of a shortfall in competence that is not dealt with by trying to remove it.

**10C.12.25**

(1) An example of where a qualified approval based on competence may be used is for a candidate with proven management skills who is new to the role or the industry and requires some new technical knowledge for the new role.

(2) For instance, a candidate for the role of a senior manager may have a proven track record as a senior manager but may lack detailed knowledge of a specific area, such as money laundering or of the technical details of prudential capital requirements.

(3) A competence condition would require the candidate to undertake training in the area of shortfall after appointment.

**10C.12.26**

(1) A competency-related approval is likely to be linked with a time-limited approval.

(2) Under an approval of this kind, the candidate will be required to undertake the necessary training or other remedial measures.

(3) The time for which the approval will last would be set to give the firm and the candidate a reasonable time to complete the measures.

(4) At the end of the period, the firm would need to apply to the FCA to appoint the candidate on a permanent basis.

**10C.12.27**

The FCA would only be likely to consider a qualified approval based on competence if it was sure that the candidate could achieve the required level of competence within a specified period, which is unlikely to be more than 12 to 18 months.

**10C.12.28**

(1) The FCA may give a conditional approval instead of rejection in cases where the condition does not relate to the candidate’s abilities.

(2) For example, the FCA may consider that the candidate is suitable only if the candidate refrains from, or ceases undertaking, certain actions and makes the approval conditional on that basis.

(3) The FCA may require the candidate to go beyond the regulatory requirements in a given area.

**10C.12.29**

(1) An example of §SUP 10C.12.28G is where a firm wishes to appoint someone as an executive director who has a number of non-executive directorships.

(2) The FCA may be concerned about the potential impact of these other commitments on that individual’s ability to devote sufficient time to the proposed role with the firm.
(3) In this situation, it might be appropriate to attach a condition to the individual’s approval requiring that person to resign from some of their non-executive directorships.

Role-limited

A role-limited approval means:

1. a time-limited approval; or
2. a condition;
relating to the nature or scope of the candidate’s role.

One example of a role-limited approval relates to the fact that the size, nature, scope and complexity of a firm’s activities can change over time. An individual may be fit and proper to perform a senior management function at a certain firm at a point in time but the FCA may wish to re-assess that individual if the firm’s situation changes.

It is not FCA policy to impose role-limited approvals routinely for all firms or for a certain category of firm. For example, there is no blanket policy that approval of a candidate for a post in a small firm would be subject to a qualification based on the firm remaining small.

Where a firm is expanding or transforming its business model or its risk profile and there are identifiable upcoming milestones, the FCA may wish to link the duration of a candidate’s approval to these milestones.

If the change is likely to occur in the near future and the details are clear, the FCA may consider its approval of the application in the light of this proposed change.

(1) Very often it will be uncertain whether a change in circumstances will happen at all, the details may not yet be known or the timing may be uncertain.

(2) In that case, the FCA may, subject to (3), make its judgement based on the candidate’s proposed role, without taking into account the possible change. This reflects the fact that the judgement of whether a candidate is fit and proper takes into account the role that they are actually going to play.

(3) However, to reflect the possible change, the FCA would give a time-limited approval that would come to an end on the occurrence of the milestone.

(4) The firm could then apply for a new and possibly unqualified approval.
An example under SUP 10C.12.35G is as follows.

1. In this example:
   a. an individual is to perform an *FCA-designated senior management function* in an unlisted *firm* which currently operates only in the UK; and
   b. the *firm* is planning a listing and a string of acquisitions which are projected to treble the size of its balance sheet and give it a global footprint over the next three years, but the *candidate* has never worked for an institution as large or as complex.

2. In this situation:
   a. it may be appropriate to limit the *candidate*’s approval to a specified period. If the projected time for completing the transactions is three years, the approval would be for three years; or
   b. it may be appropriate to draft the time limitation by reference to the milestone. For example, the approval might be expressed to come to an end at the point at which the *firm*’s balance sheet exceeds a certain size.

The policy on the length of time-limited approvals in SUP 10C.12.8G does not apply to time limitations of this type.

Another way of dealing with a *firm* that plans to reorganise itself but has not made a firm decision to do so or worked out the details, is to make the approval subject to the condition that the nature or scope of the *candidate*’s role should not change. The *firm* could apply for the condition to be removed once the plans are ready to be carried out.

Another example of a limited-role approval is where:

1. a *candidate* is not competent to carry out all the functions that are capable of falling within the *FCA-designated senior management function* for which approval is sought; but
2. the *candidate* will be fit to carry out most of them; and
3. the *firm* has adequate arrangements to deal with the other aspects.

In such circumstances, the condition would be that the *candidate* does not get involved in the aspects of the role for which that *candidate* is not competent, as specified in the condition.

The power to impose a conditional or time-limited approval:

1. does not depend on the *candidate* being unfit without that condition or limit; and
2. need not be related to the *candidate*’s ability to do the job properly (see SUP 10C.12.28G).
One example of a conditional approval when the candidate is fit and proper and able to do the job is to support supervisory action in relation to the firm. So, if a firm is running a remedial programme, it may be a condition of the candidate’s approval that the candidate takes responsibility for aspects of that programme.

Although it is not general FCA policy to use the power to give qualified approval as a probationary measure, there may be circumstances where a firm wants to appoint a candidate to perform an FCA-designated senior management function who, although fit and proper, may, in the role, be responsible for the firm’s approach to dealing with particularly unusual or severe challenges in the near future. In this situation, it might be appropriate to approve the candidate subject to a time limit with a view to reassessing that candidate for a permanent position in due course.

In this scenario, the time-limited approval may be accompanied by a condition requiring the candidate to:

1. complete an action or deliverable on or before the end of the time limit, eg a requirement on the acting Head of Sales to produce a revised strategy for treating customers fairly within the next six months; and
2. refrain from taking specific actions or decisions associated with the role until that person receives permanent approval, eg, a requirement not to introduce a new sales channel until they receive permanent approval.

**Effects of a breach of condition**

The provisions in:

1. section 59 of the Act that say a firm should take reasonable care to ensure that no person performs a controlled function without approval (see §SUP 10C.10.3G); and
2. section 63A of the Act, under which a person performing a controlled function without approval may be subject to a penalty (see §SUP 10C.10.4G);

apply not only to the performance of an FCA-designated senior management function by someone who has not been approved to perform that function but also to the performance of an FCA-designated senior management function for which the person has been approved in breach of a condition or time limitation.

Sections 59 and 63A of the Act show that failure to observe a condition does not in itself necessarily invalidate an approval. Instead, both the firm and the SMF manager may be subject to a penalty for breach of the Act. Such a failure may also:
(1) involve a breach of FCA rules by the firm and a breach by the SMF manager of COCON; and

(2) call into question the fitness of the SMF manager.

**10C.12.46** For example, if an SMF manager is subject to a role-limited condition under which the SMF manager is not allowed to carry out certain specified aspects of the FCA-designated senior management function but the SMF manager goes ahead and carries out those aspects, the SMF manager's approval does not automatically come to an end. Instead, both the firm and the SMF manager may be subject to a financial penalty.

**10C.12.47** However the Act does allow a condition to be drafted in such a way that the approval ends if the condition is not met or is no longer met.
10C.13 Variation of conditional and time-limited approvals

Purpose

10C.13.1 This section deals with variation of a conditional approval at the:

(1) request of the firm; and

(2) initiative of the FCA.

10C.13.2 (1) In particular, this section sets out the FCA’s policies about varying conditional approvals at the request of a firm, as required by section 63ZD of the Act (Statement of policy relating to conditional approval and variation).

(2) This section does not deal with the FCA’s policies on varying a condition on its own initiative. DEPP 8 deals with that. However this section gives a short description of the FCA’s powers to impose such variations.

Variation of a conditional approval at the request of the firm: general description

10C.13.3 A firm may apply to the FCA to change a conditional or time-limited approval. The changes for which a firm may apply are:

(1) a variation of the condition;

(2) removal of the condition;

(3) the imposition of a new condition; or

(4) where the approval is time-limited:

(a) varying the time limit; or

(b) removing the time limit.

10C.13.4 (1) If the firm applying for a change described in SUP 10C.13.3G is a PRA-authorised person, there are requirements about whether it should apply to the FCA or the PRA. Paragraphs (2) to (3) summarise these requirements.
(2) If the firm is applying for the imposition of a new condition, the firm should apply to the FCA if the approval to which the application relates was given by the FCA.

(2A) If a firm is applying for a change of the type described in
SUP 10C.13.3G(1) or SUP 10C.13.3G(2), the firm should (subject to (2C)) apply to the FCA if the FCA imposed that condition, even if the approval was given by the PRA.

(2B) If a firm is applying for a change of the type described in SUP 10C.13.3G(4), the firm should (subject to (2C)) apply to the FCA if the FCA imposed that time limit, even if the approval was given by the PRA.

(2C) Where the time limit or condition has been varied before and the FCA was the last to vary it, the firm should apply to the FCA. This applies whether the variation was made on the application of the firm or on the initiative of the FCA or the PRA.

(3) In other cases, the application should be to the PRA.

10C.13.5 G The right to apply for a variation does not include the right to apply for a time limitation where the current approval has effect for an unlimited period.

10C.13.5A G The procedures described in this section for the variation of an approval at the request of a firm do not apply where the condition or time limit has effect by virtue of section 66 of the Act (Disciplinary powers).

Variation of a conditional approval at the request of the firm: process

An application by a firm to the FCA under section 63ZA of the Act (Variation of senior manager’s approval at request of authorised persons) must be made by using Form I (SUP 10C Annex 8D).

10C.13.6 D

(1) An application under SUP 10C.13.6D should be accompanied by a statement of responsibilities for the approved person concerned.

(2) See SUP 10C.11 (Statements of responsibilities) for more details.

10C.13.7 G

10C.13.8 G

SUP 10C.15 (Forms and other documents and how to submit them to the FCA) explains how applications to vary a conditional approval should be submitted.

10C.13.9 G

The FCA has until the end of the period of three months from the time it receives a properly completed application to consider the application and come to a decision.

10C.13.10 G

The FCA must either grant the application or, if it proposes not to grant an application, issue a warning notice (see DEPP 2).
The FCA may refuse an application if it appears to the FCA that it is desirable to do so to advance one or more of its operational objectives.

Before making a decision to grant the application or give a warning notice, the FCA may ask the firm for more information. If it does this, the three-month period in which the FCA must determine a completed application:

1. will stop on the day the FCA requests the information; and
2. will start running again on the day on which the FCA finally receives all the requested information.

Whenever it grants an application, the FCA will confirm this in writing to all interested parties.

If the FCA proposes to refuse an application, it must follow the procedures for issuing warning notices and decision notices to all interested parties. The requirements relating to warning and decision notices are in DEPP 2.

A firm notifying the FCA of its withdrawal of an application for variation of an approval must use Form B (SUP 10C Annex 4R).

The FCA’s policy on approving or refusing a request for a variation is the same as it is for imposing conditions on approval (see SUP 10C.12 (Conditional and time-limited approvals)).

(1) An example of a situation in which the FCA would consider varying a condition would be a competency-related condition which required a training course to be completed (see, in particular, SUP 10C.12.24G for this type of condition).

(2) If the firm later concludes that a different course would be better, the firm may apply for a variation of the condition.
Another example of a situation in which the FCA would consider varying a condition would be a condition relating to a remedial programme (see Section 10C.12.41G). If the remedial programme is changed, it may be appropriate to change the condition.

(1) Other examples of where the FCA may agree to removing a condition are where:

(a) the approved person’s role has changed so that the reason for the condition originally being imposed no longer applies; or

(b) new information has come to light that removes any doubt about the approved person’s competence so a condition is no longer necessary.

(2) For example, the FCA may agree to removing a condition about the scope of the approved person’s role of the type described in Section 10C.12.39G.

See Section 10C.12.38G for another example of a case where the FCA may agree to removing a condition (condition imposed pending reorganisation).

**Variation of a conditional approval: action at the initiative of the FCA**

Under section 63ZB of the Act (Variation of senior manager’s approval on initiative of regulator), the FCA may vary an approval given by the FCA or the PRA for the performance of a designated senior management function if the FCA considers that it is desirable to do so to advance one or more of its operational objectives.

The FCA may vary an approval by:

(1) imposing a condition;

(2) varying a condition;

(3) removing a condition;

(4) limiting the period for which the approval is to have effect; or

(5) removing or varying a time limit on an approval.

More information about the FCA’s powers to vary a condition on its own initiative, including its policy on using these powers, can be found in DEPP 8.
10C.14 Changes to an FCA-approved person’s details

Moving within a firm

10C.14.1

(1) An FCA-approved SMF manager’s job may change from time to time as a result, for instance, of a change in personal job responsibilities or a firm’s regulated activities.

(2) Where the changes will involve the SMF manager performing one or more FCA-designated senior management functions different from those for which approval has already been granted, an application must be made to the FCA for approval for the SMF manager to perform those FCA-designated senior management functions.

The firm must take reasonable care to ensure that an individual does not begin performing an FCA-designated senior management function until the FCA has granted FCA-approved SMF manager status to that individual for that FCA-designated senior management function.

(4) Similarly (in the case of a PRA-authorised person), a firm must get the FCA’s approval if an individual is to start performing an FCA-designated senior management function in relation to that firm when they already have the PRA’s approval to perform a PRA-designated senior management function in relation to that firm.

10C.14.2

(1) A firm should generally use Form E where an approved person is both ceasing to perform one or more controlled functions and needs to be approved in relation to one or more FCA-designated senior management functions within the same firm or group.

(2) In certain cases, a firm should use Form A.

(2A) When a MiFID investment firm (except a credit institution) notifies the FCA of a change using Form A or Form E, it may also have to submit the MiFID Article 4 SMR Information Form (see SUP 10C.10.9BD).

(3) The details can be found in SUP 10C.10.8D to SUP 10C.10.9CG.
Moving between firms

10C.14.3 [G]

If it is proposed that an FCA-approved SMF manager:

1. will no longer be performing an FCA-designated senior management function under an arrangement entered into by one firm or one of its contractors; but

2. will be performing the same or a different FCA-designated senior management function under an arrangement entered into by a new firm or one of its contractors (whether or not the new firm is in the same group as the old firm);

the new firm will be required to make a fresh application for the performance of the FCA-designated senior management function by that person (see SUP 10C.10 (Application for approval and withdrawing an application for approval) for details).

10C.14.4 [G]

In certain circumstances, when the FCA already has the information it would usually require, a shortened version of the relevant Form A may be completed. See SUP 10C.10.8D to SUP 10C.10.8BD for full details.

Ceasing to perform an FCA-designated senior management function

10C.14.5 [R]

1. A firm must notify the FCA no later than ten business days after an FCA-approved SMF manager ceases to perform an FCA-designated senior management function.

2. It must make that notification by submitting to the FCA a completed Form C (SUP 10C Annex 5R).

3. If:

   a. the firm is also making an application for approval for that approved person to perform a controlled function within the same firm or group; and

   b. ceasing to perform the FCA-designated senior management function in (1) has triggered a requirement to make that application for approval:

      i. to the FCA using Form E (rather than a Form A) under SUP 10C.10.9D; or

      ii. to the FCA using Form E (rather than a Form A) under SUP 10A; or

      iii. (in the case of a PRA-authorised person) to the PRA using the PRA’s Form E in accordance with the corresponding PRA requirements;

it must make the notification under (1) using that Form E.

10C.14.6 [G]

SUP 10C.15 (Forms and other documents and how to submit them to the FCA) explains how notifications should be submitted.
The MiFID authorisation and management body change notification ITS requires that a MiFID investment firm (except a credit institution) submit the information in Annex III of the MiFID authorisation and management body change notification ITS on the ESMA template where there is a change to a member of the management body or a person who effectively directs the business.

This means that a MiFID investment firm required to notify the FCA under (1) may also need to submit the Annex III information along with the Form C or Form E.

See ■ SUP 10C.10.9AAG to ■ SUP 10C.10.9CG for more about these notification requirements in a case in which the firm is applying for approval under section 59 of the Act (Approval for particular arrangements).

(1) A firm must notify the FCA as soon as practicable after it becomes aware, or has information which reasonably suggests, that it will submit a qualified Form C for an FCA-approved SMF manager.

(2) Form C is qualified if the information it contains:
   (a) relates to the fact that the firm has dismissed, or suspended, the FCA-approved SMF manager from its employment;
   (b) relates to the resignation by the FCA-approved SMF manager while under investigation by the firm, the FCA or any other regulatory body;
   (c) otherwise reasonably suggests that it may affect the FCA’s assessment of the FCA-approved SMF manager’s fitness and propriety; or
   (d) includes a notification about the FCA-approved SMF manager under one of the provisions of the Act listed in ■ SUP 10C.14.22R (notification of grounds for withdrawal of approval and disciplinary action).

(1) Notification under ■ SUP 10C.14.7R may be made by telephone, email or fax and should be made, where possible, within one business day of the firm becoming aware of the information.

(2) Oral notifications should be given directly to the firm’s usual supervisory contact at the FCA. An oral notification left with another person or left on a voicemail, or other automatic messaging service, is unlikely to have been given appropriately.

A firm is responsible for notifying the FCA if any FCA-approved SMF manager has ceased to perform an FCA-designated senior management function under an arrangement entered into by its contractor.

(1) A firm can submit Form C or Form E (and any MiFID Article 4 SMR Information Form required by ■ SUP 10C.10.9BD) to the FCA in advance of the cessation date.
(2) If the actual cessation date turns out to be different from the one notified in advance, the firm should notify the FCA.

(3) If the firm:

- does not submit Form C (including a qualified one) following notification under SUP 10C.14.7R; or
- submits a form in advance under (1) but it turns out that there is no requirement to have done so (because for example the approved person is staying in post);

it should inform the FCA in due course of the reason. This could be done using Form D, if appropriate.

10C.14.11

(1) When a person ceases the arrangement under which they perform an FCA-designated senior management function, they will automatically cease to be an FCA-approved SMF manager in relation to that FCA-designated senior management function.

(2) A person can only be an FCA-approved SMF manager in relation to a specific FCA-designated senior management function. Therefore, a person is not an FCA-approved SMF manager during any period between ceasing to perform one FCA-designated senior management function (when they are performing no other FCA-designated senior management function) and being approved for another FCA-designated senior management function.

10C.14.12

Sending forms promptly will help to ensure that any fresh application can be processed within the standard response times.

Changes to an approved person’s personal details

10C.14.13

If an FCA-approved SMF manager’s title, name or national insurance number changes, the firm for which the person performs an FCA-designated senior management function must notify the FCA on Form D (SUP 10C Annex 6R), of that change within seven business days of the firm becoming aware of the matter.

10C.14.14

The duty to notify in SUP 10C.14.13R does not apply to changes to an FCA-approved SMF manager’s private address.

Changes to arrangements

10C.14.15

If any of the details relating to:

- the arrangements in relation to any of a firm’s FCA-approved SMF managers; or
- any FCA-designated senior management functions of one of its FCA-approved SMF managers;

are to change, the firm must notify the FCA on Form D (SUP 10C Annex 6R).

The notification under (1) must be made as soon as reasonably practicable after the firm becomes aware of the proposed change.
This rule does not apply to anything required to be notified under section 62A of the Act (Changes in responsibilities of senior managers) or SUP 10C.11 (Statements of responsibilities).

10C.14.16 [G] SUP 10C.15 (Forms and other documents and how to submit them to the FCA) explains how notifications should be submitted.

Revised statements of responsibilities

10C.14.17 [G] (1) Under section 62A of the Act, a firm should provide the FCA with a revised statement of responsibilities if there has been any significant change in the responsibilities of an FCA-approved SMF manager.

(2) Details can be found in SUP 10C.11 (Statements of responsibilities).

Notifications about fitness, disciplinary action and breaches of COCON

10C.14.18 [R] (1) If a firm becomes aware of information which would reasonably be material to the assessment of the fitness and propriety of an FCA-approved SMF manager, or of candidate to be one (see FIT), it must inform the FCA either:

(a) on Form D; or

(b) if it is more practical to do so and with the prior agreement of the FCA, by email or fax;

as soon as practicable and, in any case, within seven business days.

(2) This rule does not apply to anything required to be notified under SUP 10C.14.5R (Form C) or SUP 10C.14.7R (Qualified Form C).

10C.14.19 [G] SUP 10C.15 (Forms and other documents and how to submit them to the FCA) applies to the submission of Form D.

10C.14.20 [G] Failing to disclose relevant information to the FCA may be a criminal offence under section 398 of the Act.

10C.14.21 [G] The duty to notify in SUP 10C.14.18R extends to any circumstances that would normally be declared when giving the information required for section 5 of Form A or matters considered in FIT 2.

10C.14.22 [R] If a firm is required to notify the FCA about an FCA-approved SMF manager under any of the following:

(1) section 63(2A) of the Act (Duty to notify regulator of grounds for withdrawal of approval); or

(2) [deleted]

(3) section 64C of the Act (Requirement for authorised persons to notify regulator of disciplinary action);
it must give that notification:

(4) under SUP 10C.14.5R (Form C) if that rule applies;

(5) under SUP 10C.14.7R (Qualified Form C) if that rule applies; or

(6) (in any other case) in accordance with SUP 10C.14.18R (Form D);

and in accordance with the requirements of this chapter about submission of those forms.


10C.14.24 Table: Explanation of the sections of the Act mentioned in SUP 10C.14.22R

<table>
<thead>
<tr>
<th>Section</th>
<th>Summary of relevant parts</th>
<th>Other Handbook material</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 63(2A) (Duty to notify regulator of grounds for withdrawal of approval)</td>
<td>At least once a year, each firm must, in relation to every SMF manager for whom an approval has been given on the application of that firm: (a) consider whether there are any grounds on which the FCA could withdraw the approval; and (b) if the firm is of the opinion that there are such grounds, notify the FCA of those grounds.</td>
<td>FIT sets out guidance on the factors a firm should take into account when assessing the fitness and propriety of an approved person.</td>
<td></td>
</tr>
<tr>
<td>Section 64C of the Act (Requirement for authorised persons to notify regulator of disciplinary action)</td>
<td>If: (a) a firm takes disciplinary action in relation to an SMF manager; and (b) the reason, or one of the reasons, for taking that action is a reason specified in SUP 15.11.6R; SUP 15.11 (Notification of COCON breaches and disciplinary action)</td>
<td>An example of when a notification should be made using Form C rather than Form D is when a firm is required to notify the FCA under section 64C of the Act that it has dismissed an SMF manager.</td>
<td></td>
</tr>
</tbody>
</table>
10C.14.25 G
(1) When considering how to notify the FCA under SUP 10C.14.18R or
SUP 10C.14.22R, a firm should have regard to the urgency and
significance of a matter. If appropriate, the firm should also notify its
usual supervisory contact at the FCA by telephone or by other prompt
means of communication, before submitting a written notification.

(2) Oral notifications should be given directly to the firm’s usual
supervisory contact at the FCA. An oral notification left with another
person or left on a voicemail, or other automatic messaging service, is
unlikely to have been given appropriately.

The need for complete and accurate information
10C.14.26 G
(1) The obligations to supply information to the FCA under:
(a) SUP 10C; or
(b) the sections of the Act listed in SUP 10C.14.22R;
apply notwithstanding any agreement (for example, a ‘COT 3’
Agreement settled by the Advisory, Conciliation and Arbitration
Service (ACAS)) or any other arrangements entered into by a firm
and an employee upon termination of the employee’s employment.

(2) A firm should not enter into any such arrangements or agreements
that could conflict with its obligations under this section or the Act.

10C.14.27 G
Failing to disclose relevant information to the FCA may be a criminal offence
under section 398 of the Act.

Application of this section to PRA-approved persons
10C.14.28 R
This section also applies to a notification to the FCA about a PRA-approved
SMF manager who is not an FCA-approved SMF manager required by any of
the provisions of the Act listed in SUP 10C.14.22R.

10C.14.29 R
The PRA’s rules determine how a notification under SUP 10C.14.28R is to be
made.

10C.14.30 G
If a firm is required to notify the FCA about a PRA-approved SMF manager
who is not an FCA-approved SMF manager under one of the sections of the
Act referred to in SUP 10C.14.28R, it should make a single notification under
the PRA’s requirements. There is no need for a separate notification to the
FCA.
10C.15  Forms and other documents and how to submit them to the FCA

Purpose

10C.15.1  The purpose of this section is to:

(1) summarise the main forms and other documents used in this chapter; and

(2) explain how they should be submitted to the FCA.

Forms and documents

10C.15.2  The main forms and other documents used in this chapter are listed in SUP 10C.15.3G.

10C.15.3  Table: FCA approved persons forms and other documents

<table>
<thead>
<tr>
<th>Form or other document</th>
<th>Purpose</th>
<th>Handbook requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>The relevant Form A</td>
<td>SUP 10C Annex 3D</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Application to perform designated senior management functions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SUP 10C.10.8D</td>
<td></td>
</tr>
<tr>
<td>Form B</td>
<td>SUP 10C Annex 4R</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Notice to withdraw an application to perform controlled functions under the approved persons regime</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SUP 10C.10.36R</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Notice to withdraw an application to vary an approval under the senior managers regime</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SUP 10C.13.15R</td>
<td></td>
</tr>
<tr>
<td>Form C</td>
<td>SUP 10C Annex 5R</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Notice of ceasing to perform controlled functions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SUP 10C.14.5R</td>
<td></td>
</tr>
</tbody>
</table>
### Form or other document
<table>
<thead>
<tr>
<th>Purpose</th>
<th>Handbook requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form D</td>
<td>SUP 10C Annex 6R</td>
</tr>
<tr>
<td></td>
<td>Notification of changes in personal information or application details or functions</td>
</tr>
<tr>
<td></td>
<td>Notification about fitness or breach of conduct rules</td>
</tr>
<tr>
<td>Form E</td>
<td>SUP 10C Annex 7D</td>
</tr>
<tr>
<td></td>
<td>Internal transfer of an approved person</td>
</tr>
<tr>
<td>Form I</td>
<td>SUP 10C Annex 8D</td>
</tr>
<tr>
<td></td>
<td>Application to vary a conditional approval</td>
</tr>
<tr>
<td>Form J</td>
<td>SUP 10C Annex 9D</td>
</tr>
<tr>
<td></td>
<td>Notification of significant change to a statement of responsibilities</td>
</tr>
<tr>
<td>Relevant statement of responsibilities</td>
<td>SUP 10C Annex 10D</td>
</tr>
<tr>
<td>MiFID Article 4 SMR Information Form</td>
<td>SUP 10C Annex 11D</td>
</tr>
<tr>
<td></td>
<td>As required by the MiFID authorisation and management body change notification ITS</td>
</tr>
</tbody>
</table>

**SUP 10C.15.4**
- SUP 10C Annex 2G gives examples of the circumstances in which the documents in SUP 10C.15.3G should be used.

**SUP 10C.15.5**
- Copies of the forms in SUP 10C.15.3G and of the statement of responsibilities may be obtained from the FCA website. Credit unions can obtain copies from the FCA’s Firm Contact Centre.

**SUP 10C.15.6**
- To contact the FCA’s Customer Contact Centre for approved persons enquiries:
  1. telephone: 0300 500 0597;
  2. email: firm.queries@fca.org.uk; or
  3. [deleted]
  4. write to:
How to make applications and give notifications

10C.15.7 [D]

1. A firm other than firm in (2) must submit a document in column 1 of the table in [SUP 10C.15.10R], in accordance with the corresponding requirement in column two of that table.

2. (a) credit union; or

(b) a firm whose Part 4A permission covers only credit-related regulated activities;

must submit a document in column 1 of the table in [SUP 10C.15.10R], in accordance with the corresponding requirement in column three of that table.

3. This direction applies to the forms and other documents listed in the table in [SUP 10C.15.10R] that are submitted under a direction.

10C.15.8 [R]

[SUP 10C.15.7D] also applies to the forms and other documents listed in the table in [SUP 10C.15.10R] that are submitted under a rule.

10C.15.9 [G]

It is up to the firm referred to in [SUP 10C.15.7D(2)] concerned to decide which of the methods of submission available to it under [SUP 10C.15.10R] it is going to use.

10C.15.10 [R]

Table: Method of submission

<table>
<thead>
<tr>
<th>Form or other document</th>
<th>Firms that are not credit unions or consumer credit firms (SUP 10C.15.7D(1))</th>
<th>Credit unions and consumer credit firms (SUP 10C.15.7D(2))</th>
</tr>
</thead>
<tbody>
<tr>
<td>The relevant Form A</td>
<td>SUP 10C.15.11R</td>
<td>SUP 10C.15.11R or SUP 10C.15.14R</td>
</tr>
<tr>
<td>Form B</td>
<td>SUP 10C.15.14R</td>
<td>SUP 10C.15.14R</td>
</tr>
<tr>
<td>Form C</td>
<td>SUP 10C.15.11R</td>
<td>SUP 10C.15.11R or SUP 10C.15.14R</td>
</tr>
<tr>
<td>Form D</td>
<td>SUP 10C.15.11R</td>
<td>SUP 10C.15.11R or SUP 10C.15.14R</td>
</tr>
<tr>
<td>Form E</td>
<td>SUP 10C.15.11R</td>
<td>SUP 10C.15.11R or SUP 10C.15.14R</td>
</tr>
<tr>
<td>Form J</td>
<td>SUP 10C.15.11R</td>
<td>SUP 10C.15.11R or SUP 10C.15.14R</td>
</tr>
</tbody>
</table>
Method of submission: electronic submission

**10C.15.11 R**

(1) An application or submission by a *firm* made under this rule must be made by submitting the form or document online at fca.org.uk using the FCA’s and PRA’s online notification and application system.

(2) A *firm* must use the version of the form or document made available on the electronic system referred to in (1). If the form or document is included in an Annex to this chapter, that electronic version is based on the version found in the applicable Annex to this chapter (which are listed in **SUP 10C.15.3G**).

(3) If the information technology systems used by the FCA fail and online submission is unavailable for 24 hours or more, **SUP 10C.15.14R** applies until such time as facilities for online submission are restored.

**10C.15.12 G**

If the information technology systems used by the FCA fail and online submission is unavailable for 24 hours or more, the FCA and PRA will endeavour to publish a notice on their websites confirming that:

(1) online submission is unavailable; and

(2) the alternative methods of submission in **SUP 10C.15.14R** applies.

**10C.15.13 G**

Where **SUP 10C.15.11R(3)** applies to a firm, **GEN 1.3.2R** (Emergency) does not apply.

Method of submission: other forms of submission

**10C.15.14 R**

(1) An application or submission by a *firm* made under this rule must be made in the way set out in **SUP 15.7.4R** to **SUP 15.7.9G** (Form and method of notification).

(2) If the form or document is included in an Annex to this chapter, a *firm* must use the version of the form or document found in the applicable Annex to this chapter (which are listed in **SUP 10C.15.3G**).
10C.16 References and accurate information

References

10C.16.1 (1) SYSC 22 (Regulatory references) says that if a firm (A):
   (a) is considering appointing a person (P) to perform any controlled function or certain other functions;
   (b) requests a reference from a firm (B) that is P’s current or former employer; and
   (c) indicates to B the purpose of the request;
   B should, as soon as reasonably practicable, give a reference to A

   (2) This applies even if A is a firm to which SUP 10A (FCA Approved Persons) applies rather than this chapter.

10C.16.2 SYSC 22 also requires firms to get a reference before applying to have someone approved as an approved person.

10C.16.3 [deleted]

10C.16.4 [deleted]

The need for complete and accurate information

10C.16.5 (1) The obligations to supply information to:
   (a) the FCA under this chapter;
   (b) [deleted]
   apply notwithstanding any:
   (c) agreement (for example a ‘COT 3’ Agreement settled by the Advisory, Conciliation and Arbitration Service (ACAS)); or
   (d) any other arrangements entered into by a firm and an employee upon termination of the employee’s employment.
(2) A firm should not enter into any such arrangements or agreements that could conflict with its obligations under this chapter.

10C.16.6

Failing to disclose relevant information to the FCA may be a criminal offence under section 398 of the Act.
What functions apply to what type of firm

Part One: Introduction
This annex sets out which FCA controlled function applies to which type of SMCR firm. If an FCA controlled function is not included in a table for a particular class of firm, that FCA controlled function does not apply to any firm in that class.

(1) If one of the tables in this annex shows that an FCA controlled function applies to a type of firm, that function does not necessarily apply to every firm in that class.

(2) That may be because of limitations in the description of the function itself. For example, the partner function only applies to partnerships.

(3) Another reason would be if the rules defining the FCA controlled function refer to a rule elsewhere in the FCA Handbook and the latter only applies to certain types of firm. For example, SYSC 1 Annex 1 (Detailed application of SYSC) cuts back the application of some of the FCA required functions.

(4) The exclusions in SUP 10C.1 are also relevant.

In the tables in this annex:

(1) ✔ means that the FCA controlled function applies; and

(2) × means that the FCA controlled function does not apply.

Part Two: General exclusions
(1) This chapter, except in respect of the FCA required functions, does not apply to an authorised professional firm that is an FCA-authorised person in respect of its non-mainstream regulated activities, subject to (2).

(2) Where the authorised professional firm has appointed FCA-approved persons to perform the FCA governing functions with equivalent responsibilities for the firm’s non-mainstream regulated activities and other regulated activities, for the firm’s non-mainstream regulated activities this chapter applies with respect to the FCA governing functions and the FCA required functions only.

Part Three: Functions applying to banking sector firms
(1) The table in SUP 10C Annex 1 3.2R sets out which FCA controlled function applies to which type of SMCR banking firm.

(2) SMCR firms in (1) are divided into the following categories for the purposes in (1):

(a) a UK SMCR banking firm;
(b) an EEA SMCR banking firm; and
(c) a third-country SMCR banking firm.

Table: Controlled functions applying to banking firms
### Part Four: Functions applying to insurance sector firms

1. The table in SUP 10C Annex 1.4.2R sets out which FCA controlled function applies to which type of SMCR insurance firm.

2. **SMCR firms** in (1) are divided into the following categories for the purposes in (1):
   - (a) a Solvency II firm not within any other paragraph of this rule;
   - (b) a Solvency II firm within paragraph (c) of the Glossary definition of Solvency II firm (EEA branch);
   - (c) a Solvency II firm within paragraph (b) of the Glossary definition of Solvency II firm (third country branch);
   - (d) a small non-directive insurer;
   - (e) a firm in SYSC 23 Annex 1.5.2R (firms in run-off); and
   - (f) an insurance special purpose vehicle.

3. An insurance special purpose vehicle only falls into paragraph (2)(f). Subject to that, a firm in (2)(e) does not fall into any other paragraph.

References to a Solvency II firm include a large non-directive insurer.

#### Table: Controlled functions applying to insurance sector firms

<table>
<thead>
<tr>
<th>Brief description of function</th>
<th>Function number</th>
<th>UK firm</th>
<th>EEA firm</th>
<th>Third-country firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive director function</td>
<td>SMF 3</td>
<td>✔</td>
<td>×</td>
<td>✘</td>
</tr>
<tr>
<td>Chair of the nomination</td>
<td>SMF 13</td>
<td>✔</td>
<td>×</td>
<td>✘</td>
</tr>
<tr>
<td>committee function</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partner function</td>
<td>SMF 27</td>
<td>✔</td>
<td>×</td>
<td>✘</td>
</tr>
<tr>
<td>Compliance oversight function</td>
<td>SMF 16</td>
<td>✔</td>
<td>×</td>
<td>✘</td>
</tr>
<tr>
<td>Money laundering reporting</td>
<td>SMF 17</td>
<td>✔</td>
<td>✘</td>
<td>✘</td>
</tr>
<tr>
<td>function</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other overall responsibility</td>
<td>SMF 18</td>
<td>✔</td>
<td>×</td>
<td>✘</td>
</tr>
<tr>
<td>function</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other local responsibility</td>
<td>SMF 22</td>
<td>×</td>
<td>×</td>
<td>✘</td>
</tr>
<tr>
<td>function</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EEA branch senior manager</td>
<td>SMF 21</td>
<td>×</td>
<td>✘</td>
<td>✘</td>
</tr>
</tbody>
</table>

Note: The categories of firm in the column headings of this table are to be interpreted in accordance with the classification of firms in SUP 10C Annex 1.3.1R. Therefore:

1. (1) column three (UK firm) refers to SUP 10C Annex 1.3.1R(2)(a);
2. (2) column four (EEA firm) refers to SUP 10C Annex 1.3.1R(2)(b); and
3. (3) column five (Third-country firm) refers to SUP 10C Annex 1.3.1R(2)(c).
### SUP 10C: FCA senior managers

**Annex 1**

**regime for approved persons in SMCR firms**

<table>
<thead>
<tr>
<th>(1) Brief description of function</th>
<th>(2) Function number</th>
<th>(3) Solvency II and large NDF</th>
<th>(4) EEA branches</th>
<th>(5) Third country branches</th>
<th>(6) Small NDF and other</th>
<th>(7) ISPV</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governance functions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive director function</td>
<td>SMF 3</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>Chair of the nomination committee function</td>
<td>SMF 13</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>Chair of the with-profits committee function</td>
<td>SMF 15</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>Partner function</td>
<td>SMF 27</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td><strong>Required functions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compliance oversight function</td>
<td>SMF 16</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>Money laundering reporting function</td>
<td>SMF 17</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>Other overall responsibility function</td>
<td>SMF 18</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>Other local responsibility function</td>
<td>SMF 22</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>Conduct risk oversight (Lloyd’s) function</td>
<td>SMF 23b</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>See Note 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other high-level management functions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EEA branch senior manager function</td>
<td>SMF 21</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td></td>
</tr>
</tbody>
</table>

**Note 1:** The categories of *firm* in the column headings of this table are to be interpreted in accordance with the classification of *firms* at SUP 10C Annex 1 4.1R. Therefore:

(a) column three (Solvency II and large NDF) refers to SUP 10C Annex 1 4.1R(2)(a);

(b) column four (EEA branches) refers to SUP 10C Annex 1 4.1R(2)(b);

(c) column five (Third country branches) refers to SUP 10C Annex 1 4.1R(2)(c);

(d) column six (Small NDF and other) refers to SUP 10C Annex 1 4.1R(2)(d) and (e); and

(e) column seven (ISPV) refers to SUP 10C Annex 1 4.1R(2)(f).

**Note 2:** The *conduct risk oversight (Lloyd’s) function* only applies to the *Society*.

---

**Part Five: Functions applying to core firms**

(1) The table in SUP 10C Annex 1 5.2R sets out which *FCA controlled function* applies to which type of core SMCR *firm*.

(2) *Firms* in (1) are divided into the following categories for the purposes of this rule:

(a) a *UK SMCR firm* not falling into (d);

(b) an *EEA SMCR firm*; and

(c) an *overseas SMCR firm* not falling into (b).

(d) [deleted]
### Table: Controlled functions applying to core SMCR firms

<table>
<thead>
<tr>
<th>(1) Brief description of function</th>
<th>(2) Function number</th>
<th>(3) UK firm</th>
<th>(4) EEA firm</th>
<th>(5) Other overseas firm</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governing functions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chief executive function</td>
<td>SMF 1</td>
<td>✔</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Executive director function</td>
<td>SMF 3</td>
<td>✔</td>
<td>×</td>
<td>○</td>
</tr>
<tr>
<td>Chair of the governing body function</td>
<td>SMF 9</td>
<td>✔</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Head of overseas branch function</td>
<td>SMF 19</td>
<td>×</td>
<td>×</td>
<td>○</td>
</tr>
<tr>
<td>Partner function</td>
<td>SMF 27</td>
<td>✔</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td><strong>Required functions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compliance oversight function</td>
<td>SMF 16</td>
<td>✔</td>
<td>×</td>
<td>○</td>
</tr>
<tr>
<td>Money laundering reporting function</td>
<td>SMF 17</td>
<td>✔</td>
<td>✔</td>
<td>○</td>
</tr>
<tr>
<td><strong>Other high-level management functions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EEA branch senior manager function</td>
<td>SMF 21</td>
<td>×</td>
<td>✔</td>
<td>×</td>
</tr>
</tbody>
</table>

Note: The categories of firm in the column headings of this table are to be interpreted in accordance with the classification of firms at SUP 10C Annex 1 5.1R. Therefore:

(a) column three (UK firm) refers to SUP 10C Annex 1 5.1R(2)(a);
(b) column four (EEA firm) refers to SUP 10C Annex 1 5.1R(2)(b); and
(c) column five (Other overseas firm) refers to SUP 10C Annex 1 5.1R(2)(c).

(d) [deleted]

### Part Six: Functions applying to enhanced scope firms

The table in SUP 10C Annex 1 6.2R sets out which FCA controlled functions apply to an enhanced scope SMCR firm.

### Table: Controlled functions applying to enhanced scope SMCR firms

<table>
<thead>
<tr>
<th>Brief description of function</th>
<th>Function number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governing functions</td>
<td></td>
</tr>
<tr>
<td>Chief executive function</td>
<td>SMF 1</td>
</tr>
<tr>
<td>Executive director function</td>
<td>SMF 3</td>
</tr>
<tr>
<td>Group entity senior manager function</td>
<td>SMF 7</td>
</tr>
<tr>
<td>Chair of the governing body function</td>
<td>SMF 9</td>
</tr>
<tr>
<td>Chair of the risk committee function</td>
<td>SMF 10</td>
</tr>
<tr>
<td>Chair of the audit committee function</td>
<td>SMF 11</td>
</tr>
<tr>
<td>Chair of the remuneration committee function</td>
<td>SMF 12</td>
</tr>
</tbody>
</table>
Brief description of function | Function number
---|---
Chair of the nomination committee function | SMF 13
Senior independent director function | SMF 14
Partner function | SMF 27
Required functions
Compliance oversight function | SMF 16
Money laundering reporting function | SMF 17
Other overall responsibility function | SMF 18
Systems and controls functions
Chief finance officer function | SMF 2
Chief risk officer function | SMF 4
Head of internal audit function | SMF 5
Chief operations function | SMF 24

Part Seven: Functions applying to limited scope firms

Limited scope SMCR firms are divided into the following categories for the purposes of SUP 10C Annex 1:

1. A firm falling within the table in SYSC 23 Annex 1 6.4R that does not come within (2) to (4) or (8) to (9);

2. A firm falling within row (5) of the table in SYSC 23 Annex 1 6.4R (distribution of non-investment insurance contracts);

3. A firm falling within SYSC 23 Annex 1 6.7R (credit firms with limited permission) except for one falling within (4);

4. A firm falling within SYSC 23 Annex 1 6.7R that is an appointed representative;

5. A sole trader who does not come within (1) to (4), (8) or (9);

6. An authorised professional firm that does not come within (1) to (4), (8) or (9);

7. A firm in the table in SUP 10C Annex 1 7.10R;

8. A firm that comes within SYSC 23 Annex 1 6.11R (claims management) that is a Class 1 firm as defined in CMCOB 7.2.5R(1);

9. A firm that comes within SYSC 23 Annex 1 6.11R (claims management) that is not a Class 1 firm as defined in CMCOB 7.2.5R(1).

A firm in SUP 10C Annex 1 7.1R(7) does not fall into any other paragraph of SUP 10C Annex 1 7.1R. The table in SUP 10C Annex 1 7.4R sets out which FCA controlled functions apply to a limited scope SMCR firm covered by SUP 10C Annex 1 7.1R(1), (2), (3), (4), (8) or (9).

Parts 1.2 and 2 of that table apply to EEA SMCR firms.

Parts 1.1 and 2 of that table apply to other limited scope SMCR firms in (1).

Table: Controlled functions applying to limited scope SMCR firms except sole traders and authorised professional firms
### Part 1.1 (UK and non-EEA firms)

<table>
<thead>
<tr>
<th>Function number</th>
<th>General</th>
<th>Insurance distribution firms</th>
<th>Credit firms</th>
<th>Consumer credit appointed representatives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governing functions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The governing functions that apply to core SMCR firms</td>
<td>Various</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td><strong>Required functions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compliance oversight function</td>
<td>SMF 16</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Money laundering reporting function</td>
<td>SMF 17</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Limited scope function</td>
<td>SMF 29</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>

### Part 1.2 (EEA firms)

<table>
<thead>
<tr>
<th>Function number</th>
<th>General</th>
<th>Insurance distribution firms</th>
<th>Credit firms</th>
<th>Consumer credit appointed representatives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Required functions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money laundering reporting function</td>
<td>SMF 17</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>

### Part 2 (Claims management firms)

<table>
<thead>
<tr>
<th>Function number</th>
<th>Class 1 claims management firms</th>
<th>Other claims management firms</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Required functions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compliance oversight function</td>
<td>SMF 16</td>
<td>✔</td>
</tr>
<tr>
<td>Limited scope function</td>
<td>SMF 29</td>
<td>✔</td>
</tr>
</tbody>
</table>

### Notes to the table

Note (1): The categories of firm in the column headings of this table are to be interpreted in accordance with the classification of firms at SUP 10C Annex 1 7.1R. Therefore:

1. Column three of Parts 1.1 and 1.2 of the table (General) refers to SUP 10C Annex 1 7.1R(1);
2. Column four of Parts 1.1 and 1.2 of the table (Insurance distribution firms) refers to SUP 10C Annex 1 7.1R(2);
3. Column five of Parts 1.1 and 1.2 of the table (Credit firms) refers to SUP 10C Annex 1 7.1R(3);
4. Column six of Parts 1.1 and 1.2 of the table (Consumer credit appointed representatives) refers to SUP 10C Annex 1 7.1R(4);
Notes to the table

(4) column three of Part 2 of the table (Class 1 claims management firms) refers to SUP 10C Annex 1 7.1R(8); and

(5) column four of Part 2 of the table (Other Claims management firms) refers to SUP 10C Annex 1 7.1R(9).

Note (2): SUP 10C Annex 1 7.3R sets out which part of the table applies to which firm.

Note (3): Not applicable to these firms because SUP 10C Annex 1 7.2R means that the table does not apply to firms in this category.

Note (4): However, this function does apply to a firm that is also a Class 1 firm as defined in CMCOB 7.2.5R(1) (Classification of firms for prudential resources purposes).

(1) This rule applies to a firm in SUP 10C Annex 1 7.1R(4) (an appointed representative that has a limited permission).

(2) The required functions apply in relation to the carrying on of the regulated activity for which it has limited permission.

(3) The governing functions apply in relation to the carrying on of the regulated activity, for which it does not have permission, comprised in the business for which its principal has accepted responsibility.

(4) If the appointed representative meets the conditions in SUP 10A.1.16R(2), only one of the governing functions applies under (3), as appropriate, to an individual within that appointed representative who will be required to be an FCA-approved person.

The customer function also applies to a firm in SUP 10C Annex 1 7.1R(4) under SUP 10A (FCA Approved Persons in Appointed Representatives).

(1) The table in SUP 10C Annex 1 7.8R sets out which FCA controlled functions apply to a limited scope SMCR firm that is covered by SUP 10C Annex 1 7.1R(5) or (6) (a sole trader or an authorised professional firm).

(2) Firms in (1) are divided into the following categories for the purposes of this rule:

(a) a UK SMCR firm;
(b) an EEA SMCR firm; and
(c) an overseas SMCR firm not falling into (b).

Table: Controlled functions applying to limited scope SMCR firms that are sole traders or authorised professional firms

<table>
<thead>
<tr>
<th>(1) Brief description of function</th>
<th>(2) Function number</th>
<th>(3) UK firm</th>
<th>(4) EEA firm</th>
<th>(5) Other overseas firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governing functions</td>
<td>SMF 1</td>
<td>✗</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Chief executive function</td>
<td>SMF 3</td>
<td>✗</td>
<td>×</td>
<td>✗</td>
</tr>
<tr>
<td>Executive director function</td>
<td>SMF 9</td>
<td>✗</td>
<td>×</td>
<td>×</td>
</tr>
<tr>
<td>Chair of the governing body function</td>
<td>SMF 19</td>
<td>×</td>
<td>×</td>
<td>✗</td>
</tr>
<tr>
<td>Head of overseas branch function</td>
<td>SMF 27</td>
<td>✗</td>
<td>×</td>
<td>×</td>
</tr>
</tbody>
</table>

Table: Controlled functions applying to limited scope SMCR firms that are sole traders or authorised professional firms
### Limited scope SMCR firms to which no controlled functions apply

<table>
<thead>
<tr>
<th>Function</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>A firm in SYSC 23 Annex 1 6.8R <em>(not-for-profit debt advice body)</em></td>
<td></td>
</tr>
<tr>
<td>A firm in SYSC 23 Annex 1 6.10R <em>(internally managed AIF)</em></td>
<td></td>
</tr>
<tr>
<td>An EEA SMCR firm falling within SYSC 23 Annex 1 6.7R <em>(credit firm with limited permission)</em></td>
<td>A firm is only excluded if it is an appointed representative</td>
</tr>
</tbody>
</table>

(1) As explained in SUP 10C Annex 1 1.3G, the full range of FCA controlled functions that are applied to a class of firm by this Annex may not apply to every firm in that class.

(2) For example, in the case of a limited scope SMCR firm that is a sole trader:

   (a) In practice it is unlikely that the governing functions will apply to a sole trader (see SUP 10C.4A.2G).

   (b) The money laundering reporting function does not apply to a sole trader with no employees (see SYSC 6.3.9R).

(3) Another example is a firm falling within row (5) of the table in SYSC 23 Annex 1 6.4R (distribution of non-investment insurance contracts). SYSC 1 Annex 1 2.11R means that the money laundering reporting function does not apply to many or most such firms.
## Summary of forms and their use in the senior managers regime

<table>
<thead>
<tr>
<th>Function</th>
<th>Form</th>
<th>Submission</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Person about to perform an FCA-designated senior management function if they have never been approved by the FCA or PRA before.</td>
<td>A</td>
<td>Submitted by the <em>firm</em> making the application before activities requiring approval commence.</td>
</tr>
<tr>
<td>(2) The candidate is to perform an FCA-designated senior management function and either:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) has current approval to perform an FCA controlled function that is a significant influence function, an FCA-designated senior management function, or a PRA controlled function; or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) has had such an approval within the previous six months.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Candidate ceased to be an approved person more than six months ago.</td>
<td>A</td>
<td>Submitted by the <em>firm</em> making the application before activities requiring approval commence.</td>
</tr>
<tr>
<td>(4) Either:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) candidate is seeking to perform an FCA-designated senior management function for the first time and has never been approved to perform an FCA controlled function that is a significant influence function or a PRA controlled function before; or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) candidate ceased to have approval from the FCA or PRA to perform an FCA controlled function that is a significant influence function, an FCA-designated senior management function or a PRA controlled function more than six months ago.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(5) Firm withdrawing an outstanding application to perform an FCA-designated senior management function.</td>
<td>B</td>
<td>Submitted by the <em>firm</em>: signed by all interested parties.</td>
</tr>
<tr>
<td>(6) Person ceasing to perform an FCA-designated senior management function.</td>
<td>C</td>
<td>Submitted by the <em>firm</em> within seven business days of approved person ceasing to perform controlled function(s).</td>
</tr>
<tr>
<td>(7) Either:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) an FCA-approved SMF manager’s title, name or national insurance number changes; or</td>
<td>D</td>
<td>Submitted by <em>firm</em> within seven business days of the firm becoming aware of the matter.</td>
</tr>
<tr>
<td>Function</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) there is information which may be material to the continuing assessment of an FCA-approved SMF manager’s fitness and propriety.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(8) Firm obliged to notify the FCA about an SMF manager under:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) section 63(2A) of the Act (Duty to notify regulator of grounds for withdrawal of approval); or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(b) [deleted]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(c) section 64C of the Act (Requirement for relevant authorised persons to notify regulator of disciplinary action).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(9) Person remaining with the same firm but changing FCA-designated senior management functions.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(10) Person remaining with the same PRA-authorised person but giving up a PRA controlled function and taking up an FCA-designated senior management function.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(11) Person remaining with the same PRA-authorised person but giving up an FCA-designated senior management function and taking up a PRA-designated senior management function.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(12) Person remaining with the same PRA-authorised person in the circumstances described in example 9 in the table in SUP 10C.7.3G (ceasing to perform a PRA controlled function triggering need for FCA approval to perform the other overall responsibility function).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(13) Person with approval to perform the other overall responsibility function remaining with the same firm but ceasing to require approval to perform that function because of being approved to perform another controlled function (see the table in SUP 10C.7.3G for examples).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(14) Person remaining with the same PRA-authorised person in the circumstances described in example 8 in the table in SUP 10C.9.9G (giving up a PRA controlled function triggering need for FCA approval).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(15) Firm applying for the variation of a conditional approval.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(16) Firm withdrawing an outstanding application to vary a conditional approval.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>son is ceasing to perform a controlled function.</td>
</tr>
<tr>
<td>Form D.</td>
</tr>
<tr>
<td>Form C to be used instead where the person is ceasing to perform a controlled function.</td>
</tr>
<tr>
<td>E</td>
</tr>
<tr>
<td>E</td>
</tr>
<tr>
<td>E</td>
</tr>
<tr>
<td>E</td>
</tr>
<tr>
<td>E</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Submission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Submitted by firm within seven business days of the firm becoming aware of the matter.</td>
</tr>
<tr>
<td>A firm should not use Form H as that form only applies to notifications relating to breaches by those who are not SMF managers.</td>
</tr>
<tr>
<td>Submitted by firm to the FCA before changes take place.</td>
</tr>
<tr>
<td>Submitted by firm to the FCA before changes take place.</td>
</tr>
<tr>
<td>Submitted by firm to the PRA before changes take place (see the PRA’s requirements).</td>
</tr>
<tr>
<td>Submitted by firm to the FCA in advance of giving up the PRA controlled function.</td>
</tr>
<tr>
<td>Submitted by firm to:</td>
</tr>
<tr>
<td>(a) the PRA (if the new function is a PRA controlled function and the firm is a PRA-authorised person); or</td>
</tr>
<tr>
<td>(b) the FCA (if the new function is an FCA controlled function).</td>
</tr>
<tr>
<td>Submitted by firm to the FCA in advance of giving up the PRA controlled function.</td>
</tr>
<tr>
<td>Form I</td>
</tr>
<tr>
<td>Form B</td>
</tr>
</tbody>
</table>

Submitted by the firm: signed by all interested parties.
<table>
<thead>
<tr>
<th>Function</th>
<th>Form</th>
<th>Submission</th>
</tr>
</thead>
<tbody>
<tr>
<td>(17) Significant change to an approved person’s responsibilities.</td>
<td>Form J</td>
<td>The revised statement of responsibilities should be included. A statement of responsibilities must be submitted in the format prescribed by the FCA (SUP 10C Annex 10D).</td>
</tr>
<tr>
<td></td>
<td>Form A, E or I</td>
<td></td>
</tr>
<tr>
<td>(18) Person (P) has approval to perform a governing function under SUP 10A for an appointed representative of an SMCR firm (F). P then takes up an FCA-designated senior management function position with F itself and gives up their role with the appointed representative.</td>
<td>E</td>
<td>Submitted by F to the FCA before changes take place. F should use a Form E because P is treated as performing an FCA-designated senior management function for the same firm (F).</td>
</tr>
</tbody>
</table>
Form A: Application to perform senior management functions

Long Form A
- Dual-regulated firms (including EEA and third country firms)
- UK and overseas firms (not incoming EEA) for MiFID authorisation applications
- Solo-regulated firms (including EEA and third country)

Short Form A
- Dual-regulated firms (including EEA and third country firms)
- Solo-regulated firms (including EEA and third country)
Form B: Notice to withdraw an application to perform controlled functions (including senior management functions)
Form C: Notice of ceasing to perform controlled functions including senior management functions

Form C – Notice of ceasing to perform controlled functions including senior management functions
Form D: Notification: Changes to personal information/application details and conduct breaches/disciplinary action related to conduct
Form E: Internal transfer of a person performing a controlled function

Form E – Internal transfer of a person performing a controlled function for dual-regulated firms
Form I: Application to add, vary or remove a conditional approval for the performance of a senior management function
Form J: Notification of significant changes in responsibilities of a person performing a senior management function

Form J – Notification of significant changes in responsibilities of a person performing a senior management function
Statement of responsibilities

Statement of responsibilities for solo-regulated SMCR firms

Statement of responsibilities for dual-regulated SMCR firms
MiFID Article 4 SMR Information Form