

Chapter 10C

FCA senior managers regime
for approved persons in
SMCR firms

10C.5A FCA governing functions: Oversight

Non-executive directors

10C.5A.1 G

- (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 G

- (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)

10C.5A.9 R

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)

10C.5A.10 R

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) [deleted]
- (2) ■ SYSC 19B.1.9R (AIFM Remuneration Principle 3: Governance);
- (3) [deleted]
- (4) ■ SYSC 19D.3.12R (Remuneration Principle 4: Governance);
- (5) ■ SYSC 19E.2.9R (UCITS Remuneration Principle 3: Governance); and
- (6) ■ MIFIDPRU 7.3.3R (Remuneration committee).

Senior independent director function (SMF14)

10C.5A.11 R

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*.