

Chapter 10C

FCA senior managers regime
for approved persons in
SMCR firms

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.7.1** **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 26.4.18R** (Exclusion for AIFMD); and
 - (2) does not have an approval to perform any other *designated senior management function* in relation to the *firm*.

- 10C.7.2

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The other overall responsibility function does not apply if approved for another function
- 10C.7.2

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

- 10C.7.3

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Table: Examples of how the other overall responsibility function applies

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

Example	Comments
<p>sales for Firm X and to report directly to the <i>firm's governing body</i> about this. This function also comes within the <i>PRA's Head of Key Business Area designated senior management function</i>. Firm X is an <i>SMCR banking firm</i>.</p> <p>(7) 'A' is appointed to take on some functions that come within the <i>other overall responsibility function</i>. Later, A is appointed as chief risk officer.</p> <p>The <i>firm</i> is one of those for which being chief risk officer is a <i>PRA-designated senior management function</i> or an <i>FCA-designated senior management function</i>.</p> <p>(8) 'A' is appointed to a role for Firm X that comes within the <i>other overall responsibility function</i>. Firm X is an <i>SMCR banking firm</i>. Later, the firm reorganises and A's role comes within the <i>PRA's Head of Key Business Area designated senior management function</i>. A's role does not otherwise change.</p> <p>(9) 'A' is appointed to a role for Firm X that comes within the <i>PRA's Head of Key Business Area designated senior management function</i>. It is also a potential <i>other overall responsibility function</i>. Later, the firm reorganises—A's role stays the same but now it falls outside the <i>PRA's Head of Key Business Area designated senior management function</i>.</p> <p>(10) 'A' is appointed to a role for Firm X that comes within the <i>PRA's Head of Key Business Area designated senior management function</i>. A also performs a potential <i>other</i></p>	<p>the <i>PRA's Head of Key Business Area designated senior management function</i>.</p> <p>On A's first appointment, A will need to be approved to perform the <i>other overall responsibility function</i>.</p> <p>On being appointed as chief risk officer, A will stop performing the <i>other overall responsibility function</i>.</p> <p>On A's first appointment, A will need to be approved to perform the <i>other overall responsibility function</i>.</p> <p>When A is later approved to perform the <i>PRA's Head of Key Business Area designated senior management function</i>, A stops performing the <i>other overall responsibility function</i>.</p> <p>On A's first appointment, A only needs approval to perform the <i>PRA's Head of Key Business Area designated senior management function</i>. Following the reorganisation, the <i>firm</i> has three months to get approval for A to perform the <i>other overall responsibility function</i>. This three-month period applies because the relevant <i>PRA</i> rules keep the <i>PRA's Head of Key Business Area designated senior management function</i> in place, which means that the <i>other overall responsibility function</i> does not apply during that period.</p> <p>The relevant <i>PRA</i> rules can be found in Chapter 2 of the part of the <i>PRA Rulebook</i> titled 'Senior Management Functions', Chapter 2 of the part of the <i>PRA Rulebook</i> titled 'Insurance - Senior Management Functions' and Chapter 2 of the part of the <i>PRA Rulebook</i> titled 'Large Non-Solvency II Firms – Senior Management Functions'.</p> <p>The answer to example (9) applies.</p>

Example	Comments
<p>overall responsibility function. Later, A gives up the PRA role but carries on with the potential other overall responsibility function.</p> <p>(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.</p> <p>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).</p> <p>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.</p>	<p>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.</p>

Non-executive directors

10C.7.4 G 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 R 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 R 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 G

- (1) 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.
- (2) 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.