

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*.

The other overall responsibility function does not apply if approved for another function

10C.7.2 **G** The table in ■ SUP 10C.7.3G gives examples of how ■ SUP 10C.7.1R(2) works.

10C.7.3 **G** 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>the <i>PRA's Head of Key Business Area designated senior management function</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>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>(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>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>(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 <i>firm</i> 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>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>(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 answer to example (9) applies.</p>

Example	Comments
<p><i>overall responsibility function</i>. Later, A gives up the <i>PRA</i> role but carries on with the potential <i>other overall responsibility function</i>.</p> <p>(11) 'A' is appointed as an executive director. A then resigns and takes up a job with the same <i>firm</i> coming within the <i>other overall responsibility function</i>.</p> <p>Note (1): A potential <i>other overall responsibility function</i> means a function that would have come within the <i>other overall responsibility function</i> but is excluded by SUP 10C.7.1R(2).</p> <p>Note (2): A potential <i>other overall responsibility function</i> should be recorded in A's <i>statement of responsibilities</i> and in the <i>firm's management responsibilities map</i>.</p>	<p>On A's first appointment, A will need to be approved to perform the <i>executive director function</i>. A will need to get approval to perform the <i>other overall responsibility function</i> 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*.