

Chapter 10C

FCA senior managers regime
for approved persons in
SMCR firms



10C.8 The other local responsibility function (SMF22)

Application

10C.8.-2

R

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

G

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

R

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

G

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.

10C.8.3 **G** Table: Examples of how the other local responsibility function applies

Example	Comments
(1) 'A' is allocated local responsibility for one of a <i>branch's</i> main business lines. A is also appointed to perform a <i>PRA-designated senior management function</i> for the same <i>branch</i> . The <i>firm</i> is a <i>PRA-authorised person</i> .	A only needs approval to perform the <i>PRA-designated senior management function</i> .
(2) 'A' is outside the <i>branch's</i> management structure and A's responsibilities for the <i>branch</i> are limited to setting overall strategy for the <i>branch</i> . A does not have responsibility for implementing that strategy.	A is not performing the <i>other local responsibility function</i> . The reason for this is explained in SYSC 26.8.3G. SUP 10C.8.1R(2) is irrelevant to this example.
(3) A small branch undertakes two business lines (wholesale lending and corporate investments). 'A' is head of wholesale lending and is also an <i>executive director</i> 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 <i>FCA-designated senior management function</i> or (if the firm is a <i>PRA-authorised person</i>) <i>PRA-designated senior management function</i> .	A only needs approval to perform the <i>executive director function</i> . B needs approval to perform the <i>other local responsibility function</i> .
(4) A <i>branch</i> does not have a Head of Internal Audit. 'P' is allocated local responsibility for internal audit in relation to that <i>branch</i> .	P needs approval to perform the <i>other local responsibility function</i> . However, if P has already been approved to perform another <i>FCA-designated senior management function</i> or (if the <i>firm</i> is a <i>PRA-authorised person</i>) <i>PRA-designated senior management function</i> for that <i>firm</i> , then P will not be performing the <i>other local responsibility function</i> .
(5) 'A' is appointed to perform the <i>executive director function</i> . The same branch also allocates local responsibility for some branch functions to A.	A only needs approval to perform the <i>executive director function</i> .
(6) 'A' is approved to perform the <i>other local responsibility function</i> . Later, A is appointed to perform the <i>executive director function</i> for the same <i>firm</i> .	A requires approval for the <i>other local 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 local responsibility function</i> . The <i>firm</i> should use Form E to apply for approval for A to perform the <i>executive director function</i> and to notify the <i>FCA</i> that A is no longer performing the <i>other local responsibility function</i> .
(7) 'A' is appointed to perform:	A needs approval to perform the

Example	Comments
<p>(a) the <i>compliance oversight function</i> for one <i>firm</i> (Firm X) in a group (which may or may not be an <i>SMCR firm</i> to which the <i>other local responsibility function</i> applies); and</p> <p>(b) a function coming within the scope of the <i>other local responsibility function</i> for the <i>United Kingdom branch</i> of another <i>firm</i> (which is an <i>overseas SMCR firm</i> to which the <i>other local responsibility function</i> applies) in the same group (Firm Y).</p>	<p><i>compliance oversight function</i> for Firm X and the <i>other local responsibility function</i> for Firm Y.</p>
<p>(8) 'A' is appointed to take on some functions that come within the <i>other local responsibility function</i>. Later, A is appointed as chief risk officer. A is a type of <i>firm</i> 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 local responsibility function</i>.</p> <p>On being approved as chief risk officer, A stops performing the <i>other local responsibility function</i>.</p>
<p>(9) '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 local responsibility function</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 local responsibility function</i> before A takes up their new responsibilities.</p>
<p>Note: Local responsibility is explained in SYSC 26 (Senior managers and certification regime: Overall and local responsibility).</p>	

10C.8.4 **R** [deleted] [Editor's note: The text of this provision has been moved to ■ SUP 10C.8A.2R]

10C.8.5 **G** [deleted] [Editor's note: The text of this provision has been moved to ■ SUP 10C.8A.3G]

10C.8.6 **G** [deleted] [Editor's note: The text of this provision has been moved to ■ SUP 10C.8A.4G]

10C.8.7 **G** [deleted] [Editor's note: The text of this provision has been moved to ■ SUP 10C.5A.3G]

Temporary absences

10C.8.8 **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**.