

Senior management arrangements, Systems and Controls

Chapter 1

Application and purpose

1.1A Application

[**Note:** ESMA has also issued guidelines under article 16(3) of the ESMA Regulation covering:

- various topics relating to automated trading and direct electronic access. See http://www.esma.europa.eu/sites/default/files/library/2015/11/esma_2012_122_en.pdf ; and
- certain aspects of the MiFID suitability requirements which also deal with the system and control aspects of suitability. See http://www.esma.europa.eu/sites/default/files/library/2015/11/2012-387_en.pdf .]

1.1A.1 G The application of this sourcebook is summarised at a high level in the following table. The detailed application is cut back in ■ SYSC 1 Annex 1 and in the text of each chapter.

Type of firm	Applicable chapters
<i>Insurer, UK ISPV</i>	Chapters 2, 3, 12 to 18, 19F.2, 21, 22, 23, 24, 25, 26, 27, 28
<i>Managing agent</i>	Chapters 2, 3, 11, 12, 18, 19F.2, 21, 22, 23, 24, 25, 26, 27, 28
<i>Society</i>	Chapters 2, 3, 12, 18, 19F.2, 21, 22, 23, 24, 25, 26, 27, 28
<i>Any other SMCR firm</i>	Chapters 4 to 12, 18, 19D, 19F.2, 21, 22, 23, 24, 25, 26, 27, 28
<i>Every other firm</i>	Chapters 4 to 12, 18, 19D, 19F.2, 21, 22, 28

Firms that ■ SYSC 19D applies to should also refer to the Remuneration part of the *PRA Rulebook*.

1.1A.1A G The application of this sourcebook to specific *firms* that are not *PRA- authorised persons* is summarised at a high level in the following table. The detailed application is cut back in ■ SYSC 1 Annex 1 and in the text of each chapter.

Type of firm	Applicable chapters
<i>Full-scope UK AIFM</i>	Chapters 4 to 10, 12, 18, 19B, 19F.2, 21, 22, 28
<i>BIPRU firm (including a third-country BIPRU firm)</i>	Chapters 4 to 10, 12, 18, 19C, 19F.2, 20, 21, 22, 28
<i>IFPRU investment firm (including an overseas firm that would have been an IFPRU investment firm if it had been a UK domestic firm)</i>	Chapters 4 to 10, 12, 18, 19A, 19F.2, 20, 21, 22, 28

1.1A.2 **G** The provisions in SYSC should be read in conjunction with ■ GEN 2.2.23 R to ■ GEN 2.2.25 G. In particular:

- (1) [deleted]
- (2) Provisions made by the *FCA*, and by the *PRA* in the *PRA* Rulebook, may be applied by both regulators to *PRA-authorized persons*. Such provisions are applied by each regulator to the extent of its powers and regulatory responsibilities.
- (3) For *Solvency II firms*, the *FCA* considers that the requirements and guidance in Chapters 2, 3, 12 to 18, 19F.2, 21, 22 and 28 of SYSC are not inconsistent with:
 - (a) the parts of the *PRA* Rulebook implementing the governance provisions in the *Solvency II Directive* (articles 40 to 49);
 - (b) the *Solvency II Regulation* (EU) 2015/35 of 10 October 2014 (articles 258 to 275), or
 - (c) *EIOPA* guidelines on systems of governance dated 28 January 2015.

In most cases, there is no direct overlap with those provisions because the SYSC requirements are directed at *FCA* conduct requirements not expressly covered by or under the *Solvency II Directive*. Where there is a direct overlap with SYSC rules and guidance, the *FCA* will take the *Solvency II Directive* derived requirements and guidelines into account and will interpret the SYSC rules and guidance in a way that avoids inconsistency. The definition of *Solvency II firm* includes (for SYSC) *large non-directive insurers* because the *PRA* have applied certain *Solvency II* derived requirements to those *firms*. Where SYSC refers to the *PRA* Rulebook applicable to *Solvency II firms*, *large non-directive insurers* should read those references as if they were references to the corresponding part of the *PRA* Rulebook applicable to *large non-directive insurers*.