

Senior management arrangements, Systems and Controls

Chapter 2

Senior management arrangements

2.1 Apportionment of Responsibilities

- 2.1.1** **R** A *firm* must take reasonable care to maintain a clear and appropriate apportionment of significant responsibilities among its *directors* and *senior managers* in such a way that:
- (1) it is clear who has which of those responsibilities; and
 - (2) the business and affairs of the *firm* can be adequately monitored and controlled by the *directors*, relevant *senior managers* and *governing body* of the *firm*.
- 2.1.1A** **G** *Firms* should also consider the additional *guidance* on risk-centric governance arrangements for effective risk management contained in ■ SYSC 21.
- 2.1.2** **G** The role undertaken by a *non-executive director* will vary from one *firm* to another. For example, the role of a *non-executive director* in a *friendly society* may be more extensive than in other *firms*. Where a *non-executive director* is an *approved person*, for example where the *firm* is a *body corporate*, his responsibility and therefore liability will be limited by the role that he undertakes.
- 2.1.3** **R** [deleted]
- 2.1.3A** **R** [deleted]

2.1.3B **G** [deleted]

2.1.3C **R** [deleted]

2.1.3D **G** [deleted]

2.1.4 **R** [deleted]

2.1.5 **G** [deleted]

2.1.6 **G** [deleted]

Insurance distribution activities

2.1.6A **R** *A firm carrying on insurance distribution activities must allocate to a senior manager the function of ensuring the proper implementation of the policies and procedures approved in accordance with ■ SYSC 3.1.11R.*

[Note: second paragraph of article 10(8) of the *IDD*]

2.2 Recording the apportionment

- 2.2.1** **R** (1) A *firm* must make a record of the arrangements it has made to satisfy **SYSC 2.1.1 R** (apportionment) and take reasonable care to keep this up to date.
- (2) This record must be retained for six years from the date on which it was superseded by a more up-to-date record.

2.2.1A **R** **SYSC 2.2.1R** does not apply to a *firm* to whom *PRA* Rulebook: Solvency II firms: Insurance – Allocation of Responsibilities, 5.1 and 5.2 or *PRA* Rulebook: Large Non-Solvency II firms – Allocation of Responsibilities, 5.1 and 5.2, applies nor to a *large non-directive insurer*.

- 2.2.2** **G** (1) A *firm* will be able to comply with **SYSC 2.2.1 R** by means of records which it keeps for its own purposes provided these records satisfy the requirements of **SYSC 2.2.1 R** and provided the *firm* takes reasonable care to keep them up to date. Appropriate records might, for this purpose, include organisational charts and diagrams, project management *documents*, job descriptions, committee constitutions and terms of reference provided they show a clear description of the *firm's* major functions.
- (2) *Firms* should record any material change to the arrangements described in **SYSC 2.2.1 R** as soon as reasonably practicable after that change has been made.

2.2.3 **G** Where responsibilities have been allocated to more than one individual, the *firm's* record should show clearly how those responsibilities are shared or divided between the individuals concerned.

2.2.4 **R** [deleted]

2.2.5 **G** [deleted]

2.2.6 **R** [deleted]

2.2.7 **G**