

## Chapter 25

Senior managers and  
certification regime:  
Management responsibilities  
maps and handover  
procedures and material



25.1 Application and purpose

Main application rules

25.1.1 R

This chapter applies to:

- (1) an *SMCR banking firm*;
- (2) an *SMCR insurance firm* that is a *Solvency II firm* (including a *large non-directive insurer*) but excluding:
  - (a) an *insurance special purpose vehicle*; and
  - (b) a *firm* in ■ SYSC 23 Annex 1 5.2R (*firms in run-off*); and
- (3) an *enhanced scope SMCR firm*;

except to the extent that this chapter applies a narrower scope to a particular provision.

25.1.2 R

This chapter is not limited to *regulated activities* or other specific types of activities.

Territorial scope

25.1.3 R

Subject to ■ SYSC 25.1.4R, there is no territorial limitation on the application of this chapter.

25.1.4 R

This chapter applies to an *overseas SMCR firm* in relation to the activities of a *branch* maintained by the *firm* in the *United Kingdom*.

How this chapter applies to overseas SMCR firms

25.1.5 R

Unless the context requires otherwise, the following terms in this chapter are modified as follows in relation to an *overseas SMCR firm*:

Reference in this chapter	Modification
<i>firm</i>	treated as a reference to the <i>branch</i>
<i>governing body, management body, senior management and senior personnel</i>	(a) treated as a reference to the <i>branch’s governing body, management body, senior management or senior personnel</i> ;  (b) the <i>Glossary</i> definitions of these terms are adjusted so as to refer to the <i>branch</i> rather than the <i>firm</i> as a whole

Reference in this chapter	Modification
<i>group</i>	treated as including the rest of the <i>firm</i>

25.1.6

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- Purpose**.....
- (1) One purpose of the *management responsibilities map* is to help the *firm* and the *FCA* satisfy themselves that the *firm* has a clear organisational structure (as required by the *regulatory system*).
  - (2) It also helps the *FCA* to identify who it needs to speak to about particular issues.
  - (3) The *management responsibilities map* helps the *FCA* to operate its powers and requirements for individuals. For example it helps the *FCA*:
    - (a) to identify who is accountable if something goes wrong;
    - (b) to understand the role of the *approved person* (or *candidate*) in the *firm* and therefore to judge how to use its powers under the regime for *SMCR firms*, such as the power to grant or refuse approval of an *SMF manager* or to amend or impose conditions.



**25.2      Management responsibilities  
maps: Main rules**

**General rule**

**25.2.1      R**

- (1) A *UK SMCR firm* must, at all times, have a comprehensive and up-to-date *document* (the *management responsibilities map*) that describes its management and governance arrangements.
- (2) An *overseas SMCR firm* must, at all times, have a comprehensive and up-to-date *document* (the *management responsibilities map*) that describes the management and governance arrangements for any *branch* it maintains in the *United Kingdom*.
- (3) A *management responsibilities map* must include:
  - (a) details of the reporting lines and the lines of responsibility; and
  - (b) reasonable details about:
    - (i) the *persons* who are part of those arrangements; and
    - (ii) their responsibilities.(See further requirements in ■ SYSC 25.2.3R.)

**25.2.2      R**

The *firm's management responsibilities map* must show clearly how any responsibilities covered by a *firm's management responsibilities map* are shared or divided between different *persons*.

**Specific requirements**

**25.2.3      R**

A *management responsibilities map* must include:

- (1) (a) the names of all the *firm's*:
  - (i) *approved persons* (including *PRA approved persons*);
  - (ii) members of its *governing body* and (if different) *management body* who are not *approved persons*;
  - (iii) *senior management*;
  - (iv) *senior personnel*; and
- (b) details of the responsibilities which they hold;
- (2) all responsibilities described in any current *statement of responsibilities*;

- (3) details of the management and governance arrangements relating to:
  - (a) the *FCA-prescribed senior management responsibilities*; and
  - (b) the *PRA-prescribed senior management responsibilities*;including the identity of the *persons* to whom those functions are allocated;
- (4) the reasons why (if it has done any of these things) the *firm*:
  - (a) allocates responsibility for an *FCA-prescribed senior management responsibility* to more than one *person* jointly; or
  - (b) divides responsibility for an *FCA-prescribed senior management responsibility* between different *persons*;
- (5) details about the functions allocated under, ■ SYSC 26 (Senior managers and certification regime: Overall and local responsibility), including:
  - (a) what the activities, business areas and management functions allocated under that chapter are;
  - (b) the management and governance arrangements relating to them;
  - (c) [deleted]
  - (d) the reasons why (if it has done this) the *firm* allocates responsibility for any such function to more than one *person* jointly; and
  - (e) the identity of the *persons* to whom those functions are allocated;
- (6) matters reserved to the *governing body* (including the terms of reference of its committees) and, if different, the *management body*;
- (7) details of how the *firm's* management and governance arrangements fit together with:
  - (a) its *group*; and
  - (b) any other *person* in (8);
- (8) details of the extent to which the *firm's* management and governance arrangements are provided by, or shared with, other members of its *group* or others;
- (9) details of the reporting lines and the lines of responsibility (if any) between the *firm* and those who carry out functions in relation to it and:
  - (a) other members of its *group* or other third parties;
  - (b) *persons* acting as employees or officers of, or otherwise acting for, anyone in (a); or
  - (c) committees or other bodies of anyone in (a);
- (10) reasonable information about the *persons* described or identified in the *management responsibilities map*, including:
  - (a) whether they are *employees* of the *firm* and, if not, by whom they are employed;

- (b) if they are *certification employees* of the *firm*; and
  - (c) the responsibilities they have in relation to other *group* members or any other *person* in (8); and
- (11) details of how (1) to (10) fit together and fit into the *firm's* management and governance arrangements as a whole.

**25.2.4** R ■ SYSC 25.2.3R(1) does not require the *firm* to include the names of *approved persons* under ■ SUP 10A (FCA Approved Persons in Appointed Representatives).



## 25.3 Management responsibilities maps: Exclusion of non-financial services activities for some firms

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- 25.3.1** **R** An *enhanced scope SMCR firm* may prepare its *management responsibilities map* so that (subject to **SYSC 25.3.2R**) it only includes its management and governance arrangements to the extent that they cover, support or otherwise relate to its *SMCR financial activities*.
- 25.3.2** **R** If a *firm* uses the exclusion in **SYSC 25.3.1R** it must include sufficient information about the excluded management and governance arrangements to show how the included management and governance arrangements fit in with the *firm's* management and governance arrangements as a whole.
- 25.3.3** **G** Support functions that should be covered by a *management responsibilities map* despite **SYSC 25.3.1R** include:
- (1) human resources;
  - (2) the *firm's* information technology; and
  - (3) compliance and legal services.
- 25.3.4** **G**
- (1) A *firm* may have a non-financial services business in addition to carrying on its *SMCR financial activities*. Its support services may support both aspects of its business and its *management responsibilities map* may therefore still need to cover the support services even though they also cover the *firm's* non-financial services business.
  - (2) Take for example human resources. If the *firm's* human resources function covers the *firm's* entire workforce without separating the parts that deal with the *firm's* financial services and its other business, the *management responsibilities map* should cover the entire human resources function.
  - (3) On the other hand, the *firm* may separate the part of its human resources function that deals with those working in its financial services business from the part that deals with the other part of its business. In that case the *management responsibilities map* may leave out (subject to **SYSC 25.3.2R**) the part of the human resources function that covers its non-financial services business.

		<div><div></div><div>25.4</div><div>Guidance about what should be in a management responsibilities map</div></div>
		<b>Material applicable to all firms</b> .....
25.4.1	<div><div></div><div>G</div></div>	The <i>management responsibilities map</i> should be consistent with the <i>statements of responsibilities</i> .
25.4.2	<div><div></div><div>G</div></div>	The <i>statements of responsibilities</i> and the <i>management responsibilities map</i> should all be prepared in a way that makes it simple to see how the responsibilities allocated in a particular <i>statement of responsibilities</i> fit into the overall system of management and governance of the <i>firm</i> .
25.4.3	<div><div></div><div>G</div></div>	<p>The <i>management responsibilities map</i> should include functions that are:</p> <div><div>(1)</div><div>included in a <i>PRA controlled function</i> under the <i>PRA rules</i> complementing ■ SUP 10C.9 (Minimising overlap with the PRA approved persons regime) (as listed in ■ SUP 10C.9.6G(2));</div></div> <div><div>(2)</div><div>excluded from the <i>other overall responsibility function</i> under ■ SUP 10C.7.1R(2) (Exclusion for <i>approved person</i> with approval to perform other <i>designated senior management functions</i>); or</div></div> <div><div>(3)</div><div>excluded from the <i>other local responsibility function</i> under ■ SUP 10C.8.1R(2) (Exclusion for <i>approved person</i> with approval to perform other <i>designated senior management functions</i>).</div></div>
25.4.4	<div><div></div><div>G</div></div>	A <i>firm's management responsibilities map</i> should demonstrate that there are no gaps in the allocation of responsibilities among its management.
25.4.5	<div><div></div><div>G</div></div>	A <i>firm</i> need only include summary details of the <i>persons</i> in ■ SYSC 25.2.3R(1).
25.4.6	<div><div></div><div>G</div></div>	A <i>firm's SMF managers</i> and members of its governing body may overlap with its <i>senior management</i> and <i>senior personnel</i> . If so, the <i>firm</i> does not have to give the same details twice.
25.4.7	<div><div></div><div>G</div></div>	A <i>firm</i> should include details about individuals in addition to the details in ■ SYSC 25.2.3R(1), (3) and (5) if they are needed to make the <i>management responsibilities map</i> clear. For example, if the same individual has



		responsibilities in a number of different areas of the <i>firm</i> it may be necessary to make this clear.
25.4.8	G	<p>A <i>firm</i> should only include summary details about <i>statements of responsibilities</i> under ■ SYSC 25.2.3R(2). There is no need to duplicate the <i>statements of responsibilities</i>. The main aim of including material about <i>statements of responsibilities</i> in the <i>management responsibilities map</i> is to show how that material:</p> <ul style="list-style-type: none"><li>(1) fits into the <i>firm's</i> overall governance structure; and</li><li>(2) for each <i>statement of responsibilities</i>, fits with the others.</li></ul>
25.4.9	G	A <i>management responsibilities map</i> should include a checklist confirming that all FCA-prescribed senior management responsibilities have been allocated or, if some have not been allocated, the reason why.
25.4.10	G	<p>If:</p> <ul style="list-style-type: none"><li>(1) any <i>designated senior management function</i> is performed by; or</li><li>(2) any FCA-prescribed senior management responsibility is allocated to;</li></ul> <p>more than one <i>person</i>, a <i>firm's management responsibilities map</i> should give details of how the performance or discharge of the responsibilities is to be carried out by those <i>persons</i>.</p>
25.4.11	G	The <i>executive director function</i> , the <i>other local responsibility function</i> , the <i>group entity senior manager function</i> , the <i>partner function</i> and the <i>other overall responsibility function</i> are defined generally and generically and can be performed by several people. Therefore, there is no need to explain why several people perform one of the functions.
25.4.12	G	The material in ■ SUP 10C.11.31G and ■ SUP 10C.11.32G (recording sharing and splitting of responsibilities in <i>statements of responsibilities</i> ) also applies to a <i>management responsibilities map</i> .
25.4.12A	G	In relation to the temporary absence of an <i>SMF manager</i> of a <i>firm</i> see the guidance at ■ SUP 10C.14.5JG.
		<b>Branches of overseas firms</b>
25.4.13	G	<p>One effect of ■ SYSC 25.1.5R is that an overseas <i>SMCR firm</i> should draw up its <i>management responsibilities map</i> as if the rest of the <i>firm</i> outside the <i>UK branch</i> were a separate company in its <i>group</i>. This means, for example, that the map should include:</p> <ul style="list-style-type: none"><li>(1) details of how the <i>branch's</i> management and governance arrangements fit together with the wider <i>firm</i>;</li></ul>

- (2) details of the extent to which the *branch's* management and governance arrangements are provided by, or shared with, the wider *firm*; and
- (3) details of the reporting lines and the lines of responsibility between the *branch* and those who carry out functions in relation to it and the wider *firm* and *persons* acting for it.

**Small firms**

25.4.14

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- (1) The *FCA* expects that the *management responsibilities map* of a small and non-complex *firm* is likely to be simple and short. It may be no more than a single sheet of paper.
- (2) See ■ SYSC 24.3.5G for what small and non-complex mean.



25.5 Management responsibilities map should be a single document

25.5.1 **R** A *management responsibilities map* must be a single document.

- 25.5.2 **G**
- (1) The requirement for a *management responsibilities map* to be a single *document* does not mean that it has to be a single sheet of paper or must be capable of being reproduced as one.
  - (2) A *management responsibilities map* may be made up of a folder with several files or items in it. The folder may be electronic.
  - (3) However, a *firm* that creates a *management responsibilities map* in this way should ensure that its approach is compatible with it being a single *document*. In particular:
    - (a) there should be a single item that identifies every item making up the *management responsibilities map* and shows where each item can be found;
    - (b) for example, this could be a contents list of the items making up the *management responsibilities map* with electronic links to each of them;
    - (c) the *management responsibilities map* should be complete by itself and should not refer to documents not forming part of it;
    - (d) every item in the *management responsibilities map* should only contain material about the matters required by this chapter to be included in *management responsibilities maps*;
    - (e) for example, if there is relevant material in the *firm's* report and accounts, the folder should only contain the relevant parts or a link to those parts.
  - (4) The folder and its contents should be easily identifiable as the *firm's management responsibilities map*.

25.5.3 **G** Although a *management responsibilities map* can be large and complex, ■SYSC 25.4.14G explains that, for small non-complex *firms*, it may be small and simple.

		<div>25.6</div> <div>Management responsibilities maps: Material only relevant to EEA SMCR firms</div>
		<div>Application</div>
25.6.1	R	This section applies to an <i>EEA SMCR firm</i> .
25.6.2	G	[deleted]
25.6.3	G	[deleted]
		<div>FCA-prescribed senior management responsibilities</div>
25.6.4	G	■ SYSC 25.2.3R (Specific requirements) requires a <i>management responsibilities map</i> to cover the allocation of <i>FCA-prescribed senior management responsibilities</i> . This is not relevant to an <i>EEA SMCR firm</i> as <i>FCA-prescribed senior management responsibilities</i> do not apply to it.
		<div>Leaving out information already supplied</div>
25.6.5	R	<div>(1) An <i>EEA SMCR firm</i> may exclude from its <i>management responsibilities map</i> any information that it has, before <i>IP completion day</i>, excluded under this section of the <i>FCA Handbook</i> in the form this section was in immediately before <i>IP completion day</i>.</div> <div>(2) [deleted]</div> <div>(3) An <i>EEA SMCR firm</i> may exclude from its <i>management responsibilities map</i> any other information that has been supplied by the <i>firm</i> to the <i>FCA</i> or the <i>PRA</i> (including through the <i>firm's</i> Home State competent authority) if:<div><div>(a) that information was supplied to the <i>FCA</i> or the <i>PRA</i> in carrying out their functions under the <i>regulatory system</i> in relation to <i>firms</i>; and</div><div>(b) the <i>Single Market Directives</i> or any other <i>EU</i> legislation the <i>Single Market Directives</i> or any other <i>EU</i> legislation provides provided as at <i>IP completion day</i> for the supply of that kind of information to a Host State competent authority.</div></div><div>(4) For these purposes:</div></div>

		<div><div>(a) Home State and Host State have the meaning that they did in the <i>Glossary</i> as it was in force immediately before <i>IP completion day</i>; and</div><div>(b) competent authority means a competent authority in an <i>EEA State</i> for the purposes of a <i>Single Market Directive</i>.</div></div>
25.6.6	G	[deleted]
25.6.7	G	[deleted]
25.6.8	G	The <i>FCA</i> expects that an <i>EEA SMCR firm</i> that excludes information from its management responsibilities map under ■ SYSC 25.6.5R will identify in its <i>management responsibilities map</i> the documents supplied to the <i>FCA</i> or the <i>PRA</i> where the omitted information can be found.
25.6.9	G	In practice an <i>EEA SMCR firm</i> may find it easier to prepare its <i>management responsibilities map</i> without omitting any information under ■ SYSC 25.6.5R so that all the information referred to in ■ SYSC 25.2 (Management responsibilities maps: Main rules) can be found in a single integrated <i>document</i> .
25.6.10	G	■ SYSC 25.4 (Guidance about what should be in a management responsibilities map) does not take into account the right of a <i>firm</i> to omit information under ■ SYSC 25.6.5R. It assumes that the <i>firm</i> will prepare a single <i>document</i> under ■ SYSC 25.6.9G. However ■ SYSC 25.4 is not intended to take away the right to omit information under ■ SYSC 25.6.5R.

		<div><div></div><div>25.7</div><div>Guidance about SYSC 25 Annex 1G</div></div>
25.7.1	G	This section gives <i>guidance</i> about ■ SYSC 25 Annex 1G (Examples of the business activities and functions of an <i>SMCR firm</i> ).
		<b>Purpose of SYSC 25 Annex 1G</b> .....
25.7.2	G	<div><div>(1) A <i>firm</i> may use ■ SYSC 25 Annex 1G as a prompt to see whether its <i>management responsibilities map</i> covers all its business activities.</div><div>(2) A <i>firm</i> may wish to prepare its <i>management responsibilities map</i> using the same split of activities, where this is appropriate.</div></div>
25.7.3	G	As mentioned in ■ SYSC 26.11.2G, a <i>firm</i> may also use ■ SYSC 25 Annex 1G as a prompt when allocating responsibilities under ■ SYSC 26 (Senior managers and certification regime: Overall and local responsibility).
25.7.4	G	If a <i>firm</i> uses ■ SYSC 25 Annex 1G to help it prepare its <i>management responsibilities map</i> or when allocating responsibilities under ■ SYSC 26 (Senior managers and certification regime: Overall and local responsibility), it should bear in mind that it is not comprehensive and that there may be other business activities and functions that are relevant to that firm but that are not included in ■ SYSC 25 Annex 1G (see ■ SYSC 25.7.8G).
25.7.5	G	<div>The purpose of ■ SYSC 25 Annex 1G is not say how an <i>SMCR firm</i> should:</div> <div><div>(1) prepare its <i>management responsibilities map</i>;</div><div>(2) allocate responsibilities amongst its senior management; or</div><div>(3) organise itself.</div></div>
		<b>Contents of SYSC 25 Annex 1G</b> .....
25.7.6	G	■ SYSC 25 Annex 1G sets out examples of the business activities and functions that the <i>FCA</i> thinks could be relevant to most large or complex <i>firms</i> , although the <i>FCA</i> does not require <i>firms</i> (large or small, complex or non-complex) to organise themselves in this way.
25.7.7	G	Most or all of these activities and functions will normally apply to a complex <i>firm</i> . Many of them may not apply to a non-complex <i>firm</i> .

**25.7.8**

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- (1) ■ SYSC 25 Annex 1G is not comprehensive. While it is intended to cover most front-line business activities of an *SMCR firm*, it does not cover all internal oversight and monitoring functions.
- (2) For example, it does not cover compliance or internal audit or the *firm's governing body* or its *committees*.



**25.8      Management responsibilities  
maps: Records**

- 25.8.1

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A *firm* should consider past versions of its *management responsibilities map* as an important part of its records and as an important resource for the *FCA* in supervising the *firm*.
- 25.8.2

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Past versions of a *firm's management responsibilities map* form part of its records under the *regulatory system*.
- 25.8.3

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(1) This *rule* applies to a *Solvency II firm* (including a *large non-directive insurer*) to which ■ SYSC 25.1.1R(2) (Main application rules) applies.

(2) A *firm* must retain each version of its *management responsibilities map* for:

(a) (in the case of a *large non-directive insurer*) six years; or

(b) (in any other case) ten years;

from the date on which it was superseded by a more up-to-date version.

(3) A *firm* must be prepared to provide each version to the *FCA* on request for as long as the *firm* is required to retain it.





25.9 Handover procedures and material

Application

25.9.1 R This section applies to a *firm* that meets the following conditions:

- (1) it falls within ■ SYSC 25.1.1R (Application and purpose); and
- (2) it falls within one of the following categories:
  - (a) it is a *UK SMCR firm*; or
  - (b) it is an *overseas SMCR banking firm*.

25.9.2 R For *overseas SMCR banking firms*, references in this section to an *SMF manager* are references to the *SMF manager* when acting as an *SMF manager* for the *firm’s branch* in the *United Kingdom*.

25.9.3 R This section does not apply to a *full-scope UK AIFM* in relation to its *managing an AIF*.

Rules about handover material

25.9.4 R A *firm* must take all reasonable steps to ensure that:

- (1) a *person* who is becoming an *SMF manager*;
- (2) an *SMF manager*:
  - (a) taking on a new job or new responsibilities; or
  - (b) whose responsibilities or job are being changed; and
- (3) anyone who has management or supervisory responsibilities for the *SMF manager* in (1) or (2);

has, when the *SMF manager* starts to perform their new or revised responsibilities or job, all information and material that a *person* in (1) to (3) could reasonably expect to have to perform those responsibilities or that job effectively and in accordance with the requirements of the *regulatory system*.

25.9.5 R (1) A *firm* must have a policy about how it complies with ■ SYSC 25.9.4R, including the systems and controls it uses.

- 25.9.6

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(2) A *firm* must make and maintain adequate records of the steps taken to comply with ■ SYSC 25.9.4R.

The information and material in ■ SYSC 25.9.4R that should be made available includes details:

  - (1) about unresolved or possible breaches of the requirements of the *regulatory system*; and
  - (2) of any unresolved concerns expressed by the *FCA*, the *PRA* or another *regulatory body*.
- 25.9.7

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- (1) The main purpose of ■ SYSC 25.9.4R is to help the *SMF manager* with their new or revised responsibilities or job and to help the managers of *SMF managers*.
  - (2) The information and material should be practical and helpful and not just a record.
  - (3) The material should include an assessment of what issues should be prioritised.
  - (4) The information and material should include judgement and opinion, not just facts and figures.

**Handover arrangements and certificates**

- 25.9.8

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- (1) Where the responsibilities or job in ■ SYSC 25.9.4R are being taken over from another *person*, the *firm* should have arrangements for an orderly transition.
  - (2) As part of these arrangements, the *firm* should take reasonable steps to ensure that the predecessor contributes to the information and material in ■ SYSC 25.9.4R all that would be reasonable to expect the predecessor to know and consider relevant, including the predecessor's opinions.
  - (3) One way of doing this could be for the predecessor to prepare a handover certificate.
  - (4) However, the *FCA* accepts that there will be cases in which it will be impractical to ask the predecessor to prepare a handover certificate.

**Application of this section to other parts of a firm's  
management**

- 25.9.9

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A *firm* should consider whether to apply the procedures in this section to other parts of its management.

## Examples of the business activities and functions of an SMCR firm

Business areas and management functions	Explanation
(1) Payment services	This means: (1) <i>payment services</i> ; (2) issuing and administering other means of payment (for example, cheques and bankers' drafts); (3) issuing <i>electronic money</i> ; and (4) current accounts.
(2) Settlement	This means clearing and settlement of any transactions described in rows (3) and (6) to (9) of this annex, in relation to the assets covered by (9).  It also includes clearing and settlement of any transactions described in row (10).
(3) Investment management	This has the same meaning as <i>managing investments</i> with the following adjustments: (a) it covers all types of assets; and (b) the exclusions in the <i>Regulated Activities Order</i> do not apply.  It also covers fund management.
(4) Financial or investment advice	This includes <i>advising on investments</i> .
(5) Mortgage advice	This has the same meaning as <i>advising on regulated mortgage contracts</i> but is expanded to cover land anywhere in the world and to cover security of any kind over land.
(6) Corporate investments	This means acquiring, holding, managing and disposing a <i>firm's</i> investments made for its own account.
(7) Wholesale sales	This means the <i>selling</i> of any <i>investment</i> to a <i>person</i> other than a <i>retail customer</i> .  It does not include the activities in (1).
(8) Retail sales	This means the <i>selling</i> of any <i>investment</i> to a <i>retail customer</i> .  It includes savings accounts. It does not include the activities in (1).
(9) Trading for clients	This means <i>dealing in investments as agent</i> and <i>execution of orders on behalf of clients</i> but the list of products also includes money market instruments and foreign exchange.
(10) Market making	This means the activities described in the <i>Glossary</i> definition of <i>market maker</i> .
(11) <i>Investment research</i>	
(12) Origination/syndication and underwriting	Origination and syndication include: (1) entering into or acquiring (directly or indirectly) any commitment or <i>investment</i> with a view to transferring some or

Business areas and management functions	Explanation
	all of it to others, or with a view to others investing in the same transaction; (2) sub-participation; and (3) any transaction described in the <i>Glossary</i> definition of <i>originator</i> . Underwriting includes underwriting that is not on a firm commitment basis. A commitment or <i>investment</i> includes an economic interest in some or all of it. This activity also includes the provision of services relating to such transactions.
(13) Retail lending decisions	Deciding whether, and on what terms, to lend to <i>retail customers</i> . Lending includes granting credit, leasing and hire (including finance leasing).
(14) Wholesale lending decisions	Deciding whether, and on what terms, to lend to <i>persons</i> who are not <i>retail customers</i> . Lending includes granting credit, leasing and hire (including finance leasing).
(15) Design and manufacturing of products intended for wholesale customers	Wholesale customers mean <i>persons</i> who are not <i>retail customers</i> .
(16) Design and manufacture of products intended for <i>retail customers</i>	
(17) Production and distribution of marketing materials and communications	This includes <i>financial promotions</i> .
(18) Customer service	This means dealing with <i>clients</i> after the point of sale, including queries and fulfilment of <i>client</i> requests.
(19) Customer complaints handling	This includes the <i>firm's</i> compliance with <i>DISP</i> . It also includes: (1) any similar procedures relating to activities that do not come under the jurisdiction of the <i>Financial Ombudsman Service</i> ; (2) activities that take place outside the <i>UK</i> ; and (3) activities that are not subject to any ombudsman service.
(20) Collection and recovering amounts owed to a <i>firm</i> by its customers Dealing with customers in arrears	'Customer' means any <i>person</i> falling into any of the definitions of <i>client</i> in the <i>Glossary</i> so far as they apply to the <i>FCA's Handbook</i> . The definition is extended to cover all services provided by the <i>firm</i> and not just those that are provided in the course of carrying on a <i>regulated activity</i> or an <i>ancillary service</i> .
(21) Middle office	This means risk management and controls in relation to, and accounting for, transactions in <i>securities</i> or <i>derivatives</i> .
(22) The <i>firm's</i> information technology	This includes cybersecurity.
(23) Business continuity planning	If <i>SYSC 4.1.6R</i> and <i>SYSC 4.1.7R</i> (Business continuity) apply to the <i>firm</i> , this includes the systems and policies used to comply with those <i>rules</i> .

Business areas and management functions	Explanation
(24) Human resources	This business area of function includes operational continuity, resilience and strategy. This includes recruitment, training and competence and performance monitoring.
(25) Incentive schemes for the <i>firm's</i> staff	This is not limited to schemes based on sales.
(26) <i>Contributing input data to a BMR benchmark administrator (other than an Annex II benchmark administrator)</i>	
(27) <i>Administering a benchmark</i>	
(28) Administration of insurance	This means the activity described in SYSC 27.8.5G(1)(k) (examples of what the significant management <i>FCA certification function</i> can cover).
(29) Issuing commitments	This means the activity described in SYSC 27.8.5G(1)(i) (examples of what the significant management <i>FCA certification function</i> can cover).
(30) Processing	This means the activity described in SYSC 27.8.5G(1)(j) (examples of what the significant management <i>FCA certification function</i> can cover).
(31) Outsourcing, procurement and vendor management	
Management of services shared with other <i>group</i> members	
(32) Internal operations	
(33) The <i>firm's</i> legal department	
<b>Note (1):</b> The purpose of this annex is explained in SYSC 25.7 (Guidance about SYSC 25 Annex 1G) and SYSC 26.11.2G.	
<b>Note (2):</b> A <i>firm</i> does not have to use the split of example activities in this annex for the purposes in Note (1). If a <i>firm</i> does decide to use it, the <i>firm</i> should adapt it to suit the <i>firm's</i> management arrangements better.	
For example, a <i>firm</i> may find the split of activities into retail and wholesale activities unsuitable. If so, the <i>firm</i> might:	
(a) treat retail and wholesale activities together; or	
(b) use its own definition of retail and wholesale activities.	

