

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

## Chapter 25

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



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

Business areas and management functions	Explanation
(1) Payment services	<p>This means:</p> <ul style="list-style-type: none"> <li>(1) <i>payment services</i>;</li> <li>(2) issuing and administering other means of payment (for example, cheques and bankers' drafts);</li> <li>(3) issuing <i>electronic money</i>; and</li> <li>(4) current accounts.</li> </ul>
(2) Settlement	<p>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).</p> <p>It also includes clearing and settlement of any transactions described in row (10).</p>
(3) Investment management	<p>This has the same meaning as <i>managing investments</i> with the following adjustments:</p> <ul style="list-style-type: none"> <li>(a) it covers all types of assets; and</li> <li>(b) the exclusions in the <i>Regulated Activities Order</i> do not apply.</li> </ul> <p>It also covers fund management.</p>
(4) Financial or investment advice	<p>This includes <i>advising on investments</i>.</p>
(5) Mortgage advice	<p>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.</p>
(6) Corporate investments	<p>This means acquiring, holding, managing and disposing a <i>firm's</i> investments made for its own account.</p>
(7) Wholesale sales	<p>This means the <i>selling</i> of any <i>investment</i> to a <i>person</i> other than a <i>retail customer</i>.</p> <p>It does not include the activities in (1).</p>
(8) Retail sales	<p>This means the <i>selling</i> of any <i>investment</i> to a <i>retail customer</i>.</p> <p>It includes savings accounts. It does not include the activities in (1).</p>
(9) Trading for clients	<p>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.</p>
(10) Market making	<p>This has the same meaning as it does in <i>MIFID</i> (see the definition of market maker in article 4.1 (7)).</p>
(11) <i>Investment research</i>	
(12) Origination/syndication and underwriting	<p>Origination and syndication include:</p> <ul style="list-style-type: none"> <li>(1) entering into or acquiring (directly or indirectly) any commitment or <i>investment</i> with a view to transferring some or</li> </ul>

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

Business areas and management functions	Explanation
(24) Human resources	This business area of function includes operational continuity, resilience and strategy.
(25) Incentive schemes for the <i>firm's</i> staff	This includes recruitment, training and competence and performance monitoring.
(26) <i>Contributing input data to a BMR benchmark administrator (other than an Annex II benchmark administrator)</i>	This is not limited to schemes based on sales.
(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	
<p><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.</p> <p><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.</p> <p>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:</p>	
<p>(a) treat retail and wholesale activities together; or</p> <p>(b) use its own definition of retail and wholesale activities.</p>	