

## 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	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.	