

Senior managers and certification regime: Overall and local responsibility

Chapter 26

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certification regime: Overall
and local responsibility



26.7 Meaning of local and overall responsibility: Reporting to the governing body

- 26.7.1** **G** This section gives *guidance* on what overall and local responsibility for a function means when the *governing body* manages the function in question under ■ SYSC 26.3 (Main rules).
- 26.7.2** **G** When this chapter refers to a *person* having overall or local responsibility for a function as described in ■ SYSC 26.7.1G, it means a *person* who has:
- (1) ultimate responsibility (under the *governing body* and the *chief executive*) for managing or supervising that function; and
 - (2) primary and direct responsibility for:
 - (a) briefing and reporting to the *governing body* about that function; and
 - (b) putting matters for decision about that function to the *governing body*.
- 26.7.3** **G** In general, the *FCA* expects that a person to whom overall responsibility for a function is allocated as described in ■ SYSC 26.7.1G will be the most senior employee or officer responsible for managing or supervising that function under the management of the *governing body*.
- 26.7.4** **G**
- (1) A *person* with overall or local responsibility for a matter will either be a member of the *governing body* or will report directly to the *governing body* for that matter.
 - (2) For example, a *firm* appoints A to be head of sales. A is not on the *governing body*. A reports to an executive director (B) and B reports to the *governing body* about the sales function. In this example B, rather than A, has overall responsibility for sales.
- 26.7.5** **G**
- (1) A *person* who reports to another, or is subject to oversight by another, may still have overall or local responsibility for a function.
 - (2) For example, a head of compliance may report direct to the *governing body* but be subject to performance appraisal by the *chief executive*. In this example, the head of compliance will still have overall responsibility for compliance.

- (3) If a *person* (A):
 - (a) reports directly to the *firm's governing body* about a particular matter; but
 - (b) is not a member of the *governing body*; and
 - (c) reports to a member of the *governing body* (B) about that matter, who also reports to the *governing body* about that matter;B has overall or local responsibility for that matter.

- (4) If:
 - (a) a *person* (A) reports directly to the *firm's governing body* about a particular matter;
 - (b) A also reports to another *person* (B) about that matter;
 - (c) neither A nor B is a member of the *governing body*; and
 - (d) B also reports directly to the *firm's governing body* about that matter;B has overall responsibility for that matter.

- (5) A member of the *governing body* who reports to the *chief executive* may still have overall or local responsibility for a function.

- (6) If:
 - (a) a *person* (A) reports directly to the *firm's governing body* about a particular matter; and
 - (b) A's function is subject to oversight by a *non-executive director* (B) or by a committee of the *firm's governing body* chaired by B;A (not B) has overall or local responsibility for that matter.

26.7.6

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A *person* may have local responsibility for a function for a *branch* of an *overseas SMCR firm* even though that *person* also reports to a *person* outside the *branch*.