

Senior managers and certification regime: Overall and local responsibility

Chapter 26

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certification regime: Overall
and local responsibility



26.9 Who functions should be allocated to

Seniority

26.9.1 **G** The *FCA* expects that anyone who has overall or local responsibility for a matter:

- (1) will be sufficiently senior and credible; and
- (2) will have sufficient resources and authority;

to be able to exercise their management and oversight responsibilities effectively.

26.9.2 **G**

- (1) The *FCA* would not consider it unusual if a *person* who has overall or local responsibility for a particular function was not a member of the *firm's governing body* or equivalent.
- (2) For example, in some *firms*, the head of compliance may report directly to the *firm's governing body* even though the head of compliance is not a member of the *governing body*.

26.9.3 **G** Other parts of this chapter dealing with seniority are:

- (1) ■ SYSC 26.7.3G (seniority of someone with overall responsibility for a function under the management of a *firm's governing body*);
- (2) ■ SYSC 26.8.3G and ■ SYSC 26.8.4G (seniority of someone from elsewhere in the *firm* having local responsibility in a *branch*); and
- (3) ■ SYSC 26.8.5G (seniority of someone within a *UK SMCR firm* with overall responsibility for a function not under the management of a *firm's governing body*).

Not giving too much responsibility to one individual

26.9.4 **G**

- (1) It will be common for a small non-complex *firm* to divide overall or local responsibility for its activities under the management of its *governing body* between members of its *governing body* and not to assign overall or local responsibility for any activity to someone who is not a member.
- (2) However, when deciding how to divide up overall or local responsibility for its activities, a *firm* should avoid assigning such a

wide range of responsibilities to a particular *person* that the *person* is not able to carry out those responsibilities effectively.

- (3) Therefore, in a large or complex *firm*, the *FCA* expects overall or local responsibility for some functions to be assigned to *persons* in the layer of management below the *governing body*. Anyone in that layer having overall or local responsibility for an activity will be performing a *designated senior management function*.

26.9.5 G ■ SYSC 26.9.4G(2) also applies to allocating responsibility for functions that are not under the management of the *firm's* or *branch's governing body*.

Dividing and sharing management functions between different people

26.9.6 G The following provisions of ■ SYSC 24.3 (Who prescribed responsibilities should be allocated to) also apply to allocations under this chapter so far as those provisions deal with sharing responsibilities:

- (1) ■ SYSC 24.3.8G (responsibilities should generally not be shared);
- (2) ■ SYSC 24.3.9G (when responsibilities may be shared); and
- (3) ■ SYSC 24.3.11G (*statements of responsibilities*);

26.9.7 G (1) The material in ■ SYSC 24.3 (Who prescribed responsibilities should be allocated to) about splitting of responsibilities is not directly relevant to this chapter. This is because ■ SYSC 24 deals with functions that have been defined in the *FCA Handbook* whereas this chapter does not define the areas into which a *firm's* activities should be divided when allocating responsibilities to its *SMF managers*.

(2) However ■ SYSC 24.3.10G (responsibilities should be grouped together appropriately) is also relevant for deciding whether responsibility for a particular set of matters should be allocated to one *SMF manager* or allocated between several.