

## Chapter 26

# Senior managers and certification regime: Overall and local responsibility



**26.9 Who functions should be allocated to**

**Seniority**

- 26.9.1

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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

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- (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

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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*).
- 26.9.4

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**Not giving too much responsibility to one individual**

  - (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

		<p>wide range of responsibilities to a particular <i>person</i> that the <i>person</i> is not able to carry out those responsibilities effectively.</p> <p>(3) Therefore, in a large or complex <i>firm</i>, the <i>FCA</i> expects overall or local responsibility for some functions to be assigned to <i>persons</i> in the layer of management below the <i>governing body</i>. Anyone in that layer having overall or local responsibility for an activity will be performing a <i>designated senior management function</i>.</p>
26.9.5	G	<p>■ SYSC 26.9.4G(2) also applies to allocating responsibility for functions that are not under the management of the <i>firm's</i> or <i>branch's governing body</i>.</p>
		<p><b>Dividing and sharing management functions between different people</b></p>
26.9.6	G	<p>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:</p> <p>(1) ■ SYSC 24.3.8G (responsibilities should generally not be shared);</p> <p>(2) ■ SYSC 24.3.9G (when responsibilities may be shared); and</p> <p>(3) ■ SYSC 24.3.11G (<i>statements of responsibilities</i>);</p>
26.9.7	G	<p>(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 <i>FCA Handbook</i> whereas this chapter does not define the areas into which a <i>firm's</i> activities should be divided when allocating responsibilities to its <i>SMF managers</i>.</p> <p>(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 <i>SMF manager</i> or allocated between several.</p>