

## Chapter 4

# General organisational requirements



4.3 Responsibility of senior personnel

- 4.3.1

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*A firm* (with the exception of a *common platform firm* and a *sole trader* who does not employ any *person* who is required to be approved under section 59 of the Act (Approval for particular arrangements)), when allocating functions internally, must ensure that *senior personnel* and, where appropriate, the *supervisory function*, are responsible for ensuring that the *firm* complies with its obligations under the *regulatory system*. In particular, *senior personnel* and, where appropriate, the *supervisory function* must assess and periodically review the effectiveness of the policies, arrangements and procedures put in place to comply with the *firm's* obligations under the *regulatory system* and take appropriate measures to address any deficiencies.

[Note: articles 9(1) and 9(3) of the *UCITS implementing Directive*]
- 4.3.2

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*A firm* that is a *management company* or an *operator of an electronic system in relation to lending* must ensure that:

(1)

its *senior personnel* receive on a frequent basis, and at least annually, written reports on the matters covered by ■ SYSC 6.1.2 R to ■ 6.1.5 R, ■ SYSC 6.2.1 R, ■ SYSC 7.1.2 R, ■ SYSC 7.1.3 R and ■ SYSC 7.1.5 R to ■ 7.1.7 R, indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies; and

(2)

the *supervisory function*, if any, receives on a regular basis written reports on the same matters.

[Note: articles 9(4) and 9(6) of the *UCITS implementing Directive*]
- 4.3.2A

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Other *firms* should take account of the written reports *rule* (■ SYSC 4.3.2 R) as if it were *guidance* (and as if "should" appeared in that *rule* instead of "must") as explained in ■ SYSC 1 Annex 1 3.3 R(1).
- 4.3.3

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The *supervisory function* does not include a general meeting of the shareholders of a *firm*, or equivalent bodies, but could involve, for example, a separate supervisory board within a two-tier board structure or the establishment of a non-executive committee of a single-tier board structure.
- 4.3.4

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