Consultation Paper | FCA15/10***
| PRA9/15

Strengthening accountability in banking: UK branches of foreign banks

March 2015
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We are asking for comments on this Consultation Paper by 25 May 2015.

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This Consultation Paper proposes changes to the PRA Rulebook.

Please address responses, comments or enquiries by: 25 May 2015 to: CP9.15@bankofengland.gsi.gov.uk
## Abbreviations used in this document

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>The Act</td>
<td>Financial Services (Banking Reform) Act 2013</td>
</tr>
<tr>
<td>APER</td>
<td>Statements of Principle and Code of Practice for Approved Persons (Handbook)</td>
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<td>APR</td>
<td>Approved Persons Regime</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<td>CFO</td>
<td>Chief Financial Officer</td>
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<td>CF</td>
<td>Controlled Function</td>
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<td>CP</td>
<td>Consultation Paper</td>
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<td>CR</td>
<td>Certification Regime</td>
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<td>CRD</td>
<td>Capital Requirements Directive</td>
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<td>CRO</td>
<td>Chief Risk Officer</td>
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<td>CRR</td>
<td>Capital Requirements Regulation</td>
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<tr>
<td>EBSM</td>
<td>EEA Branch Senior Manager</td>
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<td>EEA</td>
<td>European Economic Area</td>
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<td>EMEA</td>
<td>Europe, Middle East and Asia</td>
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<tr>
<td>FCA</td>
<td>Financial Conduct Authority</td>
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<tr>
<td>FIT</td>
<td>The Fit and Proper Test for Approved Persons (Handbook)</td>
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<td>FSMA</td>
<td>Financial Services and Markets Act 2000</td>
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<td>HSS</td>
<td>Home State Supervisor</td>
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<td>MiFID</td>
<td>Markets in Financial Instruments Directive</td>
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<td>MLRO</td>
<td>Money Laundering Reporting Officer</td>
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<td>NED</td>
<td>Non-executive director</td>
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<td>OBSM</td>
<td>Overseas Branch Senior Manager</td>
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<td>Abbreviation</td>
<td>Full Name</td>
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<tr>
<td>PCBS</td>
<td>Parliamentary Commission on Banking Standards</td>
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<td>PRA</td>
<td>Prudential Regulation Authority</td>
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<tr>
<td>SIF</td>
<td>Significant Influence Function</td>
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<td>SMF</td>
<td>Senior Management Function</td>
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<td>SMR</td>
<td>Senior Managers Regime</td>
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<tr>
<td>SUP</td>
<td>Supervision manual (Handbook)</td>
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<tr>
<td>SYSC</td>
<td>Senior Management Arrangements, Systems and Controls (Handbook)</td>
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<tr>
<td>WMS</td>
<td>Written Ministerial Statement</td>
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1. Overview

Introduction

1.1 Following the recommendations of the Parliamentary Commission on Banking Standards (PCBS), the Financial Services (Banking Reform) Act 2013 (the Act) amended the Financial Services and Markets Act 2000 (FSMA) to replace the Approved Persons Regime (APR) for banks, building societies, credit unions and PRA-designated investment firms (collectively referred to as ‘Relevant Authorised Persons’ in section 71A FSMA)1 with a new regulatory framework for individuals.

1.2 The new framework comprises the following two regimes, which aim to encourage individuals to take greater responsibility for their actions and make it easier for both firms and the regulators to hold individuals to account:

- A ‘Senior Managers Regime’ (SMR) for individuals who are subject to regulatory approval (Senior Managers). The SMR seeks to promote a clear allocation of responsibilities to key decision-makers and strengthen their individual accountability through a robust initial and ongoing assessment of their fitness and propriety (by firms as well as by regulators) and strengthened powers of approval and enforcement for the regulators.

- A ‘Certification Regime’ which will require relevant firms to assess and certify the fitness and propriety of employees deemed capable of causing significant harm to the firm or any of its customers at least annually.

1.3 The new regimes are underpinned by a new set of Conduct Rules, which will apply to Senior Managers and also certain employees not subject to regulatory pre-approval2.

1.4 In anticipation of secondary legislation extending the statutory elements of the new regulatory framework for individuals to UK branches of overseas firms (‘incoming branches’), this consultation proposes to extend and, where appropriate, tailor the new regimes to incoming branches.

Statutory background to the new regimes

1.5 The current definition of Relevant Authorised Person in Section 71A of FSMA is limited to ‘UK institutions’, defined as institutions incorporated in, or formed under the law of any part of, the United Kingdom (UK relevant firms), including UK subsidiaries of overseas firms. The

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1 http://www.legislation.gov.uk/ukpga/2013/33/section/33/enacted
2 As noted in the July 2014 CP, the word ‘conduct’ in this context relates to professional conduct in an ordinary, wider sense i.e. it is not limited to conduct of business and includes activities relevant to the PRA as well as the FCA.
accountability regimes consulted on by the regulators in July 2014 therefore did not apply to incoming branches.

1.6 Section 71A of FSMA enables the Treasury to issue an order extending the definition of Relevant Authorised Person to incoming branches of non-UK institutions, subject to consultation. The Treasury’s consultation on the extension of the new accountability regimes to incoming branches launched on 17 November 2014 and closed on 30 January 2015. On 3 March 2015, the Treasury announced in a Written Ministerial Statement (WMS) to Parliament that it would apply the new accountability regimes to UK branches of overseas banks, and also published its response to its consultation. The WMS noted that the regulator’s rules will ‘help ensure that the [SMR and Certification Regime] is applied in an appropriate and proportionate way to foreign institution operating through branches in the UK’.3

1.7 Given the Act’s original definition of Relevant Authorised Person, the following prior and current PRA/FCA consultations on individual accountability were limited to UK relevant firms:

- PRA CP14/14 / FCA CP13/14 on Strengthening accountability in banking: a new regulatory framework for individuals, published in July 2014 (the July 2014 CP), which consulted on the detailed implementation of the new individual accountability regimes.

- PRA CP28/14 / FCA CP14/31 on Strengthening accountability in banking: forms, consequential and transitional aspects, published in December 2014 (the December 2014 CP), which consulted on a number of technical aspects required to implement the new regimes in UK relevant firms, including forms and transitional arrangements.

- PRA CP7/15 / FCA CP15/5 on Approach to Non-Executive Directors in banking and Solvency II insurance firms & Application of the Presumption of Responsibility to Senior Managers in banking firms, published in February 2014 (the NEDs CP). Among other issues, this is consulting on: i) a PRA Supervisory Statement and FCA guidance clarifying the responsibilities of non-executive directors (NEDs) subject to the SMR; and ii) the regulators’ intended application of Sections 64A and 64B of FSMA (referred to as ‘the Presumption of Responsibility’ throughout this CP). Due to the fact that NEDs without specific responsibilities (Standard NEDs) will not be in scope of the SMR or the Certification Regime, the PRA is also consulting on an assessment and notification process for Standard NEDs to ensure the UK remains compliant with its obligations under CRD4 and MiFID.

- FCA CP 15/9 on Strengthening accountability in banking: a new regulatory framework for individuals – Feedback on ***FCA CP14/13 / PRACP13/14 and consultation on additional guidance, which provides near-final rules4 on the SMR for UK relevant firms, together with a steer on our policy intentions for the whole regime, including the Certification Regime and the application of our Conduct Rules.

1.8 This CP proposes to extend and, where appropriate, tailor the proposals set out in these four CPs to incoming branches. In developing the proposals in this CP, the regulators have taken into account the following principles:

- The Single Market: the PRA and FCA’s proposals are mindful of the respective powers and responsibilities of home and host state supervisors under the relevant single market

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3 http://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2015-03-03/HCW5336

4 By necessity, the rules may still need to be adjusted in line with any changes resulting from the December 2014 CP, this CP, the NEDs CP, PRA rules or further policy consideration
directives.\(^5\) In the PRA’s case this means that the proposals in this CP will only apply to incoming non-EEA branches. Conversely, the FCA has certain direct supervisory powers over incoming EEA branches and is therefore consulting on proposals for both non-EEA and EEA branches.\(^6\)

- **Proportionality**: The proposed accountability regimes for UK relevant firms were designed to be proportionate, and the proposed regime for incoming branches also takes this principle into account. For instance, the regulators expect the number of Senior Managers in a UK relevant firm to reflect its size and complexity. For incoming branches, our proposals also seek to reflect the inherent differences between incoming branches and UK firms. An incoming branch is not a separate legal entity from its overseas head office, which has implications for both its structure and the way it operates, as the ultimate governing body will reside at the home state entity level. The regulators are keen to minimise the risk that the proposed regimes could inadvertently introduce an incentive for overseas groups to restructure themselves (e.g. transferring certain activities from a subsidiary to the branch or vice-versa).

- **Level-playing-field considerations**: Notwithstanding the differences between incoming branches and UK relevant firms, where the same regulated activities are carried out, it is desirable for firms of a comparable size and complexity and carrying out the same activities to compete on a relatively level playing-field regardless of their legal status. Many incoming branches are part of large international groups also comprising UK subsidiaries, which are included in the definition of UK relevant firms and, in many cases, have the same individuals performing the same Senior Management Functions (SMFs) across multiple group entities.

1.9 These principles have informed the development of the policy proposals in this CP and explain the majority of differences between the proposals for UK relevant firms and incoming branches as well as any differences between the FCA’s proposals for non-EEA branches and EEA branches respectively.

### Context of the regulators’ proposals

1.10 This CP consults on the individual accountability regimes for incoming branches and includes drafts of the rules that will, subject to feedback received, apply to incoming branches. It should be read in conjunction with the proposals for UK relevant firms in the July 2014, December 2014 and NEDs CPs. To help readers, each section of this CP includes a summary of the relevant proposals in the abovementioned consultations.

1.11 Prior industry feedback demonstrated that there was a high level of knowledge about the proposed regime for UK relevant firms among incoming branches. Therefore, to avoid repetition, this CP focuses primarily on those proposals that have been tailored to incoming branches and does not describe all of the features of the proposed regimes in the same level of detail as the CPs listed above. For instance, this CP does not include a chapter covering Fitness and Propriety. Where the proposed application of the regime for incoming branches is identical to that proposed for UK relevant firms, full details of these aspects can be found in the previous and current CPs listed above.

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\(^5\) Markets in Financial Instruments Directive (MiFID) and Capital Requirements Directive (CRD IV)

\(^6\) EEA branches comprise: EU countries other than the UK (Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden) plus Iceland, Liechtenstein and Norway.
1.12 A detailed table of all aspects of the FCA regime for UK relevant firms, and their applicability to non-EEA and EEA branches respectively is set out in Annex 1, including references to other relevant documents.

1.13 The PRA and FCA are finalising their rules for UK relevant firms. The FCA has published CP15/9 which provides a set of near final rules on the SMR and a steer on the FCA’s policy intentions for the whole regime for UK relevant firms. CP15/9 signposts where the FCA intends to change its original proposals for UK firms and where it intends to also apply the relevant change to incoming branches, and should therefore be read alongside this CP. CP15/9 also includes a consultation element concerning further more detailed guidance on the application of the presumption of responsibility to all relevant authorised persons, including incoming branches. Finally, CP15/9 includes a summary ‘road map’ of current and planned publications and other key milestones ahead of the new regime.

1.14 The PRA also intends to publish a Policy Statement and final rules on most elements of the SMR and Certification Regime for UK relevant firms shortly. The PRA’s draft Supervisory Statement on the application of the Presumption of Responsibility, which is set out in Appendix 2 of the NEDs CP, is also intended to apply to Senior Managers in incoming branches.

1.15 Where not expressly addressed in this CP, the regulators propose to apply the elements of the accountability regimes as set out in the documents referred to in paragraph 1.16 below in the same way to incoming branches as for UK relevant firms. The regulators are seeking views on the full range of proposals for incoming branches as part of this CP.

1.16 Therefore, to understand the proposals in this CP in their totality, interested parties should also have regard to:

- The July CP and the December CP, which set out the PRA and FCA’s original proposals for UK relevant firms
- The NEDs CP, which confirmed the PRA and FCA’s policy concerning NEDs in the SMR for UK relevant firms and the PRA’s proposed application of the Presumption of Responsibility in Section 66B of FSMA
- CP15/9, which sets out how the FCA’s intends to amend the regime as a whole following responses to the July CP, and where these changes are also relevant to incoming branches.

1.17 The FCA’s draft Handbook rules in relation to the SMR for incoming branches are based on the near-final rules in CP15/9.

1.18 The remaining proposed rules and guidance in this CP are based on the proposed rules, guidance and supervisory statements in the July 2014, December 2014 and NEDs CPs. The PRA and FCA will publish further Policy Statements and final rules on all aspects of the regime over the coming months. In the meantime, these rules may be subject to further changes.

Who does this consultation affect?

1.19 The proposals in this consultation relate to incoming branches of relevant authorised persons. The Treasury’s’ s71A order is expected to extend the definition of a relevant authorised person to include incoming branches of non-UK banks and PRA-designated investment firms that have permission to accept deposits in the UK. In addition to the incoming branches themselves, the
proposals will affect a large number of individuals within those firms, including, but not limited to, all their existing Approved Persons.

1.20 The proposals in this CP will also be of interest to the Home State Supervisors (HSSs) of incoming branches. As part of our international stakeholder engagement, the PRA and FCA intend to discuss the proposed accountability regimes and the proposals in this CP with overseas regulators.

1.21 This CP does not apply to incoming branches of any firms other than relevant authorised persons. The regulator’s proposals in relation to the accountability regime for incoming branches of Solvency II firms were set out in PRA CP7/15 and FCA CP15/5.

Is this CP of interest to consumers?

1.22 As with the July CP, these proposals will primarily be of interest to firms and the individuals who work in them. Consumers may be interested in how individual accountability is being enhanced within relevant firms, or how staff they interact with will be required to comply with the Conduct Rules, in particular the FCA requirement to treat customers fairly.

Summary of PRA and FCA proposals for incoming branches

Senior Managers Regime

Non-EEA branches

1.23 The PRA’s high-level approach to the application of the SMR to incoming non-EEA branches was discussed but not formally consulted on in Chapter 6 of the July 2014 CP and Supervisory Statement 10/14, which set out the PRA’s approach to branch supervision.7

1.24 The PRA proposes to require all incoming non-EEA branches to have at least one individual pre-approved as a Head of Overseas Branch who will typically be performing activities akin to those of a CEO in relation to the branch. It will be possible for incoming branches to have more than one individual approved as Head of Overseas Branch; for instance, where the branch is jointly headed by more than one individual. The individual(s) approved as this SMF should, however, have the highest degree of individual decision-making authority within the branch over activities subject to UK regulation.

1.25 In addition:

- If another individual, who may be based in another UK group entity, has direct management and/or decision-making responsibility over the incoming non-EEA branch’s UK-regulated activities, the PRA’s rules will require this individual to also be pre-approved as Group Entity Senior Manager of the branch in addition to the Head of Overseas Branch.

- If an incoming non-EEA branch has dedicated individuals performing certain executive SMFs (i.e. Chief Finance, Chief Risk and Head of Internal Audit functions), the PRA will require them to be approved. The PRA expects this to be the case in large, complex branches.

7 Supervisory Statement SS10/14, Supervising international banks: the Prudential Regulation Authority’s approach to branch supervision, September 2014 www.bankofengland.co.uk/prud/Documents/publications/ss/2014/ss1014.pdf
The FCA proposes to apply a new SMF to incoming non-EEA branches, the Overseas Branch Senior Manager (OBSM) function. This role captures the senior individuals (other than the Head of Overseas Branch) with local responsibility for a business area, activity or management function of the branch and who will typically report to the Head of Overseas Branch. The creation of this SMF specific to non-EEA branches reflects the fact that these individuals, while performing a senior manager role in relation to the branch, may not necessarily exercise the same level of responsibility in relation to the overall firm that is expected from Senior Managers in UK relevant firms. Therefore the OBSM has been defined to apply to the individual’s responsibilities in relation to the branch only. The FCA will also require incoming non-EEA branches to appoint a Senior Manager to the functions of Money Laundering Reporting Officer (MLRO) and Compliance Oversight.

Neither the PRA nor the FCA intend to bring any NED functions into scope of the SMR for incoming branches.

In the July 2014 CP the PRA consulted on a list of Prescribed Responsibilities which UK relevant firms will need to allocate among their Senior Managers. The PRA acknowledges that applying all these Prescribed Responsibilities to the Senior Manager(s) of an incoming non-EEA branch would be neither feasible nor proportionate. Consequently, the PRA is proposing a customised set of Prescribed Responsibilities for incoming non-EEA branches. The FCA is proposing to specify a subset of the PRA’s customised list of responsibilities for non-EEA branches, which will be shared with the PRA. The FCA is also proposing two FCA-only responsibilities concerning CASS and financial crime which will apply to both UK relevant firms and non-EEA branches. More detail on this is provided in Chapter 2.

Under EU law, the Home State Supervisor (HSS) of an EEA firm that operates as a branch in another EEA country is responsible for the prudential supervision of the whole firm (including the branch). As a result, where the PRA is the host supervisor of an EEA branch, it is not responsible for its prudential supervision; this is the role of the HSS. Consequently, none of the PRA’s proposals in this CP apply to incoming EEA branches.

Conversely, the FCA has certain direct supervisory powers over incoming EEA branches in relation to conduct of business. The FCA currently applies a subset of controlled functions to EEA branches to reflect the split of home/host state responsibilities under the relevant single market directives. This includes the Money Laundering Reporting function (CF11) the Significant Management function (CF29), and the Customer function (CF30), with certain limitations. In line with the regime for UK relevant firms, individuals currently performing CF30 roles are not considered to meet the definition of a Senior Manager but may be captured by the Certification Regime. The FCA will require incoming branches to appoint a senior manager to the MLRO function. In addition, the FCA proposes to apply a tailored ‘EEA Branch Senior Manager’ (EBSM) to capture the individual(s) responsible for the management and conduct of the business of the incoming branch and which reflects our current coverage of senior individuals in EEA branches under the APR.

Consistent with the approach proposed for UK relevant firms, the PRA intends to align the scope of its Certification Regime for non-EEA branches to that of the Remuneration Rules. Consequently, the PRA will base the definition of a ‘certification function’ on the definition of a Material Risk Taker (MRT) in its proposed Remuneration Rules (other than those MRTs who are advised with these qualifications). The PRA intends to consult on the proposed Certification Regime in its current format in 2015.
performing Senior Management Functions in respect of the branch and, where relevant, any NEDs the branch may have).9

1.32 The FCA also proposes to align the scope of its Certification Regime for both non-EEA and EEA branches with that for UK relevant firms, where this is applicable under EU legislation for EEA branches. The proposals in this CP also reflect the policy set out in CP15/9, which sets out the FCA’s intention to extend the scope of the Certification Regime to more consistently capture individuals involved in wholesale activity, where these individuals could pose a risk of significant harm to the firm or its customers.

Conduct Rules

1.33 The PRA proposes to apply the Conduct Rules to individuals who perform SMF and PRA Certification functions in relation to non-EEA branches in line with its proposed scope for individuals who perform such functions in UK relevant firms. That is to say, the PRA will apply all of its Conduct Rules to persons performing an SMF specified by the PRA or FCA in a relation to a non-EEA branch, and apply a narrower set of individual Conduct Rules to employees in incoming branches within the PRA's Certification Regime.

1.34 For both non-EEA and EEA branches, the FCA will apply its Conduct Rules to individuals within the FCA's SMR, Certification Regime, and all other employees other than ancillary staff whose role is not specific to the financial services business of the firm. This also mirrors the approach taken for UK relevant firms. The proposals in this CP also reflect the policy set out in CP15/9, which sets out the FCA’s intention to look further at the requirements in regard to the reporting of conduct rule breaches.

Equality and diversity considerations

1.35 The regulators have considered the equality and diversity issues that may arise from their proposals in this CP. As with the proposals for the UK regime, the regulators have identified the following aspects of the regime with potential equality and diversity implications:

- The proposals will allow more than one individual to perform a Senior Management Function or a function in scope of the Certification Regime at the same firm, thereby accommodating individuals working under a job-share arrangement.

- The assessment of prospective and current Senior Managers and individuals within the Certification Regime will consider their fitness and propriety to carry out their function. For some roles, such as the Head of Overseas Branch, this assessment may involve consideration of the individual’s experience, which can only be acquired with time so could favour individuals in certain age groups. However, this does not depart from existing practice and is offset by the requirement to take into account other assessment criteria not directly related to age, such as qualifications.

- The proposed regime may occasionally apply to some individuals located outside the UK. This, however, will depend solely on the nature of these individuals’ roles and the extent to which they are directly involved in or responsible for the incoming branch’s UK-regulated activities, rather than their nationality.

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9 Draft Remuneration instrument, Chapters 3.1(2)-3.3 in CP15/14, Strengthening the alignment of risk and reward: new remuneration rules (CP15/14), Appendix 3.1: www.bankofengland.co.uk/pra/Documents/publications/cp/2014/cp1514.pdf
1.36 Overall, the regulators do not consider that the proposals in this CP raise concerns with regards to equality and diversity issues. The regulators do not consider that the proposals in this consultation result in discrimination for any of the groups with protected characteristics i.e. age, disability, gender, pregnancy and maternity, nationality, race, religion and belief, sexual orientation and transgender.

1.37 The regulators will continue to consider the equality and diversity implications of the proposals during the consultation period, and will revisit them when publishing the final rules. In the interim, any input respondents to this consultation have on such matters is welcomed.

Next steps

1.38 The regulators are asking for feedback on the proposals set out in this CP.

1.39 The PRA is seeking feedback on:

- all PRA and joint PRA/FCA questions in the main body of the CP and as listed in Annex 6
- the draft PRA rules in Appendix 1

1.40 The FCA is seeking feedback on:

- all FCA and joint PRA/FCA questions in the main body of the CP and as listed in Annex 6, and
- the FCA draft instrument at Appendix 2

1.41 Please note that the consultation includes questions specifically posed by only one regulator as well as joint questions from both regulators. You should note that responses to:

- PRA only questions will be considered by the PRA only
- FCA only questions will be considered by the FCA only, and
- responses to joint questions will be discussed by the PRA and FCA

What do you need to do next?

1.42 Please send your responses to: both regulators at the following addresses CP9.15@bankofengland.gsi.gov.uk and cp15-10@fca.org.uk. The regulators will share responses with each other and publicly, unless you specifically ask for them to remain confidential.
What will we do?

1.43 The PRA and FCA each plan to publish Policy Statement(s) containing our respective final rules relating to incoming branches in summer 2015.

1.44 A ‘road map’ of current and planned publications and other key milestones ahead of the new regime is in CP15/9.
2. Senior Managers Regime

Introduction

Overview of the legislative framework for the SMR

2.1 Section 59ZA of FSMA, which was introduced by the Act and will apply to incoming branches once the Treasury’s order under section 71A of FSMA is made, defines an SMF as:

‘A function that will require the person performing it to be responsible for managing one or more aspects of the relevant firm’s affairs, so far as relating to regulated activities, and those aspects involve, or might involve, a risk of serious consequences for the authorised person, or for business or other interests in the UK’.

2.2 Senior Managers in UK relevant firms and the firms themselves are subject to the following statutory provisions aimed at clarifying the extent of the individual responsibilities of Senior Managers and strengthening their individual accountability:

- A requirement for applications for approval as a Senior Manager to contain, or be accompanied by, a ‘Statement of Responsibility’, which must be resubmitted whenever there is a ‘significant change’ in the Senior Manager’s responsibilities.
- New statutory powers for the regulators to impose conditions and time limits on approvals of Senior Managers, both at the initial approval stage and subsequently through a variation of approval.
- The ‘Presumption of Responsibility’; where a Relevant Authorised Person contravenes a relevant requirement, the Senior Manager with responsibility for the management of any of the firm’s activities in relation to which the contravention occurred is guilty of misconduct unless they satisfy the regulators that they took such steps as a person in their position could reasonably be expected to take to avoid the contravention occurring (or continuing).

2.3 All the FSMA provisions listed above will also apply to incoming branches and their Senior Managers. Conversely, the criminal offence in Section 36 of the Banking Reform Act relating to a decision causing a financial institution to fail will not apply to incoming branches; this applies only to Senior Managers of UK relevant firms.

SMR for incoming non-EEA branches

Scope of the SMR for incoming non-EEA branches

2.4 The proposed list of SMFs in UK relevant firms covers the top layer of executive management and some, but not all, members of the board. However, the board of an incoming branch is located in its home state and it is uncommon for any of its members to be subject to pre-
approval in the UK under the APR. In line with their role in supervising the activities of an incoming branch, the PRA and FCA are concerned with the governance of the branch itself, rather than of the institution as a whole. In supervising the branch, the PRA and the FCA place reliance on the supervision of the wider firm by the home state regulator. So the PRA and FCA do not propose to capture the boards of incoming branches within the SMR, but are instead seeking to capture the individuals responsible for the day-to-day running of the UK branch.

2.5 The FCA Handbook includes a guidance provision relating to the current APR\(^{10}\) which states that, where an individual based overseas has responsibilities in relation to an incoming branch that are limited to setting strategy only, such individuals would not generally be captured as approved persons. However, where an individual is responsible for implementing that strategy in the UK, they are likely to be performing a controlled function and will require approval by one or both regulators. This principle will remain under the new regime for incoming branches.

2.6 The table below sets out the PRA and FCA’s proposed scope of SMFs in non-EEA branches.

| Table 1 |
|-----------------|-----------------|
| **PRA Senior Management Functions**\(^{11}\) | **FCA Senior Management Functions** |
| Head of Overseas Branch | Money Laundering Reporting Officer |
| Chief Finance function (if applicable) | Compliance Oversight |
| Chief Risk function (if applicable) | Overseas Branch Senior Manager (OBSM) |
| Head of Internal Audit (if applicable) | |
| Group Entity Senior Manager (if applicable) | |

<table>
<thead>
<tr>
<th><strong>PRA Senior Management Functions</strong></th>
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<tbody>
<tr>
<td>Head of Overseas Branch</td>
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<tr>
<td>Chief Finance function (if applicable)</td>
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<tr>
<td>Chief Risk function (if applicable)</td>
</tr>
<tr>
<td>Head of Internal Audit (if applicable)</td>
</tr>
<tr>
<td>Group Entity Senior Manager (if applicable)</td>
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</table>

\(^{11}\) Subject to FCA consent

2.7 The PRA’s approach to the application of the SMR to incoming non-EEA branches was discussed but not formally consulted on in Chapter 6 of the July 2014 CP and Supervisory Statement 10/14, which sets outs the PRA’s approach to branch supervision.\(^{12}\)

2.8 As noted in these documents, the PRA proposes to require all incoming non-EEA branches to have at least one individual approved as a Head of Overseas Branch who will typically be performing activities akin to those of a CEO in relation to the branch. The PRA proposes to describe this SMF as ‘the function of having responsibility, alone or jointly with others, for the conduct of all activities of the UK branch of an overseas firm which are subject to the UK regulatory system’.

\(^{10}\) SUP 10A.7.4G

\(^{11}\) Subject to FCA consent

\(^{12}\) Supervisory Statement SS10/14, Supervising international banks: the Prudential Regulation Authority’s approach to branch supervision, September 2014. www.bankofengland.co.uk/pra/Documents/publications/ss/2014/ss1014.pdf
2.9 The individual(s) approved as *Head of Overseas Branch* should have the highest degree of individual decision-making authority within the branch over activities and areas subject to UK regulation.

2.10 The PRA considers that, from a prudential perspective, holding a single individual responsible for all the regulated activities of a UK branch should provide an adequate and proportionate level of individual senior management accountability for small, less complex non-EEA branches.

2.11 Firms will, however, have the ability to have more than one individual approved as *Head of Overseas Branch*; for instance, if the branch is jointly headed by two individuals. Where this is the case, the firm should clearly set out the specific responsibilities of each individual approved to the *Head of Overseas Branch* function in their respective Statements of Responsibilities. Moreover, consistent with the proposed approach for UK firms, where two or more individuals share an SMF, each will be individually responsible for all the responsibilities conferred by that function. It follows that, if a firm breaches a relevant requirement (as defined in section 66B(4) of FSMA) relating to that SMF’s area(s) of responsibility, every individual approved to perform it will be potentially liable unless they can individually satisfy the PRA that they took reasonable steps to prevent, stop or remedy the breach (as set out in section 66B of FSMA). However, the particular circumstances regarding the division of tasks between individuals sharing an SMF may have a bearing on whether one or both can satisfy the ‘reasonable steps test’.

2.12 Moreover, when it comes to large, complex incoming non-EEA branches, the PRA believes that as a practical matter, they are likely to have more persons performing key management roles and hence being able to approve only one Senior Manager might be impractical and fail to capture the appropriate individuals.

2.13 Consequently, to ensure an appropriate level of accountability, incoming non-EEA branches will be required to put forward additional senior managers for approval by the PRA in the following circumstances:

- If another individual has direct management and/or decision-making responsibility over the incoming non-EEA branch’s UK-regulated activities i.e. a UK country head or head of Europe, Middle East and Africa (EMEA). Where this is the case, the PRA will require this individual to be approved as a *Group Entity Senior Manager* (SMF7) of the non-EEA branch in addition to the *Head of Overseas Branch*. In practice, it is common for these individuals to be based in another UK group entity but they may occasionally be based overseas.

- If the branch has dedicated individuals performing certain executive SMFs namely *Chief Finance*, *Chief Risk* and *Head of Internal Audit* functions. It is common for large overseas firms to have UK or EMEA-wide heads of finance, risk and/or internal audit with responsibility for all UK the entities in the UK group, including the branch. Where this is the case, the PRA will require these individuals to be approved as their relevant SMFs in relation to the branch.

2.14 Although in rare circumstances an incoming branch may have NEDs sitting on its decision-making committee, neither the PRA nor the FCA intend to bring any NED functions into scope of the SMR for incoming branches. There may, however, be situations where individuals employed by a branch’s head office or another group company are approved as a NED (CF2) of the branch under the APR. Where this is the case, these individuals will commonly be deemed to be performing the *Group Entity Senior Manager* function in respect of the branch and required to be approved accordingly.

2.15 As is the case under the current APR, the PRA will require the FCA’s consent before approving an individual to perform any PRA SMF.
2.16 **FCA Senior Management Functions**

The FCA intends to specify a tailored list of Senior Management Functions for non-EEA branches which captures the senior individuals responsible for the management of the business operating out of the branch.

2.17 The FCA will continue to require non-EEA branches to have individuals approved to the *Money Laundering Reporting* and *Compliance Oversight* functions, as defined in the regime for UK relevant firms.

2.18 The FCA will also specify a new *Overseas Branch Senior Manager (OBSM)* function, which will apply to individuals who have local responsibility for the activities, business areas and management functions of the branch.

2.19 Very small branches may have no individuals approved to the OBSM function and responsibility will lie solely with the *Head of Overseas Branch*. However, in larger branches, individuals with local responsibility for a business line or function will generally require approval to perform the OBSM function.

2.20 The OBSM will therefore apply to the most senior layers of the branch management structure. Individuals performing the OBSM will generally be members of the branch’s highest decision-making body (or equivalent) or report directly to it. It is likely that individuals performing the OBSM will either report to the *Head of Overseas Branch* or to another member of the local governing body of the branch, although they may also have separate reporting lines to individuals and bodies outside the branch structure.

2.21 The regime for UK relevant firms requires Senior Managers to have overall responsibility for their area of responsibility in the firm. As incoming branches are not distinct legal entities, the OBSM has been created to apply only in relation to the regulated activities of the UK branch.

2.22 Generally the FCA expects responsibilities to be allocated to Senior Managers within the management structure of the UK branch. However, incoming branches may allocate responsibilities to individuals that sit elsewhere. This may be because the firm has organised itself such that a particular function of the branch is being managed outside the branch’s management structure. The firm may also allocate responsibilities to individuals based outside the UK. Therefore there is not a territorial limitation to the scope of the FCA’s SMR for non-EEA branches, and the scope of the OBSM will not be limited to those individuals within the branch management structure. Where tasks are delegated, the relevant Senior Manager(s) will remain accountable in line with the Senior Manager Conduct Rule SM3.

2.23 In response to feedback received to the July CP, the FCA is also consulting on further more detailed guidance on the application of the presumption of responsibility as part of CP15/9. This guidance will apply to all senior managers in UK relevant firms and incoming branches, so incoming branches may wish to consider and respond to the proposed more detailed guidance in Chapter 5 and Appendix 2 of CP15/9.

Q1: *PRA*: Does the proposed list of PRA Senior Management Functions for UK branches of non-EEA firms capture the appropriate set of roles? If not,

- are there any other roles which the PRA should consider specifying as SMFs for incoming branches?
- are there any proposed SMFs which the PRA should consider excluding?
Q2: [FCA]: Do you agree with the proposed list of FCA Senior management Functions for non-EEA branches? If not,

- are there any other roles which the FCA should consider specifying as SMFs for incoming non-EEA branches?
- are there any proposed SMFs which the FCA should consider excluding?

Allocation of responsibilities to Senior Manager in incoming non-EEA branches

The below table shows the combined PRA and FCA proposed list of specific responsibilities which must be allocated to PRA or FCA Senior Managers in non-EEA branches:

Table 6

<table>
<thead>
<tr>
<th>Shared PRA and FCA responsibilities</th>
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<tbody>
<tr>
<td>1. Responsibility for the branch's performance of its obligations under the Senior Managers Regime, including implementation and oversight</td>
<td></td>
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<tr>
<td>2. Responsibility for the branch's performance of its obligations under the certification rules</td>
<td></td>
</tr>
<tr>
<td>3. Responsibility for compliance with the branch's obligations in relation to its management responsibilities map</td>
<td></td>
</tr>
<tr>
<td>4. Responsibility for management of the branch's risk management processes in the UK</td>
<td></td>
</tr>
<tr>
<td>5. Responsibility for the branch's compliance with the UK regulatory regime applicable to the branch</td>
<td></td>
</tr>
<tr>
<td>6. Responsibility for the escalation of correspondence from the PRA, FCA and other regulators in respect of the branch to the governing body and/or the management body of the firm or, where appropriate, of the parent undertaking or holding company of the firm's group</td>
<td></td>
</tr>
<tr>
<td>7. Responsibility for the maintenance of the integrity, independence and effectiveness of the branch's policies and procedures on whistleblowing and for ensuring staff who raise concerns are protected from detrimental treatment</td>
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<table>
<thead>
<tr>
<th>PRA responsibilities</th>
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<tbody>
<tr>
<td>8. Responsibility for management of the branch's systems and controls in the UK</td>
</tr>
<tr>
<td>9. Responsibility for the allocation of all UK branch prescribed responsibilities</td>
</tr>
<tr>
<td>10. Responsibility for management of the branch's liquidity or, where a liquidity waiver is in place, the submission of information to the PRA on the firm's liquidity position</td>
</tr>
<tr>
<td>11. Responsibility for the production and integrity of the branch's financial information and its regulatory reporting in respect of its regulated activities, including the annual attestation of compliance to the PRA of the branch's compliance with its obligations under SYSC</td>
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</tbody>
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<table>
<thead>
<tr>
<th>FCA responsibilities</th>
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</thead>
<tbody>
<tr>
<td>12. Responsibility for the branch's policies and procedures for countering the risk that the branch might be used to further financial crime</td>
</tr>
<tr>
<td>13. Responsibility for the branch's policies and procedures for compliance with CASS</td>
</tr>
</tbody>
</table>

13 The PRA and FCA Prescribed Responsibilities set out in the draft instruments at Appendices 1 and 2 refer to the functions being performed in respect of the activities of the branch

14 The PRA and FCA are currently consulting on regulatory rules on whistleblowing in FCA CP15/4 / PRA CP6/15: Whistleblowing in deposit-takers, PRA-designated investment firms and insurers. That consultation proposes minor changes to the wording of the Prescribed Responsibility on whistleblowing for UK firms. Any changes to the final wording of this Prescribed Responsibility rule for UK firms will be reflected in the wording of the corresponding responsibility for incoming branches.
**PRA approach to responsibilities**

2.25 In the July 2014 CP, the PRA consulted on a list of Prescribed Responsibilities which UK relevant firms will need to allocate among their Senior Managers. The PRA acknowledges that applying all of these Prescribed Responsibilities to the proposed Senior Manager(s) of an incoming non-EEA branch would be neither feasible nor proportionate.

2.26 Consequently, the PRA is consulting on a customised, shorter set of Prescribed Responsibilities for incoming non-EEA branches. These Prescribed Responsibilities can be allocated to any PRA or FCA-specified SMF in respect of non-EEA branches.

2.27 As noted above, the PRA and FCA do not propose to specify any non-executive functions as Senior Management Functions in respect of incoming non-EEA branches. So the PRA expects that Prescribed Responsibility 7 should be allocated to a suitably independent and senior individual in the branch management structure such as the Head of Internal Audit function (where applicable) or the Compliance Oversight function.

2.28 Subject to the outcome of this consultation, the PRA will update its draft Supervisory Statement on the PRA Senior Managers Regime (set out in Appendix 9.1 of the July 2014 CP) to reflect its expectations on the scope of the SMR for incoming non-EEA branches and the allocation of responsibilities to Senior Managers in such branches as set out above.

**FCA approach to responsibilities**

2.29 The FCA proposes to specify responsibilities 1-7 of the PRA’s list of prescribed responsibilities for non-EEA branches. This approach is also consistent with the subset of the PRA’s prescribed responsibilities specified by the FCA for UK relevant firms, where applicable.

2.30 The FCA has also set out in CP15/9 its intention to specify two new FCA-only specific responsibilities for UK relevant firms relating to financial crime and client assets. The FCA also proposes to specify these for non-EEA branches.

2.31 The regime for UK relevant firms requires responsibilities to be allocated to the most senior person with responsibility in the firm. Applying this directly to incoming branches would mean capturing the most senior individuals in the legal entity as a whole. So non-EEA branches responsibilities should be allocated to the most senior individual responsible for the day-to-day management of the function or area of responsibility of the branch.

2.32 The FCA considers that a transaction booked, negotiated or arranged in an incoming branch should be treated as a transaction of that branch, even though other elements of the transaction may take place elsewhere in the wider firm, perhaps in a separate entity or outside the UK. Therefore, where any element of a transaction takes place in the UK branch, there should be a Senior Manager that has been allocated responsibility for such transactions.

Q3: [PRA]: Does the proposed list of PRA Prescribed Responsibilities for non-EEA branches capture an appropriate and proportionate set of areas? If not,

- are there any other areas the PRA should consider including in the list?
- are there any areas which the PRA should consider omitting or clarifying?
Q4: **[FCA]**: Does the FCA's proposed approach to the allocation of responsibilities for non-EEA branches capture an appropriate and proportionate set of areas? If not,

- are there any other areas the FCA should consider including in the list?
- are there any areas which the FCA should consider omitting or clarifying?

**Responsibilities maps**

2.33 The PRA and FCA propose to require incoming branches to prepare, submit and, where appropriate, update a management responsibilities map. However, bearing in mind the governance and organisational characteristics of incoming branches, the regulators intend to tailor the responsibilities map requirements to make them appropriate for non-EEA branches. For instance, as incoming branches do not have a UK board, their responsibilities maps must set out matters reserved to the governing body (or equivalent) of the branch, rather than the ultimate overseas governing body. However, incoming branches will generally be expected to provide a detailed explanation of how their management and governance arrangements fit together with those of its overseas head office and the wider group.

2.34 Consistent with the CP15/9, the FCA considers that the proposed responsibilities map requirements are inherently proportionate and that incoming branches with a simple allocation of responsibilities will only need to produce simple maps. For non-complex branches, for example those with a limited number of business lines or which do not rely on the wider firm or group governance arrangements, the FCA would expect the map to be a simple document summarising the allocation of responsibilities within the firm and the firm’s governance arrangements.

2.35 In line with the July 2014 CP and FCA CP15/9, the management responsibilities map may be a single document or folder containing several files or items. Where a group headquartered overseas operates in the UK through a combination of a branch and subsidiaries, it will need to have individuals approved in relation to each entity, however it will be possible for that firm to submit a single document covering all its UK relevant firms as long as the governance arrangements of each entity in scope are clear, complete and appropriately signposted.

**How will the PRA and FCA’s SMR for non-EEA branches operate together in practice?**

2.36 As for UK relevant firms, and in line with the FCA’s duties under s59A of FSMA, the regulators are seeking to minimise any overlap between the PRA and FCA SMRs. Therefore, the overlap rules for UK relevant firms explained in paragraphs 2.48 and 2.49 of the July 2014 CP will also apply to incoming non-EEA branches. These rules seek to ensure that where an individual is required to be approved to perform both a PRA and FCA function, they will in practice only need to seek approval for the PRA function, although considerations will be given in the approval process to the full scope of their responsibilities.

2.37 For instance, where a *Head of Overseas Branch* also heads a UK business line (which, on its own, would normally require FCA approval as an OBSM) the individual will only need to obtain approval as the *Head of Overseas Branch*, and this will encapsulate approval for the overlapping OBSM function. The individual’s Statement of Responsibilities will, however, need to reflect all relevant responsibilities which they may have both in their capacity as head of the branch and as UK head of a business line.
2.38 As the PRA is not proposing to apply any elements of the regime to EEA branches, the overlap rules are not relevant for these firms.

2.39 Some illustrative examples of how the PRA and FCA’s new branch SMFs may interact in practice are provided below. These examples are not intended to indicate how firms should structure themselves and should not be interpreted as guidance on the draft rules. What is a reasonable SMF structure will in practice depend on the structure, activities and governance arrangements of a branch.

2.40 **Scenario 1:** A large overseas bank has a UK branch led by a UK country head, who is approved by the PRA as *Head of Overseas Branch*. The UK country head reports to a Head of EMEA based overseas who makes direct management decisions in respect of the UK branch and is therefore approved as *Group Entity Senior Manager* by the PRA. He also reports to the firm’s board which is based overseas.

2.41 The main activity undertaken by the UK branch is wholesale lending. The UK Head of wholesale lending is approved by the FCA as an *OBSM*. She reports to both the *Head of Overseas Branch* and the EMEA Head of Wholesale lending (who is not approved) who in turn reports to the PRA-approved *Group Entity Senior Manager*.

2.42 **Scenario 2:** A large bank has both a subsidiary and a branch in the UK. Both are led by the same individual who is approved by the PRA as both the *Head of Overseas Branch* function in relation to the branch and *Chief Executive* function in relation to the subsidiary. The UK Head leads the UK branch’s management committee and sits on the board of the subsidiary. Both the branch and subsidiary undertake a certain activity, B, and the same individual has responsibility for this activity in respect of both entities. The Head of business line B is approved to the *OBSM* function in relation to the branch and a UK relevant firm SMF, such as the *Head of Key Business Area*, in relation to the subsidiary, and sits on both the UK branch’s management committee. The branch also undertakes activity A; the Head of business line A is also approved to the *OBSM* function and reports to the branch management committee about activity A.
2.43 **Scenario 3:** A small branch undertakes only wholesale lending and the branch management committee has delegated authority for all lending decisions. The branch management committee is comprised of the branch general manager (approved as Head of Overseas Branch by the PRA), the head of wholesale lending (approved to the OBSM function by the FCA) and the Head of Compliance.

2.44 **Scenario 4:** A very small branch employs five staff members and books transactions in the UK which are arranged by the overseas head office. There is one individual approved by the PRA as Head of Overseas Branch who is responsible for all transactions booked in the UK branch.

2.45 In all the scenarios above, the individual performing the Compliance Oversight and MLRO functions would be approved by the FCA.
The SMR for EEA branches

Scope of the SMR for EEA branches

For EEA branches, the FCA currently applies a subset of controlled functions to reflect the split of home/host state responsibilities under the relevant single market directives. Therefore, in the new regime the FCA intends to specify a separate, tailored list of Senior Management Functions for individuals in EEA branches covering:

- the Money Laundering Reporting function
- individuals with responsibility for the conduct of certain regulated activities of the EEA branch

Table 4

FCA Senior Management Functions for EEA branches

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<th>Function</th>
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<tr>
<td>EEA Branch Senior Manager (EBSM) (SMF21)</td>
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<tr>
<td>Money Laundering Reporting Officer (SMF17)</td>
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2.47 The Money Laundering Reporting function will be defined in the same way as for non-EEA branches and UK relevant firms.

2.48 The EBSM function will apply to individuals that meet the definition of an SMF in relation to the business operating out of the branch, with the same conditions as the current Significant Management function (CF29) for EEA branches, which are that the individual must be involved in:

a. designated investment business other than dealing in investments as principal or
b. processing confirmations, payments, settlements, insurance claims, client money and similar matters, in so far as this relates to designated investment business and
c. accepting deposits from banking customers and activities substantially connected with that activity, to the extent to which is does not fall within a. or b.

2.49 In making a determination of fitness and propriety for an individual applying to perform the EBSM, the FCA will not assess the competence of these individuals, as this is a matter reserved to the home member state.

Q5: **[FCA]**: Do you agree with the proposed list of FCA Senior management Functions for EEA branches? If not,

- are there any other roles which the FCA should consider specifying as SMFs for incoming EEA branches?
- are there any proposed SMFs which the FCA should consider excluding?

Allocation of responsibilities to senior managers in EEA branches

2.50 Allocation of responsibilities is a matter reserved to the home member state, and therefore the FCA’s responsibility framework will not apply to EEA branches. For similar reasons the
obligations on Senior Managers to provide Handover Certificates when leaving a role will not apply to EEA branches.

2.51 The approach set out above at paragraphs 2.33-2.35 for non-EEA branches also applies to the FCA’s responsibilities map requirements for EEA branches. In addition, EEA branches will only be required to include in the responsibilities map the information necessary to identify the responsibilities of the approved persons and how these fit with the management and governance arrangements of the branch as a whole.

Q6: [FCA]: Do you agree with the FCA’s proposed approach to the allocation of responsibilities in EEA branches? If not, how should the regime be amended?

Territorial application of the Senior Managers Regime

2.52 As noted in Chapter 1, one of the key challenges of extending the proposed accountability regimes to both subsidiaries and incoming branches of firms headquartered overseas is the fact that the senior management of these entities and other individuals involved in their regulated activities are more likely to be physically based outside of the UK than their counterparts in UK relevant firms.

2.53 A number of responses to the July 2014 CP questioned and/or challenged the extent to which the SMR may apply extraterritorially; i.e. the extent to which individuals located overseas may be subject to regulatory approval as Senior Managers (in particular as Group Entity Senior Managers (SMF7)) and the enhanced accountability requirements in FSMA.

2.54 Under the APR, when dealing with groups headquartered overseas and their senior management, the regulator(s) distinguished those individuals responsible for setting the group’s strategy, which would not commonly be required to undergo approval in the UK, from those responsible for implementing that strategy in the United Kingdom, which commonly would (particularly when they had not delegated that responsibility to an appropriate local member of senior management). This approach and philosophy are, we believe, well understood and the PRA and FCA therefore plan to maintain this under the SMR.

2.55 Under Section 59ZA of FSMA, in order for a function to be capable of being designated as an SMF, it must involve the management of one or more aspects of the firm’s affairs relating to the regulated activity and which might involve a risk of serious consequences for the firm or for business or other interests in the UK. This therefore also applies when considering whether individuals are performing an SMF, including those based in the head office or another group entity based overseas.

2.56 However, the fact that an individual is physically located outside the UK does not automatically mean that they cannot perform an SMF. If the individual is actively and directly involved in the management of a UK subsidiary or incoming branch or takes direct decisions about how these entities should conduct their regulated activities, it is highly likely that they will require approval as a Group Entity Senior Manager or another SMF.

2.57 Conversely, it does not automatically follow that if a senior individual is physically based in the UK that they will necessarily also be a Senior Manager in relation to the branch. This will depend on whether they are part of the branch management structure and if so, their role in relation to the branch.
2.58 The PRA and FCA will assess whether there are any individuals located overseas who should be approved as Senior Managers of an incoming branch or a subsidiary of a group headquartered overseas on a case-by-case basis. In doing so, they will take into account the organisational structure of the firm, reporting structures and whether any UK-based Senior Managers have an appropriate and proportionate degree of accountability, autonomy and responsibility.

Q7: [PRA/FCA]: Do the combined FCA and PRA proposed SMFs branches cover the key decision-makers for the regulated activities of incoming branches?

Q8: [PRA/FCA]: Are there any other aspects of the Senior Managers Regime that should be applied differently for non-EEA branches? If so, how should the regime be amended?

Q9: [FCA]: Are there any other aspects of the Senior Managers Regime that should be applied differently for EEA branches? If so, how should the regime be amended?
3. Certification Regime

Overview and summary of the Certification Regime for UK relevant firms

3.1 The Act introduced a requirement to FSMA for firms to certify that employees who are capable of causing significant harm to the firm or any of its customers (‘certification functions’) are fit and proper to perform their roles.

3.2 Individuals performing certification functions will not be subject to regulatory pre-approval. However, firms must take reasonable care to ensure that no employee performs any of these functions without having been certified as fit and proper to do so, and that this certification is renewed annually. In determining whether an employee is fit and proper to perform such a function, an incoming branch will need to have regard to any rules the regulators have made for this purpose.

The PRA’s Certification Regime for incoming non-EEA branches

3.3 In the July 2014 CP, the PRA proposed to define certification functions in Capital Requirements Regulation (CRR) firms based on the criteria used to define Material Risk Takers (MRTs) for remuneration purposes in Commission Delegated Regulation (EU) No 604/2014. The PRA considers that the concepts of MRT and ‘significant harm function’ are broadly equivalent.

3.4 Commission Delegated Regulation (EU) No 604/2014 does not apply to incoming third country branches. However, the PRA’s proposed Remuneration Rules require third-country firms to identify employees who would meet the Regulations as if it did apply to them and treat them as MRTs.

3.5 Consequently, the PRA proposes to base the scope of its Certification Regime for incoming non-EEA branches on their UK MRT population. However, as with UK firms, not all MRTs will be performing certification functions – some MRTs will be carved out of the Certification regime by virtue of their being Senior Managers.

3.6 Likewise, individuals whose functions are not related to the regulated activities of the branch and therefore do not meet the statutory test for a Certification function will also fall outside the scope of the PRA’s Certification Regime.

Q10: [PRA]: Do you agree with the PRA’s proposed approach to defining certification functions?
The FCA’s Certification Regime for incoming branches

Non-EEA branches

3.7 In addition to MRTs, (who can cause harm to both the firm and consumers), there is a wider population of individuals capable of causing significant harm to consumers only. So the FCA’s proposed scope of certification functions is wider that the PRA’s for UK relevant firms. The FCA intends to apply the Certification Regime to non-EEA branches in broadly the same way as we proposed for UK relevant firms, where necessary restricting the functions so that they apply only in relation to the branch.

3.8 CP15/9 clarifies the FCA’s view on an aspect of the territoriality of the Certification Regime. Some respondents to the July CP questioned the breadth of the regime, which, as a general principle, involves all line managers of certified persons being certified themselves, leading to the inclusion of chains of middle managers.

3.9 The intention of this policy is to ensure that a certified person cannot face pressure to act inappropriately from supervisors who are not themselves held equally accountable. In practice, it means that if a firm employs a customer-facing financial adviser, for example, every manager above them in the same chain of responsibility will have to be certified (until the senior manager approved under the SMR is reached).

3.10 This issue is linked to the question of how our regime applies where the individuals in question may be outside the UK (i.e. where a certified person has a reporting line to a manager in another country). Respondents to the July CP questioned whether this would have the effect of also capturing the management chain of the overseas individual (for example capturing all the way up to the Board of the overseas entity). This may be particularly relevant for non-EEA branches, as they are not separate legal entities, and often operate using extensive matrix management. This issue is not relevant for EEA branches, as a territorial limitation will restrict the Certification Regime to individuals based in the UK (see paragraph 3.14 below).

3.11 The regime for UK relevant firms includes an overarching territorial principle that certified people must be either based in the UK or dealing with a UK client. This measure is intended to prevent individuals from being captured that do not have a substantial link to the UK business or customers. Where a certified person has dual or multiple reporting lines, the Certification Regime will apply where the relevant manager is either based in the UK or involved in dealing with a UK client. Therefore in some cases the regime may capture only the manager who is based in the UK, unless the overseas manager would also be a certified person in their own right.

3.12 So where a certified person has a reporting line overseas, the overseas manager will be subject to the Certification Regime only if the manager is dealing with clients in the UK. However, our approach to responsibility means that firms must ensure that one or more SMFs ultimately have overall responsibility for all of the activities, business areas and management functions of the branch. Therefore, the relevant Senior Manager(s) will remain responsible and accountable for the performance of all activities, business areas and management functions of the branch, even in the event that the Certification Regime does not capture all individuals in the reporting chain of a particular area.

Q11: [FCA]: Do you agree with the FCA’s proposed approach to the Certification Regime for non-EEA branches?
EEA branches

3.13 The FCA also intends to apply its Certification Regime, which includes MRTs, to EEA branches, where necessary restricting the Certification functions so they apply only in relation to the branch. In addition, EEA branches should note that:

- The CASS oversight function will not apply, as the CASS rules do not apply to EEA branches.
- The function concerning individuals performing functions requiring qualifications will apply to EEA branches. Individuals in EEA branches that are performing functions which would require qualifications if that individual were performing the function from a UK relevant firm will be included in the Certification Regime.

3.14 A territorial limitation will apply such that the Certification Regime will only apply to individuals that are based in the UK.

Q12: [FCA]: Do you agree with the FCA’s proposed approach to the Certification Regime for EEA branches?

Alternative options for the FCA’s Certification Regime for incoming branches

3.15 The policy and rules that we are consulting on in this CP, in relation to the FCA’s Certification Regime for incoming branches, are based on the rules consulted on for UK relevant firms in the July CP. However, respondents should note that we may subsequently amend these proposals to reflect any changes that we may make to the FCA’s Certification Regime for UK relevant firms, as detailed in CP15/9. These are discussed below in more detail, and we would welcome views on their application to incoming branches.

3.16 Since issuing our consultation in July, we have become aware that the proposals we consulted on result in an inconsistent approach to individuals involved in wholesale activities, including traders. The proposals included a requirement to certify individuals in customer-facing roles that are subject to qualification requirements and we also explained that those proprietary traders who would currently fall under the Significant Management (CF29) function would be subject to the regime.

3.17 In practice, it seems likely that some, but not necessarily all traders individuals involved in wholesale activities, such as trading, would fall within the scope of the regime – for example, individuals trading on behalf of clients classified under MiFID as ‘eligible counterparties’ would not necessarily be covered (such as if they are dealing as agent in that capacity or where the broker is executing orders on behalf of clients by dealing on own account). Some respondents to the July CP highlighted this anomaly. Respondents also highlighted that not all individuals currently approved under the customer-dealing function (CF30) function would necessarily be covered.

3.18 Having considered this matter, we believe that many of these individuals could be thought of as performing roles that could pose ‘significant harm’ to the firm or its customers. As a result, we are considering extending the scope of the certification regime to ensure that these individuals are captured within the regime. We would plan to consult on any changes to this effect for both UK relevant firms and incoming branches in the spring/summer.
Q13: [FCA]: What are your views on the potential changes to the scope of the FCA’s Certification Regime described above for incoming branches? In particular, do you agree that the scope of the Certification Regime should include all individuals involved in wholesale activity, where these individuals are capable of causing significant harm to the firm or its customers?

Q14: [PRA/FCA]: Are there any other aspects of the Certification Regime that should be applied differently for non-EEA branches? If so, how should the regime be amended?

Q15: [FCA]: Are there any other aspects of the Certification Regime that should be applied differently for EEA branches? If so, how should the regime be amended?
4. Conduct rules

**Introduction**

4.1 This chapter sets out the regulators’ proposals for the scope and content of a new set of enforceable Conduct Rules for incoming branches. These rules will replace the existing APER principles and guidance which currently apply to Approved Persons.

4.2 Chapter 5 of the July CP explained the background to the Conduct Rules and how these enforceable rules will be an important tool for both regulators in influencing the behaviour of individuals. Through their impact on the actions of individuals, Conduct Rules can shape the culture, standards and policies of a firm as a whole and act to promote more positive behaviours that actively support the regulators’ statutory objectives. The possibility of enforcement should also act as a deterrent against actions or omissions that could damage a firm’s prudential position, harm its customers or undermine the integrity of financial markets.

4.3 The Conduct Rules proposed by the PRA and FCA in the July CP are:

**Table 6**

<table>
<thead>
<tr>
<th>First tier – Individual Conduct Rules</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rule 1: You must act with integrity.</td>
</tr>
<tr>
<td>Rule 2: You must act with due skill, care and diligence.</td>
</tr>
<tr>
<td>Rule 3: You must be open and cooperative with the FCA, the PRA and other regulators.</td>
</tr>
<tr>
<td>Rule 4 (FCA only): You must pay due regard to the interests of customers and treat them fairly.</td>
</tr>
<tr>
<td>Rule 5 (FCA only): You must observe proper standards of market conduct.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Second tier – Senior Manager Conduct Rules</th>
</tr>
</thead>
<tbody>
<tr>
<td>SM1: You must take reasonable steps to ensure that the business of the firm for which you are responsible is controlled effectively.</td>
</tr>
<tr>
<td>SM2: You must take reasonable steps to ensure that the business of the firm for which you are responsible complies with relevant requirements and standards of the regulatory system.</td>
</tr>
<tr>
<td>SM3: You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate person and that you oversee the discharge of the delegated responsibility effectively.</td>
</tr>
<tr>
<td>SM4: You must disclose appropriately any information of which the FCA or PRA would reasonably expect notice.</td>
</tr>
</tbody>
</table>
The PRA's approach to Conduct Rules in incoming non-EEA branches

4.4 In the July 2014 CP, the PRA proposed to apply Conduct Rules to all Senior Managers subject to approval by either the PRA or FCA and to employees who fell within the PRA's Certification Regime. Senior Managers would also be subject to additional Conduct Rules SM1-SM4.

4.5 The PRA noted that these individuals had been identified as being able to cause significant (prudential) harm to a firm and thus be able to impact on the PRA's safety and soundness objective. Therefore, the PRA deemed it appropriate to apply its Conduct Rules only to these individuals.

4.6 The PRA considers that the scope of its Conduct Rules for UK relevant firms and the rationale behind it are equally appropriate for incoming non-EEA branches. Consequently, the PRA proposes to apply its Conduct Rules in the same way as for UK firms. Consequently:

- individuals performing an SMF specified by the PRA or FCA will be subject to all of the Conduct Rules in Table 6 and
- employees performing a PRA Certification function (who, as noted above, will be a subset of the branch's UK MRTs) will be subject to the first tier Conduct Rules.

The FCA's approach to Conduct Rules in incoming branches

4.7 The FCA considers that the intention behind the Conduct Rules applies equally to incoming branches. The FCA therefore intends to apply the Conduct Rules to non-EEA branches in the same way as for UK relevant firms.

4.8 Due to the structure of a branch, branch staff may also be subject to a Code of Conduct which is set by the legal entity. However, the Conduct Rules are drafted at a high level and the FCA does not expect them to be inconsistent with any separate standards set by head office or the home state regulator.

4.9 For EEA branches, the Conduct Rules will apply, although the FCA intends to retain the current limitation in APER which will provide that Conduct Rules apply only to the extent that they are compliant with EU legislation. In addition, for Conduct Rules staff that are not Senior Managers there will be a territorial limitation so that the Conduct Rules will only apply to individuals based in the UK. This territorial limitation will not apply to Senior Managers in EEA branches.

Q16: [PRA]: Do you agree with the PRA's proposed approach to conduct rules for non-EEA branches? If not, why not?

Q17: [FCA]: Do you agree with the FCA's proposed approach to Conduct Rules for incoming branches? If not, why not?

Alternative options for the FCA's Conduct Rules for incoming branches

4.10 The policy and rules that we are consulting on in this CP, in relation to the FCA's approach to the Conduct Rules for incoming branches, are based on the rules consulted on for UK relevant firms in the July CP. However, respondents should note that we may subsequently amend these proposals to reflect any changes that we may make to the FCA's approach to the Conduct Rules for UK relevant firms, as detailed in CP15/9. These are discussed below in more detail, and we would welcome views on their application to incoming branches.
4.11 The Act requires firms to notify the regulators when they are aware or suspect that a person has breached the Conduct Rules, or when a firm has taken formal disciplinary action. In the July CP the FCA proposed that actual or suspected breaches by a Senior Manager should be reported within seven days. For other individuals, we proposed reporting on a quarterly basis, with firms compiling an aggregated list of the actual or suspected individual breaches, the identities of those to whom the notification relates and the disciplinary action that they need to report for that quarter. Firms responding to the consultation felt that our threshold for reporting breaches was too low, creating a potentially disproportionate burden on them.

4.12 We understand firms’ concerns in this area and, as we prepare our final rules for publication in the spring/summer, we will consider what adjustments can be made particularly to the frequency and method by which firms are required to report breaches to us. We will consider whether further guidance would be helpful, and we will also take account of responses received in this area in response to the December CP. However, we will need to keep in mind that the Act requires notification of suspected or known breaches of the Conduct Rules.

Q18: [FCA]: What are your views on the potential changes to the reporting of Conduct Rule breaches for incoming branches as described above?

Q19: [PRA/FCA]: Are there any other aspects of the requirements associated with the Conduct Rules that should be applied differently for non-EEA branches? If so, how should the regime be amended?

Q20: [FCA]: Are there any other aspects of the requirements associated with the Conduct Rules that should be applied differently for EEA branches? If so, how should the regime be amended?
5. Transitional arrangements

Commencement of the regime for incoming branches

5.1 The Treasury has announced the timeline for commencement of the new individual accountability regime for both UK relevant firms and incoming branches:

- The new regime will commence on 7 March 2016. The SMR (and the relevant enforcement powers) and the Conduct Rules (for Senior Managers and Certified Persons) will take effect from this date. The requirement to issue Certificates to Certified Persons will commence on a subsequent date to be appointed by the Treasury.

- Firms will be required to notify the regulators by 8 February 2016 of the approved persons who are to be senior managers under the SMR (grandfathering notifications).

5.2 The Treasury has made an Order under section 146 of the Act to provide for transitional arrangements and grandfathering of existing approved persons employed in UK relevant firms. We expect that the Treasury will provide for similar arrangements for grandfathering existing approved persons in incoming branches. As with UK relevant firms, the PRA and the FCA will specify the detail of the transitional arrangements for incoming branches, including how individuals in existing approved persons roles will be grandfathered to the new SMR. This CP does not seek views on this approach to commencement.

The Senior Managers Regime

Grandfathering existing approvals

5.3 As with UK banks, the regulators propose to allow individuals currently approved to perform a significant influence function, whose role is not substantively changing, to be grandfathered into a corresponding senior management role. The regulators propose that existing approvals will be eligible to be grandfathered in accordance with the table below. The first column shows existing controlled functions. The second and third columns show the set of Senior Management Functions into which a person performing the controlled function in the first column could be eligible to transfer.
### Non-EEA branches

<table>
<thead>
<tr>
<th>Current Controlled Function</th>
<th>Applicable PRA SMF To Grandfather To</th>
<th>Applicable FCA SMF To Grandfather To</th>
</tr>
</thead>
<tbody>
<tr>
<td>CF1 – Director</td>
<td>SMF7 – Group Entity Senior Manager</td>
<td>SMF19 – Overseas Branch Senior Manager</td>
</tr>
<tr>
<td></td>
<td>SMF18 – Head of Overseas Branch</td>
<td></td>
</tr>
<tr>
<td>CF2 – NED</td>
<td>SMF7 – Group Entity Senior Manager</td>
<td></td>
</tr>
<tr>
<td>CF3 – Chief Executive</td>
<td>SMF18 – Head of Overseas Branch</td>
<td></td>
</tr>
<tr>
<td>CF10 – Compliance Oversight</td>
<td>SMF15 – Compliance Oversight</td>
<td></td>
</tr>
<tr>
<td>CF11 – Money Laundering Reporting</td>
<td>SMF16 – Money Laundering Reporting</td>
<td></td>
</tr>
<tr>
<td>CF28 – Systems and Controls</td>
<td>SMF2 – Chief Finance Function</td>
<td>SMF19 – Overseas Branch Senior Manager</td>
</tr>
<tr>
<td></td>
<td>SMF4 – Chief Risk Function</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SMF5 – Head of Internal Audit</td>
<td></td>
</tr>
<tr>
<td>CF29 – Significant Management</td>
<td>SMF18 – Head of Overseas Branch</td>
<td>SMF19 – Overseas Branch Senior Manager</td>
</tr>
</tbody>
</table>

### EEA branches

<table>
<thead>
<tr>
<th>Current Controlled Function</th>
<th>Applicable PRA SMF To Grandfather To</th>
<th>Applicable FCA SMF To Grandfather To</th>
</tr>
</thead>
<tbody>
<tr>
<td>CF11 – Money Laundering Reporting</td>
<td></td>
<td>SMF16 – Money Laundering Reporting</td>
</tr>
<tr>
<td>CF29 – Significant Management</td>
<td></td>
<td>SMF20 – EEA Branch Senior Manager</td>
</tr>
</tbody>
</table>

**Q21:** [PRA and FCA]: Do you agree with the PRA and FCA’s proposed approach to grandfathering existing approved persons into Senior Management Functions in incoming branches?

**Q22:** [PRA and FCA]: Are there any other aspects of the requirements associated with transitional arrangements that should be applied differently for non-EEA and/or EEA branches? If so, how should the regime be amended?

**Q23:** [FCA]: Are there any other aspects of the requirements associated with transitional arrangements that should be applied differently for EEA branches? If so, how should the regime be amended?
6. Forms and consequential changes

6.1 This chapter sets out proposed changes to the new or updated forms for relevant authorised persons, to reflect the proposals in this CP.

New forms

6.2 In the December CP the PRA and FCA produced new template forms reflecting the new statutory and regulatory requirements relating to:

- the Senior Managers Regime
- the notification of conduct rules breaches by, and disciplinary action taken against Senior Managers, Certified Persons, in the case of the FCA, other Conduct Rules staff.

6.3 The regulators think many of these forms will be applied to incoming branches with no changes required. However, some changes will be required to the Statements of Responsibilities form. The proposed updated form can be found in Appendix 3.

Statements of Responsibilities (Form J)

6.4 As discussed in Chapter 2, the PRA and FCA’s approach to the allocation of responsibilities has been tailored for incoming branches. For non-EEA branches, the PRA has developed a customised list of Prescribed Responsibilities for Senior Managers in incoming non-EEA branches. For EEA branches, the FCA responsibilities framework does not apply, as allocation of responsibilities is a matter for the home member state. So the regulators propose changes to the Statements of Responsibilities form to clarify which sections of the form apply to non-EEA and EEA branches respectively. This includes:

- creating separate sections for non-EEA branches to set out the allocation of the branch prescribed responsibilities
- dis-applying the sections relating to the allocation of prescribed responsibilities and key functions for EEA branches

6.5 The free text section will apply to UK relevant firms and all incoming branches, and EEA branches in particular should use this section to set out how responsibilities have been allocated to the senior managers, including where they are shared or divided with other senior manager(s). For all incoming branches, the PRA and FCA view it as essential to ensure the Statements of Responsibilities are as clear and succinct as possible, and further detail on the PRA and FCA’s expectations is set out in Chapter 3 of the December CP.

6.6 The regulators have also proposed changes to include the proposed Senior Management Functions for incoming branches to the list of Senior Management Functions, and to include
any relevant additional Handbook references for incoming branches, in line with the draft rules proposed in this CP.

6.7 The FCA notes in CP 15/9 that we are in the process of considering responses to the December CP in respect of the Statements of Responsibilities form for UK relevant firms, and our publication of our final rules in the spring/summer will include a revised template. This CP presents the relevant changes for incoming branches as a separate Statements of Responsibilities form for incoming branches only. This is based on the Statements of Responsibilities form as consulted on in the December CP and may therefore subsequently change in line with the final form for UK relevant firms.

Q24: [PRA & FCA]: Do you agree with the proposed changes to the new forms?

Updates to existing forms

6.8 The regulators propose changes to the versions of Forms A (Application to perform a Senior Management function) and E (Internal transfer of an approved person (for firms and individuals subject to the senior management regime)) in the December CP. These changes will add the new proposed Senior Management Functions for relevant incoming branches where there is a list of senior management functions; and include any relevant additional Handbook references for incoming branches, in line with the draft rules proposed in this CP. These updated forms can be found in Appendix 3.

Q25: [PRA & FCA]: Do you agree with the proposed changes to these existing forms?

6.9 Currently there is a separate long and short Form A for EEA branches. The regulators propose to amend these to reflect both the changes proposed to the Form A as for UK relevant firms in the December CP and the changes described in paragraph 6.8 above. This form can be found in Appendix 4.

Q26: [FCA]: Do you agree with the proposed changes to the Form A for EEA branches?

Consequential changes

6.10 The PRA and FCA have considered the additional amendments needed to existing rules and guidance as a result of the proposals set out in this CP, and the changes are included in the proposed PRA and FCA rules in Appendices 1 and 2.

6.11 These changes are minor technical amendments needed to clarify the application or dis-application of certain rules and guidance, and to ensure rules and guidance are also appropriately amended to reflect the application of the Banking Reform Act to non-EEA branches and, for the FCA, EEA branches.

Q27: [PRA]: Do you have any comments on the PRA’s proposed consequential Rulebook changes, or think more are needed?
Q28: **[FCA]**: Do you have any comments on the FCA's proposed consequential Handbook changes, or think more are needed?
## Annex 1:
**Full summary of the FCA regime for UK relevant firms and application to incoming branches**

<table>
<thead>
<tr>
<th>Aspect of the regime for UK relevant firms</th>
<th>Application to non-EEA branches</th>
<th>Application to EEA branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Managers Regime:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The July CP, Chapter 2</td>
<td>Tailored application (see paragraphs 2.16-23 of this CP)</td>
<td>Tailored application (see paragraphs 2.46-49 of this CP)</td>
</tr>
<tr>
<td>This CP, Chapter 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CP15/9, Chapter 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope and definition of Senior Management Functions</td>
<td>Tailored application (see paragraphs 2.16-23 of this CP)</td>
<td>Tailored application (see paragraphs 2.46-49 of this CP)</td>
</tr>
<tr>
<td>Ability of regulators to approve Senior Managers with time limits or conditions</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>The Presumption of Responsibility for Senior Managers</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>The Criminal Offence for Senior Managers</td>
<td>Does not apply</td>
<td>Does not apply</td>
</tr>
<tr>
<td>Statements of Responsibility for Senior Managers</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>Allocation of Prescribed Responsibilities</td>
<td>Tailored application (see paragraphs 2.29-32 of this CP)</td>
<td>Does not apply</td>
</tr>
<tr>
<td>Allocation of key functions</td>
<td>Applies</td>
<td>Does not apply</td>
</tr>
<tr>
<td>Responsibilities map</td>
<td>Applies</td>
<td>Tailored application (see paragraphs 2.51 of this CP)</td>
</tr>
<tr>
<td>Annual certification of compliance</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>Handover arrangements</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>Certification Regime:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The July CP, Chapter 3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This CP, Chapter 3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CP15/9, Chapter 3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Strengthening accountability in banking: UK branches of foreign banks

<table>
<thead>
<tr>
<th>Aspect of the regime for UK relevant firms</th>
<th>Application to non-EEA branches</th>
<th>Application to EEA branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope of the FCA significant harm functions</td>
<td>Tailored application (see paragraphs 3.7-12 of this CP)</td>
<td>Tailored application (see paragraphs 3.13-14 of this CP)</td>
</tr>
<tr>
<td>Requirement to assess the fitness and propriety of Certified Persons at appointment and at least annually thereafter, and issue certificates as appropriate</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>Fitness and propriety: The July CP, Chapter 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Requirement to assess Senior Managers and Certified Persons in line with the rules and guidance in FIT</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>Requirement to undertake criminal records checks for Senior Managers</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>Requirement to request and provide regulatory references for Senior Managers and Certified People</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>Conduct Rules: The July CP, Chapter 5 This CP, Chapter 4 CP15/9, Chapter 4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope of Conduct Rules staff</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>Individual Conduct Rules, including FCA-only Individual Conduct Rules</td>
<td>Applies</td>
<td>Tailored application (see paragraph 4.9 of this CP)</td>
</tr>
<tr>
<td>Senior Manager Conduct Rules</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>Requirement to notify staff of the Conduct Rules which apply to them and take all reasonable steps to ensure they understand how those rules apply in relation to them</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>Requirement to notify the FCA of known or suspected breaches of Conduct Rules within seven business days for Senior Managers</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>Requirement to notify the FCA of known or suspected breaches of Conduct Rules on a quarterly basis for other Conduct Rules staff</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>Regulatory lifecycle The July CP, Chapter 7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regulatory lifecycle in respect of Authorisations, Supervision and Enforcement</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>Transitional arrangements The December CP, Chapter 2 This CP, Chapter 5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aspect of the regime for UK relevant firms</td>
<td>Application to non-EEA branches</td>
<td>Application to EEA branches</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>--------------------------------</td>
<td>----------------------------</td>
</tr>
<tr>
<td>Commencement of the Senior Managers Regime, the application of the Conduct Rules to Senior Managers and Certified Persons and the requirement to issue certificates on a date or dates to be determined by the Treasury</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>Grandfathering of current SIFs to a corresponding SMF</td>
<td>Tailored application (see paragraph 5.3 of this CP)</td>
<td>Tailored application (see paragraph 5.3 of this CP)</td>
</tr>
<tr>
<td>Requirement to submit grandfathering notifications to the FCA</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>The process for submitting grandfathering notifications, including the approach in respect of regulatory references, criminal records checks, statements of responsibilities and the responsibilities map</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>The approach to applications made and approved between the date the rules are made and the commencement date</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>The approach to in-flight applications</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>The approach for employees already performing a Certification role at commencement</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>The approach to applications during the transitional period that will no longer require pre-approval following commencement</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>Forms and consequentials</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>The December CP, Chapter 3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This CP, Chapter 6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forms H, I, J, K, L</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statement of Responsibilities template</td>
<td>Tailored application (see paragraphs 6.4-6.7 of this CP)</td>
<td>Tailored application (see paragraphs 6.4-6.7 of this CP)</td>
</tr>
<tr>
<td>Form A</td>
<td>Tailored application (see paragraph 6.8 of this CP)</td>
<td>Tailored application (see paragraph 6.9 of this CP)</td>
</tr>
<tr>
<td>Forms B, C, D</td>
<td>Applies</td>
<td>Applies</td>
</tr>
<tr>
<td>Form E</td>
<td>Tailored application (see paragraph 6.8 of this CP)</td>
<td>Tailored application (see paragraph 6.8 of this CP)</td>
</tr>
<tr>
<td>Form G</td>
<td>Applies</td>
<td>Applies</td>
</tr>
</tbody>
</table>
Annex 2: PRA Cost benefit analysis

Overview

1. The PRA is required under section 138J of FSMA to carry out and publish a cost benefit analysis (CBA) when proposing draft rules.

2. The PRA’s CBA for this CP has been informed by the PRA’s CBA and accompanying analysis by Europe Economics in the July 2014 CP and HM Treasury’s Impact Assessment on the extension of the statutory elements of accountability regimes to foreign branches, which was also based on Europe Economics’ analysis\(^\text{15}\).

3. A large number of overseas banks operate in the UK through branches. While incoming non-EEA branches vary significantly in terms of size and complexity, the majority focus predominantly on wholesale banking activities.

4. The PRA proposes to implement the Senior Mangers Regime, Certification Regime and Conduct Rules (‘accountability regimes’) in a way that takes into account both:

   a. the differences between incoming non-EEA branches and UK relevant firms; and

   b. the diverse array of sizes and business models among incoming non-EEA branches.

5. Overall, the PRA considers that its proposed extension of the accountability regimes to incoming non-EEA branches is appropriate, proportionate and meets its statutory obligations.

6. Through the implementation of the accountability regimes, the PRA intends to help encourage individual accountability. This will, in turn, help bring the benefits of an increased deterrent against negligent or reckless management and decision making.

7. The accountability regimes are intended to align the interests of Senior Managers and employees deemed capable of causing significant harm to a firm to those of the PRA in reducing the risk of firm failure and thereby avoiding the disruption that could ensue.

8. We estimate that the costs of implementing the proposed accountability regimes for the majority of incoming non-EEA branches will be guided by the costs incurred by small UK banks.

9. However, for a minority of large, complex incoming non-EEA branches, the implementation costs are likely to be guided by those of large UK banks.

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10. The PRA’s estimates endorse the assumption in HM Treasury’s Impact Assessment that the costs of implementing the new accountability regimes in small and large incoming non-EEA branches (both one-off and ongoing) will be 25% of the costs that small and large UK banks and investment firms will face respectively. Moreover, the PRA does not expect the incremental ongoing implementation costs of the new regimes to be substantially higher than those of the current Approved Persons Regime (APR).

11. Cost estimates being broadly attributable to the PRA’s proposals for large and small incoming non-EEA branches on a one-off and ongoing basis are set out in Table 1.

**Table 1: Average costs per firm for the sample studied by Europe Economics (£000s)**

<table>
<thead>
<tr>
<th>Regime</th>
<th>Large incoming non-EEA branches, one-off costs</th>
<th>Large incoming non-EEA branches, ongoing costs</th>
<th>Small incoming non-EEA branches, one-off costs</th>
<th>Small incoming non-EEA branches, ongoing costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMR</td>
<td>137.5</td>
<td>32.5</td>
<td>20</td>
<td>2.5</td>
</tr>
<tr>
<td>Certification</td>
<td>4</td>
<td>Negligible</td>
<td>3.3</td>
<td>Negligible</td>
</tr>
<tr>
<td>Conduct Rules</td>
<td>375</td>
<td>0.5</td>
<td>1.5</td>
<td>Negligible</td>
</tr>
<tr>
<td>Total</td>
<td>516.5</td>
<td>33</td>
<td>24.8</td>
<td>2.5</td>
</tr>
</tbody>
</table>

12. Compared to the APR, the number of individuals subject to pre-approval by the PRA under the SMR will either be reduced or stay the same. Hence, the overall administrative cost to both firms and the PRA is likely to be reduced.

**Senior Managers Regime (SMR)**

13. The PRA proposes to require the most senior individual in every incoming non-EEA branch to be approved as a bespoke Senior Management Function (SMF) referred to as Head of Overseas Branch.

14. In addition, incoming non-EEA branches which have certain dedicated executive SMFs namely a CFO, CRO and Head of Internal Audit (who, in many cases, will already be approved as the same SMF in relation to the firm’s UK subsidiary) will be required to have these individuals pre-approved. The PRA expects this situation to arise primarily in large, complex branches.

15. The FCA is specifying a number of additional SMFs for incoming non-EEA branches. However, in line with the proposed approach for UK firms, where an individual is seeking approval for overlapping PRA and FCA SMFs, approval for the PRA SMF will be deemed to encompass approval for the corresponding FCA SMF, thereby eliminating the need for and corresponding cost of multiple applications.

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16 These estimates have been obtained by applying the assumption that costs to incoming non-EEA branches are 25% of the costs to corresponding UK firms implementing the regime. This percentage has been applied to figures 12, 13, and 14 of the PRA’s CBA in CP 14/14.
16. The PRA is also consulting on a customised set of Prescribed Responsibilities for incoming non-EEA branches which reflects the areas of a non-EEA branch’s activities subject to UK regulation and is shorter than the equivalent list for large UK firms.

17. The PRA will pre-approve a smaller number of individuals under the proposed regime than that under the current Approved Persons Regime. The set of prescribed responsibilities aim to promote great clarity. This should help encourage individual accountability by facilitating the PRA’s ability to hold individuals to account when a failure occurs. This could help bring the benefits of an increased deterrent against negligent or reckless management and decision making.

18. Under the current APR, individuals seeking to perform a Significant Influence Function (SIF) in incoming non-EEA branches must be pre-approved by the PRA and/or FCA. The incremental costs to the PRA of implementing the SMR will, therefore, not be significant as the operational processes for assessing candidates are already in place.

19. Moreover, for banking groups that operate in the UK through both subsidiaries and an incoming non-EEA branch, the adoption of a single approval regime should facilitate implementation across all deposit-taking and dual-regulated investment firms in the group. The implementation of a single regime for firms carrying out similar financial activities should, also, reduce the potential for regulatory arbitrage.

Certification Regime and Conduct Rules

20. Consistent with the approach for UK relevant firms, the PRA proposes to align the scope of the Certification Regime in incoming non-EEA branches to that of the Remuneration Rules to the fullest possible extent.

21. By doing so, the PRA expects the incremental cost of identifying employees in scope of the Certification Regime to be minimal, as these individuals will have already been identified under the Remuneration Rules. The proposed scope will also enable firms to integrate the annual assessment of fitness and propriety and Certification process of these employees with their performance assessment for variable remuneration purposes if they so wish.

22. A large number of individuals who will be in scope of the PRA Certification Regime are pre-approved under the current Approved Persons Regime. The costs of pre-approval are higher than the estimated cost of assessing and certifying an individual on an annual basis. Therefore, although the number of employees in scope of the PRA’s Certification Regime will, for some firms, be greater than their current number of Approved Persons, we do not expect the incremental costs to be significant.

23. The PRA proposes to apply the Conduct Rules only to SMFs and employees in scope of the PRA Certification Regime in incoming non-EEA branches.

Certification Regime and Conduct Rules

24. Consistent with the approach for UK relevant firms, the PRA proposes to align the scope of the Certification Regime in incoming non-EEA branches to that of the Remuneration Rules to the fullest possible extent.
25. By doing so, the PRA expects the cost of identifying employees in scope of the Certification
Regime to be mitigated, as these individuals will have already been identified under the
Remuneration Rules. The proposed scope will also enable firms to integrate the annual
assessment of fitness and propriety and Certification process of these employees with their
performance assessment for variable remuneration purposes if they so wish.

26. A large number of individuals who will be in scope of the PRA Certification Regime were pre-
approved under the Approved Persons Regime. The costs of pre-approval are higher than the
estimated cost of assessing and certifying an individual on an annual basis. Therefore, although
the number of employees in scope of the PRA’s Certification Regime will, for some firms, be
greater than their current number of Approved Persons, under the APR, the combined cost of
the new accountability regimes is likely to be lower.

27. The PRA proposes to apply the Conduct Rules only to SMFs and employees in scope of the PRA
Certification Regime in incoming non-EEA branches.
Annex 3: FCA Cost benefit analysis

Overview

1. The FCA is required to carry out and publish a cost benefit analysis (CBA) when proposing draft rules (sections 138I and 128J FSMA refer). The FCA considers that the CBA set out below meets the FSMA CBA requirements.

2. This CBA sets out the costs and benefits of applying the UK Senior Managers Regime, Certification Regime and Conduct Rules (together the ‘accountability regime’) to the UK branches of foreign relevant firms (‘incoming branches’). This CBA is based on the FCA’s CBA for the implementation of the accountability regime to UK relevant firms, and the analysis provided by Europe Economics for that CP. It also draws from the Impact Analysis performed by the Treasury in November 2014, which was also based on Europe Economics’ analysis.

3. The FCA’s proposals on which this CBA is based are set out in chapters 1 to 6 of this CP. The FCA intends to apply, in as far as possible, the full set of UK measures to incoming branches. In practice this means that the full accountability regime will generally apply to non-EEA branches, tailored where necessary to ensure the regime is appropriate and proportionate. For EEA branches, we are limited by EU single market directives on the extent to which the UK, as host state regulator, can apply the UK regime. The proposals for EEA branches reflect these constraints.

Compliance costs

4. The policy proposals may result in increased compliance costs for incoming branches. Europe Economics estimated the compliance costs for a range of UK firms: banks and investment firms (large and small), building societies (large and small) and credit unions. Given that incoming branches generally have a wholesale focus and do not have a large retail branch network, it is reasonable to assume that the costs to incoming branches would be reflected, on average, by the estimates for ‘small’ firms, adjusted to reflect the difference in these proposals as described in paragraph 3 above. However, as a small number of incoming branches have annual income figures in excess of £1 billion, for completeness the FCA has also estimated compliance costs using the ‘large’ costs for those firms. The average set-up and ongoing compliance costs for both large and small incoming branches are shown below. These use the Europe Economics estimates.
cost data for UK banks and investment firms (covering the Senior Managers Regime, the Certification Regime and the Conduct Rules).

<table>
<thead>
<tr>
<th>£000s</th>
<th>Large incoming branches</th>
<th>Small incoming branches</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>One-off (set up) costs</td>
<td>16,960</td>
</tr>
<tr>
<td></td>
<td></td>
<td>115</td>
</tr>
<tr>
<td></td>
<td>Ongoing costs</td>
<td>605</td>
</tr>
<tr>
<td></td>
<td></td>
<td>35</td>
</tr>
</tbody>
</table>

5. FCA data indicates there are 447 incoming branches (excluding insurance firms). Of these, 273 incoming branches do not yet have any approved persons and so are unlikely to be active. We will contact these branches to clarify whether they need to become subject to the regime or should cancel their authorisation or passport.

6. We expect most of the branches without an approved person will cancel their passport or apply to cancel their authorisation rather than become subject to the new individual accountability regime. But for illustrative purposes, we have used the 447 to estimate an upper range in the cost estimates. For the lower range, we have used the 174 incoming branches that currently have at least one approved person. But again, this may be an overestimate of the costs as some of these incoming branches may choose not to transition to the new regime.

7. Therefore, the cost estimates for incoming branches are presented in the table below as a range between a total number of 174 and 447 incoming branches.

<table>
<thead>
<tr>
<th>£ million</th>
<th>Applying ‘small firm’ costs only</th>
<th>Applying ‘small’ and ‘large’ costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-off costs</td>
<td>20-51</td>
<td>104-135</td>
</tr>
<tr>
<td>Ongoing costs (per annum)</td>
<td>6-16</td>
<td>9-19</td>
</tr>
</tbody>
</table>

FCA costs

8. The proposals contained in this consultation will affect the FCA’s existing authorisations, supervision and enforcement processes and systems. In keeping with the approach for UK firms as outlined in our July CBA, the impact on resources is expected to be minimal as existing capacity is likely to be deployed.

Indirect costs

9. A quantitative analysis of the impact of the indirect costs has not been undertaken as part of this exercise because (as was the case for our July CP) it is not considered to be reasonably practical to do so given the high degree of complexity and uncertainty surrounding the nature of such impacts.

10. Regarding qualitative impacts, the potential indirect costs of behavioural change identified for the UK accountability regime by Europe Economics in the July CP would also apply to incoming branches. These include: adjustments to wage structures to compensate individuals for increased accountability and a possible increase in operational inefficiencies brought about by (for example) delays in decision-making processes.
Impact on competition

11. As incoming branches can do the same kinds of business with the same kinds of customers as UK banks, it was felt that the accountability regime should apply equally to incoming branches, wherever possible. However, in drawing up these proposals, the FCA has been mindful of the potential impacts on competition and potential barriers to entry. Like the accountability regime for UK relevant firms, the proposals for incoming branches are intended to be proportionate, for example we expect that the number of senior managers will be proportionate to the size and complexity of the branch. We have applied the regime to incoming branches in line with the aims and objectives of the regime for UK relevant firms, while tailoring the regime where necessary to accommodate the structure of an incoming branch and EU legislation. This should help limit the scope for regulatory arbitrage in UK banking, to the extent possible, while not placing undue burdens on incoming branches seeking to do business in the UK.

12. As noted in paragraph 6, the introduction of the new regime may encourage a significant number of branches to withdraw from the UK regime. However, as these branches do not currently have any approved persons and are therefore assumed not to be undertaking regulated business in the UK, this will not have any impact on competition.

Benefits

13. The proposals will achieve consistency in the accountability regime as far as possible across UK relevant firms and incoming branches, while applying the regime to incoming branches in a proportionate way and remaining within the scope of our responsibilities under EU law for EEA branches. The key benefits of the proposals are, therefore, to:

a. make decision-making within incoming branches more transparent and more considered

b. enhance the accountability of the most senior individuals in incoming branches, coupled with enhanced enforcement powers, to improve branch governance and

c. avoid the scope or incentive for regulatory arbitrage depending on where a firm is headquartered

14. Based on calculations by the Treasury and Europe Economics, the direct benefits to incoming branches from the proposals are estimated as £1-2 million a year. The upper end of the range may only apply to those larger branches with a substantial number of Approved Persons.

15. The Europe Economics analysis for UK firms in our July CP also provided illustrative indirect benefits in the form of reduced harm (from, for example, mis-selling) of £0.04 billion to £0.6 billion per year. As noted by Europe Economics, this illustrative figure considers only harm that has already been identified; there would be additional benefits of reducing unidentified harm. As the risks of misconduct associated with trading activities for this population of largely wholesale banks are of a similar kind and significance as comparable risks for UK banks, some benefits of the same kind would also apply to the proposals for incoming branches.

16. A further quantitative analysis of the benefits of the proposals has not been undertaken as we did not consider it reasonably practicable. The nature of the assumptions that would have to be made to estimate these benefits make it very difficult to obtain sufficiently reliable estimates to inform a decision.
Annex 4:
PRA Compatibility statement

1. This Annex sets out how the proposals in this CP are compatible with the general duties and regulatory principles of the PRA.

2. The PRA is required, by section 138J(2)(d) of FSMA to explain its reasons for believing that making the proposed rules is compatible with its duty to act, as far as reasonably possible, in a way which:
   - advances its general objective (i.e. to promote the safety and soundness of PRA-authorised persons) and
   - as a secondary objective, facilitates effective competition in the markets and services provided by PRA-authorised persons in carrying on regulated activities

3. The Banking Reform Act and the July CP set out a new regime for individual accountability that aims to help promote firms’ safety and soundness. The new regime improves the clarity of firms’ governance arrangements and changes the incentives for senior individuals by making them more personally accountable for failures in their firm. Section 71A of FSMA enabled the Treasury to issue an order extending the definition of Relevant Authorised Person to non-UK institutions, including incoming branches.

4. The proposals in this CP set out the tailored approach of the Senior Managers Regime that will apply to incoming branches. These proposals are compatible with the PRA’s general duty in that they set out and ensure expectations for the operation of the accountability regime to incoming branches.

5. In developing the proposals in this paper, the PRA has had regard to the eight Regulatory Principles in section 3B of FSMA.

   (a) The need to use the resources of each regulator in the most efficient and economic way

6. The PRA has used its internal and external resources in a way it believes to be considered to be both effective and commensurate with the impact and magnitude of the proposals in this CP. In particular, the PRA and FCA have collaborated in devising the proposals, shared forms and systems, to take advantage of synergies and promote efficient use of both regulators’ resources.

   (b) The principle that a burden or restriction which is imposed on a person, or on the carrying on of an activity, should be proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction

7. The aim of the PRA’s proposals is to promote efficiency in governance, and strengthen individual accountability amongst Senior Managers in incoming non-EEA branches.
8. In developing its proposals, the PRA has taken into account the principle of proportionality, especially given the variations in the size and complexity of incoming non-EEA branches. Consequently, the proposed rules apply in a way that reflects the impact of different types of firms on the PRA’s objectives.

9. Moreover, the PRA has given careful consideration to the relative costs and benefits of its proposals in light of its statutory objectives.

10. For more information please see the CBA sections (Annexes 1 and 2).

(c) The desirability of sustainable growth in the economy of the United Kingdom in the medium or long term

11. The PRA does not consider this to be directly relevant for this paper.

(d) The general principle that consumers should take responsibility for their decisions

12. The PRA does not consider this to be relevant for this paper.

(e) The responsibilities of the senior management of persons subject to requirements imposed by or under this Act, including those affecting consumers, in relation to compliance with those requirements

13. The key objective of the PRA’s proposals in this paper is to promote individual accountability of Senior Managers in incoming non-EEA branches by extending, and where appropriate tailoring, the Senior Managers Regime to incoming non-EEA branches. This objective is directly related to this Regulatory principle.

(f) The desirability where appropriate of each regulator exercising its functions in a way that recognises differences in the nature of, and objectives of, businesses carried on by different persons subject to requirements imposed by or under this Act [FSMA]

14. The PRA has given appropriate recognition to the varying nature and objectives of activities carried out by PRA-authorised persons, and has allowed for a proportionate and flexible approach to be undertaken.

(g) The desirability in appropriate cases of each regulator publishing information relating to persons on whom requirements are imposed by or under this Act, or requiring such persons to publish information, as a means of contributing to the advancement by each regulator of its objectives

15. The PRA has the power to publish certain information relating to investigations into firms and individuals. The Statement of the PRA’s Approach to Publicity of Regulatory Action (April 2013) deals with the PRA’s approach to publication of disciplinary and other enforcement actions. The proposals contained in this paper do not provide for any changes in this regard.

(h) The principle that the regulators should exercise their functions as transparently as possible

16. In this CP, which is to be read in conjunction with the July CP, the December CP (CP28/14), and the February CP (CP7/15), the PRA sets out all the key information relevant to its proposals, and gives respondents the opportunity to comment on the proposals, the specific rules and guidance on the new regime.
17. The PRA has a statutory requirement under section 138K(2) of FSMA to state whether the impact on mutual societies will be significantly different from the impact on other firms. The PRA considers that mutuals are not expected to be affected differently, or in a disproportionate way, from other firms by the proposals in this CP. The rules in this CP have given due consideration to the size and complexity of firms, and have created a proportionate and flexible regime. The rules in this CP will, also, extend the regime proposed in the July CP, where proportionality considerations and the particular circumstances of mutuals were taken into account in the design of the underlying accountability regime.
Annex 5:
FCA Compatibility statement

Compatibility with the FCA’s general duties

1. This Annex sets out how the proposals in this CP are compatible with the general duties and principles of the FCA. The FCA is required, by section 138I of FSMA, to explain why making the proposed rules is compatible with its strategic objective, advances its operational objectives, and has regard to the regulatory principles in section 3B of FSMA.

2. We are also required by section 138K(2) FSMA to state our opinion on whether the proposed rules will have a significantly different impact on mutual societies as opposed to other authorised persons.

3. This Annex also sets out our view of how the proposed rules are compatible with our duty, so far as is compatible with acting in a way which advances the consumer protection or market integrity objectives, to discharge our general functions (which include rule-making) in a way that promotes effective competition in the interests of consumers (section 1B(4) FSMA).

The FCA’s strategic objective and regulatory principles

4. The proposals set out in this consultation are compatible with our strategic objective of ensuring that the relevant markets function well. They will clarify responsibilities in incoming branches and enhance the regulators’ ability to hold individuals in such firms to account. This should, over time, result in improved governance within this sector of the industry.

5. In preparing the proposals set out in this consultation, we have had regard to the regulatory principles set out in s.3B FSMA. We set out below how our proposals demonstrate such regard for each of the regulatory principles.

The need to use our resources in the most efficient and economic way

6. The proposals set out in this consultation will affect the FCA’s existing authorisations, supervision and enforcement processes and systems. The one-off costs have been identified and are not likely to have an impact on resources as existing capacity is likely to be deployed. In the medium to long term we expect the proposals may lead to a natural reduction in the need for some other kinds of supervisory activity. We believe this will result in more effective supervision over the longer term, resulting in better outcomes. We believe that the proposals in this consultation paper would use our resources in an efficient manner.
7. The introduction of the Certification Regime removes a large number of individuals from the regulatory approval process and places more responsibility on relevant firms for the fitness and propriety of their staff. This also frees up more regulatory resource to focus on the key decision makers in the SMR.

The principle that a burden or restriction should be proportionate to the benefits

8. The proposals set out in this consultation paper seek to enhance individual accountability and so advance our strategic objective and operational objectives. The proposals are intended to result in beneficial changes in behaviour and reduce non-compliance, misconduct and excessive risk taking. In addition, we have tailored the framework proposed for UK relevant firms to make the proposals appropriate and proportionate for incoming branches.

9. Firms are likely to incur both direct and indirect compliance costs, but our cost benefit analysis shows that these are not excessive, compared to the potential benefits to consumers. We therefore believe the proposals in this consultation paper are proportionate to the benefits.

The desirability of sustainable growth in the economy of the United Kingdom in the medium or long term

10. As outlined in the compatibility statement of the July CP, the costs to the economy of UK bank failures have been significant (a cash outlay peaking at £133 billion, equivalent to more than £2,000 for every person in the UK).20 Our proposals for incoming branches have regard to the desirability of sustainable growth in the medium and long term. The proposed changes are intended to have a positive impact on behaviour in branches, which will contribute the advancement of this objective.

The general principle that consumers should take responsibility for their decisions

11. The proposals we have made concern the internal organisation of incoming branches and requirements applying to their staff. These are not matters over which consumers can have any influence. Extending the regime (in a proportionate way) to incoming branches enhances the confidence that consumers can have that whatever firm they chose to deal with, the new requirements will apply to all.

The responsibilities of senior management

12. The main objective of the proposals contained in this consultation paper is to ensure that senior managers within incoming branches are clear about the responsibilities they hold and can therefore be more effectively held accountable for the performance of these responsibilities.

The desirability of exercising our functions in a way that recognises differences in the nature and objectives of businesses carried on by different persons

13. We believe our proposals do not undermine this principle. The Treasury has confirmed its intention to extend the regime to incoming branches, and the PRA and FCA have agreed to apply the regime in an appropriate and proportionate way to incoming branches. The FCA considers that the key elements of the regime should apply in broadly the same manner to incoming branches because the risks to consumers in dealing with a badly governed incoming branch could be just as great, from the consumer’s point of view, as if they dealt with a badly governed UK bank. However in considering the SMR we have been mindful of the different legal structures of incoming branches, the need to maintain a level playing field as far as possible and, for EEA branches, the single market and so have tailored our proposals accordingly.

The desirability of publishing information relating to persons on whom requirements are imposed by or under FSMA

14. We have the power to publish information relating to investigations into firms and individuals. However, as set out in the Enforcement Guide, we will not normally make public the fact that we are or are not investigating a particular matter or any of our findings or conclusions of an investigation public except in the circumstances described in chapter 6 of the Guide. The proposals contained in this consultation paper do not provide for any changes in this regard.

The FCA’s operational objectives

Consumer protection and market integrity

15. The objective of the proposals contained in this consultation paper is to ensure that Senior Persons within incoming branches are held accountable for the roles they perform. This is intended to create a structure that will make it more likely that individuals and roles are appropriately matched and that high standards of conduct are observed. We therefore consider that these aims and objectives support our consumer protection and market integrity objectives.

Promoting competition

16. In preparing the proposals as set out in this consultation, we have had regard to our duty to promote effective competition in the interests of consumers under section 1B(4) FSMA. We have kept the competition objective in mind when framing how these proposals should be implemented, with a particular focus on whether there is a risk of weakening competitive pressure, disadvantaging smaller incoming branches, small UK relevant firms or potential new entrants. The proposals seek to maintain a level playing field as far as is possible and appropriate for UK relevant firms and incoming branches, taking into account differing legal structures and the single market.

Mutuals

17. The FCA considers that mutuals are not expected to be affected differently, or in a disproportionate way, from other firms by the proposals in this CP. The potential impact on mutual was considered as part of the July CP and the proposals in this CP are designed to be proportionate for the firms affected.
Annex 6:
List of questions

Q2: [PRA]: Does the proposed list of PRA Senior Management Functions for UK branches of non-EEA firms capture the appropriate set of roles? If not,

- are there any other roles which the PRA should consider specifying as SMFs for incoming branches?
- are there any proposed SMFs which the PRA should consider excluding?

Q2: [FCA]: Do you agree with the proposed list of FCA Senior management Functions for non-EEA branches? If not,

- are there any other roles which the FCA should consider specifying as SMFs for incoming non-EEA branches?
- are there any proposed SMFs which the FCA should consider excluding?

Q3: [PRA]: Does the proposed list of PRA Prescribed Responsibilities for non-EEA branches capture an appropriate and proportionate set of areas? If not,

- are there any other areas the PRA should consider including in the list?
- are there any areas which the PRA should consider omitting or clarifying?

Q4: [FCA]: Does the FCA’s proposed approach to the allocation of responsibilities for non-EEA branches capture an appropriate and proportionate set of areas? If not,

- are there any other areas the FCA should consider including in the list?
- are there any areas which the FCA should consider omitting or clarifying?
Q5: [FCA]: Do you agree with the proposed list of FCA Senior management Functions for EEA branches? If not,

- are there any other roles which the FCA should consider specifying as SMFs for incoming EEA branches?

- are there any proposed SMFs which the FCA should consider excluding?

Q6: [FCA]: Do you agree with the FCA's proposed approach to the allocation of responsibilities in EEA branches? If not, how should the regime be amended?

Q7: [PRA/FCA]: Do the combined FCA and PRA proposed SMFs branches cover the key decision-makers for the regulated activities of incoming branches?

Q8: [PRA/FCA]: Are there any other aspects of the Senior Managers Regime that should be applied differently for non-EEA branches? If so, how should the regime be amended?

Q9: [FCA]: Are there any other aspects of the Senior Managers Regime that should be applied differently for EEA branches? If so, how should the regime be amended?

Q10: [PRA]: Do you agree with the PRA's proposed approach to defining certification functions?

Q11: [FCA]: Do you agree with the FCA's proposed approach to the Certification Regime for non-EEA branches?

Q12: [FCA]: Do you agree with the FCA's proposed approach to the Certification Regime for EEA branches?

Q13: [FCA]: What are your views on the potential changes to the scope of the FCA's Certification Regime described above for incoming branches? In particular, do you agree that the scope of the Certification Regime should include all individuals involved in wholesale activity, where these individuals are capable of causing significant harm to the firm or its customers?

Q14: [PRA/FCA]: Are there any other aspects of the Certification Regime that should be applied differently for non-EEA branches? If so, how should the regime be amended?

Q15: [FCA]: Are there any other aspects of the Certification Regime that should be applied differently for EEA branches? If so, how should the regime be amended?

Q16: [PRA]: Do you agree with the PRA's proposed approach to conduct rules for non-EEA branches? If not, why not?
Q17: [FCA]: Do you agree with the FCA’s proposed approach to Conduct Rules for incoming branches? If not, why not?

Q18: [FCA]: What are your views on the potential changes to the reporting of Conduct Rule breaches for incoming branches as described above?

Q19: [PRA/FCA]: Are there any other aspects of the requirements associated with the Conduct Rules that should be applied differently for non-EEA branches? If so, how should the regime be amended?

Q20: [FCA]: Are there any other aspects of the requirements associated with the Conduct Rules that should be applied differently for EEA branches? If so, how should the regime be amended?

Q21: [PRA and FCA]: Do you agree with the PRA and FCA’s proposed approach to grandfathering existing approved persons into Senior Management Functions in incoming branches?

Q22: [PRA and FCA]: Are there any other aspects of the requirements associated with transitional arrangements that should be applied differently for non-EEA and/or EEA branches? If so, how should the regime be amended?

Q23: [FCA]: Are there any other aspects of the requirements associated with transitional arrangements that should be applied differently for EEA branches? If so, how should the regime be amended?

Q24: [PRA & FCA]: Do you agree with the proposed changes to the new forms?

Q25: [FCA]: Do you agree with the proposed changes to the Form A for EEA branches?

Q26: [PRA & FCA]: Do you agree with the proposed changes to these existing forms?

Q27: [PRA]: Do you have any comments on the PRA’s proposed consequential Rulebook changes, or think more are needed?

Q28: [FCA]: Do you have any comments on the FCA’s proposed consequential Handbook changes, or think more are needed?
Appendix 1
PRA Draft Rules
PRA RULEBOOK: CRR FIRMS NON CRR FIRMS: SENIOR MANAGEMENT FUNCTIONS (BRANCHES) AMENDMENT INSTRUMENT [2015]

Powers exercised
A. The Prudential Regulation Authority ("PRA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"): 
   (1) section 59 (approval for particular arrangements).
   (2) section 137G (the PRA’s general rules);
   (3) section 137T (general supplementary powers); and
B. The rule-making powers referred to above are specified for the purpose of section 138G (2) (Rule-making instrument) of the Act.

Pre-conditions to making
C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

PRA Rulebook: CRR Firms Non CRR Firms: Senior Management Functions (Branches) Amendment Instrument [2015]
D. The PRA makes the rules in the Annex to this instrument.

Commencement
E. This instrument comes into force on [7 March 2016].

Citation
F. This instrument may be cited as the PRA Rulebook: CRR Firms Non CRR Firms: Senior Management Functions (Branches) Amendment Instrument [2015].

By order of the Board of the Prudential Regulation Authority
[DATE]

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1 The Treasury has now provided for the senior managers regime to commence on 7 March 2016 and the requirement to issue certificates to commence on 7 March 2017 (Financial Services (Banking Reform) Act 2013 Commencement Order No 9, SI 2015/490). In a Written Ministerial Statement on 3 March 2015, the Treasury announced that it would proceed with the proposed Order under section 71A FSMA and that it was intended that the regime for foreign branches should be operational on the same date as the new regime for UK banks.
Annex

Amendment to the Senior Management Functions Part

[Note: the proposed rules in this Annex amend the Senior Management Functions Part proposed in Annex 7.2 of CP14/14. To the extent that there are changes made to the final rules made following that or subsequent consultations, they will be taken into account in making final rules under this consultation.]

In this Annex, new text is underlined and deleted text is struck through.

Part

SENIOR MANAGEMENT FUNCTIONS

Chapter content

1. APPLICATION AND DEFINITIONS
2. GENERAL
3. EXECUTIVE
4. OVERSIGHT
5. GROUP ENTITIES
6. CREDIT UNIONS
7. UK BRANCH OF OVERSEAS FIRM
8. COMBINATION OF SENIOR MANAGEMENT FUNCTIONS
9. TRANSITIONALS

Links
1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to every firm that is:

(1) a CRR firm; or
(2) a credit union; or
(3) a third country CRR firm in relation to its activities carried on from an establishment in the UK.

1.2 In this Part, the following definitions shall apply:

FCA approval
means at any time an approval granted and in effect to a person by the FCA under section 59 of FSMA (Approval for particular arrangements) for the performance of a controlled function specified by the FCA.

FCA branch function
means a controlled function specified by the FCA as an FCA branch function in SUP 10C.4.3 R of the FCA Handbook.

FCA governing function
means a controlled function specified by the FCA as an FCA governing function in SUP 10C.4.3 R² of the FCA Handbook.

FCA responsibilities
means any of the functions referred to in
(1) SYSC 4.5.16 R (Table of senior management responsibilities)³; and
(2) SUP Annex 1 (The main business areas and management functions of a relevant authorised person)⁴,

of the FCA Handbook.

third country CRR firm⁵
means an overseas firm that:
(1) is not an EEA firm;
(2) has its head office outside the European Economic Area; and

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² For this consultation, this refers to the FCA draft Handbook text consulted on in Strengthening accountability in banking: a new regulatory framework for individuals (CP14/13) Annex 6. To the extent that there are changes made to the final rules made following that or subsequent consultations, they will be taken into account by the PRA in making final rules under this consultation.
³ See footnote 2.
⁴ See footnote 2.
⁵ Consultation Paper PRA CP15/14/FCA CP14/14 “Strengthening the alignment of risk and reward: new remuneration rules”, Appendix 3.1, Annex B, contains a proposed glossary definition of this term, included here for convenience.
Appendix 1.1

(3) would be a CRR firm if it had been a UK undertaking, had carried on all of its business in the UK and had obtained whatever authorisations for doing so as are required under FSMA.]

2 GENERAL

2.1 Each of the functions in 3-67 is a controlled function.

2.2 (1) A firm (other than a small credit union or a third country CRR firm) must ensure that one or more person performs each of the following PRA senior management functions on its behalf:

(a) the Chief Executive function;
(b) the Chief Finance function; and
(c) the Chairman function.

(2) If a vacancy arises in respect of one or more of the PRA senior management functions set out in (1), a firm must ensure that it appoints a person to fill that vacancy as soon as practicable.

2.3 To the extent that,

(1) a firm appoints a person to perform a function which, but for this rule, would be a PRA senior management function;

(2) the appointment is solely to provide cover for a PRA approved person whose absence is:

(a) temporary; or
(b) reasonably unforeseen; and

(3) the appointment is for less than 12 weeks in a consecutive 12-month period,

the description of that PRA senior management function does not relate to those activities of that person.

2.4 If a person has been approved to perform a PRA senior management function in relation to a firm and also performs a function which would, except for SUP10C.8.8R6 of the FCA Handbook, be an FCA governing function or an FCA branch function (such functions, the FCA activities) performance of the PRA senior management function will include the performance of those FCA activities, provided the following conditions are met:

(1) the PRA’s approval to perform a PRA senior management function has been granted and continues in force;

(2) at the time of approval being granted by the PRA, that person was not subject to an FCA approval to perform that particular FCA governing function;

6 See footnote 2.
2.5 If a PRA approved person who has been performing a PRA senior management function which includes FCA activities in the circumstances set out in 2.4, ceases to perform a PRA senior management function but continues to perform the FCA activities, 2.4 will continue to apply in respect of the performance of the FCA activities until the earlier of:

(1) approval by the FCA in respect of the performance by that person of those FCA activities as an FCA governing function in relation to the firm; or

(2) three months from the time that the person ceased to perform that PRA senior management function.

2.6 If a PRA approved person:

(1) (other than in the circumstances set out in 2.4), performs one or more FCA responsibilities allocated under SYSC 4.5.25 R(2) of the FCA Handbook;

(2) ceases to perform any PRA senior management function; and

(3) that person does not have an FCA approval to perform an FCA controlled function in relation to that firm

the functions in (1) will continue to be part of the PRA senior management function which the person most recently performed for that firm) until the earlier of:

(1) approval by the FCA in respect of the performance by that person of an FCA controlled function in relation to the firm; or

(2) three months from the time that the person ceased to perform that PRA senior management function.

2.7 (1) A firm must take all reasonable steps to ensure that before a person:

(a) begins to perform a PRA senior management function; or

(b) begins to perform new or revised responsibilities in performance of a PRA senior management function

that person is provided with all of the information and materials that the person may reasonably expect in order to perform that PRA senior management function or those new or revised responsibilities effectively and in accordance with the regulatory system.

(2) A firm must have a policy about how it complies with (1) including the systems and controls it uses and must maintain adequate records of the steps taken to comply with (1).

3 EXECUTIVE

3.1 This Chapter does not apply to a small credit union.

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7 See footnote 2.
8 See footnote 2.
3.2 The Chief Executive function (SMF1) is the function of having responsibility, under the immediate authority of the management body, alone or jointly with others, for carrying out the management of the conduct of the whole of the business (or relevant activities) of a firm (other than a third country firm).

3.3 The Chief Finance function (SMF2) is the function of having responsibility for management of the financial resources of a firm and reporting directly to the management body of the firm in relation to its financial affairs.

3.4 The Chief Risk function (SMF4) is the function of having responsibility for overall management of the risk controls of a firm, including the setting and managing of its risk exposures, and reporting directly to the management body of the firm in relation to its risk management arrangements.

3.5 The Chief Internal Audit function (SMF5) is the function of having responsibility for management of the internal audit function of a firm and for reporting directly to the management body of the firm on the internal audit function.

3.6 The Head of Key Business Area function (SMF6) is the function of having responsibility, for management of a business area or division of a firm (other than a third country firm), where:

(1) that business or division:
   (a) has gross total assets equal to or in excess of £10 billion; and
   (b) either
      (i) accounts for more than 20% of the firm’s gross revenue; or
      (ii) where the firm is part of a group, accounts for more than 20% of the total gross revenue of the group; and

(2) the person performing that function does not report to a person performing the Head of Key Business Area function in respect of that same business area or division of the firm.

For the purposes of this rule, the gross total assets of the firm or the percentage of the gross revenue of the firm or group shall be determined on the basis of either:

(1) the assets and/or revenues for the firm and/or group, as the case may be, for the firm’s financial year immediately preceding that in which the person is allocated with the specified responsibilities; or,

(2) if the threshold amount is not met for that period, on the basis of the annual average amount calculated across a rolling period of five years (calculated by reference to the firm’s annual accounting date). Where the firm and/or the business line or division has been in existence for less than five years, the calculation will be made on the basis of the annual average amount for the period during which the firm and/or that business line or division has existed (calculated by reference to the firm’s annual accounting date).

4 OVERSIGHT

4.1 This Chapter does not apply to a small credit union or a third country CRR firm.
4.2 The Chairman function (SMF9) is the function of having responsibility for chairing, and overseeing the performance of the role of, the management body of a firm.

4.3 The Chairman of Audit Committee function (SMF10) is the function of having responsibility for chairing, and overseeing the performance of the role of, the audit committee of a firm.

4.4 The Chairman of Risk Committee function (SMF11) is the function of having responsibility for chairing, and overseeing the performance of the role of, the risk committee of a firm.

4.5 The Chairman of Remuneration Committee function (SMF12) is the function of having responsibility for chairing, and overseeing the performance of the role of, the remuneration committee of a firm.

4.6 The Senior Independent Director function (SMF14) is the function of performing the role of a senior independent director, and having particular responsibility for leading the assessment of the performance of the person performing the Chairman function.

5 GROUP ENTITIES

5.1 This Chapter does not apply to a small credit union.

5.2 The Group Entity Senior Manager function (SMF7) is the function of having a significant influence on the management or conduct of one or more aspects of the affairs of a firm in relation to its regulated activities (other than in the course of the performance of another PRA senior management function) and which is performed by a person employed by, or an officer of:

(1) a parent undertaking or holding company of a firm; or

(2) another undertaking which is a member of the firm’s group.

6 CREDIT UNIONS

6.1 This Chapter applies only to small credit unions.

6.2 The Credit Union Senior Executive Manager function (SMF8) is the function of having responsibility for the conduct of, and/or chairing the committee of management of a small credit union.

6.3 (1) A small credit union must ensure that at least one person performs the Credit Union Senior Executive Manager Function on its behalf.

(2) If a vacancy arises in respect of the PRA senior management functions set out in (1), a firm must ensure that it appoints a person to fill that vacancy as soon as practicable.

7 UK BRANCH OF OVERSEAS FIRM

7.1 This Chapter applies only to a third country CRR firm in relation to activities carried on from an establishment in the UK.

7.2 The Head of Overseas Branch function (SMF 19) is the function of having responsibility alone or jointly with others, for the conduct of all activities of the UK establishment of a third country firm which are subject to the UK regulatory system.

7.3 (1) A firm to which this Chapter applies must ensure that at least one person performs the Head of Overseas Branch function on its behalf.
(2) If a vacancy arises in respect of the Head of Overseas Branch function, a firm must ensure that it appoints a person to fill that vacancy as soon as practicable.

8 COMBINATION OF SENIOR MANAGEMENT FUNCTIONS

78.1 Except as otherwise provided in this Chapter, a person may perform more than one PRA senior management function on behalf of a firm.

78.2 A firm must ensure that a person who performs the Chairman function on its behalf does not simultaneously perform the Chief Executive function within the same firm.

[Note: Art. 88(1)(e) of CRD]
PRA RULEBOOK: CRR FIRMS NON CRR FIRMS: ALLOCATION OF RESPONSIBILITIES (BRANCHES) AMENDMENT INSTRUMENT [2015]

Powers exercised
A. The Prudential Regulation Authority ("PRA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"): (1) section 137G (the PRA’s general rules); and (2) section 137T (general supplementary powers).

B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

Pre-conditions to making
C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

PRA Rulebook: CRR Firms Non CRR Firms: Allocation of Responsibilities (Branches) Amendment Instrument [2015]
D. The PRA makes the rules in the Annex to this instrument.

Commencement
E. This instrument comes into force on [7 March 2016]¹.

Citation
F. This instrument may be cited as the CRR Firms Non CRR Firms: Allocation of Responsibilities (Branches) Amendment Instrument [2015].

By order of the Board of the Prudential Regulation Authority [DATE]

¹ The Treasury has now provided for the senior managers regime to commence on 7 March 2016 and the requirement to issue certificates to commence on 7 March 2017 (Financial Services (Banking Reform) Act 2013 Commencement Order No 9, SI 2015/490. In a Written Ministerial Statement on 3 March 2015, the Treasury announced that it would proceed with the proposed Order under section 71A FSMA and that it was intended that the regime for foreign branches should be operational on the same date as the new regime for UK banks.
Annex

Amendment to Allocation of Responsibilities

[For this consultation, new text added to the rules consulted on in Strengthening accountability in banking: a new regulatory framework for individuals (CP 14/14), as amended by CP 7/15, is underlined and deleted text is struck through. To the extent that there are changes made to the final rules made following that or subsequent consultations, they will be taken into account by the PRA in making final rules under this consultation].

Part

ALLOCATION OF RESPONSIBILITIES

Chapter content

1. APPLICATION AND DEFINITIONS
2. STATEMENT OF RESPONSIBILITIES
3. ALLOCATION OF RESPONSIBILITIES
4. PRESCRIBED RESPONSIBILITIES
5. PRESCRIBED RESPONSIBILITIES: CREDIT UNIONS
6. PRESCRIBED RESPONSIBILITIES: UK BRANCHES
7. RECORDS
8. CHAIRMAN’S OFFICE

Links
1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to every firm that is:

(1) a CRR firm; or

(2) a credit union, or

(3) a third country CRR firm in relation to its activities carried on from an establishment in the UK.

1.2 In this Part, the following definitions shall apply:

ancillary activity

means an activity which is not a regulated activity but which is:

(1) carried on in connection with a regulated activity; or

(2) held out as being for the purposes of a regulated activity.

ancillary services

means any of the services listed in Section B of Annex I to MiFID.

certification rules

means the rules set out in Certification of Employees.

Chairman function

has the meaning given in Senior Management Functions 4.2.

Chief Risk function

has the meaning given in Senior Management Functions 3.3.

credit union prescribed responsibility

means the responsibilities in 5.2.

Credit Union Senior Executive function

has the meaning given in Senior Management Functions 6.2.

FCA approved person

means a person approved to perform an FCA controlled function by the FCA under section 59 of FSMA.

FCA Chairman of nominee committee function
Appendix 1.2

means an *FCA controlled function* specified in SUP 10C.5.3 R\(^2\) of the FCA Handbook.

**FCA designated senior management function**

means an *FCA controlled function* specified in SUP 10C.4.3R\(^3\) of the FCA Handbook;

**FCA significant responsibility senior management function**

means the *FCA controlled function* specified in SUP 10C.7.1R\(^4\) of the FCA Handbook.

**FCA business functions**

means any of the functions set out in SUP 10C Annex 1R\(^5\) of the FCA Handbook.

**FCA responsibilities**

means any of the functions or responsibilities set out in

1. SYSC 4.5.16R (Table of senior management responsibilities)\(^6\); and
2. SUP 10C Annex 1R (The main business areas and management functions of a relevant authorised person)\(^7\); and
3. SYSC 4.8.8R (Table: FCA prescribed senior management responsibilities for third country relevant authorised persons)

of the FCA Handbook.

**Group Entity Senior Manager function**

has the meaning given in Senior Management Functions 5.2.

**management responsibilities map**

has the meaning given in 6.

**non-executive director**

means director of a firm who does not perform an executive function in relation to that firm.

**oversight PRA senior management function**

means a *PRA senior management function* set out in Senior Management Functions 4.

**prescribed responsibility**

\(^2\) For this consultation, this refers to the FCA draft Handbook text consulted on in Strengthening accountability in banking: a new regulatory framework for individuals (CP14/14) Annex 6. To the extent that there are changes made to the final rules made following that or subsequent consultations, they will be taken into account by the PRA in making final rules under this consultation.

\(^3\) See footnote 2.

\(^4\) See footnote 2.

\(^5\) See footnote 2.

\(^6\) See footnote 2.

\(^7\) See footnote 2.
Appendix 1.2

means the responsibilities in 4.

proprietary trading

means the regulated activity of dealing in investments as principal as specified in Article 14 of the Regulated Activities Order (Dealing in investments as principal), disregarding the exclusion in Article 15 of the Regulated Activities Order (Absence of holding out etc.), ancillary activities and (in relation to MiFID business) ancillary services.

recovery plan

has the meaning given in Recovery and Resolution Rules 1.2.

resolution pack

has the meaning given in Recovery and Resolution Rules 1.2.

Senior Independent Director function

has the meaning given in Senior Management Functions 4.6.

senior personnel

has the meaning given in the Glossary of the FCA Handbook.

senior management regime

means the requirements of the regulatory system applying to relevant authorised persons insofar as they relate to approved persons performing PRA senior management functions and FCA designated senior management functions, including Senior Management Functions and Allocation of Responsibilities.

statement of responsibilities

means a statement of the affairs of a relevant authorised person or a third country CRR firm for which it is intended that a person who performs (or is subject to an application to perform) a PRA senior management function is (or will be) responsible.

[third country CRR firm] means an overseas firm that:

(1) is not an EEA firm;

(2) has its head office outside the European Economic Area; and

(3) would be a CRR firm if it had been a UK undertaking, had carried on all of its business in the UK and had obtained whatever authorisations for doing so as are required under FSMA.

UK branch prescribed responsibility

means the responsibilities in 6.

unapproved non-executive director

8 Consultation Paper PRA CP15/14/FCA CP14/14 “Strengthening the alignment of risk and reward: new remuneration rules”, Appendix 3.1, Annex B, contains a proposed glossary definition of this term, included here for convenience.
Appendix 1.2

means a non-executive director of a firm who is not an approved person in relation to that firm.

unapproved non-executive director notification rules

means the rules set out in Fitness and Propriety 4.

2 STATEMENT OF RESPONSIBILITIES

2.1 A firm must ensure that any application it makes for the approval of a person to perform a PRA senior management function is accompanied by a statement of responsibilities.

2.2 A firm must ensure that the statement of responsibilities accompanying an application for approval to perform a PRA senior management function in relation to it includes any prescribed responsibilities, credit union prescribed responsibilities, UK branch prescribed responsibilities and FCA responsibilities allocated to, and which are to form part of the responsibilities of, that person.

2.3 A firm must ensure that any responsibilities allocated to, and that form part of the responsibilities of, a person who performs a PRA senior management function in relation to it are consistent with the scope of that PRA senior management function and of any prescribed responsibilities, credit union prescribed responsibilities, UK branch prescribed responsibilities, and FCA responsibilities allocated to that person.

3 ALLOCATION OF RESPONSIBILITIES

3.1 A firm (other than a small credit union or a third country CRR firm) must allocate each of the prescribed responsibilities set out in Chapter 4 (other than 4.1(6) to (9) and 4.1 ((21) to one or more persons who perform:

   (1) a PRA senior management function; or
   (2) subject to 3.45, an FCA designated senior management function.

3.2 A firm (other than a small credit union or a third country CRR firm) must allocate each of the prescribed responsibilities in 4.1 (6) to (9) and 4.1 (21) to one or more persons who perform:

   (1) an oversight PRA senior management function; or
   (2) the FCA Chairman of nominee committee function.

3.3 A small credit union must allocate each of the credit union prescribed responsibilities to one or more persons who perform:

   (1) the Credit Union Senior Executive function; or
   (2) subject to 3.45, an FCA designated senior management function.

3.4 A third country CRR firm must allocate each of the UK branch prescribed responsibilities to one or more persons who perform

   (1) a PRA senior management function; or
   (2) an FCA designated senior management function

on behalf of the third country CRR firm in relation to activities carried on from an establishment in the UK.
3.5 A firm must not allocate a prescribed responsibility (or in the case of a small credit union, a credit union prescribed responsibility) to a person who performs an FCA significant responsibility senior management function.

4 PRESCRIBED RESPONSIBILITIES

4.1 Each of the responsibilities set out in this rule is a prescribed responsibility:

(1) responsibility for the firm’s performance of its obligations under the senior management regime, including implementation and oversight;

(2) responsibility for the firm’s performance of its obligations in respect of (i) assessing the fitness and propriety of its unapproved non-executive directors and (ii) the unapproved non-executive directors notification rules;

(3) responsibility for the firm’s performance of its obligations under the certification rules;

(4) responsibility for compliance with the firm’s obligations in relation to its management responsibilities map;

(5) responsibility for the induction, training and professional development of all persons performing PRA senior management functions on behalf of the firm and all members of the firm’s management body;

(6) responsibility for ensuring and overseeing the integrity and independence of the internal audit function in accordance with SYSC 6.2 (Internal audit) of the PRA Handbook;

(7) responsibility for ensuring and overseeing the integrity and independence of the compliance function in accordance with SYSC 6.1 (Compliance) of the PRA Handbook;

(8) responsibility for ensuring and overseeing the integrity and independence of the risk function in accordance with SYSC 7.1.21R and SYSC 7.1.22R (Risk control) of the PRA Handbook;

(9) responsibility for maintenance of the independence, integrity and effectiveness of the firm’s policies and procedures on whistleblowing and for ensuring staff who raise concerns are protected from detrimental treatment;

(10) responsibility for the allocation of all prescribed responsibilities in accordance with 3.1;

(11) responsibility for leading the development of the firm’s culture and standards in relation to the carrying on of its business and the behaviours of its staff;

(12) responsibility for embedding the firm’s culture and standards in relation to the carrying on of its business and the behaviours of its staff in the day-to-day management of the firm;

(13) responsibility for the development and maintenance of the firm’s business model;

(14) responsibility for management of the allocation and maintenance of capital, funding and liquidity;
(15) responsibility for the firm's treasury management functions;
(16) responsibility for the production and integrity of the firm's financial information and its regulatory reporting in respect of its regulated activities;
(17) responsibility for the firm's recovery plan and resolution pack and for overseeing the internal processes regarding their governance.
(18) if the firm carries out proprietary trading, responsibility for the firm's proprietary trading activities;
(19) if the firm does not have a person who performs the Chief Risk function, responsibility for overseeing and demonstrating that the risk management policies and procedures which the firm has adopted in accordance with SYSC 7.1.2R to SYSC 7.1.5R of the PRA Handbook satisfy the requirements of those rules and are consistently effective in accordance with SYSC 4.1.1R of the PRA Handbook;
(20) if the firm outsources its internal audit function, responsibility for taking reasonable steps to ensure that every person involved in the performance of that function is independent from the persons who perform external audit, including:
   (a) supervision and management of the work of outsourced internal auditors; and
   (b) management of potential conflicts of interest between the provision of external audit and internal audit services;
(21) if the firm does not have a person who performs the Senior Independent Director function, responsibility for:
   (a) carrying out oversight of the person who performs the Chairman function; and
   (b) oversight of the adequacy and quality of the resources available to the office of that person to enable the role to be fulfilled within the firm.

5 PRESCRIBED RESPONSIBILITIES: CREDIT UNIONS

5.1 This Chapter applies only to small credit unions.
5.2 Each of the responsibilities listed in this rule is a credit union prescribed responsibility:
   (1) responsibility for providing the committee of management with an up-to-date business plan and all relevant management information;
   (2) responsibility for management of the small credit union's financial resources;
   (3) responsibility for ensuring the committee of management is informed of its legal and regulatory obligations; and
   (4) responsibility for oversight of systems and controls proportionate to the nature, scale, and complexity of the risks inherent in the business model of the small credit union's activities.

6 PRESCRIBED RESPONSIBILITIES: UK BRANCHES

6.1 This chapter applies only to a third country CRR firm in relation to its activities carried on from an establishment in the UK.
6.2 Each of the responsibilities listed in this rule is a UK branch prescribed responsibility:

(1) responsibility for the firm’s performance of its obligations under the senior management regime, including implementation and oversight;

(2) responsibility for the firm’s performance of its obligations under the certification rules;

(3) responsibility for compliance with the firm’s obligations in relation to its management responsibilities map;

(4) responsibility for management of the firm’s risk management processes in the UK;

(5) responsibility for the firm’s compliance with the UK regulatory regime applicable to the firm;

(6) responsibility for the escalation of correspondence from the PRA, FCA and other regulators in respect of the firm to the governing body and or the management body of the firm, or, where appropriate, of the parent undertaking or holding company of the firm’s group;

(7) responsibility for maintenance of the independence, integrity and effectiveness of the firm’s policies and procedures on whistleblowing and for ensuring staff who raise concerns are protected from detrimental treatment;

(8) responsibility for management of the firm’s systems and controls in the UK;

(9) responsibility for the allocation of all UK branch prescribed responsibilities in accordance with 3.4;

(10) responsibility for management of the firm’s liquidity or, where a liquidity waiver is in place, the submission of information to the PRA on the firm’s liquidity position;

(11) responsibility for the production and integrity of the firm’s financial information and its regulatory reporting in respect of its regulated activities, including the annual attestation to the PRA of the firm’s compliance with its obligations under SYSC in the PRA Handbook.

7 RECORDS

67.1 A firm must at all times have a comprehensive and up-to-date single document (a management responsibilities map) that describes the firm’s management and governance arrangements including:

(1) details of the reporting lines and the lines of responsibility;

(2) reasonable details about the persons who are part of these arrangements; and

(3) the responsibilities of those persons.

67.2 Where responsibilities covered by a firm’s management responsibility map have been allocated to more than one person, the firm must show clearly how those responsibilities are shared or divided between the persons concerned in its management responsibilities map.

67.3 A management responsibilities map must in particular include:
(1) the names of all the firm’s approved persons (including FCA approved persons), senior management, unapproved non-executive directors and senior personnel and the responsibilities held by each;

(2) all responsibilities included in any current statement of responsibilities;

(3) details of the management and governance arrangements relating to

(a) all of the prescribed responsibilities; or

(b) in the case of a small credit union, the credit union prescribed responsibilities); or

(c) in the case of a third country firm, the UK branch prescribed responsibilities;

(4) the FCA business functions the firm has and details of the persons performing them and the persons having overall responsibility for them;

(5) details of any other FCA responsibilities allocated by the firm and of the persons to whom they are allocated;

(6) matters reserved to the management body (including its committees), including, in the case of a third country firm, the equivalent body (or its committees) responsible for the management of the third country firm’s business and activities in the UK;

(7) where the firm is a member of a group;

(a) how the firm’s management and governance arrangements fit together with those of its group and the extent to which the firm’s management and governance arrangements are provided by or shared with other members of its group; and

(b) details of the reporting lines and the lines of responsibility (if any) to persons who are employees or officers of other group members or to committees or other bodies of the group or of other group members;

(8) reasonable details about the persons described or identified in the management responsibilities map, including whether they are employees of the firm, whether they perform a certification function for the firm and the responsibilities they have in relation to other group members; and

(9) details of how the matters set out in (1) to (8) fit into the firm’s management and governance arrangements as a whole.

67.4 If a firm assigns responsibility for any of the prescribed responsibilities or overall responsibility for an FCA business function to more than one person jointly or divides overall responsibility for it between different persons, the firm must record in its management responsibilities map how and why this has been done.

67.5 If the content of a statement of responsibilities is modified or revised, a firm must send a copy of that revised statement of responsibilities to the PRA as soon as possible.

67.6 A firm must retain a copy of each version of:

(1) its management responsibilities map; and
Appendix 1.2

(2) the statement of responsibilities for each person who performs or has performed a PRA senior management function for the firm for a period of ten years from the date on which the management responsibilities map or the statement of responsibilities, as the case may be, is superseded by a more up-to-date version.

67.7 At least once every twelve months, a firm must certify in writing to the PRA whether or not it has complied with this Part. If it has not done so, the certificate must give details of that non-compliance. A firm must ensure that its management body approves the content and issue of the certificate and that the certificate is signed on behalf of the management body.

8 CHAIRMAN’S OFFICE

78.1 A firm must ensure that the office of the Chairman function has resources that are adequate as to both quality and quantity to enable it to fulfil its role within the firm.
PRA RULEBOOK: CRR FIRMS NON-CRR FIRMS: CERTIFICATION OF EMPLOYEES AMENDMENT INSTRUMENT 2015

Powers exercised
A. The Prudential Regulation Authority ("PRA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"): (1) section 63E (Certification of employees by relevant authorised persons); (2) section 137G (The PRA's general rules); and (3) section 137T (General supplementary powers).

B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

Pre-conditions to making
C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

PRA Rulebook: CRR Firms Non-CRR Firms: Certification of Employees Amendment Instrument 2015
D. The PRA makes the rules in the Annex to this instrument.

Commencement
E. This instrument comes into force on 7 March 2016.¹

Citation
F. This instrument may be cited as the PRA Rulebook: CRR Firms Non-CRR Firms: Certification of Employees Amendment Instrument 2015.

By order of the Board of the Prudential Regulation Authority
[DATE]

¹ The Treasury has now provided for the senior managers regime to commence on 7 March 2016 and the requirement to issue certificates to commence on 7 March 2017 (Financial Services (Banking Reform) Act 2013 Commencement Order No 9, SI 2015/490). In a Written Ministerial Statement on 3 March 2015, the Treasury announced that it would proceed with the proposed Order under section 71A FSMA and that it was intended that the regime for foreign branches should be operational on the same date as the new regime for UK banks.
Annex

Amendment to the Certification Part

[Note: The proposals in this draft instrument extend the draft provisions that were consulted on in Annex 7.4 of CP14/14 to branches of non-UK institutions with a deposit-taking permission. If the PRA makes changes to those policy proposals it will consider whether it is necessary to take account of those changes before making the final rules proposed in this draft instrument.]

In this Annex, the deleted text is struck through and new text is underlined.

Part

CERTIFICATION

Chapter content

1. APPLICATION AND DEFINITIONS
2. PERFORMANCE OF CERTIFICATION FUNCTIONS

Links

Material Risk Takers Regulation
1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to every firm that is:

(1) a CRR firm; or

(2) a credit union; or

(3) a third country CRR firm in relation to activities carried on from an establishment in the UK.

1.2 This Part does not apply to a function performed by:

(1) a person acting as an insolvency practitioner within the meaning of section 388 of the Insolvency Act 1986;

(2) a person acting as a nominee in relation to a voluntary arrangement under Part I (Company voluntary Arrangements) of the Insolvency Act 1986;

(3) a person acting as an insolvency practitioner within the meaning of Article 3 of the Insolvency (Northern Ireland) Order 1989; or

(4) a person acting as a nominee in relation to a voluntary arrangement under Part II (Company voluntary Arrangements) of the Insolvency (Northern Ireland) Order 1989.

1.3 In this Part, the following definitions shall apply:

employee in relation to a firm, includes any person within the description set out in section 63E(9) of FSMA.

Material Risk Takers Regulation

means Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile.

significant risk taker means

(1) any employee of a CRR firm who meets any of the criteria set out in Articles 3 to 5 of the Material Risk Takers Regulation; or

(2) any employee of a credit union who:

(a) is a member of the management body;

(b) is a member of the senior management;

(c) is responsible and accountable to the management body for the activities of the independent risk management function, compliance function or internal audit function; or
(d) heads a function responsible for legal affairs, finance including taxation and budgeting, human resources, remuneration policy, information technology or economic analysis; or

(e) subject to Remuneration 3.2 to 3.3, any employee of a third country CRR firm who would have met any of the criteria set out in Articles 3 to 5 of the Material Risk Takers Regulation if it applied to him or her.

third country CRR firm means an overseas firm that:

1. is not an EEA firm;
2. has its head office outside the European Economic Area; and
3. would be a CRR firm if it had been a UK undertaking, had carried on all of its business in the UK and had obtained whatever authorisations for doing so as are required under FSMA.

2 PERFORMANCE OF CERTIFICATION FUNCTIONS

2.1 A firm must take reasonable care to ensure that none of its employees performs a certification function under an arrangement entered into by the firm in relation to the carrying on by the firm of a regulated activity, unless the employee has a valid certificate issued by the firm.

2.2 For the purposes of this Part, any function that is performed by a significant risk taker for a firm is a certification function to the extent that the function requires the significant risk taker to be involved in one or more aspects of the firm’s affairs, so far as relating to a regulated activity carried on by the firm.

2.3 However, a significant risk taker does not perform a certification function for a firm under 2.2 if the significant risk taker is performing any controlled function for that firm.

2.4 To the extent that:

1. a firm appoints a person to perform a function which, but for this rule, would be a certification function;
2. the appointment solely is to provide cover for a certified employee whose absence is reasonably unforeseen; and
3. the appointment is for less than 2 weeks;

such a person does not perform a certification function.

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2 See Consultation Paper PRA CP15/14/FCA CP14/14 “Strengthening the alignment of risk and reward: new remuneration rules Appendix 3.1.

3 Consultation Paper PRA CP15/14/FCA CP14/14 “Strengthening the alignment of risk and reward: new remuneration rules”, Appendix 3.1, Annex B, contains a proposed glossary definition of this term, included here for convenience.
PRA RULEBOOK: CRR FIRMS NON-CRR FIRMS: FITNESS AND PROPRIETY (BRANCHES) AMENDMENT INSTRUMENT [2015]

Powers exercised
A. The Prudential Regulation Authority ("PRA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):  
   (1) section 60A (setting candidates by relevant authorised persons);  
   (2) section 61 (Determination of applications);  
   (3) section 63F (Issuing of certificates);  
   (4) section 137G (the PRA's general rules); and  
   (5) section 137T (general supplementary powers).

B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

Pre-conditions to making
C. In accordance with section 138J of the Act (consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

PRA Rulebook: CRR Firms Non-CRR Firms: Fitness and Propriety (Branches) Amendment Instrument [2015]
D. The PRA makes the rules in the Annex to this instrument.

Commencement
E. This instrument comes into force on [7 March 2016].

Citation
F. This instrument may be cited as the PRA Rulebook: CRR Firms Non-CRR Firms: Fitness and Propriety (Branches) Amendment Instrument [2015].

By order of the Board of the Prudential Regulation Authority
[DATE]

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1 HM Treasury has now provided for the senior managers regime to commence on 7 March 2016 and the requirement to issue certificates to commence on 7 March 2017 (Financial Services (Banking Reform) Act 2013 Commencement Order No 9, SI 2015/490). In a Written Ministerial Statement on 3 March 2015, the Treasury announced that it would proceed with the proposed Order under section 71A FSMA and that it was intended that the regime for foreign branches should be operational on the same date as the new regime for UK bank
Annex

[Note: these draft rules propose to extend the draft rules relating to Fitness and Propriety consulted on in Annex 7.5 of CP14/14, Appendix 2.2 of CP28/14 and Appendix 1 of CP7/15 to UK branches of third country CRR firms. To the extent that there are changes made to the final rules made following those consultations, they will be taken into account in making final rules under this consultation.]

In this Annex, the deleted text is struck through and new text is underlined.

Part

FITNESS AND PROPRIETY

Chapter content

1. APPLICATION AND DEFINITIONS
2. FITNESS AND PROPRIETY ASSESSMENTS BY FIRMS
3. CONDUCT STANDARDS
4. UNAPPROVED NON-EXECUTIVE DIRECTORS – NOTIFICATIONS
5. REGULATORY REFERENCES
6. FITNESS AND PROPRIETY TRANSITIONAL PROVISIONS

Links
1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to every firm that is:

(1) a CRR firm; or
(2) a credit union; or
(3) a third country CRR firm in relation to its activities carried on from an establishment in the UK.

1.2 The matters referred to in 2 are relevant to the PRA's determination of whether a person to whom a senior management application relates is fit and proper.

1.3 In this Part, the following definitions shall apply:

Certification function

has the meaning given in the Certification Part.

certificate

means the certificate referred to in section 63F(1) of FSMA.

commencement date

means [the date appointed by the Treasury to commence the senior managers regime under the Financial Services (Banking Reform Act) 2013]

non-executive director

means a director of a firm who does not perform an executive function in relation to that firm.

senior management application

means an application for the PRA’s approval under section 59 of FSMA.

[third country CRR firm]

means an overseas firm that:

(1) is not an EEA firm;
(2) has its head office outside the European Economic Area; and
(3) would be a CRR firm if it had been a UK undertaking, had carried on all of its business in the UK and had obtained whatever authorisations for doing so as are required under FSMA.]

unapproved non-executive director

means a non-executive director of a firm who is not an approved person in relation to that firm.

2 Consultation Paper PRA CP15/14/FCA CP14/14 “Strengthening the alignment of risk and reward: new remuneration rules”, Appendix 3.1, Annex B, contains a proposed glossary definition of this term, included here for convenience.
2 FITSINESS AND PROPRIETY ASSESSMENTS BY FIRMS

2.1 A *firm* must not make a *senior management application* in relation to a *person* unless it is satisfied that *person* is fit and proper to perform the *PRA senior management function* to which the application relates.

2.2 A *firm* must not issue a *certificate* in relation to a *person*, unless it is satisfied that *person* is fit and proper to perform the *certification function* to which the *certificate* relates.

2.3 A *firm* must not appoint a *person* as an *unapproved non-executive director*, unless it is satisfied that *person* is fit and proper.  

2.4 A *firm* other than a *third country CRR firm* must ensure that each member of its *management body* is at all times fit and proper.

[Note: Art. 91(1) CRD IV]

2.5 A *third country CRR firm* must ensure that each person who performs a *PRA senior management function* in relation to its *UK establishment* is at all times fit and proper.

2.56 In deciding whether a *person* is fit and proper, a *firm* must be satisfied that the *person*:

(a) has the personal characteristics (including being of good repute and integrity);

(b) possesses the level of competence, knowledge and experience;

(c) has the qualifications; and

(d) has undergone or is undergoing all training, required to enable such *person* to perform his or her function effectively and in accordance with any relevant regulatory requirements, including those under the *regulatory system*, and to enable sound and prudent management of the *firm*.

2.67 Before deciding whether a *person* is fit and proper, a *firm* must take reasonable steps to obtain appropriate references covering at least the past 5 years from that *person*’s current and previous employers, and from firms at which that *person* served as, or is currently, a *non-executive director*.

2.78 In deciding whether a *person* (P) is fit and proper in connection with a *senior management application* or on appointment as an *unapproved non-executive director*, a *firm* must:

(a) obtain P’s consent for the *firm* to request the fullest information in relation to P that it is lawfully able to request under the Police Act 1997 (Certificates of Criminal records, etc) and related subordinated legislation of the *UK* or any part of the *UK*;

(b) if P has lived or worked outside the *UK* for a material time in the previous five years, obtain P’s consent for the *firm* to request the fullest information in

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3 Rule 2.3 will not apply to the persons subject to the transitional provisions in 6.2 below.

4 The *unapproved non-executive director* function is not relevant to third country CRR firms; however a non-executive director of the firm could potentially perform a senior management function in relation to the branch.

5 Rule 2.7 will not apply to the persons subject to the transitional provisions in 6.1 and 6.2 below.
relation to P that it is lawfully able to request under equivalent overseas legislation; and

(c) request, and have regard to, such information.⁶

3 CONDUCT STANDARDS

3.1 A firm must require any PRA approved person or unapproved non-executive director to:

(a) act with integrity;

(b) act with due skill, care and diligence;

(c) be open and co-operative with the FCA, the PRA and other regulators; and

(d) disclose appropriately any information of which the FCA or PRA would reasonably expect notice.

3.2 A firm must require any PRA approved person to:

(a) take reasonable steps to ensure that the business of the firm for which they are responsible is controlled effectively;

(b) take reasonable steps to ensure that the business of the firm for which they are responsible complies with relevant requirements and standards of the regulatory system; and

(c) take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate person and that you oversee the discharge of the delegated responsibility effectively.

4 UNAPPROVED NON-EXECUTIVE DIRECTORS – NOTIFICATIONS

4.1 A firm, unless it is a credit union, must notify the PRA [on the form in Appendix 6 of CP7/15] when a person becomes an unapproved non-executive director and shall provide the PRA with all of the information needed to assess whether that person is fit and proper.⁷

4.2 If a firm becomes aware of information which would reasonably be material to the assessment of a current or former unapproved non-executive director’s fitness and propriety under this Part, it must inform the PRA [on Form ⁸], or (if it is more practical to do so and with the prior agreement of the PRA) by fax or e-mail, as soon as practicable.

4.3 Where a firm replaces an unapproved non-executive director because the firm considers that person no longer fulfils the requirements of 2.4, the firm must notify the PRA as soon as reasonably practicable.

4.4 Where an unapproved non-executive director assumes a new role with the firm or ceases to be a director of the firm, the firm must notify the PRA as soon as reasonably practicable.

⁶ Rule 2.8 will not apply to the persons subject to the transitional provisions in 6.2 below.
⁷ Rule 4.1 will not apply to the persons subject to the transitional provisions in 6.2 below.
⁸ See, by analogy, the change of details form (Form D) in CP28/14.
5 REGULATORY REFERENCES

5.1 (1) If a PRA authorised person (A):<sup>9</sup>

(a) is considering issuing a certificate to, making a senior management application in respect of, or appointing as an unapproved non-executive director, a person (P);

(b) makes a request, for a reference or other information in respect of P from a firm to which this Part applies (B), in B’s capacity as P’s current or former employer or because P is, or was, a member of B’s management body; and

(c) indicates to B the purpose of the request,

B must, as soon as reasonably practicable, give to A all information of which B is aware that is relevant to A’s assessment of whether P is fit and proper.

(2) When giving information to A under (1), B must in particular disclose:

(a) where B has concluded that P:

(i) was in breach of the Conduct Rules Part and has made a notification to the PRA of such a breach; or

(ii) was not fit and proper to perform any function;

in the 5 years before the request for a reference, the facts which led B to that conclusion;

(b) where B, following a finding that P:

(i) was in breach of the Conduct Rules Part, which breach B has notified to the PRA; or

(ii) was not fit and proper;

has taken, in the 5 years before the request for a reference, disciplinary action, a description of the basis for, and outcome of, the disciplinary action.

(3) A firm must provide the information in (2)(b) regarding disciplinary action that resulted in:

(a) the issue of a formal written warning; or

(b) the suspension or dismissal of P; or

(c) the reduction or recovery of any of P’s remuneration.

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<sup>9</sup> Rule 5.1 covers third country CRR firms as these must be PRA authorised persons to carry out regulated activities in the UK. See section 2B(5) FSMA for the definition of PRA authorised persons.
6.1 The requirement to obtain regulatory references in accordance with 2.67 does not apply to a firm in respect of any person to the extent that:

(a) the firm is deciding whether the person is fit and proper for the purpose of issuing a certificate;

(b) the person will be performing a certification function from the commencement date; and

(c) immediately prior to the commencement, the person performed the same function for the firm.

6.2 The requirements of 2.3, 2.67, 2.78 and 4.1 do not apply to a director who, in relation to the firm:

(a) on the commencement date is an unapproved non-executive director; and

(b) immediately prior to the commencement date, was approved as a non-executive director.

10 See footnote 1. Rule 6.1 applies to third country CRR firms. Rule 6.2 is not relevant to third country CRR firms.
Powers exercised
A. The Prudential Regulation Authority ("PRA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"): 
   (1) section 64A (rules of conduct); 
   (2) section 64C (requirement for relevant authorised persons to notify regulator of disciplinary action); 
   (3) section 137G (the PRA's general rules); 
   (4) section 137T (general supplementary powers); and 
   (5) section 395 (the PRA's procedures). 
B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

Pre-conditions to making
C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

PRA Rulebook: CRR FIRMS NON CRR FIRMS: Conduct Rules and Notifications Amendment (Branches) Instrument [2015]
D. The PRA makes the rules in the Annexes to this instrument.

Commencement
E. This instrument comes into force on [7 March 2016].

Citation
F. This instrument may be cited as the PRA Rulebook: CRR FIRMS NON CRR FIRMS: Conduct Rules and Notifications (Branches) Amendment Instrument [2015].

By order of the Board of the Prudential Regulation Authority
[DATE]

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1 HM Treasury has now provided for the senior managers regime to commence on 7 March 2016 and the requirement to issue certificates to commence on 7 March 2017 (Financial Services (Banking Reform) Act 2013 Commencement Order No 9, SI 2015/490. In a Written Ministerial Statement on 3 March 2015, the Treasury announced that it would proceed with the proposed Order under section 71A FSMA and that it was intended that the regime for foreign branches should be operational on the same date as the new regime for UK banks.
Annex A

Amendment to the Conduct Rules Part of the PRA Rulebook

[Note: the proposed rules in this Annex amend the draft Conduct Rules Part proposed in Annex 7.6 of CP14/14. To the extent that there are changes made to the final rules following that or subsequent consultations, they will be taken into account in making final rules under this consultation.]

In this Annex, new text is underlined and deleted text is struck through.

Part

CONDUCT RULES

Chapter content

1. APPLICATION AND DEFINITIONS
2. INDIVIDUAL CONDUCT RULES
3. SENIOR MANAGER CONDUCT RULES

Links
1 APPLICATION AND DEFINITIONS

1.1 (1) This Part applies to every function a person (P) performs in relation to a firm (A) that is a CRR firm or credit union.

1.1 (1) Unless otherwise stated, this Part applies to every function a person (P) performs in relation to a firm that is:

(a) a CRR firm;

(b) a credit union; or

(c) a third country CRR firm in relation to its activities carried on from an establishment in the UK.

(2) This Part only applies if P:

(a) is approved under section 59 of FSMA to perform a PRA senior management function or an FCA senior management function in relation to A;

(b) is an employee of A that should have been so approved;

(c) is an employee who is performing a function that would have been a controlled function but for Senior Management Functions 2.3; or

(d) performs a certification function in relation to A.

(3) Chapter 3 only applies to a person in (2)(a) or (b).

1.2 In this Part, the following definitions shall apply:

employee

has the meaning given in Certification 1.3.

FCA senior management function

means an FCA controlled function specified in SUP 10C.4.3R of the FCA Handbook.

senior management function

means either a PRA senior management function or an FCA senior management function.

third country CRR firm

means an overseas firm that:

(1) is not an EEA firm.

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2 Consultation Paper PRA CP15/14/FCA CP14/14 “Strengthening the alignment of risk and reward: new remuneration rules”, Appendix 3.1, Annex B, contains a proposed glossary definition of this term, included here for convenience.
(2) has its head office outside the European Economic Area; and

(3) would be a CRR firm if it had been a UK undertaking, had carried on all of its business in the UK and had obtained whatever authorisations for doing so as are required under FSMA.

### 2 INDIVIDUAL CONDUCT RULES

2.1 **Individual Conduct Rule 1**: You must act with integrity.

2.2 **Individual Conduct Rule 2**: You must act with due skill, care and diligence.

2.3 **Individual Conduct Rule 3**: You must be open and co-operative with the FCA, the PRA and other regulators.

### 3 SENIOR MANAGER CONDUCT RULES

3.12 **Senior Manager Conduct Rule 1**: You must take reasonable steps to ensure that the business of the firm for which you are responsible is controlled effectively.

3.23 **Senior Manager Conduct Rule 2**: You must take reasonable steps to ensure that the business of the firm for which you are responsible complies with the relevant requirements and standards of the regulatory system.

3.34 **Senior Manager Conduct Rule 3**: You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate person and that you oversee the discharge of the delegated responsibility effectively.

3.45 **Senior Manager Conduct Rule 4**: You must disclose appropriately any information of which the FCA or PRA would reasonably expect notice.
Annex B
Amendments to Notifications Part

[Note: the proposed rules in this Annex amend the draft rules relating to notifications proposed in Annex 7.6 of CP14/14 read together with the proposed amendments in Appendix 2.1 of CP 28/14. To the extent that there are changes made to the final rules made following those or subsequent consultations, they will be taken into account in making final rules under this consultation.]

In this Annex, new text is underlined and deleted text is struck though.

11 CONDUCT RULES: NOTIFICATIONS

11.1 This Chapter applies to every firm that is:

(1) a CRR firm;

(2) a credit union; or

(3) a third country CRR firm in relation to its activities carried on from an establishment in the UK.

11.2 In this Chapter, the following definitions shall apply:

disciplinary action has the meaning given in FSMA section 64C.

conduct rules means the rules in Conduct Rules3.

11.3 If a firm knows or suspects that a person has failed to comply with any conduct rules it must notify the PRA.

11.4 If a firm is required to notify the PRA in compliance with 11.3 based on a suspicion, it must notify the PRA of any subsequent determination it makes in relation to that matter.

11.5 If a firm is required to notify the PRA in compliance with 11.3 – 11.4 based on a determination, it must notify the PRA of any different determination it subsequently makes in relation to that matter.

11.6 If a firm takes disciplinary action against a person relating to any action, failure to act, or circumstance that amounts to a breach of any conduct rule it must notify the PRA.

11.7 If a firm is required to notify the PRA under this Chapter in respect of persons performing certification functions, it must do so within seven business days of becoming aware of the matter by submitting Form 4.

11.8 If a firm is required to notify the PRA under this Chapter in respect of a person performing a senior management function, it must do so within seven business days of becoming aware of the matter by submitting

1. if the circumstances set out in Senior Managers Regime – Applications and

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3 The Conduct Rules were consulted on in Annex 7.6 of CP 14/14.

4 Form was consulted on in Appendix 3 of CP 28/14.
Notifications 5.2 apply, form C\textsuperscript{5};
\begin{itemize}
\item[(2)] and in all other cases, Form D\textsuperscript{6}.
\end{itemize}

11.9 If a firm becomes aware of information which would reasonably be material to the assessment of the fitness and propriety of a PRA approved person's, or a person in respect of whom an application for approval to perform a PRA senior management function has been made it must inform the PRA on Form D, or (if it is more practical to do so and with the prior agreement of the PRA) by fax or e-mail, as soon as practicable.

11.10 A firm other than a credit union must submit the forms referred to in this Chapter using the ONA system.

11.11 (1) Form C may be found here.
\begin{itemize}
\item[(2)] Form D may be found here.
\item[(3)] Form \textit{may} be found here.
\end{itemize}

\textsuperscript{5}Form C was consulted on in Appendix 3 of CP28/14.
\textsuperscript{6}Form D was consulted on in Appendix 3 of CP28/14.
Powers exercised

A. The Prudential Regulation Authority ("PRA") makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"): 

(1) section 60 (Applications for approvals); 
(2) section 62A (Changes of responsibilities of senior managers); 
(3) section 137G (The PRA's general rules); 
(4) section 137T (General supplementary powers); and 
(5) section 395 (the PRA's procedures).

B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

Pre-conditions to making

C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

PRA Rulebook: CRR Firms Non CRR Firms: Senior Managers Regime – Applications and Notifications (Branches) Amendment Instrument 2015

D. The PRA makes the rules in the Annexes to this instrument.

Commencement

E. This instrument comes into force on 7th March 2015.¹

Citation

F. This instrument may be cited as the CRR Firms Non CRR Firms: Senior Managers Regime – Applications and Notifications (Branches) Amendment Instrument 2015.

By order of the Board of the Prudential Regulation Authority

[DATE]

¹ The Treasury has now provided for the senior managers regime to commence on 7 March 2016 and the requirement to issue certificates to commence on 7 March 2017 (Financial Services (Banking Reform) Act 2013 Commencement Order No 9, SI 2015/490). In a Written Ministerial Statement on 3 March 2015, the Treasury announced that it would proceed with the proposed Order under section 71A FSMA and that it was intended that the regime for foreign branches should be operational on the same date as the new regime for UK banks.
Annex A

[For this consultation, new text added to the rules consulted on in Appendix 7.3 of Strengthening accountability in banking: forms, consequentials and transitional aspects—(CP28/14) is underlined and deleted text is struck through. To the extent that there are changes made to the final rules made following that or subsequent consultations, they will be taken into account by the PRA in making final rules under this consultation]

Part

SENIOR MANAGERS REGIME – APPLICATIONS AND NOTIFICATIONS

Chapter content

1. APPLICATION AND DEFINITIONS
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Amendments to Senior Managers Regime – Applications and Notifications Part

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to every firm that is

(1) a CRR firm; and

(2) a credit union; or

(3) a third country CRR firm in relation to its activities carried on from an establishment in the UK.

1.2 In this Part, the following definitions shall apply:

commencement date

means [the date appointed by the Treasury to commence the senior managers regime under the Financial Services (Banking Reform Act) 2013]2.

current approved person approval

means

(1) an approval granted to that person under section 59 of FSMA (Approval for particular arrangements):

(a) by the PRA for the performance of a PRA senior management function; or

(b) by the FCA for the performance of a FCA designated senior management function or a significant influence function;

(2) a deemed approval given by either the PRA following the submission of a grandfathering notification under Senior Managers Regime (Transitional Provisions) or by the FCA under any equivalent rules in the FCA Handbook; or

(3) for the purposes of 2.2(2) and 2.3(2), an approval granted to that person under section 59 of FSMA by either the PRA or the FCA to perform a controlled function as defined in section 59 of FSMA prior to the commencement date but which ceased on or before the commencement date.

FCA designated senior management function

means an FCA controlled function specified in in SUP 10C.4.3R of the FCA Handbook.

grandfathering notification

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2 The commencement date has now been set as 7 March 2016: see Financial Services (Banking Reform) Act 2013 Commencement Order No 9, SI 2015/490.
has the meaning given in Senior Managers Regime – Transitional Provisions.

interested parties

means in relation to a PRA senior management application or withdrawal of an application made under section 63 A of FSMA (variation of senior managers approval at request of relevant authorised person):

(1) the firm making that application;

(2) the person in respect of whom that application is being made (A); and

(3) the person by whom A’s services are to be retained, if not the firm making the application.

management responsibilities map

has the meaning given in Allocation of Responsibilities 6.

regulatory body

means any authority, body or person having, or who has had, responsibility for the supervision or regulation of any regulated activities or other financial services, whether within the United Kingdom or overseas.

PRA senior management approval application

means an application for approval to perform a PRA senior management function under section 59 of FSMA.

significant influence function

has the meaning given in the FCA Handbook.

statement of responsibilities

has the meaning given in Allocation of Responsibilities 1.

[third country CRR firm] means an overseas firm that:

(1) is not an EEA firm;

(2) has its head office outside the European Economic Area; and

(3) would be a CRR firm if it had been a UK undertaking, had carried on all of its business in the UK and had obtained whatever authorisations for doing so as are required under FSMA.]

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3 Consultation Paper PRA CP15/14/FCA CP14/14 “Strengthening the alignment of risk and reward: new remuneration rules”, Appendix 3.1, Annex B, contains a proposed glossary definition of this term, included here for convenience.
2 APPLICATION TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION

2.1 The PRA directs that a firm must make a PRA senior management approval application in any of the circumstances, by submitting form A or form E, as specified in 2.2, 2.3 or 2.4, before the activities requiring approval commence.

2.2 The PRA directs that a firm must use form A (long form) for a PRA senior management approval application if:

(1) the person to whom the application relates has never before been approved:
   (a) by the PRA to perform a PRA senior management function or
   (b) by the FCA to perform an FCA designated senior management function or a significant influence function for any firm; or
(2) the person to whom the application relates has not been the subject of a current approved person approval in relation to any firm for more than six months prior to the date of application.

2.3 The PRA directs that a firm must use form A (short form) for a PRA senior management approval application if the person to whom the application relates:

(1) has at the time of application a current approved person’s approval; or
(2) has had a current approved person’s approval within the previous six months

2.4 The PRA directs that a firm must use Form E for a PRA senior management approval application if the PRA senior management approval application is in respect of a person who has a current approved person approval and is either:

(1) ceasing to perform a PRA senior management function and taking up a new PRA senior management function for the same firm or another member of its group; or
(2) ceasing to perform an FCA designated senior management function and taking up a PRA senior management function for the firm or another member of its group.

2.5 The PRA directs that a firm must not use Form E for a PRA senior management approval application if:

(1) a notification has been made or should be made to the PRA or FCA under any of the following:
   (a) section 63(2A) of FSMA (Duty to notify regulator of grounds for withdrawal of approval);
   (b) section 64B(5) of FSMA (Notification of non-compliance with Conduct or equivalent FCA rules);
   (c) section 64C of FSMA (Requirement for relevant authorised persons to notify regulator of disciplinary action);
(2) a notification has been made or should be made to the PRA under any of the rules in Notifications 11 or to the FCA under any equivalent provisions of the FCA Handbook;

(3) any of the circumstances in 5.2 apply in relation to:
   (a) any PRA senior management function or FCA designated senior management function that that person is ceasing to perform; or
   (b) any PRA senior management function or FCA designated senior management function that the person is continuing to perform in relation to that firm or a firm in the same group; or

(4) if any of the circumstances in 2.2 or 2.3 apply.

2.6 (1) The PRA directs that the statement of responsibilities required by Allocation of Responsibilities 2.1 must accompany the applicable form.

(2) A statement of responsibilities must be
   (a) for third country CRR firms, in the form set out here; or
   (b) for all other firms, in the form set out here.

(3) The firm must also submit a draft of the firm's management responsibilities map, amended to include the role and responsibilities which it is intended the person to whom the PRA senior management approval application relates will assume.

2.7 A firm must (as part of its assessment of whether a person is a fit and proper person to perform a PRA senior management function and in order to verify the information contained in the application to carry out the PRA senior management function) obtain the fullest information that it is lawfully able to obtain about the person under Part of the Police Act 1997 (Certificates of Criminal records, etc.) and related subordinated legislation of the UK or any part of the UK before making the application.

3 APPLICATION TO VARY A CONDITIONAL APPROVAL

3.1 A firm making an application to the PRA under section 63 A of FSMA (for the variation of a conditional approval) must do so by submitting

   (1) Form I; and

   (2) a statement of responsibilities for the PRA-approved person concerned.

4 WITHDRAWAL OF A PRA SENIOR MANAGEMENT APPROVAL APPLICATION OR OF AN APPLICATION TO VARY A CONDITIONAL APPROVAL

4.1 The PRA directs that a firm withdrawing an outstanding PRA senior management approval application must do so using Form B, signed by all interested parties.

4.2 A firm withdrawing an application made under section 63 A of FSMA (variation of senior managers approval at request of relevant authorised person) must do so using Form B, signed by all interested parties.

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4 The form for third country CRR firms is set out in Appendix 3 of this CP.
5 The form for all other firms was set out in Appendix 3 of CP28/14.
5 CEASING TO PERFORM A PRA SENIOR MANAGEMENT FUNCTION

5.1 (1) A firm must notify the PRA no later than seven business days after a person ceases to perform a PRA senior management function, using:

(a) Form E if a person ceases to perform a PRA senior management function and the firm is also making an application for the same person to perform another PRA senior management function; and

(b) in all other cases, Form C.

5.2 (1) A firm must notify the PRA as soon as practicable after it becomes aware, or has information which reasonably suggests, that it will submit a qualified Form C in respect of a PRA approved person.

(2) Form C is qualified if the information it contains:

(a) relates to the fact that the firm has dismissed, or suspended, the PRA approved person from its employment;

(b) relates to the resignation by the PRA approved person while under investigation by the firm, the PRA or any other regulatory body;

(c) includes a notification under any of the provisions set out in 2.5(1) and (2); or

(d) otherwise reasonably suggests that it may affect the PRA’s assessment of the PRA approved person’s fitness and propriety.

6 CHANGE IN DETAILS OR RESPONSIBILITIES RELATING TO PRA APPROVED PERSONS

6.1 If a PRA approved person’s title, name or national insurance number changes, the firm for which the person performs a PRA senior management function must notify the PRA of that change within seven business days of the firm becoming aware of the matter, using Form D.

6.2 (1) If, in relation to a firm which has submitted an application on either Form A or Form E, as required by 2.1, any of the details relating to arrangements and PRA senior management functions are to change, the firm must notify the PRA using Form D as soon as reasonably practicable after the firm becomes aware of the proposed change.

(2) (1) also applies to a firm for whom the grandfathering arrangements relating to the coming into force of FSMA or the coming into force of Part Four of the Financial Services (Banking Reform) Act 2013 applied as if the firm had completed the relevant form for that person.

6.3 The PRA directs that if a firm is required to submit a revised statement of responsibilities under Allocation of Responsibilities 6.5, it must do so within seven business days of the firm making that change by submitting Form J with the revised statement of responsibilities.

7 PROCEDURE FOR MAKING APPLICATIONS AND NOTIFICATIONS

7.1 (1) The PRA directs that:
(a) a firm other than a credit union must make any applications, notifications or submissions required by this Part by submitting the form specified using the ONA system; and

(b) a credit union must make any applications, notifications or submissions required by this Part by submitting the form specified in the manner set out in Notifications 7.

7.2 If, under any direction or rule in this Chapter:

(1) a firm is required to make an application, notification or submission online; and

(2) the information technology systems used by the PRA fail and online submission is unavailable for 24 hours or more,

until such time as facilities for online submission are restored a firm must submit the specified form in the way set out in Notifications 7.

8 FORMS

8.1 (1) Form A may be found here.

(2) Form B may be found here.

(3) Form C may be found here.

(4) Form D may be found here.

(5) Form E may be found here.

(6) Form I may be found here.

(7) Form J may be found here.

(8) Form  may be found here.
[Note: The proposals in this draft instrument extend the draft provisions that were consulted on in CP14/14 and CP28/14 to UK branches of third country credit institutions and investment firms. To the extent that there are changes made to the final rules made following those or subsequent consultations, they will be taken into account in making final rules under this consultation.]

Powers exercised
A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
   (1) section 59 (Approval for particular arrangements);
   (2) section 60 (Applications for approval)
   (3) section 137G (The PRA’s general rules); and
   (4) section 137T (General supplementary powers)
   (5) section 395 (the PRA’s procedures)
   (6) [Grandfathering Statutory instrument]
B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

Pre-conditions to making
C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

PRA Rulebook: CRR Firms Non-CRR Firms: Senior Managers Regime (Transitional Provisions) (Branches) Amendment Instrument [2015]
D. The PRA makes the rules in the Annex to this instrument.

Commencement
E. This instrument comes into force on [DATE].

Citation
F. This instrument may be cited as the CRR Firms Non-CRR Firms: Senior Managers Regime (Transitional Provisions) (Branches) Amendment Instrument [2015].

By order of the Board of the Prudential Regulation Authority
[DATE]

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1 [Articles …] of the Financial Services (Banking Reform) Act 2013 (Transitional and Savings provisions) (SI 2015/492)
2 It is intended that the transitional provisions will come into force after the rules are made to enable firms to notify the regulators how their existing approved persons will transition into the new senior managers regime. The Treasury has announced in a Written ministerial Statement on 3 March that the senior managers regime for foreign banks become operational at the same as the UK relevant authorised persons i.e. on 7 March 2016. (SI 2015/490).
Annex

In this Annex, new text is underlined and deleted text is struck through.

Part

SENIOR MANAGERS REGIME – TRANSITIONAL PROVISIONS

Chapter content

1. APPLICATION AND DEFINITIONS
2. GENERAL
3. GRANDFATHERING NOTIFICATION REQUIREMENTS
4. PROCEDURE FOR MAKING GRANDFATHERING NOTIFICATIONS
5. WITHDRAWING OR UPDATING A GRANDFATHERING NOTIFICATION
6. TABLE OF FUNCTIONS FOR GRANDFATHERING
7. FORMS

Links
1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to every firm that is:

(1) a CRR firm; or
(2) a credit union; or
(3) a third country CRR firm in relation to its activities carried on from an establishment in the UK.

1.2 In this Part, the following definitions shall apply:

candidate means a person, in respect of whom an application has been made by the firm for the FCA or PRA to grant the person a current approved person approval.

commencement date means [the DATE appointed by the Treasury to commence the senior managers regime under the Financial Services (Banking Reform) Act].

current approved person approval means an approval granted to a person by the PRA or the FCA under section 59 of FSMA (Approval for particular arrangements) of the performance of a controlled function specified by the FCA or PRA.

FCA function means any of the functions specified in column 3 (FCA senior management functions) of the table set out in 6.

grandfathering approval means approval to perform a PRA senior management function under section 59 of FSMA, granted pursuant to a grandfathering notification.

grandfathering Form means the form to be completed by each firm in respect of grandfathering approved persons, being Form K.

grandfathering function means any of the controlled functions listed in column 1 of the table set out in 6.

grandfathering notification

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3 The Treasury has now provided for the senior managers regime to commence on 7 March 2016 and the requirement to issue certificates to commence on 7 March 2017: (Financial Services (Banking Reform) Act 2013 Commencement Order No 9, SI 2015/490. In a Written Ministerial Statement on 3 March 2015, the Treasury announced that it would proceed with the proposed Order under section 71A FSMA and that it was intended that the regime for foreign branches should be operational on the same date as the new regime for UK banks.
means a notification on a grandfathering form submitted to the PRA, on or before the notification period end date, pursuant to 2.1.

management responsibilities map

has the meaning given in Allocation of Responsibilities 6.

notification date

means the date on which a grandfathering notification (or an update thereto) is first received by the PRA.

notification period end date

means [DATE] as set out in Treasury Order 2015.4

PRA senior management approval application

means an application for approval to perform a PRA senior management function under section 59 of FSMA.

small credit union

means a credit union with:

(a) assets of 5 million or less; and
(b) a total number of members of 5,000 or less.

statement of responsibilities

means a statement pursuant to [the Treasury Order 2015]5 setting out the aspects of the affairs of the firm which it is intended that each relevant person will be responsible for managing, in performing the relevant PRA senior management function(s).

[third country CRR firm6

means an overseas firm that:

(1) is not an EEA firm;

(2) has its head office outside the European Economic Area; and

(3) would be a CRR firm if it had been a UK undertaking, had carried on all of its business in the UK and had obtained whatever authorisations for doing so as are required under FSMA.]

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5 Since CP28/14, HMT has made a Transitional and Savings Provisions Order (SI 2015/492)

6 Consultation Paper PRA CP15/14/FCA CP14/14 “Strengthening the alignment of risk and reward: new remuneration rules”, Appendix 3.1, Annex B, contains a proposed glossary definition of this term, included here for convenience.
2 GENERAL

2.1 The PRA directs that the grandfathering notification must be made using Form K in respect of all approved persons performing any controlled function which is listed in column 1 of the table set out in 6.

3 GRANDFATHERING NOTIFICATION REQUIREMENTS

3.1 A firm must ensure that the grandfathering notification sets out, in respect of each approved person:

(1) each of the grandfathering functions in respect of which each approved person has a current approved persons approval prior to the commencement date;

(2) each of the PRA senior management functions to be performed by each approved person on and from the commencement date;

(3) each FCA function (if any) which is to be:

   (a) performed by an approved person on and from the commencement date; and

   (b) included, pursuant to Senior Management Functions 2.4, in each PRA senior management function set out in the grandfathering notification in respect of the relevant approved person; and

(4) a statement of reasons if the grandfathering notification is not applying for the approved person to be grandfathered in respect of any of the grandfathering functions which the approved person is performing.

3.2 Where a firm is applying for approval for a candidate to perform a grandfathering function, the firm must ensure that the grandfathering notification sets out, in respect of each such candidate:

(1) each of the grandfathering functions which the relevant candidate has applied to perform;

(2) each of the PRA senior management functions to be performed by the candidate, if approved, on and from the commencement date (or the date of approval of the candidate);

(3) each FCA function (if any) which, if the candidate is approved, is to be:

   (a) performed by the candidate on and from the commencement date (or the date of approval of the candidate); and

   (b) included, pursuant to Senior Management Functions 2.4, in each PRA senior management function set out in the grandfathering notification in respect of the relevant candidate; and

(4) a statement of reasons if the grandfathering notification is not applying for the candidate to be grandfathered in respect of any of the grandfathering functions for which approval is sought.

3.3 The PRA directs that the grandfathering notification must not specify a PRA senior management function or FCA function in respect of a person unless the PRA senior management function or FCA function are specified in the table in 6 in relation to a
controlled function performed by the relevant person pursuant to a current approved persons approval.

3.4 The PRA directs that:

(1) the statement of responsibilities must be submitted with the grandfathering notification; and

(2) the firm must submit a management responsibilities map, showing the role of each approved person as at the commencement date, including the person(s) subject to the grandfathering notification.

4 PROCEDURE FOR MAKING GRANDFATHERING NOTIFICATIONS

4.1 The PRA directs that, save as required by 5.2:

(1) A firm other than a credit union must make any applications, notifications or submissions required by this Part using the ONA system; and

(2) a credit union must make any applications, notifications or submissions required by this Part in the manner set out in Notifications 7.

4.2 If, under any direction or rule in this Chapter,

(1) a firm is required to make an application, notification or submission online; and

(2) the information technology systems used by the PRA fail, and online submission is unavailable for 24 hours or more,

until such time as facilities for online submission are restored a firm may submit the specified form in accordance with Notifications 7 (Form and method of notification).

5 WITHDRAWING OR UPDATING A GRANDFATHERING NOTIFICATION

5.1 This Chapter applies only before the commencement date.

5.2 The PRA directs that, after the notification period end date, a firm must make any update to the grandfathering notification, the statement of responsibilities, or the management responsibilities map in the manner set out by Notifications 7.

5.3 The PRA directs that if, before the commencement date, there has been a significant change to the matters covered by any statement of responsibilities or management responsibilities map provided pursuant to 3.4, the firm must provide a revised version to the PRA.

6 TABLE OF FUNCTIONS FOR GRANDFATHERING

6.1 The PRA senior management functions set out in column 2 of the table are specified as relevant designated senior management functions for the purpose of the [Treasury Order 2015]7, in each case, in relation to the grandfathering functions set out in the relevant row of column 1 of the table below.

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7 Financial Services (Banking Reform) Act 2013 (Transitional and Savings Provisions) Order 2015 (SI 2015/492). The grandfathering functions in column 1 are the “notified functions” under Article 2(2) of the Order and the senior management functions in column 2 are the “equivalent functions” specified for the purpose of Article 17.
6.2 The FCA functions set out in column 3 of the table are specified as relevant designated senior management functions for the purpose of the [Treasury Order 2015]\(^8\), in each case, in relation to the *grandfathering functions* set out in the relevant row of column 1 of the table below.

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PRA or FCA Controlled Function</strong></td>
<td><strong>PRA Senior Management Function</strong></td>
<td><strong>FCA Function</strong></td>
</tr>
<tr>
<td>All firms apart from small credit unions and UK branches of Third Country CRR Firms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Director (CF1)</td>
<td>Chief Finance function (SMF2)</td>
<td>Executive Director (SMF3)</td>
</tr>
<tr>
<td>Partner (CF4)</td>
<td>Chief Risk function (SMF4)</td>
<td></td>
</tr>
<tr>
<td>Director of unincorporated association (CF5)</td>
<td>Head of Internal Audit (SMF5)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Head of Key Business Area (SMF6)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Group Entity Senior Manager (SMF7)</td>
<td></td>
</tr>
<tr>
<td>Non-executive director (CF2)</td>
<td>Group Entity Senior Manager (SMF7)</td>
<td>Chair of the Nominations Committee (SMF13)</td>
</tr>
<tr>
<td></td>
<td>Chairman (SMF9)</td>
<td>[Non-Executive Director Function (SMF15)](^{10})</td>
</tr>
<tr>
<td></td>
<td>Chair of the Risk Committee (SMF11)</td>
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</tr>
<tr>
<td></td>
<td>Chair of the Audit Committee (SMF10)(^9)</td>
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<tr>
<td></td>
<td>Chair of the Remuneration Committee (SMF12)</td>
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<td></td>
<td>SID (SMF14)</td>
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<td>Chief executive (CF3)</td>
<td>Chief executive (SMF1)</td>
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</tr>
<tr>
<td>Systems and Controls (CF28)</td>
<td>Chief Finance function (SMF2)</td>
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</tr>
<tr>
<td></td>
<td>Chief Risk function (SMF4)</td>
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</tr>
<tr>
<td>Significant management (CF29)</td>
<td>Head of Key Business Area (SMF6)</td>
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</tr>
<tr>
<td></td>
<td>Group Entity Senior Manager (SMF7)</td>
<td></td>
</tr>
</tbody>
</table>

\(^8\) See footnote 8.
\(^9\) There was a typographical error in CP7/15: Chair of the Audit committee is SMF10 and Chair of Risk is SMF 11 in CP 14/14.
\(^{10}\) In CP7/15, the FCA announced that it would not approve Standard NEDs as Senior Managers in relevant authorised persons. The list of PRA and FCA functions in this table will be updated to reflect the corresponding final PRA and FCA rules.
### Small credit unions

<table>
<thead>
<tr>
<th>PRA or FCA Controlled Function</th>
<th>PRA Senior Management Function</th>
<th>FCA Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director (CF1)</td>
<td>Credit Union Senior Manager (SMF8)</td>
<td>Executive Director (SMF3)</td>
</tr>
</tbody>
</table>
| Non-executive director (CF2)  | Credit Union Senior Manager (SMF8) | Chair of the Nominations Committee (SMF13) [Non-Executive Director Function (SMF15)]
| Chief executive (CF3)         | Chief executive (SMF1) Credit Union Senior Manager (SMF8) | |

### UK Branches of Third country CRR firms

<table>
<thead>
<tr>
<th>PRA or FCA Controlled Function</th>
<th>PRA Senior Management Function</th>
<th>FCA Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director (CF1)</td>
<td>Group Entity Senior Manager (SMF7) Head of Overseas Branch (SMF19)</td>
<td>Overseas Branch Senior Manager (SMF20)</td>
</tr>
<tr>
<td>Non-executive director (CF2)</td>
<td>Group Entity Senior Manager (SMF7)</td>
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</tr>
<tr>
<td>Chief executive (CF3)</td>
<td>Head of Overseas Branch (SMF19)</td>
<td></td>
</tr>
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<td>Compliance Oversight (CF10)</td>
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<td>Compliance Oversight (SMF16)</td>
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<td>Money laundering Reporting (CF11)</td>
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<td>Money laundering Reporting (SMF17)</td>
</tr>
<tr>
<td>Systems and Controls (CF28)</td>
<td>Chief Finance function (SMF2) Chief Risk function (SMF4) Head of Internal Audit (SMF5)</td>
<td>Overseas Branch Senior Manager (SMF20)</td>
</tr>
<tr>
<td>Significant management (CF29)</td>
<td>Head of Overseas Branch (SMF19)</td>
<td>Overseas Branch Senior Manager (SMF20)</td>
</tr>
</tbody>
</table>

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11 See footnote 11.
6.3 The PRA directs that the *grandfathering notification* must not specify that any *person* shall perform any combination of *PRA senior management functions* which is prohibited by any other provision of the *PRA Rulebook* or the *FCA Handbook*.

7 FORMS

7.1 Form K may be found here\textsuperscript{12}.

\textsuperscript{12} Form K was consulted on in Appendix 3 of CP28/14. The online version of the Form will include details of the senior management functions including those relevant for persons performing functions in relation to UK branches of third country CRR firms.
Appendix 2
FCA Handbook text
ACCOUNTABILITY (FOREIGN BRANCHES) INSTRUMENT 2015

Powers exercised

A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):

(1) section 59 (Approval for particular arrangements);
(2) section 60 (Applications for approval);
(3) section 60A (Vetting candidates by relevant authorised persons);
(4) section 63ZD (Statement of policy relating to conditional approval and variation);
(5) section 63E (Certification of employees by relevant authorised persons);
(6) section 63F (Issuing of certificates);
(7) section 64A (Rules of conduct);
(8) section 137A (The FCA’s general rules);
(9) section 137T (General supplementary powers);
(10) section 139A (Power of the FCA to give guidance); and
(11) section 395 (The FCA’s and PRA’s procedures);

B. The rule-making powers listed above are specified for the purpose of section 138G (Rule-making instruments) of the Act.

Commencement

C. The instrument comes into force on [date].

Amendments to the Handbook

D. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes in this instrument listed in column (2) below:

<table>
<thead>
<tr>
<th>(1)</th>
<th>(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glossary of definitions</td>
<td>Annex A</td>
</tr>
<tr>
<td>Senior Management Arrangements, Systems and Controls (SYSC)</td>
<td>Annex B</td>
</tr>
<tr>
<td>Code of Conduct sourcebook (COCON)</td>
<td>Annex C</td>
</tr>
<tr>
<td>Supervision manual (SUP)</td>
<td>Annex D</td>
</tr>
</tbody>
</table>

Amendments to material outside the Handbook

E. The Perimeter Guidance Manual (PERG) is amended in accordance with Annex E to this instrument.

Citation
F. This instrument may be cited as the Accountability (Foreign Branches) Instrument 2015.

By order of the Board of the Financial Conduct Authority [date]
Annex A

Amendments to the Glossary

[Editor’s note: The amendments shown below are to the text set out in the near final text of the SMR rules included in FCA CP15/9 at Appendix 1.

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

**EEA branch senior manager function**  
FCA controlled function SMF21 in Part 2 of the table in SUP 10C.4.3R (Table of FCA controlled functions for relevant authorised persons), described more fully in SUP 10C.8.4R.

**EEA relevant authorised person**  
a relevant authorised person coming within paragraph (B) of the definition of relevant authorised person which, in summary, is a relevant authorised person which is an incoming firm with a branch in the United Kingdom.

**FCA branch function**  
FCA controlled functions SMF20 and SMF21 in the table in SUP10C.4.3R (Table of FCA controlled functions for relevant authorised persons).

**non-UK relevant authorised person**  
(1) an EEA relevant authorised person; or

(2) a third-country relevant authorised person

**overseas branch senior manager function**  
FCA controlled function SMF20 in Part 3 of the table in SUP 10C.4.3R (Table of FCA controlled functions for relevant authorised persons), described more fully in SUP 10C.8.1R.

**third-country relevant authorised person**  
a relevant authorised person coming within paragraph (C) of the definition of relevant authorised person which, in summary, is a relevant authorised person which is a non-UK institution with a branch in the United Kingdom, other than an incoming firm.

Amend the following definitions as shown.

**FCA governing function**  
(B) (in the FCA Handbook):

any of the following FCA controlled functions:

(1) (for UK relevant authorised persons) FCA controlled functions for relevant authorised persons SMF3 and
FCA 2015/xx

SMF13 in Part 1 of the table in SUP 10C.4.3R (Table of FCA controlled functions for relevant authorised persons); and

(2) [overseas firms to follow]

(3) (for other firms) FCA controlled functions 1 to 6 in Part 1 of the table of FCA controlled functions.

FCA required functions (B) (in the FCA Handbook):

any of the following FCA controlled functions:

(1) (for relevant authorised persons) FCA controlled functions for relevant authorised persons SMF16 and SMF17 in Part 1 of the table in SUP 10C.4.3R (Table of FCA controlled functions for relevant authorised persons); and

management responsibilities map the document describing the management arrangements of a relevant authorised person required by SYSC 4.5.4R and SYSC 4.6.8R.

money laundering reporting function (in the FCA Handbook):

(1) (in the case of relevant authorised persons) FCA controlled function SMF17 in Part 1 of the table in SUP 10C.4.3R (Table of FCA controlled functions for relevant authorised persons), described more fully in SUP 10C.6.2R; and

relevant authorised person has the meaning in (A), (B) or C:

(B) [Non-UK country branches to follow] an incoming firm which is a relevant authorised person in accordance with article 2 of the Financial Services and Markets Act 2000 (Relevant Authorised Persons) Order 2015 which, in summary, is an incoming EEA firm or incoming Treaty firm which:

(1) has a branch in the United Kingdom; and

(2) is not an institution that has permission under Part 4A, Schedule 3 or Schedule 4 of the Act for effecting contracts of insurance or carrying out contracts of insurance; and
(3) meets one of the following conditions:

(a) it is a credit institution which has a permission under Part 4A of the Act that includes accepting deposits; or

(b) it meets all the following conditions:

(i) the institution is an investment firm; and

(ii) it has a permission under Part 4A, Schedule 3 or Schedule 4 of the Act that includes dealing in investments as principal; and

(iii) when carried on by it, that activity is a PRA-regulated activity.

(C) a non-UK institution other than an incoming firm which is a relevant authorised person in accordance with article 2 of the Financial Services and Markets Act 2000 (Relevant Authorised Persons) Order 2015 which, in summary, is a non-UK institution other than an incoming firm which:

(1) has a branch in the United Kingdom; and

(2) is not an institution that has permission for effecting contracts of insurance or carrying out contracts of insurance; and

(3) meets one of the following conditions:

(a) it is a credit institution which has a permission under Part 4A of the Act that includes accepting deposits; or

(b) it meets all the following conditions:

(i) the institution is an investment firm; and

(ii) it has a Part 4A permission that includes dealing in investments as principal; and

(iii) when carried on by it, that activity is a PRA-regulated activity.
Annex B

Amendments to the Senior Management Arrangements, Systems and Controls sourcebook (SYSC)

[Editor’s note: The amendments shown below are to the text set out in the near final text of the SMR rules set out on Appendix 1 of FCA CP15/9].

Insert SYSC 4.6 and 4.8 as new sections. All the text is new and is not underlined.

4.6 Senior management responsibilities maps for non-UK relevant authorised persons

Application

4.6.1 R This section applies to:

(1) EEA relevant authorised persons;

(2) third-country relevant authorised persons.

4.6.2 G EEA relevant authorised persons and third-country relevant authorised person are referred to as non-UK relevant authorised persons.

4.6.3 G The rules in this section relate to the activities of a non-UK relevant authorised person in relation to its branches in the United Kingdom.

4.6.4 R This section is not limited to regulated activities or other specific types of activities.

Territorial application

4.6.5 G (1) There is no territorial limitation on the application of SYSC 4.6, save as set out in SYSC 4.6.3.

(2) This section is not intended to extend the application of the common platform requirements to matters which are reserved by an EU instrument to the firm’s Home State regulator in relation to EEA relevant authorised persons.

(3) SYSC 4.6.14R deals with the application of this section to management responsibilities maps for branches maintained by EEA relevant authorised persons.

Purpose

4.6.6 G (1) This section sets out the rules about management responsibilities maps for branches maintained in the United Kingdom by non-UK relevant authorised persons.
This section also applies parts of the rules and guidance in SYSC 4.5, with modifications for branches.

Scope of the senior management regime for branches

4.6.7 G (1) The senior management regime applies to relevant authorised persons.

(2) The senior management regime applies to branches maintained in the United Kingdom by non-UK relevant authorised persons, as well as to UK relevant authorised persons.

(3) Some of the rules for branches are different from those for firms. This is because of the differences between firms and branches and the requirements of EU law.

(4) The main senior management regime rules and guidance for branches are set out in:
   (a) SYSC 4.6 and SYSC 4.8;
   (b) COCON;
   (c) FIT; and
   (d) SUP 10C.

General rules about the management responsibilities map

4.6.8 R A firm must, at all times, have a comprehensive and up-to-date document (the management responsibilities map) that describes the management and governance arrangements for any branch it maintains in the United Kingdom, including:

(1) details of the reporting lines and the lines of responsibility; and

(2) reasonable details about:
   (a) the persons who are part of those arrangements; and
   (b) their responsibilities.

(See further requirements in SYSC 4.6.16R)

4.6.9 R The firm’s management responsibilities map for a branch must show clearly how any responsibilities covered by that management responsibilities map are shared or divided between different persons.

4.6.10 G (1) One purpose of the management responsibilities map is to help the firm and the FCA satisfy themselves that the branch has a clear organisational structure (as required by SYSC, where applicable).
It also helps the FCA to identify who it needs to speak to about particular issues and who is accountable if something goes wrong.

Details about preparing the management responsibilities map

4.6.11 G  (1) The management responsibilities map should be consistent with the statements of responsibilities provided by the firm in relation to the branch.

(2) The statements of responsibilities and the management responsibilities map should all be prepared in a way that makes it simple to see how the responsibilities allocated in a particular statement of responsibilities fit into the overall system of management and governance of the branch.

4.6.12 G The management responsibilities map should include functions that are included in a PRA controlled function under SUP 10C.9 (Minimising overlap with the PRA approved persons regime).

4.6.13 G The management responsibilities map should include functions that are excluded from the overseas branch senior manager function under SUP 10C.8.1R(3) (Exclusion for approved person with approval to perform any other designated senior management function in relation to the branch).

Management responsibilities maps for branches maintained by EEA relevant authorised persons

4.6.14 R  (1) This provision is about the application of this section to the management responsibilities maps for a United Kingdom branch of an EEA relevant authorised person.

(2) An EEA relevant authorised person is only required to include in its management responsibilities map for the branch such information as is necessary to identify the responsibilities (of the branch’s SMF managers) listed in (3), below, and how those responsibilities fit into the branch’s management and governance arrangements as a whole.

(3) The SMF managers’ responsibilities listed in this paragraph are:

(a) those which are FCA controlled functions; and

(b) those in the statement of responsibilities provided in relation to the SMF managers.

Management responsibilities maps for small branches

4.6.15 G  (1) The management responsibilities map for a small and non-complex branch is likely to be simple and short. It may be no more than a single sheet of paper.
(2) For the purposes of (1), a branch is likely to be small and non-complex if it:

(a) conducts a limited number of simple business lines; and

(b) does not rely on group governance arrangements or on governance arrangements for other parts of the firm.

Application of SYSC 4.5 to management responsibilities maps for branches

4.6.16 R The rules and guidance in SYSC 4.5 in column two of the in the table in SYSC 4.6.17R apply to a management responsibilities map for a United Kingdom branch of a non-UK relevant authorised person, subject to any modifications described in the table.

4.6.17 R Table: application of the rules and guidance in SYSC 4.5 to a management responsibilities map for a branch maintained in the United Kingdom by a non-UK relevant authorised person.

<table>
<thead>
<tr>
<th>Application of rules and guidance in SYSC 4.5</th>
<th>Word or phrase in SYSC 4.5</th>
<th>Meaning in SYSC 4.6</th>
</tr>
</thead>
<tbody>
<tr>
<td>SYSC 4.5.7R (Specific requirements of the management responsibilities map)</td>
<td>approved person</td>
<td>approved person carrying out activities in relation to the branch</td>
</tr>
<tr>
<td></td>
<td>FCA prescribed senior management responsibilities</td>
<td>FCA prescribed senior management responsibilities for third-country relevant authorised persons (there are no FCA prescribed senior management responsibilities for EEA relevant authorised persons)</td>
</tr>
<tr>
<td></td>
<td>the firm’s activities, business areas and management functions</td>
<td>the branch's activities, business areas and management functions</td>
</tr>
<tr>
<td></td>
<td>the firm’s governing body</td>
<td>the branch's governing body or equivalent</td>
</tr>
<tr>
<td></td>
<td>the firm’s management body</td>
<td>the branch’s management body</td>
</tr>
<tr>
<td>---</td>
<td>----------------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td></td>
<td>the firm’s management and governance arrangements</td>
<td>the branch’s management and governance arrangements</td>
</tr>
<tr>
<td></td>
<td>functions allocated under SYSC 4.7.5R(3)</td>
<td>functions allocated under SYSC 4.8.6R(2)</td>
</tr>
<tr>
<td></td>
<td>the firm’s group</td>
<td>the firm’s group including the rest of the firm</td>
</tr>
<tr>
<td></td>
<td>senior management</td>
<td>the branch’s senior management</td>
</tr>
<tr>
<td></td>
<td>senior personnel</td>
<td>the branch’s senior personnel</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2</th>
<th>SYSC 4.5.12G (guidance on specific aspects of SYSC 4.5.7R)</th>
<th>the firm’s SMF managers</th>
<th>the branch’s SMF managers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>the firm’s governing body</td>
<td>the branch’s governing body or equivalent</td>
<td></td>
</tr>
<tr>
<td></td>
<td>the firm’s senior management</td>
<td>the branch’s senior management</td>
<td></td>
</tr>
<tr>
<td></td>
<td>the firm’s senior personnel</td>
<td>the branch’s senior personnel</td>
<td></td>
</tr>
<tr>
<td></td>
<td>the firm’s management responsibilities map</td>
<td>the branch’s management responsibilities map</td>
<td></td>
</tr>
</tbody>
</table>

| 3 | SYSC 4.5.14R to SYSC 4.5.15G (Management responsibilities map to be a single document) | the firm’s management responsibilities map | the branch’s management responsibilities map |

| 4 | SYSC 4.5.16G to SYSC 4.5.20G (The purpose of SYSC 4 Annex 1G) and SYSC 4 Annex 1G (The main business activities and functions of a (non-) complex firm) | business activities and functions of the firm | business activities and functions of the branch |
|   | the firm’s management responsibilities map | the branch’s management responsibilities map |
|   | (non-) complex firm | (non-) complex branch |
### 4.8 Third-country relevant authorised persons: Allocation of responsibilities

#### Application

4.8.1 R This section applies to third-country relevant authorised persons.

4.8.2 G The rules and guidance in this section relate to the activities of a third country relevant authorised person in relation to its branch in the United Kingdom.

4.8.3 R There is no territorial limitation on the application of SYSC 4.8, save as set out in SYSC 4.8.2G.

4.8.4 R SYSC 4.8 is not limited to regulated activities or other specific types of activities.

#### Purpose of this section

4.8.5 G (1) The purpose of this section is to ensure that an SMF manager is responsible and accountable for every area of a branch’s activities.

(2) This section sets out rules about the allocation of responsibilities to SMF managers of a United Kingdom branch of a third-country relevant authorised persons.

(3) This section also applies various parts of the rules and guidance in SYSC 4.7, with modifications for the purpose of such branches.

#### General rule about allocation of responsibilities

4.8.6 R (1) A firm must allocate each of the FCA-prescribed senior management responsibilities for third-country relevant authorised persons in the table in SYSC 4.8.8R to one or more persons who are SMF managers of the branch.
(2) A firm must ensure that at all times the function of having local responsibility for each of the other activities, business areas and management functions of the branch is allocated to one or more of the persons below:

(a) an SMF manager, other than a person who has been approved to perform the overseas branch senior manager function;

(b) an SMF manager ("P") who meets one or more of the conditions below:

(i) P reports directly to the person performing the Head of Overseas Branch function or to the branch’s governing body or equivalent; or

(ii) P sits outside the management structure of the branch and does not report directly or indirectly to the branch’s governing body or equivalent.

(3) (2) does not apply to:

(a) the functions defined as [to follow] in the part of the PRA rulebook titled “Allocation of responsibilities”; or

(b) the FCA-prescribed senior management responsibilities for third-country relevant authorised persons.

(4) A firm must make the allocations in (1) and (2) in such a way that it is clear who has which of those responsibilities.

(5) The FCA-prescribed senior management responsibilities for third-country relevant authorised persons relate to the third country relevant authorised person’s activities in relation to its branch in the United Kingdom.

(6) The FCA-prescribed senior management responsibilities for third-country branches are set out in the table in SYSC 4.8.8R.

4.8.7 G A person who is allocated the function of having responsibility for one or more of the activities, business areas and management functions of the branch under SYSC 4.8.6R(2) will:

(1) be performing the overseas branch senior manager function (see SUP 10C.8.1R(2)(b)); and

(2) need to be approved as an SMF manager unless that person has approval to perform another designated senior management function in relation to the branch.

4.8.8 R Table: FCA-prescribed senior management responsibilities for third-
country relevant authorised persons.

<table>
<thead>
<tr>
<th>FCA-prescribed senior management responsibility in relation to the branch</th>
<th>Explanation</th>
</tr>
</thead>
</table>
| (1) responsibility for the firm’s performance of its obligations under the senior management regime, including implementation and oversight; | The senior management regime means the requirements of the regulatory system applying to relevant authorised persons insofar as they relate to SMF managers performing designated senior management functions, including SUP 10C (FCA senior management regime for approved persons in relevant authorised persons).
This responsibility includes:
(1) compliance with conditions and time limits on approval;
(2) compliance with the requirements about the statements of responsibilities (but not the allocation of responsibilities recorded in them); and
(3) compliance by the firm with its obligations in relation to the branch under section 60A of the Act (Vetting of candidates by relevant authorised persons). |
<p>| (2) responsibility for the firm’s performance of its obligations under the certification rules; | The certification regime means the requirements of sections 63E and 63F of the Act (Certification of employees) and all other requirements of the regulatory system about the matters dealt with in those sections, including SYSC 5.2 (Certification Regime). |
| (3) responsibility for compliance with the firm’s obligations in relation to its management responsibilities map; | This responsibility does not include allocating responsibilities recorded in it. |
| (4) responsibility for management of the firm’s risk management processes in the UK; | |
| (5) responsibility for the firm’s | |</p>
<table>
<thead>
<tr>
<th>Compliance with the UK regulatory regime applicable to the firm;</th>
</tr>
</thead>
<tbody>
<tr>
<td>(6) Responsibility for the escalation of correspondence from the PRA, FCA and other regulators in respect of the firm to the governing body and or the management body of the firm, or, where appropriate, of the parent undertaking or holding company of the firm's group;</td>
</tr>
<tr>
<td>This includes taking steps to ensure that the senior management of the firm and, where applicable, the group, are made aware of any views expressed by the regulatory bodies and any steps taken by them in relation to the branch, firm or group.</td>
</tr>
<tr>
<td>(7) Responsibility for maintenance of the independence, integrity and effectiveness of the firm's policies and procedures on whistleblowing and for ensuring staff who raise concerns are protected from detrimental treatment;</td>
</tr>
<tr>
<td>(8) Responsibility for the firm's policies and procedures for countering the risk that the branch might be used to further financial crime;</td>
</tr>
<tr>
<td>(A) This includes the function in SYSC 6.3.8R (firm must allocate to a director or senior manager overall responsibility within the firm for the establishment and maintenance of effective anti-money laundering systems and controls).</td>
</tr>
<tr>
<td>(B) The firm may allocate this FCA prescribed senior management responsibility to the MLRO but does not have to.</td>
</tr>
<tr>
<td>(C) If the firm does not allocate this FCA prescribed senior management responsibility to the MLRO, this FCA-prescribed senior management responsibility includes responsibility for supervision of the MLRO.</td>
</tr>
<tr>
<td>(9) Responsibility for the performance of the branch's policies and procedures for compliance with CASS</td>
</tr>
<tr>
<td>(A) This responsibility does not apply to a firm to which CASS does not apply.</td>
</tr>
<tr>
<td>(B) A firm may include in this FCA-prescribed senior management responsibility whichever of the following functions apply to it:</td>
</tr>
<tr>
<td>(a) CASS 1A.3.1R (CASS operational oversight</td>
</tr>
</tbody>
</table>
for a CASS small firm); (b) CASS 1A.3.1AR (CASS operational oversight for a CASS medium firm or a CASS large firm); (c) CASS 11.3.1R (CASS operational oversight for certain CASS small debt management firms); or (d) CASS 11.3.4R (CASS operational oversight for a CASS large debt management firm); but it does not have to.

(C) If the firm does not include the functions in (B) in this FCA prescribed senior management responsibility, this FCA-prescribed senior management responsibility includes responsibility for supervision of the person performing the functions in (B) that apply to the firm.

Meaning of local responsibility in relation to branches
4.8.9 R When SYSC 4.8 refers to a person who has local responsibility for a function, it means a person who:

(1) has responsibility for managing or supervising that function in relation to the branch; and

(2) (for a person in SYSC 4.8.6R(2)(b)(i)) has primary and direct responsibility for:

(a) briefing and reporting about that function:

(i) to the person performing the Head of Overseas Branch function; or

(ii) to the branch’s governing body or equivalent; and

(b) putting matters for decision about that function to the branch’s governing body or equivalent.

4.8.10 G Having local responsibility for a matter or function does not mean:

(1) having ultimate authority over it; or
having day-to-day management control of it.

4.8.11 G (1) If a firm appoints someone to be head of a business unit, that person will not necessarily be performing a function under SYSC 4.8.6R(2).

(2) For example, a firm appoints A to be head of sales. A is not on the branch’s 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 local responsibility for sales under SYSC 4.8.6R(2)(b)(i).

4.8.12 G (1) A person who reports to another or is subject to oversight by another may still have local responsibility for a function.

(2) For example, a head of compliance may report direct to the branch’s governing body but be subject to performance appraisal by the Head of Overseas Branch. In this example, the head of compliance will still have local responsibility for compliance.

(3) If a person (A):

(a) reports directly to the branch’s governing body about a particular matter; but

(b) is not a member of the branch’s governing body; and

(c) reports to a member of the branch’s governing body (B) about that matter;

B may have local responsibility for that matter.

(4) If:

(a) a person (A) reports directly to the branch’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 branch’s governing body about that matter;

B may still have local responsibility for that matter.

(5) A member of the branch’s governing body who reports to the Head of Overseas Branch may still have local responsibility for a function.
**Allocation of responsibility for transactions**

4.8.13 G (1) When allocating responsibilities under this section, a *third-country relevant authorised person* should treat a transaction:

- (a) booked in its *branch* in the *United Kingdom* as a transaction of that *branch*, even if it is negotiated and arranged by another part of that *firm*;

- (b) negotiated or arranged by its *branch* in the *United Kingdom* as a transaction of that *branch*, wherever it is booked.

(2) The effect of (1) is that, when allocating responsibility to an *SMF manager* for transactions under *SYSC 4.8.6R(2)*, a *firm* should include transactions where an element takes place in its *branch* in the *United Kingdom*.

**Who functions should be allocated to**

4.8.14 G The *FCA* expects a *firm* to allocate all the functions in *SYSC 4.8.6R(2)* (allocation of local responsibility for each of the activities, business areas and management functions of the *branch*) to an individual and not to a legal *person*.

4.8.15 G The *FCA* would not consider it unusual if a *person* who has local responsibility for a particular function is allocated under *SYSC 4.8.6R(2)* was not a member of the *branch’s governing body* or equivalent.

4.8.16 G (1) The *FCA* expects that anyone who has responsibility for a matter:

- (a) will be sufficiently senior and credible; and

- (b) will have sufficient resources and authority;

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

(2) In general, the *FCA* expects that a *person* to whom local responsibility for an area of a *branch* is allocated under *SYSC 4.8.6R(2)* will be the most senior employee or officer responsible for managing that area for the *branch*.

(3) A *person* may satisfy the conditions in *SYSC 4.8.6R(2)(b)* even though that *person* also reports to a *person* outside the *branch*.

4.8.17 G *SYSC 4.8.16G(2)* and (3) also apply to someone who has responsibility for an FCA-prescribed senior management responsibility.

**Setting overall strategy for a branch**

4.8.18 G (1) Generally, where one of the *firm’s managers* (P) is:
(a) not based in the *branch*; and

(b) that person’s responsibilities for the *branch* are limited to setting overall strategy for the *branch*;

the FCA would not expect the *firm* to allocate responsibility to P under SYSC 4.8.6R(2).

(2) However, where P:

(a) is responsible for implementing the strategy for the *branch*; and

(b) has not delegated that responsibility to an SMF manager in the United Kingdom under SYSC 4.8.6R(2)(a) or SYSC 4.8.6R(2)(b)(i);

it is likely that it will be necessary to allocate responsibility to P under SYSC 4.8.6R(2)(b)(ii).

Small and non-complex branches

4.8.19 G (1) This provision deals with a *firm* that allocates responsibility under SYSC 4.8.6R(2) within the *branch*.

(2) It will be common for a small non-complex *branch* to divide local responsibility for its activities between members of its *branch governing body* or equivalent and not to assign responsibility for any activity to someone who is not a member.

(3) However, when deciding how to divide up responsibility for its activities in relation to a *branch*, a *firm* should avoid assigning such a wide range of responsibilities to a *person* who is not able to carry out those responsibilities effectively.

(4) Therefore, in a *branch* of a large or complex *firm*, the FCA will expect the local responsibility for some functions to be assigned to *persons* in the layer of management below the *branch*’s *governing body* or equivalent (for persons who sit within the management structure of the *branch*).

Application of SYSC 4.7 to branches maintained by third-country relevant authorised persons

4.8.20 R The *rules* and *guidance* in SYSC 4.7.19G-25G apply, for the purposes of the allocation of responsibilities under this section, subject to the following modifications:

(1) SYSC 4.7.5R means SYSC 4.8.6R;

(2) “overall responsibility” means “local responsibility”;

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“the firm’s governing body means “the firm’s governing body and the branch’s governing body or equivalent” (except where the context indicates otherwise).

Link between the senior management regime and this section

4.8.21 G (1) A firm should allocate to its SMF managers responsibility for every area of its activities.

(2) This is required by a mixture of:

(a) SYSC 4.8.6R (allocation of responsibilities);

(b) The PRA’s requirements about the allocation of [reference to PRA’s prescribed responsibilities to follow] to certain types of SMF managers.

(3) The details of (2)(b) can be found in the part of the PRA’s rulebook titled [“Allocation of Responsibilities”].

4.8.22 G (1) Having responsibility for an activity, business area or management function of the branch under SYSC 4.8.6R(2) requires approval as an SMF manager, because a person who is allocated that responsibility will be performing either:

(2) (a) a designated senior management function (other than the overseas branch senior manager function); or

(b) the overseas branch senior manager function.

(3) The overseas branch senior manager function applies because this is the effect of SUP 10C.8.1R(2)(b) (overseas branch senior manager function).

4.8.23 G SUP 10C.8.1R(3) says that the overseas branch senior manager function does not apply to a person who is approved to perform another designated senior management function.

Link between SYSC 4 Annex 1G and this section

4.8.24 G SYSC 4.7.28G to SYSC 4.7.29G provides guidance on the link between SYSC 4 Annex 1G and SYSC 4.7. That guidance is also relevant to this section.

Amend the following text as shown. New text is underlined.

4.9 Handover procedures and material
4.9.1 R (1) This section applies to UK relevant authorised persons and to third-country relevant authorised persons.

(2) For third-country relevant authorised persons, references in this section to an SMF manager are references to a person who is an SMF manager for the firm’s branch in the United Kingdom.

[Editor’s note: The amendments shown below are to the text proposed in CP14/13 Strengthening accountability in banking: a new regulatory framework for individuals (July 2014)].

5.2 Certification regime

5.2.16 R A function is an FCA specified significant-harm function only to the extent:

(1) it is either performed by a person from an establishment maintained by a relevant authorised person (or by its appointed representative) in the United Kingdom; or

(2) (for UK relevant authorised persons and third-country relevant authorised persons) the person performing that function is dealing with a client in the United Kingdom from an establishment overseas.

FCA specified significant-harm functions

5.2.20 R In accordance with section 63E(3) of the Act, the following are FCA specified significant-harm functions:

(5) Functions requiring qualifications:

(b) under this section, the functions specified in (a) apply to persons who:

(i) are employees of non-UK relevant authorised persons; and

(ii) are acting in their capacity as an employee of such
relevant authorised persons;

irrespective of whether the function in TC APP 1.1.1R applies to incoming EEA firms or overseas firms for the purposes of TC.

...

5.2.25A R For a non-UK relevant authorised person’s branch in the United Kingdom, the significant management function is limited to the firm’s business units which are operated by the branch.

...

5.3 References and accurate information

...

5.3.4 R (1) If a firm (A):

(a) is considering appointing a person (P) to perform any FCA controlled function;

...

B must, as soon as reasonably practicable, give to A all relevant information of which it is aware if the condition in paragraph (1A) is met.

(1A) The condition in this paragraph is that either:

(a) B is a UK relevant authorised person; or

(b) B is a non-UK relevant authorised person and, when P was employed by B, P was:

(i) employed by B for the purposes of providing services in relation to the activities and affairs of a branch maintained by B in the United Kingdom; or

(ii) subject to the direction and control of a branch maintained by B in the United Kingdom.

...
Insert a new SYSC 5.3.8AG after SYSC 5.3.8R

5.3.8A Where an EEA relevant authorised person is required to obtain a reference under SYSC 5.3.8R, the reference only needs to cover the matters required by the firm for the purposes of undertaking an assessment under FIT.

Obligation on relevant authorised person to provide a reference

5.3.11 R (1) This rule applies when:

(a) a relevant authorised person (A) in connection with the appointment of a person (P) to a designated senior management function or a specified significant-harm function requests a reference from a current or previous employer (B) in respect of P; and

(b) B is a relevant authorised person; and

(c) either (d) or (e), below, is met.

(d) B is a UK relevant authorised person; or

(e) B is a non-UK relevant authorised person and, when P was employed by B, P was:

(i) employed by B to provide services in relation to the activities and affairs of a branch maintained by B in the United Kingdom; or

(ii) subject to the direction and control of a branch maintained by B in the United Kingdom.

[Editor’s Note: the amendments shown below are to the text proposed in CP14/31: Strengthening accountability in banking: forms, consequential and transitional aspects (December 2014)]

Amend the following text as shown. New text is underlined.

6.2 Internal audit

...
For a UK relevant authorised person, the internal audit function is a PRA controlled function (SMF5).

7.1 Risk control

For a UK relevant authorised person, the risk management function is a PRA controlled function (SMF4).
Annex C

Amendments to the Code of Conduct sourcebook (COCON)

[Editor’s note: The amendments shown below are to the text proposed in CP14/13 Strengthening accountability in banking: a new regulatory framework for individuals (July 2014)].

In this Annex, underlining indicates new text and striking through indicates deleted text.

1  Application and purpose

1.1  Application

…

Where does it apply?

…

1.1.9 R  COCON only applies to the conduct of persons other than an SMF manager (or an employee who performs the function of an SMF manager as specified in COCON 1.1.2R(1)(b)) if that conduct:

(a)  is performed from an establishment maintained by that person’s employer in the United Kingdom; or

(b)  (for UK relevant authorised persons and third-country relevant authorised persons) involves dealing with a client in the United Kingdom from an establishment overseas.

…

1.1.11 R  A person will not be subject to COCON to the extent that it would be contrary to the UK’s obligations under a Single Market Directive or the auction regulation.

…

4.2  More specific guidance regarding senior manager conduct rules

…

4.2.2 G  …

4.2.2A G  Strategy and plans for foreign branches in the United Kingdom will often be set by those parts of the firm which are based outside the United Kingdom.
(1) If a firm proposes a significant strategy or change in strategy (“the proposal”) for a foreign branch in the United Kingdom, particularly to enter higher risk areas, the SMF manager responsible for the matters likely to be affected by the strategy should assess its impact on the branch in the United Kingdom.

(2) The SMF manager should ensure that they, or another SMF manager, takes reasonable steps to influence the proposal if they consider it could have a significant impact on the branch’s business in the United Kingdom.

…

(3) If the firm proposes to implement the proposal and the SMF manager considers that it is likely to be to the detriment of UK markets or customers, the SMF manager should promptly inform the appropriate regulator.
Annex D

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

[Editor’s note: The amendments shown below are to the text set out in the near final text of the SMR rules included in FCA CP15/9 at Appendix 1.]

10C  FCA approved persons regime for relevant authorised persons

10C.1  Application

...

Overseas firm: UK services

10C.1.5  R  An overseas firm will only be a third country relevant authorised person if it has a branch in the United Kingdom.

EEA relevant authorised persons: general application

10C.1.6  R  This chapter does not apply to an EEA relevant authorised person if and insofar as the question of whether a person is fit and proper to perform a particular function in relation to that firm is reserved to an authority in a country or territory outside the United Kingdom under the legislation listed below:

(1)  the Single Market Directives;
(2)  the Treaty;
(3)  the auction regulation.

10C.1.7  G  SUP 10C.1.6 R reflects the provisions of section 59(8) of the Act and, where relevant, the Treaty.

(1)  It preserves the principle of Home State prudential regulation.
(2)  In relation to an EEA relevant authorised person, the effect is to reserve to the Home State regulator the assessment of fitness and propriety of a person performing a function in the exercise of an EEA right.
(3)  Notwithstanding (1) and (2) an EEA relevant authorised person will have:

   (a)  had to consider the impact of the Host State rules with which it is required to comply when carrying on a passported activity or a Treaty activity through a branch in the United Kingdom;
(b) been notified of those provisions under Part II of Schedule 3 to the Act in the course of satisfying the conditions for authorisation in the United Kingdom.

(c) considered, for example, the position of a branch manager based in the United Kingdom who may also be performing a function in relation to the carrying on of a regulated activity not covered by the EEA right of the firm, insofar as the function is within the description of an FCA controlled function, the firm will need to seek approval for that person to perform that FCA controlled function.

Amend the following provisions, as shown.

10C.4.3 R Table of FCA controlled functions for relevant authorised persons …

<table>
<thead>
<tr>
<th>Part 2 [to follow] (EEA and Treaty relevant authorised persons)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type</strong></td>
</tr>
<tr>
<td>----------</td>
</tr>
<tr>
<td>FCA branch function</td>
</tr>
<tr>
<td>FCA required function</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Part 3 [to follow] (Third country relevant authorised persons)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type</strong></td>
</tr>
<tr>
<td>----------</td>
</tr>
<tr>
<td>FCA branch function</td>
</tr>
<tr>
<td>required functions</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Insert the following new chapter, SUP 10C.8, after SUP 10C.7. The text is not underlined.
10C.8 Overseas branch senior manager function (SMF20) and EEA branch senior manager functions (SMF21)

Overseas branch senior manager function (SMF20)

10C.8.1 R (1) A person (P) performs the overseas branch senior manager function for a branch maintained in the United Kingdom by a third-country relevant authorised person if that person:

(2) is:

(a) acting in the capacity of a director of the firm (other than a non-executive director) in relation to the activities of the branch; or

(b) performing an allocated function (defined in (4), below) in relation to activities of the branch; and

(3) does not have an approval to perform any other designated senior management function in relation to the branch.

(4) For (2)(b) above, an allocated function is a function which is allocated under SYSC 4.8.6R(2)(b) (allocation of local responsibility for each of the activities, business areas and management functions of the branch).

10C.8.2 G The table in SUP 10C.8.3G gives examples of how SUP 10C.8.1R(2) works.

10C.8.3 G Table: Examples of how the overseas branch senior manager function applies

<table>
<thead>
<tr>
<th>Example</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) A is allocated responsibility for one of a branch’s main business lines. A is also appointed to perform the PRA controlled function for the same branch. B and C are appointed to perform the compliance oversight and money laundering reporting functions.</td>
<td>A only needs approval to perform the PRA controlled function. B and C each need approval to perform the compliance oversight and money laundering reporting functions.</td>
</tr>
<tr>
<td>(2) A is based outside the branch and A’s responsibilities for the branch are limited to setting overall strategy for the branch. A does not have responsibility for implementing that strategy.</td>
<td>A is not performing an FCA controlled function.</td>
</tr>
<tr>
<td>(3) A small branch undertakes two</td>
<td>A and B are both performing the</td>
</tr>
</tbody>
</table>
business lines (wholesale lending and corporate investments). The heads (A and B) of both business lines sit on the branch management committee and neither performs any other PRA or FCA controlled functions. C and D are appointed to perform the compliance oversight and money laundering reporting functions.

| overseas senior branch manager function. |
| C and D need approval to perform the compliance oversight and money laundering reporting functions. |

EEA branch senior manager function (SMF21)

10C.8.4 R (1) A person performs the EEA branch senior manager function in relation to the branch if that person has responsibility for one or more business units that carry on the activities listed in paragraph (2) from the branch.

(2) The activities listed in this paragraph are:

(a) designated investment business other than dealing in investments as principal, disregarding article 15 of the Regulated Activities Order;

(b) processing confirmations, payments, settlements, insurance claims, client money and similar matters, in so far as this relates to designated investment business; or

(c) the activity of accepting deposits from banking customers and activities substantially connected to that activity to the extent that it does not fall within (a) or (b), above.

(3) In considering whether a person performs the functions above, only activities carried on from the branch are relevant.

…

[Editor’s note: The amendments shown below are based on the current Handbook text].

13A.6 Which rules will an incoming EEA firm be subject to?

…

13A.6.3 G (1) In particular, an EEA firm (other than an EEA pure insurer) or Treaty firm must comply with the applicable provisions in SUP 10A (Approved persons). An EEA firm or Treaty firm should also refer to SUP 10A.1 (Application) which sets out the territorial provisions of the approved persons regime.
(2) An EEA firm or Treaty firm which is an EEA relevant authorised person should also refer to SUP 10C (FCA senior management regime for approved persons in relevant authorised persons).

13A Annex 1G Application of the Handbook to Incoming EEA Firms

<table>
<thead>
<tr>
<th>(1) Module of the Handbook</th>
<th>(2) Potential application to an incoming EEA firm with respect to activities carried on from an establishment of the firm (or its appointed representative) in the United Kingdom</th>
<th>(3) Potential application to an incoming EEA firm with respect to activities carried on other than from an establishment of the firm (or its appointed representative) in the United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>...</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COCON</th>
<th>COCON applies to employees of firms which are relevant authorised persons. See COCON 1.1 for detailed rules on the application of COCON.</th>
<th>Does not apply.</th>
</tr>
</thead>
<tbody>
<tr>
<td>APER</td>
<td>APER applies to approved persons other than relevant authorised persons (APER 1.1A.1G). See below under SUP 10 as to whether controlled functions are performed, and approval therefore required.</td>
<td>Not relevant because SUP 10A does not apply.</td>
</tr>
<tr>
<td>FIT</td>
<td>FIT applies to a firm wishing to establish a branch in the United Kingdom or to apply for a top-up permission in respect of any application that it makes for the approval of a person to perform a controlled function (FIT 1.1). See under SUP 10A and SUP 10C below as to whether such approval is required.</td>
<td>Does not apply</td>
</tr>
<tr>
<td>SUP</td>
<td>...</td>
<td></td>
</tr>
<tr>
<td>SUP 10A (Approved persons)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>Applies, but the applicable controlled functions are limited. See SUP 10A.1 (Application) for more detailed guidance.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SUP 10C (FCA senior management regime for approved persons in relevant authorised persons)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Applies to EEA incoming firms which are EEA relevant authorised persons, but the applicable controlled functions are limited. See SUP 10C.1 (Application) for more detailed guidance.</td>
<td></td>
</tr>
</tbody>
</table>

Notes to Annex 1

Note 1: The following modules or chapters are relevant to firms in both the PRA Handbook and the FCA Handbook: PRIN, SYSC, COCON, APER, FIT, GEN, FEES, GENPRU, BIPRU, MIPRU, IPRU(INV), SUP 2 to 6, 8, 11, 13 to 16, 18 & Appendix 2 and COMP.

15 Application of SUP 15 to incoming EEA firms and incoming Treaty firms

Annex 1R

<table>
<thead>
<tr>
<th>Applicable sections</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>SUP 15.11</td>
<td>Notification of COCON breaches and disciplinary action</td>
</tr>
</tbody>
</table>

[Editor’s Note: the amendments below are to the text proposed in CP14/31: Strengthening accountability in banking: forms, consequential and transitional aspects (December 2014)]
Amend SUP TP 5 as shown. New text is underlined.

**TP 5**  
**Financial Services (Banking Reform) Act 2013: Approved persons**

Grandfathering of approved *persons*: mapping of old functions onto new

5.2.1  
R (1) Each pre-commencement controlled function in the first column of the table in SUP TP 5.2.2R is specified with respect to the *FCA designated senior management function* listed in column two of the same row of that table, in accordance with (2) to (4), below.

(2) Part 1 of the table in SUP TP 5.2.2R applies to *UK relevant authorised persons*.

(3) Part 2 of the table in SUP TP 5.2.2R applies to *EEA relevant authorised persons*.

(4) Part 3 of the table in SUP TP 5.2.2R applies to *third-country relevant authorised persons*.

5.2.2  
R Table: Old controlled functions mapped onto new FCA ones

<table>
<thead>
<tr>
<th>Part 1 (UK relevant authorised persons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current controlled function</td>
</tr>
<tr>
<td>...</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Part 2 (EEA relevant authorised persons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current controlled function</td>
</tr>
<tr>
<td>CF11 – Money laundering reporting</td>
</tr>
<tr>
<td>CF29 – Significant management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Part 3 (third-country relevant authorised persons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current controlled function</td>
</tr>
<tr>
<td>CF1 – Director</td>
</tr>
<tr>
<td>CF10 – Compliance oversight</td>
</tr>
<tr>
<td>CF11 – Money laundering reporting</td>
</tr>
<tr>
<td>CF28 – Systems and controls</td>
</tr>
<tr>
<td>CF29 – Significant management</td>
</tr>
</tbody>
</table>
Annex E

Amendments to the Perimeter Guidance Manual (PERG)

[Editor’s note: The amendments shown below are based on the current Handbook text].

In this Annex, underlining indicates new text.

13.7 The territorial application of MiFID

…

Q70. How are the high level standards, like the Principles, affected by MiFID?

<table>
<thead>
<tr>
<th>Subject matter</th>
<th>References</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>...</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Approved persons</td>
<td>SUP 10A.1, SUP 10C.1, APER 1.1A.4G and APER 2.1A.2P</td>
<td>The territorial scope of some of the controlled functions under the approved persons regime and of the application of the Statements of Principle is modified as a result of MiFID.</td>
</tr>
</tbody>
</table>
Appendix 3
PRA and FCA forms
Senior Management Regime: Statement of Responsibilities (non-UK Relevant Authorised Persons only)

A statement provided under section 60(2A) of the Act (Applications for approval), including a statement revised under section 62A of the Act (Changes in responsibilities of senior managers).

For candidates for approval, this form must be submitted as an attachment to a Form A: application or a Form E application.

For significant changes to an existing statement of responsibilities, this form must be submitted as an attachment to a Significant Change of Statement of Responsibilities Form.

FCA Handbook Reference: SUP 10C.10, SYSC 4.6, SYSC 4.8

PRA Rulebook Reference: Senior Managers Regime - Applications and Notifications

[Date TBC]

Name of individual
(to be completed by firm)

Name of firm
(as entered in 2.01)
### Personal identifications details

**Section 1**

<table>
<thead>
<tr>
<th>1.01</th>
<th>Individual Reference Number (IRN) †</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.02</td>
<td>Title (e.g. Mr, Mrs, Ms, etc) †</td>
</tr>
<tr>
<td>1.03</td>
<td>Surname †</td>
</tr>
<tr>
<td>1.04</td>
<td>ALL forenames †</td>
</tr>
<tr>
<td>1.05</td>
<td>Date of birth †</td>
</tr>
<tr>
<td>1.06</td>
<td>National Insurance number †</td>
</tr>
</tbody>
</table>

### Firm identification details

**Section 2**

<table>
<thead>
<tr>
<th>2.01</th>
<th>Name of firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.02</td>
<td>Firm Reference Number (FRN)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2.03 a</th>
<th>Who should the FCA/PRA contact at the firm in relation to this statement of responsibilities?</th>
</tr>
</thead>
<tbody>
<tr>
<td>b</td>
<td>Position</td>
</tr>
<tr>
<td>c</td>
<td>Telephone</td>
</tr>
<tr>
<td>d</td>
<td>Fax</td>
</tr>
<tr>
<td>e</td>
<td>E-mail</td>
</tr>
</tbody>
</table>

I have supplied further information related to this page in Section 4

YES ☐ NO ☐
A statement of responsibilities should be drafted to clearly show the responsibilities that the candidate or senior manager is to perform as part of their controlled function and how they fit in with the firm’s overall governance and management arrangements. A statement of responsibilities should also be consistent with the firm’s management responsibilities map. (SUP 10C.10.7G)

A statement of responsibilities should be drafted in such a way as to be practical and useable by regulators. The FCA and the PRA consider that this would be achieved by succinct, clear statements for each responsibility which would not usually exceed a word limit of 300.

A statement of responsibilities must be a self-contained document. There should be one statement per senior manager per firm. Where an individual performs a senior manager function on behalf of more than one firm within a group, one statement of responsibilities is required for each firm. In addition, a statement of responsibilities must not cross refer to or include other documents, attachments or links.

A statement of responsibilities should include functions that are included in a PRA controlled function under SUP 10C.9 (Minimising overlap with the PRA approved persons regime). (10C.10.10 G)

If the appropriate regulator considers that the statement of responsibilities is not sufficiently clear to be practical and usable, it could be challenged as part of a candidate’s application for approval, or in ongoing supervision.

Details of the individual’s responsibilities should be set out in sections 3.2 to 3.4, as appropriate:

- Section 3.2 covers those responsibilities required by regulators to be allocated to one or more senior managers.
- Section 3.3 covers having overall responsibility for each of the business areas, activities, management functions and risks of the firm.
- Section 3.4 covers anything else, not otherwise included, for which a candidate or senior manager is to be responsible as part of their FCA and/or PRA senior management function(s) role.

3.1 Effective date and relevant Senior Manager Functions

3.1.1 Please state the effective date of this statement of responsibilities: / /

Please note that where this is a revised statement of responsibilities, e.g. it requires an update as a result of a change in allocation of responsibilities within the firm, or the senior manager is applying for a new or additional senior manager function, then this statement of responsibilities supersedes any previous versions.

3.1.2 List all senior management functions which the approved person is to perform and the effective date the person commenced or will commence the performance of the functions. Please include those FCA functions that are included in a PRA controlled function under SUP 10C.9 (Minimising overlap with the PRA approved persons regime).
<table>
<thead>
<tr>
<th>SMF</th>
<th>Description</th>
<th>Tick SMF applied for or held</th>
<th>Tick FCA SMF where included in a PRA SMF (as a result of SUP 10C.8)</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMF2</td>
<td>Chief Finance function*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF4</td>
<td>Chief Risk function*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF5</td>
<td>Head of Internal Audit*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF7</td>
<td>Group Entity Senior Manager</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF16</td>
<td>Compliance Oversight*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF17</td>
<td>Money Laundering Reporting*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF19</td>
<td>Head of Overseas Branch</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF20</td>
<td>Overseas Branch Senior Manager</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF21</td>
<td>EEA Branch Senior Manager</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please note that for those roles asterisked above, this *statement of responsibilities* is considered to automatically include the existing legal and regulatory obligations for these roles. For example, certain specific responsibilities of a director are set out in company law. Such responsibilities do not need to be recorded in this statement, but any additional responsibilities should be recorded in the sections below.
### 3.2 PRA Prescribed Responsibilities & FCA Senior Management Responsibility

This section applies to third country relevant authorised persons only.

This section deals with those responsibilities required by PRA and FCA rules to be allocated to one or more senior manager.

The allocation of responsibilities under a statement of responsibilities should not reduce or alter the scope of any applicable prescribed requirements.

If the responsibilities that the candidate or senior manager is to carry out as described in the statement of responsibilities go beyond those set out in this section, those additional responsibilities should not reduce or alter the scope of the prescribed requirements set out in this section.

*(FCA SYSC 4.8.8R/PRA: Allocation of Responsibilities)*

#### 3.2.1 Please indicate below which of the responsibilities listed are/will be allocated to this individual. Where responsibilities are shared (for example, a responsibility may be shared as part of a job share or where departing and incoming senior managers work together temporarily as part of a handover), please provide details.

<table>
<thead>
<tr>
<th>Ref</th>
<th>Prescribed Responsibilities</th>
<th>Tick if applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Responsibility for the branch’s performance of its obligations under the senior management regime, including implementation and oversight</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Is this responsibility shared with another senior manager?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>If ‘yes’ please provide further details in section 4:</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Responsibility for the branch’s performance of its obligations under the Certification Rules</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Is this responsibility shared with another senior manager?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>If ‘yes’ please provide further details in section 4:</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Responsibility for compliance with the branch’s obligations in relation to its management responsibilities map</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Is this responsibility shared with another senior manager?</td>
<td></td>
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<td>If ‘yes’ please provide further details in section 4:</td>
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<td>4</td>
<td>Management of the UK branch’s risk management processes in the UK</td>
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<td></td>
<td>Is this responsibility shared with another senior manager?</td>
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<td>If ‘yes’ please provide further details in section 4:</td>
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<td></td>
<td>Responsibility</td>
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<tr>
<td>5</td>
<td>Responsibility for the branch’s compliance with the UK regulatory regime applicable to the branch</td>
<td></td>
</tr>
</tbody>
</table>
|   | Is this responsibility shared with another senior manager?  
|   | If ‘yes’ please provide further details in section 4:                        |
| 6 | Responsibility for the escalation of correspondence from the PRA, FCA and other regulators in respect of the branch to the governing body and/or the management body of the firm or, where appropriate, of the parent undertaking or holding company of the firm’s group |
|   | Is this responsibility shared with another senior manager?  
|   | If ‘yes’, please provide further details in section 4:                        |
| 7 | Responsibility for the maintenance of the integrity, independence and effectiveness of the branch’s policies and procedures on whistleblowing and ensuring staff who raise concerns are protected from detriment  |
|   | Is this responsibility shared with another senior manager?  
|   | If ‘yes’, please provide further details in section 4:                        |
| 8 | Responsibility for management of the branch’s systems and controls in the UK  |
|   | Is this responsibility shared with another senior manager?  
|   | If ‘yes’, please provide further details in section 4:                        |
| 9 | Responsibility for the allocation of all UK branch prescribed responsibilities |
|   | Is this responsibility shared with another senior manager?  
|   | If ‘yes’ please provide further details in section 4:                        |
| 10| Responsibility for the management of the branch’s liquidity or, where a liquidity waiver is in place, the submission of information to the PRA on the firm’s liquidity position.  |
|   | Is this responsibility shared with another senior manager?  
|   | If ‘yes’ please provide further details in section 4:                        |
| 11| Responsibility for the production and integrity of the branch’s financial information and its regulatory reporting in respect of its regulated activities, including the annual attestation to the PRA of the branch’s compliance with its obligations under SYSC |
|   | Is this responsibility shared with another senior manager?  
|   | If ‘yes’ please provide further details in section 4:                        |
| 12| Responsibility for the branch’s policies and procedures for countering the risk that the branch might be used to further financial crime  |
|   | Is this responsibility shared with another senior manager?  
<p>|   | If ‘yes’ please provide further details in section 4:                        |</p>
<table>
<thead>
<tr>
<th>13</th>
<th>Responsibility for the branch's policies and procedures for compliance with CASS</th>
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<tbody>
<tr>
<td></td>
<td>Is this responsibility shared with another senior manager?</td>
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<td></td>
<td>If ‘yes’ please provide further details in section 4:</td>
</tr>
</tbody>
</table>

→  I have supplied further information related to this page in Section 4

YES □  NO □
3.3 FCA Local Responsibility for activities, business areas or management functions

This section applies to third country relevant authorised persons only.

This section deals with having local responsibility for each of the business areas, activities and management functions of the firm.

By local responsibility we mean the person who has responsibility for managing or supervising that function in relation to the branch, and, for a person who sits within the management or organisational structure of the branch, the person who has primary and direct responsibility for briefing and reporting about that function to the Head of Overseas Branch function or to the branch’s governing body or equivalent and putting matters for decision about that function to the branch’s governing body or equivalent.

(SYSC 4.8.6R/PRA: Allocation of Responsibilities)

3.3.1 If the individual has local responsibility for any or part of the activities, business areas or management functions of a branch, please indicate which and provide details in the table below.

Where responsibilities are shared (for example, a responsibility may be shared as part of a job share or where departing and incoming senior managers work together temporarily as part of a handover), please provide details.

Where responsibilities are divided (for example, retail sales may be divided between several people on the basis of product lines), please provide details.

If the individual does not have local responsibility for an activity, business area or management function of the branch, please go to section 4.

The FCA considers that most or all of these functions 1 to 27 in the table below will normally apply to a complex branch. Many of them may not be applicable in every branch.

Please note that the FCA does not require firms to organise themselves by these functions.

<table>
<thead>
<tr>
<th>Ref</th>
<th>Business activities and functions</th>
<th>Select</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Local responsibility for payment services</td>
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<td></td>
<td>Is this responsibility shared with another senior manager?</td>
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<td>If 'yes' please provide further details in section 4:</td>
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<td>Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it?</td>
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<td>If 'yes' please provide further details in section 4:</td>
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<td>Please provide a description of your responsibilities under this function:</td>
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<td>2</td>
<td>Local responsibility for settlement</td>
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<td></td>
<td>Is this responsibility shared with another senior manager?</td>
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<td><strong>3</strong></td>
<td>Local responsibility for investment management</td>
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<tr>
<td><strong>4</strong></td>
<td>Local responsibility for financial or investment advice</td>
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<td><strong>5</strong></td>
<td>Local responsibility for mortgage advice</td>
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<td></td>
<td>Local responsibility for corporate investments</td>
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<td></td>
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</tbody>
</table>
| 6 | Is this responsibility shared with another senior manager?  
If 'yes' please provide further details in section 4: |
|   | Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it?  
If 'yes' please provide further details in section 4: |
|   | Please provide a description of your responsibilities under this function: |
| 7 | Local responsibility for wholesale sales |
|   | Is this responsibility shared with another senior manager?  
If 'yes' please provide further details in section 4: |
|   | Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it?  
If 'yes' please provide further details in section 4: |
|   | Please provide a description of your responsibilities under this function: |
| 8 | Local responsibility for retail sales |
|   | Is this responsibility shared with another senior manager?  
If 'yes' please provide further details in section 4: |
|   | Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it?  
If 'yes' please provide further details in section 4: |
<p>|   | Please provide a description of your responsibilities under this function: |
| 9 | Local responsibility for trading for clients |</p>
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<thead>
<tr>
<th>Local responsibility for market making</th>
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<tbody>
<tr>
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<td>If 'yes' please provide further details in section 4:</td>
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<td>Please provide a description of your responsibilities under this function:</td>
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<tr>
<th>10 Local responsibility for market making</th>
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<tr>
<th>Local responsibility for investment research</th>
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<td>Please provide a description of your responsibilities under this function:</td>
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<tr>
<th>11 Local responsibility for origination/syndication and underwriting</th>
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<tr>
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<td>If 'yes' please provide further details in section 4:</td>
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<tr>
<td>13</td>
<td>Local responsibility for retail lending decisions</td>
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<td>Is this responsibility shared with another senior manager?</td>
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<td>If 'yes' please provide further details in section 4:</td>
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<td>Please provide a description of your responsibilities under this function:</td>
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<td>14</td>
<td>Local responsibility for wholesale lending decisions</td>
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<td></td>
<td>Please provide a description of your responsibilities under this function:</td>
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<tr>
<td>15</td>
<td>Local responsibility for design and manufacture of products intended for wholesale customers</td>
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<td>Is this responsibility shared with another senior manager?</td>
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<td>If 'yes' please provide further details in section 4:</td>
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<td></td>
<td>Local responsibility for design and manufacture of produces intended for retail customers</td>
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</table>
| 16 | Is this responsibility shared with another senior manager?  
If 'yes' please provide further details in section 4: |
|   | Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it?  
If 'yes' please provide further details in section 4: |
|   | Please provide a description of your responsibilities under this function: |
| 17 | Local responsibility for production and distribution of marketing materials and communications |
|   | Is this responsibility shared with another senior manager?  
If 'yes' please provide further details in section 4: |
|   | Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it?  
If 'yes' please provide further details in section 4: |
|   | Please provide a description of your responsibilities under this function: |
| 18 | Local responsibility for customer service |
|   | Is this responsibility shared with another senior manager?  
If 'yes' please provide further details in section 4: |
|   | Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it?  
If 'yes' please provide further details in section 4: |
|   | Please provide a description of your responsibilities under this function: |
| 19 | Local responsibility for customer complaints handling |
|   | Is this responsibility shared with another senior manager?  
If 'yes' please provide further details in section 4: |
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<td>Please provide a description of your responsibilities under this function:</td>
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<tr>
<td>Local responsibility for collection and recovering amounts owed to a firm by its customers/dealing with customers in arrears</td>
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<td>Is this responsibility shared with another senior manager? If 'yes' please provide further details in section 4:</td>
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<tr>
<td>Local responsibility for middle office</td>
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<td>Please provide a description of your responsibilities under this function:</td>
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<tr>
<td>Local responsibility for the firm’s information technology</td>
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<td>Is this responsibility divided with another senior manager i.e. are you responsible for part of this function rather than all of it? If 'yes' please provide further details:</td>
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<td>23</td>
<td>Local responsibility for business continuity planning</td>
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<td>Is this responsibility shared with another senior manager?</td>
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<td>Please provide a description of your responsibilities under this function:</td>
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<tr>
<th>24</th>
<th>Local responsibility for human resources</th>
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<td>If 'yes' please provide further details in section 4:</td>
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<td>Please provide a description of your responsibilities under this function:</td>
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<tr>
<th>25</th>
<th>Local responsibility for incentive schemes for the firm’s staff</th>
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<tr>
<td>Is this responsibility shared with another senior manager?</td>
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<td>If 'yes' please provide further details in section 4:</td>
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<tr>
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<td>Please provide a description of your responsibilities under this function:</td>
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<tr>
<td>26</td>
<td>Local responsibility for providing information in relation to a specified benchmark</td>
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<td></td>
<td>Is this responsibility shared with another senior manager?</td>
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<td>If ‘yes’ please provide further details in section 4:</td>
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<td>If ‘yes’ please provide further details in section 4:</td>
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<td>Please provide a description of your responsibilities under this function:</td>
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<tr>
<td>27</td>
<td>Local responsibility for administering a specified benchmark</td>
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<td>Is this responsibility shared with another senior manager?</td>
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<td>If ‘yes’ please provide further details in section 4:</td>
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<td>If ‘yes’ please provide further details in section 4:</td>
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<td></td>
<td>Please provide a description of your responsibilities under this function:</td>
</tr>
<tr>
<td>28</td>
<td>Local responsibility for any other activities, business areas or management</td>
</tr>
<tr>
<td></td>
<td>functions of the firm, in addition to those set out above.</td>
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<tr>
<td></td>
<td>Is this responsibility shared with another senior manager?</td>
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<td>If ‘yes’ please provide further details in section 4:</td>
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<td></td>
<td>Please provide a description of your responsibilities under this function:</td>
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</tbody>
</table>
### 3.4 Other Responsibilities

3.4.1 This section applies to all non-UK relevant authorised persons. Please set out below anything else, not otherwise included in this statement, for which a candidate or senior manager is to be responsible as part of their FCA and/or PRA controlled function(s) role.

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
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<tbody>
<tr>
<td>Is this responsibility shared with another senior manager? If 'yes' please provide further details</td>
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<td>in section 4:</td>
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<tr>
<td>Is this responsibility divided with another senior manager i.e. are you responsible for part of</td>
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<tr>
<td>this responsibility rather than all of it? If ‘yes’ please provide further details in section 4:</td>
<td></td>
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<tr>
<td>Please provide a description of your responsibilities:</td>
<td></td>
</tr>
</tbody>
</table>

→ I have supplied further information related to this page in Section 4  YES □  NO □
4.1 This section applies to all UK establishments of overseas firms. Is there any other information the *individual* or the *firm* considers to be relevant?

If yes, please provide details below or on a separate sheet of paper and clearly identify the section and question to which the additional information relates.

<table>
<thead>
<tr>
<th>Question</th>
<th>Information</th>
</tr>
</thead>
</table>

4.2 How many additional sheets are being submitted?
The FCA and PRA have produced notes which will assist both the applicant and the candidate in answering the questions in this form. Please read these notes, which are available on both FCA and PRA websites at: [http://media.fshandbook.info/Forms/notes/imap_forma_notes.doc](http://media.fshandbook.info/Forms/notes/imap_forma_notes.doc) [http://www.bankofengland.co.uk/PRA](http://www.bankofengland.co.uk/PRA)

Both the applicant and the candidate will be treated by the FCA and PRA as having taken these notes into consideration when completing this form.

### Long Form A – UK Firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only)

**Application to perform senior management functions**

*FCA Handbook Reference: SUP 10C Annex 4D*

*PRA Rulebook Reference: Senior Managers Regime - Applications and Notifications*

<table>
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<th>Date TBC</th>
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<table>
<thead>
<tr>
<th>Name of candidate†</th>
<th>(to be completed by applicant firm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of firm†</td>
<td>(as entered in 2.01)</td>
</tr>
<tr>
<td>Firm reference number†</td>
<td>(as entered in 2.02)</td>
</tr>
</tbody>
</table>

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1 The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in ‘Senior Managers Regime - Applications and Notifications’ in the PRA Rulebook.

Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons

Application to perform senior management functions
### Personal identification details

1.01 a  Candidate Individual Reference Number (IRN) †

b  OR name of previous regulatory body †

c  AND previous reference number (if applicable) †

1.02  Title (e.g. Mr, Mrs, Ms, etc) †

1.03  Surname †

1.04  ALL forenames †

1.05  Name commonly known by †

1.06  Date of birth (dd/mm/yyyy) †

1.07  National Insurance number †

1.08  Previous name †

1.09  Date of name change †

1.10 a  Nationality †

b  Passport number (if National Insurance number not available) †

1.11  Place of birth †

---

I have supplied further information related to this page in Section 6 †

---

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in ‘Senior Managers Regime - Applications and Notifications’ in the PRA Rulebook Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons Application to perform senior management functions
1.12 a  Private address†

b  

c  Dates resident at this address (mm/yyyy)†

(If address has changed in the last three years, please provide addresses for the previous three years.)

1.13 a  Previous address 1†

b  

c  Dates resident at this address (mm/yyyy)†

1.14 a  Previous address 2†

b  

c  Dates resident at this address (mm/yyyy)†

I have supplied further information related to this page in Section 6†

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in ‘Senior Managers Regime - Applications and Notifications’ in the PRA Rulebook Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons Application to perform senior management functions
### Firm identification details

**Section 2**

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<tr>
<th>2.01</th>
<th>Name of firm making the application</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.02</td>
<td>Firm Reference Number (FRN)</td>
</tr>
<tr>
<td>2.03a</td>
<td>Who should the FCA/PRA contact at the firm in relation to this application?</td>
</tr>
<tr>
<td>b</td>
<td>Position</td>
</tr>
<tr>
<td>c</td>
<td>Telephone</td>
</tr>
<tr>
<td>d</td>
<td>Fax</td>
</tr>
<tr>
<td>e</td>
<td>E-mail</td>
</tr>
</tbody>
</table>

I have supplied further information related to this page in Section 6†  

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in ‘Senior Managers Regime - Applications and Notifications’ in the PRA Rulebook. 
Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons Application to perform senior management functions
### 3.01 Nature of the arrangement between the candidate and the applicant:

<table>
<thead>
<tr>
<th>Nature of the arrangement</th>
<th>Employee</th>
<th>Group employee</th>
<th>Contract for services</th>
<th>Partner</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b</td>
<td>Group employee</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c</td>
<td>Contract for services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d</td>
<td>Partner</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e</td>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Give details

---

\[1\] The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in ‘Senior Managers Regime - Applications and Notifications’ in the PRA Rulebook. Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons Application to perform senior management functions.
3.02 For applications from a single firm, please tick the boxes that correspond to the senior management functions to be performed. If the senior management functions are to be performed for more than one firm, please go to question 3.04.

<table>
<thead>
<tr>
<th>Function</th>
<th>Description of a Senior Manager function</th>
<th>Tick (if applicable)</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMF 1</td>
<td>Chief Executive function</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF 2</td>
<td>Chief Finance function</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF 3</td>
<td>Executive Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF 4</td>
<td>Chief Risk function</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF 5</td>
<td>Head of Internal Audit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF 6</td>
<td>Head of Key Business Area</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF 7</td>
<td>Group Entity Senior Manager</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF 8</td>
<td>Credit Union SMF (small Credit Unions only)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF 9</td>
<td>Chairman</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF10</td>
<td>Chair of the Risk Committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF11</td>
<td>Chair of the Audit Committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF12</td>
<td>Chair of the Remuneration Committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF13</td>
<td>Chair of the Nominations Committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF14</td>
<td>Senior Independent Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF16</td>
<td>Compliance Oversight</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF17</td>
<td>Money Laundering Reporting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF18</td>
<td>Significant Responsibility SMF</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF19</td>
<td>Head of Overseas Branch</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF20</td>
<td>Overseas Branch Senior Manager</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.03 Job title

Insurance mediation

Will the candidate be responsible for insurance mediation at the firm?  YES ☐  NO ☐  
((Note: Yes can only be selected if the individual is applying for a governing function (other than a non-executive director function) (MiPRU 2.2.2))

I have supplied further information related to this page in Section 6†  YES ☐  NO ☐

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in 'Senior Managers Regime - Applications and Notifications' in the PRA Rulebook Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons Application to perform senior management functions.
Complete this section only if the application is on behalf of more than one firm. List all firms within the group (including the firm entered in 2.01) for which the candidate requires approval and the requested senior management function for that firm.

<table>
<thead>
<tr>
<th>Firm Reference Number</th>
<th>Name of firm</th>
<th>Senior Management function</th>
<th>Job title</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b</td>
<td></td>
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<td>c</td>
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</tr>
</tbody>
</table>

I have supplied further information related to this page in Section 6

YES ☐ NO ☐

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Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons Application to perform senior management functions
### Employment history in the past 5 years

Section 4

N.B.: ALL gaps must be accounted for

#### 4.01 Employment details (1)

<p>| | | | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Period (mm/yyyy)</td>
<td>From</td>
<td></td>
<td>To</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b</td>
<td>Nature of employment</td>
<td>a Employed</td>
<td></td>
<td>b Self-employed</td>
<td></td>
<td>c Not employed</td>
<td></td>
<td>d Full-time education</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If c or d is ticked, please give details

<p>| | | | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>c</td>
<td>Name of employer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d</td>
<td>Nature of business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e</td>
<td>Previous / other names of employer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f</td>
<td>Last known address of employer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g</td>
<td>Is/was employer regulated by a regulatory body?</td>
<td>YES</td>
<td>NO</td>
<td>Name of regulatory body</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>h</td>
<td>Is/was employer an appointed representative/tied agent?</td>
<td>YES</td>
<td>NO</td>
<td>If yes, of which firm?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>i</td>
<td>Position held</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>j</td>
<td>Responsibilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>k</td>
<td>Reason for leaving:</td>
<td>a Resignation</td>
<td></td>
<td>b Redundancy</td>
<td></td>
<td>c Retirement</td>
<td></td>
<td>d Termination/dismissal</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>e End of contract</td>
<td></td>
<td>f Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Specify</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

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Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons

Application to perform senior management functions
### Employment details (2)†

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a</strong> Period (mm/yyyy)</td>
<td>From /</td>
<td>To /</td>
</tr>
<tr>
<td><strong>b</strong> Nature of employment</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a Employed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b Self-employed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c Not employed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>d Full-time education</td>
<td></td>
</tr>
</tbody>
</table>

If c or d is ticked, please give details

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>c</strong> Name of employer</td>
<td></td>
</tr>
<tr>
<td><strong>d</strong> Nature of business</td>
<td></td>
</tr>
<tr>
<td><strong>e</strong> Previous / other names of employer</td>
<td></td>
</tr>
<tr>
<td><strong>f</strong> Last known address of employer</td>
<td></td>
</tr>
</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>g</strong> Is/was employer regulated by a regulatory body?</td>
<td>YES ☐ NO ☐</td>
</tr>
<tr>
<td></td>
<td>Name of regulatory body</td>
</tr>
<tr>
<td><strong>h</strong> Is/was employer an appointed representative/tied agent?</td>
<td>YES ☐ NO ☐</td>
</tr>
<tr>
<td></td>
<td>If yes, of which firm?</td>
</tr>
<tr>
<td><strong>i</strong> Position held</td>
<td></td>
</tr>
<tr>
<td><strong>j</strong> Responsibilities</td>
<td></td>
</tr>
</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>k</strong> Reason for leaving:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a Resignation</td>
</tr>
<tr>
<td></td>
<td>b Redundancy</td>
</tr>
<tr>
<td></td>
<td>c Retirement</td>
</tr>
<tr>
<td></td>
<td>d Termination/dismissal</td>
</tr>
<tr>
<td></td>
<td>e End of contract</td>
</tr>
<tr>
<td></td>
<td>f Other</td>
</tr>
</tbody>
</table>

Specify

I have supplied further information related to this page in Section 6† YES ☐ NO ☐

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Disclosure Note:
We require firms to disclose all relevant information relating to a candidate’s fitness and propriety. If there is any doubt about the relevance of the information, the information should be disclosed. The FCA/PRA takes non-disclosure very seriously and may consider it to be evidence of dishonesty and/or lack of integrity. In all circumstances, disclosures should be full, frank and unambiguous; if in doubt, disclose. In the event that a candidate discloses adverse information to applicant firm (or the applicant firm knows of adverse information by some other means) the applicant firm has a duty to disclose that information candidly to the FCA/PRA and explain why the applicant firm considers this does not affect the candidate’s fitness and propriety (this paragraph should be read in conjunction with the information on disclosure in the guidance notes corresponding to this form).

5.01.1a Has the candidate ever been convicted of any criminal offence (whether spent or not and whether or not in the United Kingdom):
   i. involving fraud, theft, false accounting, offences against the administration of public justice (such as perjury, perverting the course of justice and intimidation of witnesses or jurors), serious tax offences or other dishonesty or
   ii. relating to companies, building societies, industrial and provident societies, credit unions, friendly societies, insurance, banking or other financial services, insolvency, consumer credit or consumer protection, money laundering, market manipulations or insider dealing?

5.01.1b Is the candidate, or has the candidate ever been, the subject of any criminal proceedings, whether in the UK or elsewhere?

5.01.1c Has the candidate ever been given a caution in relation to any criminal offence?

5.01.2 Has the candidate any convictions for any offences other than those in 5.01.1 above (excluding traffic offences that did not result in a ban from driving or did not involve driving without insurance)?

5.01.3 Has the candidate ever been arrested or charged with any criminal offence or been the subject of any criminal investigation? (Candidate should include all matters even if the arrest, charge or investigation did not result in a conviction.)

5.01.4 Has the candidate ever been ordered to produce documents pursuant to any criminal investigation or been the subject of a search (with or without a warrant) pursuant to any criminal investigation?

I have supplied further information related to this page in Section 6

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Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons
Application to perform senior management functions
<table>
<thead>
<tr>
<th>Question</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has any firm at which the <strong>candidate</strong> holds or has held a position of influence ever:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Please check the guidance notes for the meaning of ‘position of influence’ in the context of the questions in this part of the form.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a  Been convicted of any criminal offence?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b  Been summonsed, charged with or otherwise investigated or prosecuted for any criminal offence?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c  Been the subject of any criminal proceeding which has not resulted in a conviction?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>d  Been ordered to produce documents in relation to any criminal investigation or been the subject of a search (with or without a warrant) in relation to any criminal investigation?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

I have supplied further information related to this page in Section 6†

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Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons
Application to perform senior management functions
5.02 Civil Proceedings

5.02.1 Has the candidate, ever been the subject of a judgement debt or award against the candidate?

Please give a full explanation of the events in questions, ensuring that it adheres to the Disclosure Note at the beginning of this form.

Candidate should include all County Court judgement(s) (CCJ s) made against the candidate, whether satisfied or not; and
i) the sum and date of all judgements debts, awards or CCJ s (whether satisfied or not); and
ii) the total number of all judgment debts, awards or CCJ s ordered.

5.02.2 Has the candidate ever been party to any civil proceedings which resulted in any order against the candidate (other than a judgement debt or award referred to in 5.02.1 above)? (Candidate should include, for example, injunctions and employment tribunal proceedings.)

5.02.3 Is the candidate aware of:

a. Any proceedings that have begun, or anyone’s intention to begin proceedings against the candidate, for a CCJ or another judgement debt?

b. More than one set of proceedings, or anyone’s intention to begin more than one set of proceedings, that may lead to a CCJ or other judgement debt?

c. Anybody’s intention to claim more than £1,000 of CCJs or judgement debts in total from the candidate?

5.02.4 Does the candidate have any current judgment debts (including CCJ s) made under a court order still outstanding, whether in full or in part?

5.02.5 Has the candidate ever failed to satisfy any such judgment debts (including CCJ s) made under a court order still outstanding, whether in full or part, within one year of the order being made?

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Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons
Application to perform senior management functions

⇒ I have supplied further information related to this page in Section 6† YES NO
5.02.6  Has the candidate ever:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Filed for the candidate’s own bankruptcy or had a bankruptcy petition served on the candidate?</td>
<td>YES □  NO □</td>
</tr>
<tr>
<td>b</td>
<td>Been adjudged bankrupt?</td>
<td>YES □  NO □</td>
</tr>
<tr>
<td>c</td>
<td>Been the subject of a bankruptcy restrictions order (including an interim bankruptcy restrictions order) or offered a bankruptcy restrictions undertaking?</td>
<td>YES □  NO □</td>
</tr>
<tr>
<td>d</td>
<td>Made any arrangements with the candidate’s creditors, for example a deed of arrangement or an individual voluntary arrangement (or in Scotland a trust deed)?</td>
<td>YES □  NO □</td>
</tr>
<tr>
<td>e</td>
<td>Had assets sequestrated?</td>
<td>YES □  NO □</td>
</tr>
<tr>
<td>f</td>
<td>Been involved in any proceedings relating to the above matters even if such proceedings did not result in the making of any kind of order against the candidate or result in any kind of agreement with the candidate?</td>
<td>YES □  NO □</td>
</tr>
</tbody>
</table>

5.02.7  Does the candidate, or any undertaking under their management, have any outstanding financial obligations arising from regulated activities, which have been carried out in the past? (whether or not in the UK or overseas)?

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>YES □  NO □</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5.02.8  Has the candidate ever been adjudged by a court or tribunal (whether criminal, civil or administrative) for any fraud, misfeasance, negligence, wrongful trading or other misconduct?

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>YES □  NO □</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5.02.9  Is the candidate currently:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Party to any civil proceedings? (including those covered in 5.02.7 above)</td>
<td>YES □  NO □</td>
</tr>
<tr>
<td>b</td>
<td>Aware of anybody’s intention to begin civil proceedings against the candidate? (candidate should include any ongoing disputes whether or not such dispute is likely to result in any order against the candidate.)</td>
<td>YES □  NO □</td>
</tr>
</tbody>
</table>

5.02.10 Has any firm at which the candidate holds or has held a position of influence ever been:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Adjudged by a court civilly liable for any fraud, misfeasance, wrongful trading or other misconduct?</td>
<td>YES □  NO □</td>
</tr>
<tr>
<td>b</td>
<td>The subject of a judgement debt or award against the firm? (candidate should include all CCJs made against the firm, whether satisfied or not.)</td>
<td>YES □  NO □</td>
</tr>
<tr>
<td>c</td>
<td>Party to any other civil proceedings which resulted in an order against the firm other than in relation to matters covered in 5.02.10a and 5.02.10b above?</td>
<td>YES □  NO □</td>
</tr>
</tbody>
</table>

⇒ I have supplied further information related to this page in Section 6†

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in ‘Senior Managers Regime - Applications and Notifications’ in the PRA Rulebook
Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons Application to perform senior management functions
5.02.11 Is any firm at which the candidate currently holds or has held, within the last 12 months from the date of the submission of this form, a position of influence currently:

a a party to civil proceedings?

b aware of anyone’s intention to begin civil proceedings against them?

5.02.12 Has any company, partnership or unincorporated association of which the candidate is or has been a controller, director, senior manager, partner or company secretary, in the United Kingdom or elsewhere, at any time during their involvement, or within one year of such an involvement, been put into liquidation, wound up, ceased trading, had a receiver or administrator appointed or entered into any voluntary arrangement with its creditors?

I have supplied further information related to this page in Section 6

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5.03 Business and Employment Matters

**5.03.1** Has the candidate ever been:

- **a** Disqualified from acting as a director or similar position (one where the candidate acts in a management capacity or conducts the affairs of any company, partnership or unincorporated association)?
  - YES □    NO □

- **b** The subject of any proceedings of a disciplinary nature (whether or not the proceedings resulted in any finding against the candidate)?
  - YES □    NO □

- **c** The subject of any investigation which has led or might lead to disciplinary proceedings?
  - YES □    NO □

- **d** Notified of any potential proceedings of a disciplinary nature against the candidate?
  - YES □    NO □

- **e** The subject of an investigation into allegations of misconduct or malpractice in connection with any business activity? (this question covers internal investigation by an authorised firm, as well as investigation by a regulatory body, at any time.)
  - YES □    NO □

**5.03.2** Has the candidate ever been refused entry to, or been dismissed, suspended or requested to resign from, any professional, vocation, office or employment, or from any fiduciary office or position of trust whether or not remunerated?

**5.03.3** Does the candidate have any material written complaints made against the candidate by the candidate's clients or former clients in the last five years which the candidate has accepted, or which are awaiting determination, or have been upheld – by an ombudsman or complaints scheme?

⇒ I have supplied further information related to this page in Section 6†

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5.04 Regulatory Matters

5.04.1 In relation to activities regulated by the FCA and/or PRA or any other regulatory body (see note section 5), has:

- The candidate, or
- Any company, partnership or unincorporated associate of which the candidate is or has been a controller, director, senior manager, partner or company secretary, during the candidate’s association with the entity and for a period of three years after the candidate ceased to be associated with it, ever –

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>Been refused, had revoked, restricted, been suspended from or terminated, any licence, authorisations, registration, notification, membership or any other permission granted by any such body?</td>
</tr>
<tr>
<td>b</td>
<td>Been criticised, censured, disciplined, suspended, expelled, fined or been the subject of any other disciplinary or interventional action by any such body?</td>
</tr>
<tr>
<td>c</td>
<td>Received a warning (whether public or private) that such disciplinary or interventional action may be taken against the candidate or the firm?</td>
</tr>
<tr>
<td>d</td>
<td>Been the subject of an investigation by any regulatory body, whether or not such an investigation resulted in a finding against the candidate or the firm?</td>
</tr>
<tr>
<td>e</td>
<td>Been required or requested to produce documents or any other information to any regulatory body in connection with such an investigation (whether against the firm or otherwise)?</td>
</tr>
<tr>
<td>f</td>
<td>Been investigated or been involved in an investigation by an inspector appointed under companies or any other legislation, or required to produce documents to the Secretary of State, or any other authority, under any such legislation?</td>
</tr>
<tr>
<td>g</td>
<td>Ceased operating or resigned whilst under investigation by any such body or been required to cease operating or resign by any regulatory body?</td>
</tr>
<tr>
<td>h</td>
<td>Decided, after making an application for any licence, authorisation, registration, notification, membership or any permission granted by any such body, not to proceed with it?</td>
</tr>
<tr>
<td>i</td>
<td>Been the subject of any civil action related to any regulated activity which has resulted in a finding by a court?</td>
</tr>
<tr>
<td>j</td>
<td>Provided payment services or distributed or redeemed e-money on behalf of a regulated firm or itself under any contractual agreement where that agreement was terminated by the regulated firm?</td>
</tr>
<tr>
<td>k</td>
<td>Been convicted of any criminal offence, censured, disciplined or publicly criticised by any inquiry, by the Takeover Panel or any governmental or statutory authority or any other regulatory body (other than as indicated in this group of questions).</td>
</tr>
</tbody>
</table>

I have supplied further information related to this page in Section 6† YES ☐ NO ☐

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in “Senior Managers Regime - Applications and Notifications” in the PRA Rulebook
Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons
Application to perform senior management functions
5.04.2 In relation to activities regulated by the FCA/PRA or any other regulatory body, has the candidate or any firm at which the candidate holds or has held a position of influence at any time during and within one year of the candidate's association with the firm ever:

a) Been found to have carried on activities for which authorisation or registration by the FCA/PRA or any other regulatory body is required without the requisite authorisations?

b) Been investigated for the possible carrying on of activities requiring authorisation or registration by the FCA/PRA or any other regulatory body without the requisite authorisation whether or not such investigation resulted in a finding against the candidate?

c) Been found to have performed a senior management function or other controlled function (or an equivalent function requiring approval by the FCA/PRA or any other regulatory body) without the requisite approval?

d) Been investigated for the possible performance of a senior management function or other controlled function (or an equivalent function requiring approval by the FCA/PRA or any other regulatory body) without the requisite approval, whether or not such investigation resulted in a finding against the candidate?

e) Been found to have failed to comply with an obligation under the Electronic Money Regulations 2011 or Payment Services Regulations 2009 to notify the FCA/PRA of the identity of a person acting in a position of influence over its electronic money or payment services business?

f) Been the subject of disqualification direction under section 59 of the Financial Services Act 1986 or a prohibition order under section 56 FSMA, or received a warning notice proposing that such a direction or order be made, or received a private warning?

⇒ I have supplied further information related to this page in Section 6

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Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons Application to perform senior management functions
5.05 Other Matters

5.05.1 Is the candidate, in the role to which the application relates, aware of any business interests, employment obligations, or any other circumstance which may conflict with the performance of the senior management functions for which approval is now being sought?

[ ☐ YES ☐ NO ]

5.05.2 Are the candidate or the firm aware of any other information relevant to this notification that we might reasonably expect from the candidate?

[ ☐ YES ☐ NO ]

5.05.3 Has the firm undertaken a criminal records check in accordance with the requirements of the FCA or PRA?

[ ☐ YES ☐ NO ]

Please note that a firm is required to obtain the fullest information that it is lawfully able to obtain about the candidate under Part V of the Police Act 1997 (Certificates of Criminal records, etc) and related subordinate legislation of the UK or any part of the UK before making the application. (SUP 10C.10.16R and Senior Managers Regime - Applications and Notifications in the PRA Rulebook)

If yes, please enter date the check was undertaken

Date (dd/mm/yyyy):

Note: if date is more than 3 months prior to current date or 3 months prior to date of application submission or the check has not been undertaken, please provide details why in section 6.

5.05.4 Has / Have a reference or references been obtained from previous employer(s) in accordance with the requirements of the FCA or PRA?

If No, please provide details why the reference or references has/have not been obtained.

Please note that a firm is required to use reasonable efforts to obtain a reference from any previous employer of the candidate during the last 5 years (see SYSC 5.3.8R and Fitness and Propriety 2 in the PRA Rulebook. However, reference(s) may not be necessary if the individual is applying for an additional senior management function within the same firm.

[ ☐ YES ☐ NO ]

1 The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in ‘Senior Managers Regime - Applications and Notifications’ in the PRA Rulebook
Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons
Application to perform senior management functions
Supplementary information for Senior Management Functions
Section 6

If there is any other information the candidate or the firm considers to be relevant to the application, it must be included here.

Please provide full details of:
- why the candidate is competent and capable to carry out the senior management function(s) applied for.
- why the appointment complements the firm’s business strategy, activity and market in which it operates.
- how the appointment was agreed including details of any discussions at governing body level (where applicable).

Provide a copy of the candidate’s:
- Statement of Responsibilities with this form
- Roles description
- Curriculum Vitae (C.V)
- Organisational chart

Provide a copy of the firm’s management responsibilities map (SYSC 4.5 to SYSC 4.8 and SUP 10C.9.10G, and Allocation of Responsibilities in the PRA Rulebook.

A firm should include any handover certificate and a reasonable summary of any other handover material (as referred to in SYSC 4.9.1R to SYSC 4.9.8G and Senior Management Functions Chapter 2 in the PRA Rulebook.

Please also include here any additional information indicated in previous sections of the Form.

Please include a list of all directorships currently or previously held by the candidate in the past 10 years (where director has the meaning given in the Glossary.)

If there is insufficient space, please continue on a separate sheet of paper and clearly identify the section and question to which the additional information relates.

Full details must be provided here if there were any issues that could affect the Fitness and Propriety of the individual that arose when leaving an employer listed in section 4 or if any question has been answered ‘yes’ in section 5.

<table>
<thead>
<tr>
<th>Question</th>
<th>Information</th>
</tr>
</thead>
</table>

1 The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in ‘Senior Managers Regime - Applications and Notifications’ in the PRA Rulebook.
Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons
Application to perform senior management functions
Declarations and signatures

Declaration of Candidate

It is a criminal offence, knowingly or recklessly, to give the FCA and/or PRA information that is materially false, misleading or deceptive (see sections 398 and 400 Financial Services and Markets Act 2000). Even if you believe or know that information has been provided to the FCA and/or PRA before (whether as part of another application or otherwise) or is in the public domain, you must nonetheless disclose it clearly and fully in this form and as part of this application – you should not assume that the FCA and/or PRA will itself identify such information during the assessment of this application. If there is any doubt about the relevance of information, it should be included.

There will be a delay in processing the application if information is inaccurate or incomplete, and it may call into question the suitability of the applicant and/or lead to the FCA and/or PRA exercising its powers (including but not limited to taking disciplinary/Enforcement action). You must notify the FCA and/or PRA immediately if there is a change to the information in this form and/or if inaccurate information has been provided (insofar as the FCA and/or PRA is reasonably likely to consider the information material).

The candidate confirms that the information provided in this application is accurate and complete to the best of his/her knowledge and that he or she has read the notes to this form. The candidate will notify the FCA and/or PRA immediately if there is a material change to the information provided.

The candidate authorises the FCA and/or PRA to make such enquiries and seek such further information as it thinks appropriate to identify and verify information that it considers relevant to the assessment of this application.

The candidate acknowledges and agrees that these checks may include credit reference checks or information pertaining to fitness and propriety, and is aware that the results of these enquiries may be disclosed to the employer/Applicant.

The candidate agrees that he or she may be required to apply for a search to be made as to whether any criminal records are held in relation to him or her and to obtain a certificate (where such certificate can be obtained) and to disclose the result of that search to the firm submitting this application.

The candidate agrees that the FCA and/or PRA may use the address specified for the candidate in this Form as the proper address for service in the United Kingdom as defined in Financial Services and Markets Act 2000 (Service of Notice) Regulations (SI 2001/1420) to serve any notices on that signatory.

For the purposes of complying with the Data Protection Act, the personal information provided in this Form will be used by the FCA and PRA to discharge its statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation, and will not be disclosed for any other purpose without the permission of the applicant.

The candidate confirms that he or she understands the regulatory responsibilities of my proposed role as set out in the rules of conduct in the FCA’s Conduct of Business (C-CON) and/or PRA’s Conduct Rules (as applicable).

The candidate confirms that the Statement of Responsibilities submitted with this form accurately reflects the aspects of the affairs of the Firm which it is intended that the candidate will be responsible for managing.

The candidate is aware that, while advice may be sought from a third party (e.g. legal advice), responsibility for the accuracy of information, as well as the disclosure of relevant information, on the Form is ultimately the responsibility of those who sign the application.

In addition to other regulatory responsibilities, firms, and approved persons have a responsibility to disclose to the FCA and/or PRA matters of which it would reasonably expect to be notified. Failure to notify the FCA and/or PRA of such information may lead to the FCA and/or PRA taking disciplinary or other action against the firm and/or individuals.

Tick here to confirm you have read and understood this declaration: ☑️

7.01 Candidate’s full name†
7.02 Signature
Date

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Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons
Application to perform senior management functions
Declaration of Firm

It is a criminal offence, knowingly or recklessly, to give the FCA and/or PRA information that is materially false, misleading or deceptive (see sections 398 and 400 Financial Services and Markets Act). Even if you believe or know that information has been provided to the FCA and/or PRA before (whether as part of another application or otherwise) or is in the public domain, you must nonetheless disclose it clearly and fully in this form and as part of this application — you should not assume that the FCA and/or PRA will itself identify such information during the assessment of this application. If there is any doubt about the relevance of information, it should be included.

There will be a delay in processing the application if information is inaccurate or incomplete, and it may call into question the suitability of the applicant and/or lead to the FCA and/or PRA exercising its powers (including but not limited to taking disciplinary/Enforcement action). You must notify the FCA and/or PRA immediately if there is a change to the information in this form and/or if inaccurate information has been provided (insofar as the FCA and/or PRA is reasonably likely to consider the information material).

In addition to other regulatory responsibilities, firms, and approved persons have a responsibility to disclose to the FCA and/or PRA, matters of which it would reasonably expect to be notified. Failure to notify the FCA and/or PRA of such information may lead to the FCA and/or PRA taking disciplinary or other action against the firm and/or individuals.

The Applicant confirms that the information provided in this application is accurate and complete to the best of its knowledge and that it has read the notes to this form. The Applicant will notify the FCA and/or PRA immediately if there is a material change to the information provided.

The Applicant authorises the FCA and/or PRA to make such enquiries and seek such further information as it thinks appropriate to identify and verify information that it considers relevant to the assessment of this application.

The Applicant confirms that it has obtained the fullest information that it is lawfully able to obtain about the Individual under Part V of the Police Act 1997 and any related subordinate legislation of the UK or any part of the UK, and has given due consideration to that information in determining that Individual to be fit and proper.

In making this application the firm believes on the basis of due and diligent enquiry and, where applicable, by reference to the criteria in FIT that the candidate is a fit and proper person to perform the controlled function(s) listed in section 3. The firm also believes, on the basis of due and diligent enquiry, that the candidate is competent to fulfil the duties required in the performance of such function(s).

The Applicant confirms that it has complied with its obligations under Equality and Diversity legislation when selecting the Individual to perform the function(s) applied for.

The Applicant confirms that it has made the Individual aware of their regulatory responsibilities as set out in the rules of conduct in the FCA’s C-CON and/or PRA Conduct Rules (as applicable).

The Applicant confirms that the Statement of Responsibilities submitted with this form accurately reflects the aspects of the affairs of the Firm which it is intended that the candidate will be responsible for managing.

The Applicant is aware that, while advice may be sought from a third party (e.g. legal advice), responsibility for the accuracy of information, as well as the disclosure of relevant information, on the Form is ultimately the responsibility of those who sign the application.

In signing this form on behalf of the firm:
I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this Form.

I confirm that I have authority to make this application and provide the declarations given by the firm, and sign this Form, on behalf of the firm identified in section 2.01 and/or each firm identified in section 3.04. I also confirm that a copy of this Form, as submitted to the FCA and/or PRA, will be sent to each of those firms at the same time as submitting the Form to the FCA and/or PRA.

7.03 Name of the firm submitting the application†
7.04 Name of person signing on behalf of the firm †
7.05 Job title †

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in ‘Senior Managers Regime - Applications and Notifications’ in the PRA Rulebook.

Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons
Application to perform senior management functions
The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in “Senior Managers Regime - Applications and Notifications” in the PRA Rulebook. Long Form A – UK firms (Relevant Authorised Persons only) and third country Relevant Authorised Persons Application to perform senior management functions.
Application number
(for FCA/PRA use only)

The FCA and PRA have produced notes which will assist both the applicant and the candidate in answering the questions in this form. Please read these notes, which are available on both FCA and PRA websites at:
http://media.fshandbook.info/Forms/notes/imap_forma_notes.doc
http://www.bankofengland.co.uk/PRA
Both the applicant and the candidate will be treated by the FCA and PRA as having taken these notes into consideration when completing this form.

Short Form A – UK Firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only)

Application to perform senior management functions
FCA Handbook Reference: SUP 10C Annex 4D
PRA Rulebook Reference: Senior Managers Regime - Applications and Notifications

[DATE TBC]

Name of candidate†
(to be completed by applicant firm)

Name of firm†
(as entered in 2.01)

Firm reference number†
(as entered in 2.02)

Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London E14 5HS
United Kingdom
Telephone +44 (0) 845 606 9966
Facsimile +44 (0) 207 066 0017
E-mail iva@fca.org.uk
Website http://www.fca.org.uk
Registered as a Limited Company in England and Wales No 1920623. Registered Office as above

Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA
United Kingdom
Telephone +44 (0) 203 461 7000
E-mail PRA.firmenquiries@bankofengland.co.uk
Website www.bankofengland.co.uk/PRA
Registered as a Limited Company in England and Wales No 07854923. Registered Office: 8 Lothbury Road, London, EC2R 7HH

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Short Form A – UK firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only) Application to perform senior management functions
### Personal identification details

**Section 1**

<table>
<thead>
<tr>
<th>1.01 a</th>
<th>Candidate Individual Reference Number (IRN) †</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.01 b</td>
<td>OR name of previous regulatory body †</td>
</tr>
<tr>
<td>1.01 c</td>
<td>AND previous reference number (if applicable) †</td>
</tr>
<tr>
<td>1.02</td>
<td>Title (e.g. Mr, Mrs, Ms, etc) †</td>
</tr>
<tr>
<td>1.03</td>
<td>Surname †</td>
</tr>
<tr>
<td>1.04</td>
<td>ALL forenames †</td>
</tr>
<tr>
<td>1.05</td>
<td>Name commonly known by †</td>
</tr>
<tr>
<td>1.06</td>
<td>Date of birth (dd/mm/yyyy) †</td>
</tr>
<tr>
<td>1.07</td>
<td>National Insurance number †</td>
</tr>
<tr>
<td>1.08</td>
<td>Previous name †</td>
</tr>
<tr>
<td>1.09</td>
<td>Date of name change †</td>
</tr>
<tr>
<td>1.10 a</td>
<td>Nationality †</td>
</tr>
<tr>
<td>1.10 b</td>
<td>Passport number (if National Insurance number not available) †</td>
</tr>
<tr>
<td>1.11</td>
<td>Place of birth †</td>
</tr>
</tbody>
</table>

---

I have supplied further information related to this page in Section 6 †

YES □  NO □

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1.12 a Private address

b

c Dates resident at this address (mm/yyyy)†

From / To PRESENT

(If address has changed in the last three years, please provide addresses for the previous three years.)

1.13 a Previous address 1†

b

c Dates resident at this address (mm/yyyy)†

From / To /

1.14 a Previous address 2†

b

c Dates resident at this address (mm/yyyy)†

From / To /

I have supplied further information related to this page in Section 6† YES □ NO □

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<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2.01</td>
<td>Name of firm making the application</td>
<td></td>
</tr>
<tr>
<td>2.02</td>
<td>Firm Reference Number (FRN)</td>
<td></td>
</tr>
<tr>
<td>2.03 a</td>
<td>Who should the FCA/PRA contact at the firm in relation to this application?</td>
<td></td>
</tr>
<tr>
<td>b</td>
<td>Position</td>
<td></td>
</tr>
<tr>
<td>c</td>
<td>Telephone</td>
<td></td>
</tr>
<tr>
<td>d</td>
<td>Fax</td>
<td></td>
</tr>
<tr>
<td>e</td>
<td>E-mail</td>
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</tbody>
</table>

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### Nature of the arrangement between the candidate and the applicant.

<table>
<thead>
<tr>
<th>Nature of</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>a Employee</td>
<td></td>
</tr>
<tr>
<td>b Group employee</td>
<td></td>
</tr>
<tr>
<td>c Contract for services</td>
<td></td>
</tr>
<tr>
<td>d Partner</td>
<td></td>
</tr>
<tr>
<td>e Other</td>
<td></td>
</tr>
</tbody>
</table>

Give details: [ ]

---

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For applications from a single *firm*, please tick the boxes that correspond to the *senior management functions* to be performed. If the *senior management functions* are to be performed for more than one *firm*, please go to question 3.04

<table>
<thead>
<tr>
<th>Function</th>
<th>Description of a Senior Manager function</th>
<th>Tick (if applicable)</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMF 1</td>
<td>Chief Executive function</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF 2</td>
<td>Chief Finance function</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF 3</td>
<td>Executive Director</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF 4</td>
<td>Chief Risk function</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF 5</td>
<td>Head of Internal Audit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF 6</td>
<td>Head of Key Business Area</td>
<td></td>
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</tr>
<tr>
<td>SMF 7</td>
<td>Group Entity Senior Manager</td>
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<tr>
<td>SMF 8</td>
<td>Credit Union SMF (Small Credit Unions only)</td>
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<tr>
<td>SMF 9</td>
<td>Chairman</td>
<td></td>
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<tr>
<td>SMF 10</td>
<td>Chair of the Risk Committee</td>
<td></td>
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<tr>
<td>SMF 11</td>
<td>Chair of the Audit Committee</td>
<td></td>
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<tr>
<td>SMF 12</td>
<td>Chair of the Remuneration Committee</td>
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<tr>
<td>SMF 13</td>
<td>Chair of the Nominations Committee</td>
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<tr>
<td>SMF 14</td>
<td>Senior Independent Director</td>
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<tr>
<td>SMF 16</td>
<td>Compliance Oversight</td>
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<td>SMF 17</td>
<td>Money Laundering Reporting</td>
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<tr>
<td>SMF 18</td>
<td>Significant Responsibility SMF</td>
<td></td>
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</tr>
<tr>
<td>SMF 19</td>
<td>Head of Overseas Branch</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF 20</td>
<td>Overseas Branch Senior Manager</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.03 Job title

**Insurance mediation**

Will the candidate be responsible for insurance mediation at the firm?  

Yes □  No □

((Note: Yes can only be selected if the individual is applying for a governing function (other than a non-executive director function) (MiPRU 2.2.2))

I have supplied further information related to this page in Section 6 □

The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in Senior Managers Regime - Applications and Notifications in the PRA Rulebook Short Form A – UK firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only) Application to perform senior management functions
Complete this section only if the application is on behalf of more than one firm.
List all firms within the group (including the firm entered in 2.01) for which the candidate requires approval and the requested senior management function for that firm.¹

<table>
<thead>
<tr>
<th>Firm Reference Number</th>
<th>Name of firm</th>
<th>Senior Management function</th>
<th>Job title</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td></td>
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<td>b</td>
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</tr>
</tbody>
</table>

¹ The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in Senior Managers Regime - Applications and Notifications in the PRA Rulebook Short Form A – UK firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only) Application to perform senior management functions

I have supplied further information related to this page in Section 6

YES □  NO □
This section has been removed. However if there has been a change to the detail in this section since your last approval, you must submit a Long Form A as opposed to a Short Form A informing the FCA and/or PRA of the revised detail.

---

1 The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in Senior Managers Regime - Applications and Notifications in the PRA Rulebook
Short Form A – UK firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only) Application to perform senior management functions
This section has been removed. However if there has been a change to the detail in this section since your last approval, you must submit a Long Form A as opposed to a Short Form A informing the FCA and/or PRA of the revised detail.

\[†\] The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in Senior Managers Regime - Applications and Notifications in the PRA Rulebook Short Form A – UK firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only) Application to perform senior management functions
6.00

- If there is any other information the candidate or the firm considers to be relevant to the application, it must be included here.
- Please provide full details of
  - why the candidate is competent and capable to carry out the senior management function(s) applied for.
  - why the appointment complements the firm's business strategy, activity and market in which it operates.
  - how the appointment was agreed including details of any discussions at governing body level (where applicable).
- Provide a copy of the candidate's:-
  - statement of responsibilities with this form
  - Roles description
  - Curriculum vitae (C.V)
  - Organisational chart
- Provide a copy of the firm's management responsibilities map (SYSC 4.5 to SYSC 4.8 and SUP 10C.9.10G and Allocation of Responsibilities in the PRA Rulebook
- A firm should include any handover certificate and a reasonable summary of any other handover material (as referred to in SYSC 4.9.1R to SYSC 4.9.8G and Senior Management Functions Chapter 2 in the PRA Rulebook.
- Please also include here any additional information indicated in previous sections of the Form.
- Please include a list of all directorships currently or previously held by the candidate in the past 10 years (where director has the meaning given in the Glossary.)
- If there is insufficient space, please continue on a separate sheet of paper and clearly identify the section and question to which the additional information relates.
- Full details must be provided here if there were any issues that could affect the Fitness and Propriety of the individual that arose when leaving an employer listed in section 4 or if any question has been answered 'yes' in section 5.

<table>
<thead>
<tr>
<th>Question</th>
<th>Information</th>
</tr>
</thead>
</table>

1 The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in Senior Managers Regime - Applications and Notifications in the PRA Rulebook
Short Form A – UK firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only) Application to perform senior management functions
Declarations and signatures

Section 7

Declaration of Candidate

It is a criminal offence, knowingly or recklessly, to give the appropriate regulator information that is materially false, misleading or deceptive (see sections 398 and 400 Financial Services and Markets Act 2000). Even if you believe or know that information has been provided to the appropriate regulator before (whether as part of another application or otherwise) or is in the public domain, you must nonetheless disclose it clearly and fully in this form and as part of this application — you should not assume that the appropriate regulator will itself identify such information during the assessment of this application. If there is any doubt about the relevance of information, it should be included.

There will be a delay in processing the application if information is inaccurate or incomplete, and it may call into question the suitability of the applicant and/or lead to the appropriate regulator exercising its powers (including but not limited to taking disciplinary/Enforcement action). You must notify the appropriate regulator immediately if there is a change to the information in this form and/or if inaccurate information has been provided (insofar as the appropriate regulator is reasonably likely to consider the information material).

The Candidate confirms that the information provided in this application is accurate and complete to the best of his/her knowledge and that he or she has read the notes to this form. The Candidate will notify the appropriate regulator immediately if there is a material change to the information provided.

The Candidate authorises the appropriate regulator to make such enquiries and seek such further information as it thinks appropriate to identify and verify information that it considers relevant to the assessment of this application.

The Candidate acknowledges and agrees that these checks may include credit reference checks or information pertaining to fitness and propriety, and is aware that the results of these enquiries may be disclosed to the employer/Applicant.

The Candidate agrees that he or she may be required to apply for a search to be made as to whether any criminal records are held in relation to him or her and to obtain a certificate (where such certificate can be obtained) and to disclose the result of that search to the firm submitting this application.

The Candidate agrees that the FCA and/or PRA may use the address specified for the Candidate in this Form as the proper address for service in the United Kingdom as defined in Financial Services and Markets Act 2000 (Service of Notice) Regulations (SI 2001/1420) to serve any notices on that signatory.

For the purposes of complying with the Data Protection Act, the personal information provided in this Form will be used by the FCA and PRA to discharge its statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation, and will not be disclosed for any other purpose without the permission of the applicant.

The Candidate confirms that he or she understands the regulatory responsibilities of my proposed role as set out in the rules of conduct in the FCA’s C-CON and/or PRA Conduct Rules (as applicable).

The Candidate confirms that the Statement of Responsibility submitted with this form accurately reflects the aspects of the affairs of the Firm which it is intended that the Candidate will be responsible for managing.

The Candidate is aware that, while advice may be sought from a third party (e.g. legal advice), responsibility for the accuracy of information, as well as the disclosure of relevant information, on the Form is ultimately the responsibility of those who sign the application.

In addition to other regulatory responsibilities, firms, and approved persons have a responsibility to disclose to the FCA and/or PRA matters of which it would reasonably expect to be notified. Failure to notify the appropriate regulator of such information may lead to the FCA and/or PRA taking disciplinary or other action against the firm and/or individuals.

Tick here to confirm you have read and understood this declaration: ☑

7.01 Candidate’s full name†
7.02 Signature
Date

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in Senior Managers Regime - Applications and Notifications in the PRA Rulebook Short Form A – UK firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only) Application to perform senior management functions
Declaration of Firm

It is a criminal offence, knowingly or recklessly, to give the appropriate regulator information that is materially false, misleading or deceptive (see sections 398 and 400 Financial Services and Markets Act). Even if you believe or know that information has been provided to the appropriate regulator before (whether as part of another application or otherwise) or is in the public domain, you must nonetheless disclose it clearly and fully in this form and as part of this application – you should not assume that the appropriate regulator will itself identify such information during the assessment of this application. If there is any doubt about the relevance of information, it should be included.

There will be a delay in processing the application if information is inaccurate or incomplete, and it may call into question the suitability of the applicant and/or lead to the appropriate regulator exercising its powers (including but not limited to taking disciplinary/Enforcement action). You must notify the appropriate regulator immediately if there is a change to the information in this form and/or if inaccurate information has been provided (insofar as the appropriate regulator is reasonably likely to consider the information material).

In addition to other regulatory responsibilities, firms, and approved persons have a responsibility to disclose to the appropriate regulator, matters of which it would reasonably expect to be notified. Failure to notify the appropriate regulator of such information may lead to the appropriate regulator taking disciplinary or other action against the firm and/or individuals.

The Applicant confirms that the information provided in this application is accurate and complete to the best of its knowledge and that it has read the notes to this form. The Applicant will notify the appropriate regulator immediately if there is a material change to the information provided.

The Applicant authorises the appropriate regulator to make such enquiries and seek such further information as it thinks appropriate to identify and verify information that it considers relevant to the assessment of this application.

The Applicant confirms that it has obtained the fullest information that it is lawfully able to obtain about the Individual under Part V of the Police Act 1997 and any related subordinated legislation of the UK or any part of the UK, and has given due consideration to that information in determining that Individual to be fit and proper.

In making this application the firm believes on the basis of due and diligent enquiry and, where applicable, by reference to the criteria in FIT that the candidate is a fit and proper person to perform the controlled function(s) listed in section 3. The firm also believes, on the basis of due and diligent enquiry, that the candidate is competent to fulfil the duties required in the performance of such function(s).

The Applicant confirms that it has complied with its obligations under Equality and Diversity legislation when selecting the Individual to perform the function(s) applied for.

The Applicant confirms that it has made the Individual aware of their regulatory responsibilities as set out in the rules of conduct in the FCA’s C-CON and/or PRA Conduct Rules (as applicable).

The Applicant confirms that the Statement of Responsibility submitted with this form accurately reflects the aspects of the affairs of the Firm which it is intended that the Candidate will be responsible for managing.

The Applicant is aware that, while advice may be sought from a third party (e.g. legal advice), responsibility for the accuracy of information, as well as the disclosure of relevant information, on the Form is ultimately the responsibility of those who sign the application.

In signing this form on behalf of the firm:

I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this Form.

I confirm that I have authority to make this application and provide the declarations given by the firm, and sign this Form, on behalf of the firm identified in section 2.01 and/or each firm identified in section 3.04. I also confirm that a copy of this Form, as submitted to the FCA and/or PRA, will be sent to each of those firms at the same time as submitting the Form to the FCA and/or PRA.

7.03 Name of the firm submitting the application†
7.04 Name of person signing on behalf of the firm †
7.05 Job title †
7.06 Signature*
Date  

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 or in Senior Managers Regime - Applications and Notifications in the PRA Rulebook
Short Form A – UK firms (UK Relevant Authorised Persons and third country Relevant Authorised Persons only) Application to perform senior management functions
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The **FCA** and **PRA** have produced notes which will assist both the applicant and the candidate in answering the questions in this form. Please read these notes, which are available on the **FCA** and **PRA**’s websites at http://media.fshandbook.info/Forms/notes/imap forme notes.doc and www.bankofengland.co.uk/PRA.

Both the applicant and the candidate will be treated by the **FCA** and **PRA** as having taken these notes into consideration when completing this form.

**Form E**

**Internal transfer of an approved person (for firms and individuals subject to the senior management regime)**

**FCA Handbook** Reference: SUP 10C Annex 4D

**PRA Rulebook** Reference: Senior Managers Regime - Applications and Notifications

DATE TBC

<table>
<thead>
<tr>
<th>Name of candidate† (to be completed by applicant firm)</th>
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</thead>
<tbody>
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</table>

<table>
<thead>
<tr>
<th>Name of firm† (as entered in 2.01)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

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† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 of the **FCA** Handbook and/or **PRA**’s Senior Managers Regime - Applications and Notifications of the **PRA** Rulebook as applicable.
<table>
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<tr>
<th>Section 1</th>
<th>Personal identification details</th>
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<tr>
<td>1.01</td>
<td>Individual Reference Number (IRN) †</td>
</tr>
<tr>
<td>1.02</td>
<td>Title (e.g. Mr, Mrs, Ms, etc) †</td>
</tr>
<tr>
<td>1.03</td>
<td>Surname †</td>
</tr>
<tr>
<td>1.04</td>
<td>ALL forenames †</td>
</tr>
<tr>
<td>1.05</td>
<td>Date of birth †</td>
</tr>
<tr>
<td>1.06</td>
<td>National Insurance number †</td>
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</table>

<table>
<thead>
<tr>
<th>Section 2</th>
<th>Firm identification details</th>
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</thead>
<tbody>
<tr>
<td>2.01</td>
<td>Name of firm</td>
</tr>
<tr>
<td>2.02</td>
<td>Firm Reference Number (FRN)</td>
</tr>
<tr>
<td>2.03 a</td>
<td>Who should the FCA/PRA contact at the firm in relation to this application?</td>
</tr>
<tr>
<td>b</td>
<td>Position</td>
</tr>
<tr>
<td>c</td>
<td>Telephone</td>
</tr>
<tr>
<td>d</td>
<td>Fax</td>
</tr>
<tr>
<td>e</td>
<td>E-mail</td>
</tr>
</tbody>
</table>

I have supplied further information related to this page in Section 6

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 of the FCA Handbook and/or Senior Managers Regime - Applications and Notifications of the PRA Rulebook as applicable

Form E – Internal transfer of an approved person (for firms and individuals subject to the senior management regime) Page 2
**Senior management functions to cease**  
**Section 3**

### 3.01
List all *senior management functions* which the approved person is ceasing to perform. The effective date is the date the *person* will cease to perform the functions.

<table>
<thead>
<tr>
<th>FRN†</th>
<th>Name of firm†</th>
<th><strong>Senior Management function†</strong></th>
<th>Effective date†</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
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<td>/ /</td>
</tr>
<tr>
<td>b</td>
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</tbody>
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Form E – Internal transfer of an approved person (for firms and individuals subject to the senior management regime)  
Page 3
### 4.01 Nature of the arrangement between the candidate and the applicant.

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>a</td>
<td>Employee</td>
</tr>
<tr>
<td>b</td>
<td>Group employee</td>
</tr>
<tr>
<td></td>
<td>Name of group</td>
</tr>
<tr>
<td>c</td>
<td>Contract for services</td>
</tr>
<tr>
<td>d</td>
<td>Partner</td>
</tr>
<tr>
<td>e</td>
<td>Other</td>
</tr>
</tbody>
</table>

Give details
4.02 For applications from a single firm, please tick the boxes that correspond to the senior management functions to be performed.

If the senior management functions are to be performed for more than one firm, please go to question 4.04

<table>
<thead>
<tr>
<th>Function</th>
<th>Description of a Senior Manager function</th>
<th>Tick (if applicable)</th>
<th>Effective Date</th>
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</thead>
<tbody>
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<td>SMF 1</td>
<td>Chief Executive function</td>
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<td>SMF 2</td>
<td>Chief Finance function</td>
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<td>SMF 3</td>
<td>Executive Director</td>
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<td>SMF 4</td>
<td>Chief Risk function</td>
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<tr>
<td>SMF 5</td>
<td>Head of Internal Audit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF 6</td>
<td>Head of Key Business Area</td>
<td></td>
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<td>SMF 7</td>
<td>Group Entity Senior Manager</td>
<td></td>
<td></td>
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<tr>
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<td>Credit Union SMF (small Credit Unions only)</td>
<td></td>
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<tr>
<td>SMF 9</td>
<td>Chairman</td>
<td></td>
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</tr>
<tr>
<td>SMF 10</td>
<td>Chair of the Risk Committee</td>
<td></td>
<td></td>
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<tr>
<td>SMF 11</td>
<td>Chair of the Audit Committee</td>
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<td></td>
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<tr>
<td>SMF 12</td>
<td>Chair of the Remuneration Committee</td>
<td></td>
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<td>SMF 13</td>
<td>Chair of the Nominations Committee</td>
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<tr>
<td>SMF 14</td>
<td>Senior Independent Director</td>
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<td>SMF 16</td>
<td>Compliance Oversight</td>
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<td>Money Laundering Reporting</td>
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<td>SMF 18</td>
<td>Significant Responsibility SMF</td>
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<tr>
<td>SMF 19</td>
<td>Head of Overseas Branch</td>
<td></td>
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<tr>
<td>SMF 20</td>
<td>Overseas Branch Senior Manager</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF 21</td>
<td>EEA Branch Senior Manager</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 of the FCA Handbook and/or Senior Managers Regime - Applications and Notifications of the PRA Rulebook as applicable.

Form E – Internal transfer of an approved person (for firms and individuals subject to the senior management regime)
4.03 Has the firm undertaken a criminal records check in accordance with the requirements of the FCA and/or PRA?

Please note that a firm is required to obtain the fullest information that it is lawfully able to obtain about the candidate under Part V of the Police Act 1997 (Certificates of Criminal records, etc) and related subordinated legislation of the UK or any part of the UK before making the application. (SUP 10C.10.16R and Senior Managers Regime - Applications and Notifications in the PRA Rulebook)

If yes, please enter date the check was undertaken
Date (dd/mm/yy): ____________________________

Note: if date is more than 3 months prior to current date or 3 months prior to date of application submission or the check has not been undertaken, please provide details why in section 5.

➤ I have supplied further information related to this page in Section 5  YES ☐ NO ☐
List all firms within the group (including the firm entered in 2.01) for which the applicant requires approval and the requested senior management function for that firm.¹

<table>
<thead>
<tr>
<th>Firm Reference Number</th>
<th>Name of firm</th>
<th>Senior Management function</th>
<th>Job title (mandatory)</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>b</td>
<td></td>
<td></td>
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<td>e</td>
<td></td>
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</tr>
</tbody>
</table>

I have supplied further information related to this page in Section 5  YES ☐  NO ☐

¹ The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP15.7 of the FCA Handbook and/or Senior Managers Regime - Applications and Notifications of the PRA Rulebook as applicable

Form E – Internal transfer of an approved person (for firms and individuals subject to the senior management regime)  Page 7
5.00  

- If there is any other information the candidate or the firm considers to be relevant to the application, it must be included here.

- Please provide full details of
  - why the candidate is competent and capable to carry out the senior management function(s) applied for.
  - why the appointment complements the firm’s business strategy, activity and market in which it operates.
  - how the appointment was agreed including details of any discussions at governing body level (where applicable).

- Provide a copy of the candidate’s:
  - statement of responsibilities with this form
  - Roles description
  - Curriculum Vitae (C.V)
  - Organisational chart

- Provide a copy of the firm’s management responsibilities map (SYS C 4.5 to SYS C 4.8 and SUP 10C.9.10G, and Allocation of Responsibilities in the PRA Rulebook

- A firm should include any handover certificate and a reasonable summary of any other handover material (as referred to in SYS C 4.9.1R to SYS C 4.9.8G and Senior Management Functions Chapter 2 in the PRA Rulebook.

<table>
<thead>
<tr>
<th>Question</th>
<th>Information</th>
</tr>
</thead>
</table>

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP15.7 of the FCA Handbook and/or Senior Persons Regime - Applications and Notifications of the PRA Rulebook as applicable

Form E – Internal transfer of an approved person (for firms and individuals subject to the senior management regime)
Declarations and signatures

Section 6

Declaration of Candidate

Knowingly or recklessly giving the FCA and/or PRA information which is false or misleading in a material particular may be a criminal offence (section 398 of the Financial Services and Markets Act 2000). It should not be assumed that information is known to the FCA and/or PRA merely because it is in the public domain or has previously been disclosed to the FCA and/or PRA or another regulatory body. If there is any doubt about the relevance of information, it should be included.

In addition to other regulatory responsibilities, firms, senior managers and other approved persons have a responsibility to disclose to the FCA and/or PRA matters of which it would reasonably expect to be notified. Failure to notify the FCA and/or PRA of such information may lead to the FCA and/or PRA taking disciplinary or other action against the firm and/or individuals.

For the purposes of complying with the Data Protection Act, the personal information provided in this Form will be used by the FCA and/or PRA to discharge its statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation, and will not be disclosed for any other purpose without the permission of the applicant.

With reference to the above, the FCA and/or PRA may seek to verify the information given in this Form including answers pertaining to fitness and propriety. This may include a credit reference check. In signing the form below:

a) I authorise the FCA and/or PRA to make such enquiries and seek such further information as it thinks appropriate in the course of verifying the information given in this Form. Candidates may be required to apply for a criminal records search to be made as to whether any criminal records are held in relation to them and to obtain a certificate (where such certificate can be obtained) and to disclose the result of that search to the firm submitting this application.

b) I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this Form.

c) I confirm that I understand the regulatory responsibilities of my proposed role as set out in the rules of conduct in the FCA’s Conduct Rules (C-CON) and/or PRA Conduct Rules (as applicable).

d) I confirm that the Statement of Responsibility submitted with this form accurately reflects the aspects of the affairs of the Firm which it is intended that I will be responsible for managing

[Hyperlinks to C-CON /PRA conduct rules to follow]

Tick here to confirm you have read and understood this declaration: ☑

6.01 Candidate's full name†

6.02 Signature

Date

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP15.7 of the FCA Handbook and/or Senior Persons Regime - Applications and Notifications of the PRA Rulebook as applicable.
Declaration of Firm

Knowingly or recklessly giving the FCA and/or PRA information which is false or misleading in a material particular may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000). SUP 15.6.1R and SUP 15.6.4R of the FCA Handbook and Notification 6 of the PRA Rulebook require an authorised person to take reasonable steps to ensure the accuracy and completeness of information given to the FCA and/or PRA and to notify the FCA and/or PRA immediately if materially inaccurate information has been provided.

In addition to other regulatory responsibilities, firms, senior managers and other approved persons have a responsibility to disclose to the FCA and/or PRA matters of which it would reasonably expect to be notified. Failure to notify the FCA and/or PRA of such information may lead to the FCA and/or PRA taking disciplinary or other action against the firm and/or individuals.

It should not be assumed that information is known to the FCA and/or PRA merely because it is in the public domain or has previously been disclosed to the FCA and/or PRA or another regulatory body. If there is any doubt about the relevance of information, it should be included.

In making this application the firm believes on the basis of due and diligent enquiry and by reference to the criteria in FIT that the candidate is a fit and proper person to perform the controlled function(s) listed in section 3. The firm also believes, on the basis of due and diligent enquiry, that the candidate is competent to fulfil the duties required in the performance of such function(s).

**IF UNDERTAKING ANY NON MiFID BUSINESS FOR WHICH THE FIRM HAS NOT PREVIOUSLY APPLIED**

FOR AUTHORISATION, PLEASE ALSO COMPLETE THE FOLLOWING

The firm also believes, on the basis of due and diligent enquiry, that the candidate is competent to fulfill the duties required of such function(s). YES NO

If the firm confirms that it has had sight of a criminal records certificate prepared within the past 3 months in relation to the individual and has given due consideration to the information contained in that certificate in determining that individual to be fit and proper. Alternatively, where a certificate is not obtained the firm has provided an explanation in section 5.

In signing this form on behalf of the firm:

a) I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this Form.

b) I confirm that I have authority to make this application and provide the declarations given by the firm, and sign this Form, on behalf of the firm identified in section 2.01 and/or each firm identified in section 3.04. I also confirm that a copy of this Form, as submitted to the FCA and/or PRA, will be sent to each of those firms at the same time as submitting the Form to the FCA and/or PRA.

c) I confirm the candidate has been made aware of the regulatory responsibilities of the proposed role as set out in the rules of conduct in the FCA’s Conduct Rules (C-CON) and/or PRA Conduct Rules (as applicable).

d) I confirm that the Statement of Responsibility submitted with this form accurately reflects the aspects of the affairs of the Firm which it is intended that the candidate will be responsible for managing.

[hyperlink to FCA C-CON and PRA Conduct Rules to follow]

6.03 Name of the firm submitting the application†

6.04 Name of person signing on behalf of the firm†

6.05 Job title†

6.06 Signature

Date†

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP15.7 of the FCA Handbook and/or Senior Persons Regime - Applications and Notifications of the PRA Rulebook as applicable.

Form E – Internal transfer of an approved person (for firms and individuals subject to the senior management regime)
Appendix 4
FCA-only forms
The FCA has produced notes which will assist both the applicant and the candidate in answering the questions in this form. Please read these notes, which are available on the FCA website at:

http://media.fshandbook.info/Forms/notes/imap_forma_notes.doc

Both the applicant and the candidate will be treated by the FCA as having taken these notes into consideration when completing their answers to the questions in this form.

Long Form A – Incoming EEA Relevant Authorised Persons only

Application to perform senior management functions

FCA Handbook Reference: SUP 10C Annex 4D

[DATE TBC]

Name of candidate
(to be completed by applicant firm)

Name of firm
(as entered in 2.01)

Firm reference number
(as entered in 2.02)

Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London E14 5HS
United Kingdom

Telephone +44 (0) 845 606 9966
Facsimile +44 (0) 207 066 0017
E-mail iva@fca.org.uk
Website http://www.fca.org.uk

Registered as a Limited Company in England and Wales No
1920623. Registered Office as above
## Personal identification details  
**Section 1**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
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<tbody>
<tr>
<td>1.01 a</td>
<td>Candidate Individual Reference Number (IRN) †</td>
</tr>
<tr>
<td>1.01 b</td>
<td>OR name of previous regulatory body †</td>
</tr>
<tr>
<td>1.01 c</td>
<td>AND previous reference number (if applicable) †</td>
</tr>
<tr>
<td>1.02</td>
<td>Title (e.g. Mr, Mrs, Ms, etc) †</td>
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<td>1.03</td>
<td>Surname †</td>
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<td>1.04</td>
<td>ALL forenames †</td>
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<td>1.05</td>
<td>Name commonly known by †</td>
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<td>1.06</td>
<td>Date of birth (dd/mm/yyyy) †</td>
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<td>1.07</td>
<td>National Insurance number †</td>
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<td>Previous name †</td>
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<td>1.09</td>
<td>Date of name change †</td>
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<tr>
<td>1.10 a</td>
<td>Nationality †</td>
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<tr>
<td>1.10 b</td>
<td>Passport number (if National Insurance number not available) †</td>
</tr>
<tr>
<td>1.11</td>
<td>Place of birth †</td>
</tr>
</tbody>
</table>

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The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

---

I have supplied further information related to this page in Section 6 †

YES □  NO □
1.12 a Private address†

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>b</td>
<td>Postcode†</td>
</tr>
<tr>
<td>c</td>
<td>Dates resident at this address (mm/yyyy)† From</td>
</tr>
</tbody>
</table>

(If address has changed in the last three years, please provide addresses for the previous three years.)

1.13 a Previous address 1†

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<tr>
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<tr>
<td>c</td>
<td>Dates resident at this address (mm/yyyy)† From</td>
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</table>

1.14 a Previous address 2†

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<tbody>
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<tr>
<td>c</td>
<td>Dates resident at this address (mm/yyyy)† From</td>
</tr>
</tbody>
</table>

I have supplied further information related to this page in Section 6

YES [ ] NO [ ]

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7
<table>
<thead>
<tr>
<th>Question</th>
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<td>b</td>
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<td>c</td>
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<tr>
<td>d</td>
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<tr>
<td>e</td>
</tr>
</tbody>
</table>

I have supplied further information related to this page in Section 6

YES ☐  NO ☐
Arrangements and senior management functions  

Section 3

3.01 Nature of the arrangement between the candidate and the applicant.

a  Employee

	

b  Group employee

Name of group


c  Contract for services

d  Partner

g  Other

Give details

3.02 For applications from a single firm, please tick the boxes that correspond to the senior management functions to be performed.

If the senior management functions are to be performed for more than one firm, please go to question 3.04

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<thead>
<tr>
<th>Function</th>
<th>Description of a Senior Manager function</th>
<th>Tick (if applicable)</th>
<th>Effective Date</th>
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<td>SMF17</td>
<td>Money Laundering Reporting</td>
<td></td>
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</tr>
<tr>
<td>SMF21</td>
<td>EEA Branch Senior Manager</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.03 Job title

Insurance mediation

Will the candidate be responsible for Insurance mediation at the firm?

YES  ☐  NO  ☐

((Note: Yes can only be selected if the individual is applying for a governing function (other than a non-executive director function) (MiPRU 2.2.2))

➡️ I have supplied further information related to this page in Section 6  ☐

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7
Employment history for the past 5 years  

Section 4

N.B.: ALL gaps must be accounted for

4.01 Employment details (1)

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<thead>
<tr>
<th></th>
<th></th>
<th>From</th>
<th>To</th>
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<tr>
<td>b</td>
<td>Nature of employment</td>
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<tr>
<td></td>
<td>a Employed</td>
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<tr>
<td></td>
<td>b Self-employed</td>
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<td></td>
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<tr>
<td></td>
<td>c Not employed</td>
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<td></td>
<td>d Full-time education</td>
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If c or d is ticked, please give details

<p>| | | | |</p>
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<tbody>
<tr>
<td>c</td>
<td>Name of employer</td>
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<tr>
<td>d</td>
<td>Nature of business</td>
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<tr>
<td>e</td>
<td>Previous / other names of employer</td>
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<td></td>
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<tr>
<td>f</td>
<td>Last known address of employer</td>
<td></td>
<td></td>
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<tr>
<td>g</td>
<td>Is/was employer regulated by a regulatory body?</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>h</td>
<td>Is/was employer an appointed representative/tied agent?</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>i</td>
<td>Position held</td>
<td></td>
<td></td>
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<tr>
<td>j</td>
<td>Responsibilities</td>
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<td>k</td>
<td>Reason for leaving</td>
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<td></td>
<td>a Resignation</td>
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<td>b Redundancy</td>
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Specify
4.02 Employment details (2)†

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<td>Last known address of employer</td>
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<td>Is/was employer regulated by a regulatory body?</td>
<td>YES</td>
<td>NO</td>
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<td>Name of regulatory body</td>
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<td>h</td>
<td>Is/was employer an appointed representative/tied agent?</td>
<td>YES</td>
<td>NO</td>
<td>If yes, of which firm?</td>
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</tbody>
</table>

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 Long Form A – Incoming EEA (Relevant Authorised Persons only) Application to perform senior management functions

I have supplied further information related to this page in Section 6† YES | NO
5.01 Criminal Proceedings

When answering the questions in this section you should include matters whether in the UK or overseas. By virtue of the Rehabilitation of Offenders Act 1974 (Exceptions) Order 1975, if the candidate is subject to the law of England and Wales, you must disclose spent convictions and cautions (other than a protected conviction or caution). (In the following questions, you should include all matters even when the arrest, charge, prosecution or investigation did not result in a conviction, and, in respect of 5.01.4, even where the candidate was not the subject of the investigation.)

5.01.1a Has the candidate ever been convicted of any criminal offence (whether spent or not and whether or not in the United Kingdom):
   i. involving fraud, theft, false accounting, offences against the administration of public justice (such as perjury, perverting the course of justice and intimidation of witnesses or jurors), serious tax offences or other dishonesty or
   ii. relating to companies, building societies, industrial and provident societies, credit unions, friendly societies, insurance, banking or other financial services, insolvency, consumer credit or consumer protection, money laundering, market manipulations or insider dealing?

b Is the candidate, or has the candidate ever been, the subject of any criminal proceedings, whether in the UK or elsewhere?

c Has the candidate ever been given a caution in relation to any criminal offence?

5.01.2 Has the candidate any convictions for any offences other than those in 5.01.1 above (excluding traffic offences that did not result in a ban from driving or did not involve driving without insurance)?

5.01.3 Has the candidate ever been arrested or charged with any criminal offence or been the subject of any criminal investigation? (You should include all matters even if the arrest, charge or investigation did not result in a conviction.)

5.01.4 Has the candidate ever been ordered to produce documents pursuant to any criminal investigation or been the subject of a search (with or without a warrant) pursuant to any criminal investigation?

⇒ I have supplied further information related to this page in Section 61

1 The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 Long Form A – Incoming EEA (Relevant Authorised Persons only) Application to perform senior management functions
5.01.5 Has any firm at which the candidate holds or has held a position of influence ever:

(Please check the guidance notes for the meaning of ‘position of influence’ in the context of the questions in this part of the form.)

a  Been convicted of any criminal offence?

b  Been summonsed, charged with or otherwise investigated or prosecuted for any criminal offence?

c  Been the subject of any criminal proceeding which has not resulted in a conviction?

d  Been ordered to produce documents in relation to any criminal investigation or been the subject of a search (with or without a warrant) in relation to any criminal investigation?

⇒ I have supplied further information related to this page in Section 6

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

Long Form A – Incoming EEA (Relevant Authorised Persons only)
Application to perform senior management functions
5.02 Civil Proceedings

5.02.1 Has the candidate, ever been the subject of a judgement debt or award against the candidate?

Please give a full explanation of the events in questions, ensuring that it adheres to the Disclosure Note at the beginning of this form.

Candidate should include all County Court Judgement(s) (CCJs) made against the candidate, whether satisfied or not; and
i) the sum and date of all judgements debts, awards or CCJs (whether satisfied or not); and
ii) the total number of all judgment debts, awards or CCJs ordered.

5.02.2 Has the candidate ever been party to any civil proceedings which resulted in any order against the candidate (other than a judgement debt or award referred to in 5.02.1 above)? (You should include, for example, injunctions and employment tribunal proceedings.)

5.02.3 Is the candidate aware of:

a) Any proceedings that have begun, or anyone’s intention to begin proceedings against the candidate, for a CCJ or another judgement debt?

b) More than one set of proceedings, or anyone’s intention to begin more than one set of proceedings, that may lead to a CCJ or other judgement debt?

c) Anybody’s intention to claim more than £1,000 of CCJs or judgement debts in total from the candidate?

5.02.4 Does the candidate have any current judgment debts (including CCJs) made under a court order still outstanding, whether in full or in part?

5.02.5 Has the candidate ever failed to satisfy any such judgment debts (including CCJs) made under a court order still outstanding, whether in full or part, within one year of the order being made?

→ I have supplied further information related to this page in Section 6

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7
Long Form A – Incoming EEA (Relevant Authorised Persons only)
Application to perform senior management functions

Page 10
5.02.6 | Has the candidate ever:

<table>
<thead>
<tr>
<th>a</th>
<th>Filed for the candidate’s own bankruptcy or had a bankruptcy petition served on the candidate?</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>b</td>
<td>Been adjudged bankrupt?</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>c</td>
<td>Been the subject of a bankruptcy restrictions order (including an interim bankruptcy restrictions order) or offered a bankruptcy restrictions undertaking?</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>d</td>
<td>Made any arrangements with the candidate’s creditors, for example a deed of arrangement or an individual voluntary arrangement (or in Scotland a trust deed)?</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>e</td>
<td>Had assets sequestrated?</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>f</td>
<td>Been involved in any proceedings relating to the above matters even if such proceedings did not result in the making of any kind of order against the candidate or result in any kind of agreement with the candidate?</td>
<td>YES</td>
<td>NO</td>
</tr>
</tbody>
</table>

5.02.7 | Does the candidate, or any undertaking under their management, have any outstanding financial obligations arising from regulated activities, which have been carried out in the past? (whether or not in the UK or overseas)? | YES | NO |

5.02.8 | Has the candidate ever been adjudged by a court or tribunal (whether criminal, civil or administrative) for any fraud, misfeasance, negligence, wrongful trading or other misconduct? | YES | NO |

5.02.9 | Is the candidate currently:

| a | Party to any civil proceedings? (including those covered in 5.02.7 above) | YES | NO |
| b | Aware of anybody’s intention to begin civil proceedings against the candidate? (You should include any ongoing disputes whether or not such dispute is likely to result in any order against the candidate.) | YES | NO |

5.02.10 | Has any firm at which the candidate holds or has held a position of influence ever been:

| a | Adjudged by a court civilly liable for any fraud, misfeasance, wrongful trading or other misconduct? | YES | NO |
| b | The subject of a judgement debt or award against the firm? (You should include all CCJs made against the firm, whether satisfied or not.) | YES | NO |
| c | Party to any other civil proceedings which resulted in an order against the firm other than in relation to matters covered in 5.02.10a and 5.02.10b above? | YES | NO |

⇒ I have supplied further information related to this page in Section 6† | YES | NO |

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7
Long Form A – Incoming EEA (Relevant Authorised Persons only)
Application to perform senior management functions
5.02.11 Is any firm at which the candidate currently holds or has held, within the last 12 months from the date of the submission of this form, a position of influence currently:

a  a party to civil proceedings?

b  aware of anyone’s intention to begin civil proceedings against them?

5.02.12 Has any company, partnership or unincorporated association of which the candidate is or has been a controller, director, senior manager, partner or company secretary, in the United Kingdom or elsewhere, at any time during their involvement, or within one year of such an involvement, been put into liquidation, wound up, ceased trading, had a receiver or administrator appointed or entered into any voluntary arrangement with its creditors?

I have supplied further information related to this page in Section 6†  YES ☐  NO ☐
5.03 Business and Employment Matters

5.03.1 Has the candidate ever been:

a. Disqualified from acting as a director or similar position (one where the candidate acts in a management capacity or conducts the affairs of any company, partnership or unincorporated association)?  
   YES ☐  NO ☐

b. The subject of any proceedings of a disciplinary nature (whether or not the proceedings resulted in any finding against the candidate)?  
   YES ☐  NO ☐

c. The subject of any investigation which has led or might lead to disciplinary proceedings?  
   YES ☐  NO ☐

d. Notified of any potential proceedings of a disciplinary nature against the candidate?  
   YES ☐  NO ☐

e. The subject of an investigation into allegations of misconduct or malpractice in connection with any business activity? (This question covers internal investigation by an authorised firm, as well as investigation by a regulatory body, at any time.)  
   YES ☐  NO ☐

5.03.2 Has the candidate ever been refused entry to, or been dismissed, suspended or requested to resign from, any professional, vocation, office or employment, or from any fiduciary office or position of trust whether or not remunerated?  
   YES ☐  NO ☐

5.03.3 Does the candidate have any material written complaints made against the candidate by the candidate's clients or former clients in the last five years which the candidate has accepted, or which are awaiting determination, or have been upheld – by an ombudsman or complaints scheme?  
   YES ☐  NO ☐

→ I have supplied further information related to this page in Section 6†  
   YES ☐  NO ☐

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7
5.04 Regulatory Matters

5.04.1 In relation to activities regulated by the FCA and/or PRA or any other regulatory body (see section 5 guidance notes), has:

- The candidate, or
- Any company, partnership or unincorporated associate of which the candidate is or has been a controller, director, senior manager, partner or company secretary, during the candidate’s association with the entity and for a period of three years after the candidate ceased to be associated with it, ever –

a. Been refused, had revoked, restricted, been suspended from or terminated, any licence, authorisations, registration, notification, membership or any other permission granted by any such body?

   YES ☐ NO ☐

b. Been criticised, censured, disciplined, suspended, expelled, fined or been the subject of any other disciplinary or interventional action by any such body?

   YES ☐ NO ☐

c. Received a warning (whether public or private) that such disciplinary or interventional action may be taken against the candidate or the firm?

   YES ☐ NO ☐

d. Been the subject of an investigation by any regulatory body, whether or not such an investigation resulted in a finding against the candidate or the firm?

   YES ☐ NO ☐

e. Been required or requested to produce documents or any other information to any regulatory body in connection with such an investigation (whether against the firm or otherwise)?

   YES ☐ NO ☐

f. Been investigated or been involved in an investigation by an inspector appointed under companies or any other legislation, or required to produce documents to the Secretary of State, or any other authority, under any such legislation?

   YES ☐ NO ☐

g. Ceased operating or resigned whilst under investigation by any such body or been required to cease operating or resign by any regulatory body?

   YES ☐ NO ☐

h. Decided, after making an application for any licence, authorisation, registration, notification, membership or any permission granted by any such body, not to proceed with it?

   YES ☐ NO ☐

i. Been the subject of any civil action related to any regulated activity which has resulted in a finding by a court?

   YES ☐ NO ☐

j. Provided payment services or distributed or redeemed e-money on behalf of a regulated firm or itself under any contractual agreement where that agreement was terminated by the regulated firm?

   YES ☐ NO ☐

k. Been convicted of any criminal offence, censured, disciplined or publicly criticised by any inquiry, by the Takeover Panel or any governmental or statutory authority or any other regulatory body (other than as indicated in this group of questions).

   YES ☐ NO ☐

I have supplied further information related to this page in Section 6†

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7
Long Form A – Incoming EEA (Relevant Authorised Persons only)
Application to perform senior management functions
5.04.2 In relation to activities regulated by the FCA/PRA or any other regulatory body, has the candidate or any firm at which the candidate holds or has held a position of influence at any time during and within one year of the candidate’s association with the firm ever:

a Been found to have carried on activities for which authorisation or registration by the FCA/PRA or any other regulatory body is required without the requisite authorisations?  

b Been investigated for the possible carrying on of activities requiring authorisation or registration by the FCA/PRA or any other regulatory body without the requisite authorisation whether or not such investigation resulted in a finding against the candidate?

c Been found to have performed a senior management function or other controlled function (or an equivalent function requiring approval by the FCA/PRA or any other regulatory body) without the requisite approval?

d Been investigated for the possible performance of a senior management function or other controlled function (or an equivalent function requiring approval by the FCA/PRA or any other regulatory body) without the requisite approval, whether or not such investigation resulted in a finding against the candidate?

e Been found to have failed to comply with an obligation under the Electronic Money Regulations 2011 or Payment Services Regulations 2009 to notify the FCA/PRA of the identity of a person acting in a position of influence over its electronic money or payment services business?

f Been the subject of disqualification direction under section 59 of the Financial Services Act 1986 or a prohibition order under section 56 FSMA, or received a warning notice proposing that such a direction or order be made, or received a private warning?

I have supplied further information related to this page in Section 6†  

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7
5.05 Other Matters

5.05.1 Is the candidate, in the role to which the application relates, aware of any business interests, employment obligations, or any other circumstance which may conflict with the performance of the senior management functions for which approval is now being sought

YES ☐ NO ☐

5.05.2 Are you aware of any other information relevant to this notification that we might reasonably expect from the candidate?

YES ☐ NO ☐

5.05.3 Has the firm undertaken a criminal records check in accordance with the requirements of the FCA or PRA?

Please note that a firm is required to obtain the fullest information that it is lawfully able to obtain about the candidate under Part V of the Police Act 1997 (Certificates of Criminal records, etc) and related subordinated legislation of the UK or any part of the UK before making the application. (SUP 10C.10.16R and Senior Managers Regime - Applications and Notifications in the PRA Rulebook)

If yes, please enter date the check was undertaken

Date (dd/mm/yy):

Note: if date is more than 3 months prior to current date or 3 months prior to date of application submission or the check has not been undertaken, please provide details why in section 6.

YES ☐ NO ☐

5.05.4 Has / Have a reference or references been obtained from previous employer(s) in accordance with the requirements of the FCA or PRA?

If No, please provide details why the reference or references has/have not been obtained.

Please note that a firm is required to use reasonable efforts to obtain a reference from any previous employer of the candidate during the last 5 years (see SYSC 5.3.8R and Fitness and Propriety 2 in the PRA Rulebook. However, reference(s) may not be necessary if the individual is applying for an additional senior management function within the same firm.

YES ☐ NO ☐

⇒ I have supplied further information related to this page in Section 6†

YES ☐ NO ☐

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7 Long Form A – Incoming EEA ( Relevant Authorised Persons only) Application to perform senior management functions
6.00 • If there is any other information the candidate or the firm considers to be relevant to the application, it must be included here.

• Please provide full details of
  o why the candidate is competent and capable to carry out the senior management function(s) applied for.
  o why the appointment complements the firm’s business strategy, activity and market in which it operates.
  o how the appointment was agreed including details of any discussions at governing body level (where applicable).

• Provide a copy of the candidate’s:-
  o Statement of Responsibilities with this form
  o Roles description
  o Curriculum Vitae (C.V)
  o Organisational chart

• Provide a copy of the firm’s management responsibilities map (SYSC 4.6 and SUP 10C.9.10G, and Allocation of Responsibilities in the PRA Rulebook

• Please also include here any additional information indicated in previous sections of the Form.

• Please include a list of all directorships currently or previously held by the candidate in the past 10 years (where director has the meaning given in the Glossary.)

• If there is insufficient space, please continue on a separate sheet of paper and clearly identify the section and question to which the additional information relates.

• Full details must be provided here if there were any issues that could affect the Fitness and Propriety of the individual that arose when leaving an employer listed in section 4 or if any question has been answered ‘yes’ in section 5.

<table>
<thead>
<tr>
<th>Question</th>
<th>Information</th>
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<tbody>
<tr>
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</tbody>
</table>

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Long Form A – Incoming EEA (Relevant Authorised Persons only)
Application to perform senior management functions
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Long Form A – Incoming EEA (Relevant Authorised Persons only)

Application to perform senior management functions
Declarations and signatures

Section 7

Declaration of Candidate

Knowingly or recklessly giving the FCA information which is false or misleading in a material particular may be a criminal offence (section 398 of the Financial Services and Markets Act 2000).

It should not be assumed that information is known to the FCA merely because it is in the public domain or has previously been disclosed to the FCA or another regulatory body. If there is any doubt about the relevance of information, it should be included.

For the purposes of complying with the Data Protection Act, the personal information provided in this Form will be used by the FCA to discharge its statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation, and will not be disclosed for any other purpose without the permission of the applicant.

With reference to the above, the FCA may seek to verify the information given in this Form including answers pertaining to fitness and propriety. This may include a credit reference check.

In signing the form below:

a) I authorise the FCA to make such enquiries and seek such further information as it thinks appropriate in the course of verifying the information given in this Form. Individual candidates may be required to apply to the Disclosure and Barring Service for a search to be made as to whether any criminal records are held in relation to them and to disclose the result of that search to us. I also understand that the results of these checks may be disclosed to the firm submitting this application.

b) I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this Form.

c) I confirm that I understand the regulatory responsibilities of my proposed role as set out in C-CON

7.01 Candidate’s full name

7.02 Signature

Date

† The above question(s) appears on an electronic form submission and a paper form submission

* The above question(s) appears on a paper form submission only. That question does not appear on an electronic form submission.

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7
Declarations and signatures

Section 7

**Declaration of Firm**

Knowingly or recklessly giving the FCA information which is false or misleading in a material particular may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000). SUP 15.6.1R and SUP 15.6.4R require an authorised person to take reasonable steps to ensure the accuracy and completeness of information given to the FCA and to notify the FCA immediately if materially inaccurate information has been provided.

Where an approved person is responsible for reporting matters to the FCA, failure to inform the FCA of materially significant information of which he is aware is a breach of C-CON. Contravention of these requirements may lead to disciplinary sanctions or other enforcement action by the FCA. It should not be assumed that information is known to the FCA merely because it is in the public domain or has previously been disclosed to the FCA or another regulatory body. If there is any doubt about the relevance of information, it should be included.

In making this application the firm believes on the basis of due and diligent enquiry that the candidate is a fit and proper person to perform the controlled function(s) listed in section 3.

FOR FIRMS UNDERTAKING ANY NON MiFID BUSINESS PLEASE ALSO COMPLETE THE FOLLOWING

The firm also believes, on the basis of due and diligent enquiry, that the candidate is competent to fulfil the duties required in the performance of such function(s).

**YES** [ ] **NO** [ ]

With reference to the above, the FCA may seek to verify the information given in this Form including answers pertaining to fitness and propriety. This may include a credit reference check.

In signing this form on behalf of the firm:

a) I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this Form.

b) I confirm that I have authority to make this application, and sign this Form, on behalf of each firm identified in section 3.05. I also confirm that a copy of this Form, as submitted to the FCA, will be sent to each of those firms at the same time as submitting the Form to the FCA.

c) I confirm the candidate has been made aware of the regulatory responsibilities of proposed role as set out in C-CON

| 7.03 | Name of the firm submitting the application† |
| 7.04 | Name of person signing on behalf of the firm† |
| 7.05 | Job title† |
| 7.06 | Signature* |

Date†

† The above question(s) appears on an electronic form submission and a paper form submission

* The above question(s) appears on a paper form submission only. That question does not appear on an electronic form submission.

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Long Form A – Incoming EEA (Relevant Authorised Persons only)

Application to perform senior management functions

Page 20
The FCA has produced notes which will assist both the applicant and the candidate in answering the questions in this form. Please read these notes, which are available on the FCA website at:

http://media.fshandbook.info/Forms/notes/imap_forma_notes.doc

Both the applicant and the candidate will be treated by the FCA as having taken these notes into consideration when completing this form.

Short Form A - Incoming EEA Relevant Authorised Persons Only

Application to perform senior management functions

FCA Handbook Reference: SUP 10C Annex 4D

[DATE TBC]

Name of candidate†
(to be completed by applicant firm)

Name of firm†
(as entered in 2.01)

Firm reference number†
(as entered in 2.02)

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

Short Form A - Incoming EEA (Relevant Authorised Persons only) Application to perform senior management functions
### Personal identification details

<table>
<thead>
<tr>
<th>Section 1</th>
</tr>
</thead>
</table>

1.01 **a**  
*Candidate Individual Reference Number (IRN)*

1.01 **b**  
OR name of previous regulatory body

1.01 **c**  
AND previous reference number (if applicable)

1.02  
Title  
(e.g. Mr, Mrs, Ms, etc)

1.03  
Surname

1.04  
ALL forenames

1.05  
Name commonly known by

1.06  
Date of birth  
(dd/mm/yyyy)

1.07  
National Insurance number

1.08  
Previous name

1.09  
Date of name change

1.10 **a**  
Nationality

1.10 **b**  
Passport number  
(if National Insurance number not available)

1.11  
Place of birth

---

I have supplied further information related to this page in Section 6  
YES [ ]  
NO [ ]

---

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

Short Form A - Incoming EEA (Relevant Authorised Persons only)  
Application to perform senior management function
The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7.

Short Form A - Incoming EEA (Relevant Authorised Persons only)

Application to perform senior management function

1.1 a Private address

b

c Dates resident at this address (mm/yyyy) From To PRESENT

(If address has changed in the last three years, please provide addresses for the previous three years.)

1.13 a Previous address 1

b

c Dates resident at this address (mm/yyyy) From To

1.14 a Previous address 2

b

c Dates resident at this address (mm/yyyy) From To

I have supplied further information related to this page in Section 6

YES ☐ NO ☐

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7.

Short Form A - Incoming EEA (Relevant Authorised Persons only)

Application to perform senior management function
### Firm identification details

#### Section 2

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2.01</strong></td>
<td>Name of firm making the application</td>
<td></td>
</tr>
<tr>
<td><strong>2.02</strong></td>
<td>Firm Reference Number (FRN)</td>
<td></td>
</tr>
<tr>
<td><strong>2.03 a</strong></td>
<td>Who should the FCA/PRA contact at the firm in relation to this application?</td>
<td></td>
</tr>
<tr>
<td><strong>b</strong></td>
<td>Position</td>
<td></td>
</tr>
<tr>
<td><strong>c</strong></td>
<td>Telephone</td>
<td></td>
</tr>
<tr>
<td><strong>d</strong></td>
<td>Fax</td>
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<tr>
<td><strong>e</strong></td>
<td>E-mail</td>
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</tbody>
</table>

I have supplied further information related to this page in Section 6  

![Radio buttons]

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

Short Form A - Incoming EEA (Relevant Authorised Persons only)  
Application to perform senior management function
Arrangements and senior management functions  Section 3

3.01 Nature of the arrangement between the candidate and the applicant.

a  Employee  

b  Group employee  

Name of group  

c  Contract for services  

d  Partner  

g  Other  

Give details  

3.02 For applications from a single firm, please tick the boxes that correspond to the senior management functions to be performed.

If the senior management functions are to be performed for more than one firm, please go to question 3.04

<table>
<thead>
<tr>
<th>Function</th>
<th>Description of a Senior Manager function</th>
<th>Tick (if applicable)</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMF17</td>
<td>Money Laundering Reporting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMF21</td>
<td>EEA Branch Senior Manager</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.03 Job title  

Insurance mediation

Will the candidate be responsible for Insurance mediation at the firm?  YES  NO

(Note: Yes can only be selected if the individual is applying for a governing function (other than a non-executive director function) (MiPRU 2.2.2)

I have supplied further information related to this page in Section 6†  YES  NO

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7
6.00

- If there is any other information the candidate or the firm considers to be relevant to the application, it must be included here.
- If this application relates to a senior management function then please provide full details of:
  - why the candidate is competent and capable to carry out the senior management function(s) applied for.
  - why the appointment complements the firm’s business strategy, activity and market in which it operates.
  - how the appointment was agreed including details of any discussions at governing body level (where applicable).
- Provide a copy of the candidate’s:
  - Statement of responsibilities with this form
  - Roles description
  - Curriculum vitae (C.V)
  - Organisational chart
- Provide a copy of the firm’s management responsibilities map (SYSC 4.6 and SUP 10C.9.10G)
- Please also include here any additional information indicated in previous sections of the Form.
- Please include a list of all directorships currently or previously held by the candidate in the past 10 years (where director has the meaning given in the Glossary.)
- If there is insufficient space, please continue on a separate sheet of paper and clearly identify the section and question to which the additional information relates.
- Full details must be provided here if there were any issues that could affect the Fitness and Propriety of the individual that arose when leaving an employer listed in section 4 or if any question has been answered ‘yes’ in section 5.

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Application to perform senior management function
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Short Form A - Incoming EEA (Relevant Authorised Persons only)
Application to perform senior management function
Declarations and signatures

Declaration of Candidate

Knowingly or recklessly giving the FCA information which is false or misleading in a material particular may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000).

It should not be assumed that information is known to the FCA merely because it is in the public domain or has previously been disclosed to the FCA and/or PRA or another regulatory body. If there is any doubt about the relevance of information, it should be included.

For the purposes of complying with the Data Protection Act, the personal information provided in this Form will be used by the FCA to discharge its statutory functions under the Financial Services and Markets Act 2000 and other relevant legislation, and will not be disclosed for any other purpose without the permission of the applicant.

With reference to the above, the FCA may seek to verify the information given in this Form including answers pertaining to fitness and propriety. This may include a credit reference check.

In signing this form on behalf of the firm:

a) I authorise the FCA to make such enquiries and seek such further information as it thinks appropriate in the course of verifying the information given in this Form. Individual candidates may be required to apply to the Criminal Records Bureau for a search to be made as to whether any criminal records are held in relation to them and to disclose the result of that search to us. I also understand that the results of these checks may be disclosed to the firm submitting this application.

b) I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this Form.

c) I confirm that I understand the regulatory responsibilities of my proposed role as set out in CON 7

7.01 Candidate's full name†

7.02 Signature *

Date†

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

* The above question(s) should only be completed if the form is being submitted in one of the ways set out in SUP 15.7 other than online submission. It should not be completed if submission of this form is online.

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

Short Form A - Incoming EEA (Relevant Authorised Persons only)

Application to perform senior management function
Declaration of Firm

Knowing or recklessly giving the FCA information which is false or misleading in a material particular may be a criminal offence (sections 398 and 400 of the Financial Services and Markets Act 2000). SUP 15.6.1R and SUP 15.6.4R require an authorised person to take reasonable steps to ensure the accuracy and completeness of information given to the FCA and/or PRA and to notify the FCA immediately if materially inaccurate information has been provided.

Where an approved person is responsible for reporting matters to the FCA, failure to inform the FCA of materially significant information of which he is aware is a breach of C-CON. Contravention of these requirements may lead to disciplinary sanctions or other enforcement action by the FCA. It should not be assumed that information is known to the FCA merely because it is in the public domain or has previously been disclosed to the FCA or another regulatory body. If there is any doubt about the relevance of information, it should be included.

In making this application the firm believes on the basis of due and diligent enquiry that the candidate is a fit and proper person to perform the controlled function(s) listed in section 3.

FOR FIRMS UNDERTAKING ANY NON MiFID BUSINESS PLEASE ALSO COMPLETE THE FOLLOWING

The firm also believes, on the basis of due and diligent enquiry, that the candidate is competent to fulfil the duties required in the performance of such function(s).

YES ☐ NO ☐

With reference to the above, the FCA may seek to verify the information given in this Form including answers pertaining to fitness and propriety. This may include a credit reference check.

In signing this form on behalf of the firm:

a) I confirm that the information in this Form is accurate and complete to the best of my knowledge and belief and that I have read the notes to this Form.

b) I confirm that I have authority to make this application, and sign this Form, on behalf of each firm identified in section 3.05. I also confirm that a copy of this Form, as submitted to the FCA, will be sent to each of those firms at the same time as submitting the Form to the FCA.

c) I confirm the candidate has been made aware of the regulatory responsibilities of proposed role as set out in C-CON

☐ Tick here to confirm you have read and understood this declaration:

| 7.03 | Name of the firm submitting the application |
| 7.04 | Name of person signing on behalf of the firm |
| 7.05 | Job title |
| 7.06 | Signature |

Date:

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

* The above question(s) should only be completed if the form is being submitted in one of the ways set out in SUP 15.7 other than online submission. It should not be completed if submission of this form is online.

† The above question(s) should be completed whether submission of this form is online or in one of the other ways set out in SUP 15.7

Short Form A - Incoming EEA (Relevant Authorised Persons only)
Application to perform senior management function