



Email: enquiries@fs-cp.org.uk

7 October 2025

By email: cp25-21@fca.org.uk

Dear Sir/Madam,

Financial Services Consumer Panel response to FCA CP25/21 – Senior Managers & Certification Regime Review

The Financial Services Consumer Panel (the Panel) welcomes the opportunity to respond to the FCA's consultation paper on changes to the Senior Managers & Certification Regime (SM&CR). We are an independent panel that represents the interests of consumers of financial services including both individuals and small businesses. Our focus is on the outcomes and impacts to these stakeholders.

The Panel has always been supportive of the concept of the SM&CR however it believes that the current regime is a mere shadow of that which was originally proposed.

The lack of prosecutions and fines under the regime and the significant support of the regime by firms probably indicates that the SM&CR in its current incarnation lacks the 'teeth' that was originally conceived and therefore is limited in achieving its original objectives.

It is clear that the FCA sees the SM&CR as one of the pillars of its regulatory approach alongside, inter alia, the Consumer Duty. The Panel would therefore urge the FCA to consider changes to the regime through analysis of the outcomes on consumers, and how the regime can increase the chances of a consumer experiencing a positive and predictable outcome, reduce the chance of harm and make it harder for 'bad actors' (both firms and individuals) to operate in the market.

Our answers to specific questions are attached below.

Yours sincerely,

Chris Pond
Chair of the Financial Services Consumer Panel

Q1 - To what extent do you support the further changes we are considering in phase 2 of the reform (summarised in paragraph 1.11). Are there any other changes you suggest? We would welcome views on the impact (positive or negative) of each potential change and on any suggested additional improvements.

The Panel notes that the potential changes listed in 1.11 are all about changing process and simplifying requirements on businesses. The Panel encourages the FCA to view the changes in this CP and any other proposed changes through the consumer lens; how will any changes maintain or increase consumer protection, how will any changes reduce the likelihood and result of any harm experienced by consumers, how will any changes ensure that firms and individuals take the SMCF regime seriously to the extent that it changes behaviour positively.

Q2a and 2b Please provide feedback on your experience of applying for SMF approval, particularly where you have experienced unnecessary friction or uncertainty in the process and how this compares to other overseas jurisdictions. And, on which priority areas would firms welcome more information, guidance, or changes to forms?

The Panel has no comment

Q3 - Do you agree to our proposals for changes to criminal record checks and disclosures?

The Panel agrees in part.

Whilst The Panel supports the extension of the three-month period to six months it is not supportive of the proposal to completely drop CRCs for existing SMF holders.

The Panel notes the FCA's statement in 4.28 that firms may wish to undertake a CRC 'where they have not conducted one for some time' and would propose that the FCA makes this more formal and regulate that firms should conduct CRCs on individuals no less frequently than every x years. *(The Panel leaves it to the FCA to define the appropriate statutory period).*

Q4 - Do you agree with our proposed changes to the 12-week rule?

The Panel has no objections to the proposed changes to the 12 week rule – however The Panel would expect the FCA to monitor individual firm's use of the new rule by reviewing SMCF applications and intervene as needed where it is clear that firms are abusing the rules and not [for example] using succession planning and notice periods to avoid the need to use the rule.

Q5 - Do you agree with our proposals on SMF7?

The Panel has no comment on the proposals relating to SMF7

Q6 - Do you agree with our proposals on SMF18?

The Panel has no comment on the proposals relating to SMF18

Q7 - Do you agree with our proposals on Prescribed Responsibilities?

The Panel questions why an SMF18 should be permitted to hold a PR. Other than in the rare circumstance when an SMF is covering a role under the 12 week rule The Panel believes firms should be able to find an appropriate SMF holder other than an SMF18, to take responsibility for the PR.

The change being proposed may inadvertently encourage firms to keep a few SMF18s around to enable other SMF holders to avoid the responsibilities that come with a PR. This, in The Panel's view, would not encourage and underpin good governance.

Q8 - Do you agree with our proposals to raising the thresholds for becoming an Enhanced SM&CR firm?

The Panel has no comments to make on the proposal.

Q9 - Do you agree with our proposals on SoRs and MRMs?

The Panel is largely in agreement with the proposals. We would, however, expect the FCA to spot check [through supervision for example] that SoRs and MRMs are always up-to-date and can be produced without delay (noting that firms only need to submit updated SPRs and MRMs periodically).

Q10 – Do you agree with our proposal to align with the PRA on SoR submission requirements for dual-registered firms?

The Panel has no comments to make on the proposal.

Q11 - Do you agree with our proposals on certification?

The Panel has no comments to make on the proposals.

Q12 - Do you agree with our proposal to change the timescales for updating the Directory?

The Panel is largely supportive of the proposals however we do not support the extension of the time to update the directory from 7 to 20 business days. Updating the directory is just one step in a firm's long process of appointment and certification, it is rarely a surprise to a firm that an individual needs to be entered onto the directory and as such this action should be able to be planned well in advance.

Consumers rely on the Directory, and retrograde steps such as this can make the Directory harder to use, reduce accuracy and therefore value and ultimately can lead to a reduction in consumer confidence in it. The Panel therefore proposes the 7-day limit be retained, as it believes well-managed firms can plan ahead and easily achieve this deadline.

Q13 - Do you agree with our proposals on regulatory references?

The Panel has no comments to make on the proposals.

Q14 - Do you agree with the proposed guidance on the Conduct Rules?

The Panel has no comments to make on the proposals.