

Senior Managers & Certification Regime Call for Evidence
Financial Services Strategy,
HM Treasury,
1 Horse Guards Road,
SW1A 2HQ

By email

22 May 2023

Dear Sir/Madam,

Practitioner Panel response to HM Treasury Call for Evidence on Senior Managers & Certification Regime (SM&CR)

The Panel welcomes the opportunity to respond to this call for evidence to provide our perspective on the overall functioning of the SM&CR.

Our key observation is that the SM&CR has achieved good outcomes and is broadly fit for purpose. The objectives of SM&CR remain relevant, the regime supports UK competitiveness, and is critical to the safety and credibility of UK financial services. There is opportunity to make some adjustments to improve proportionality whilst maintaining the core objectives.

While we believe there is no need for wholesale changes to the regime, there are targeted adjustments to the regime that would make it more effective and efficient. By way of illustration, those include:

- There are a number of inefficient processes and a lack of clear guidance and communication. For firms, this results in delays in approvals, increases in costs and delays in implementing change to the benefit of customers.
- The senior manager regime has improved clarity of accountabilities but would benefit from streamlined application processes and systems, increased engagement with firms and consistency of guidance.
- There is opportunity to review and refine the certified functions, remove overlap with other regulation and understand the value of the Financial Services Register information to customers.
- With respect to the conduct rules, whilst these are useful in supporting minimum standards of behaviour across the industry, further guidance and examples of breaches, particularly in respect of non-financial misconduct, would ensure consistency.

We will be responding to the FCA and PRA joint discussion paper to share our specific suggestions on potential tweaks that might helpfully be considered to improve the SM&CR.

Yours faithfully,

[signed]

Matt Hammerstein
Deputy Chair, FCA Practitioner Panel